



MEDICI – The Film Funding Journey

Reports Previous Workshops

Sixth Workshop – 27 to 29 September 2016 – Warth (Switzerland)

Introduction – Scriptwriting and development funding landscape

Development funding landscape: Julio Talaverra / European Audiovisual Observatory
(see [PPTX](#))

Presentation of the study launched in July 2016:

Public financing for film and television content – The state of soft money in Europe (2010 to 2014)

1. Structure of the report

The report covers **three pillars of public financing** in Europe.

- Public funding (film funds)
- Fiscal incentives with more than 20 incentive schemes launched in Europe in the past 5 years
- Obligations of the industry to invest in film and TV production, which mostly applies to broadcasters

2. Public funds as a pillar

- There are **249 public funds** across 35 European countries
- There are **3 geographical levels** of public film funds:
 - supranational level (18 funds)
 - national/federal (63 funds) and
 - subnational (regional and local) level (167 funds)
- The average yearly income of the 249 public funds in Europe is **2.53 billion euros**.
- Subnational funds represent 61% of the funds in Europe, but manage around 17% of the public money available as opposed to national/federal funds that represent less than 30% of the entire funds in Europe, but manage almost 75% of the money
- **10% of the funding is spent on development (both film and TV)**
- The money comes mostly from the levies on broadcasters (particularly in France) and from the governments at all levels (national, federal, regional and local)
- France is the leader in public financing. It alone represents round 40% of public financing in Europe.



3. What do public film funds support?

- The funds have **4 major support schemes**:
 - Feature film production
 - TV production
 - Feature film development
 - TV development
- At the subnational level, more than 70% of the total spend is allocated to the said four major categories. At the national/federal level, this percentage is around 60%. At the supranational level there are significantly fewer investments in production
- When it comes to the feature film support, all countries have some kind of schemes for both production and development, which is not the case with TV support schemes that are still absent in some countries
- In the course of the past five years, some support categories, such as video-games and structural funding, have been launched, mainly due to digitization
- The larger a country is and the richer its fund is, the bigger possibility for scheme diversification exists (games, structural funding, multimedia schemes, etc.), with the exceptions of Denmark and Norway that still have very diversified schemes despite their size
- There is also a new trend of international **co-development initiatives** between the funds (French-German Minitraité, Polish-German co-development fund, German-Turkish co-development and co-production fund, French-Greek and French-Italian co-development TV funds, Irish-Northern Irish TV co-development fund between the local broadcasters, etc.)

4. Challenges when making funding reports on the European level

- The report provides a **comprehensive overview** only when it comes to **public film funds**. It offers, however, a **limited overview of fiscal incentives** and investment obligations on the part of the industry due to the lack of data
- It is **impossible to compare figures about public and private financing** because the private financing data are difficult to track just as the data on fiscal incentives
- It is also **difficult to differentiate the amount of money coming from broadcasters' legal obligation and the actual investment** by broadcasters
- **Homogeneous reporting** from different funds in different countries **is still impossible**. It is difficult to compare similar schemes in different countries because they are defined in different ways. Development, for example, includes different things in different countries
- **Methodologies differ from fund to fund**. European countries define spend in different ways and there is no a unified way of doing statistics
- The EAO's analysts initially aimed at collecting row data from the national film agencies, and breaking down the fund schemes into very small and detailed categories. However, it was possible only in case of a marginal number of countries (Croatia, for example). In the end, the analysts **had to divide data into big categories** (feature film production, for example, includes diverse categories such as

financing of production, scriptwriting, pre-production, project development etc.)

The Development of Content: Challenges and Opportunities – Public Funds as Pawns or Players?

- **Introduction – Scriptwriting and development funding landscape**
- **Module 1 – Evaluation of funds' portfolio**
- **Module 2 – Scriptwriting and Development Support: funding landscape, co-development initiatives and development strategies, successful or unsuccessful stories**
- **Module 3 – Automatic schemes: more about sustaining production companies than developing quality projects?**
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Module 1 – Evaluation of funds' portfolio

The main goal of the funds is to support projects through different funding schemes covering the value chain. The decisions taken depend on different factors: objectives of the fund (political, cultural, and economic), volume of projects, sustainability of the audiovisual industry, diversity and, above all, the quality of the submitted projects.

Or, in other words:

- If the funds had the opportunity to estimate their portfolio in terms of quality of the projects only, what would their appreciation, their “personal” evaluation be? Satisfactory? Unsatisfactory?
- What would they like to improve (schemes, skills ...)?
- What would they do if they had the possibility to redesign their project supporting processes?
- How to define quality?

The first issue to consider:

- Are public funds players or pawns?

Outcome of group discussions

1. Are public film funds players or pawns?

Or, in other words:

- In what context and under which circumstances are public film funds a player – the one changing the game?
- Do funds decide to be pawns because they cannot do anything but play by the rules or because they simply do not want to be players?
- When do funds prefer taking radical initiatives and more responsibility?
- In which segments of the value chain are film funds players and in which ones are they pawns?



Funds as players

Funds are more of a player when it comes to **scriptwriting and project development**:

- **Quebec film fund** strives to keep control over all stages of development. Funds invest in certain projects and, therefore, they must make sure that those projects have a certain quality
- **Telefilm Canada** uses its influence to make production companies more responsible. The fund sometimes allocates funding to production companies to develop multiple projects, not for specific projects. The decisions are made in accordance with companies' track records. If their projects fail, their track record points go down and every next application is more challenging
- **Hungarian National Film Fund** is a player when it comes to the first-time filmmakers, which is not the case with the experienced filmmakers who prefer the fund to be a pawn
- **Scandinavian Film Institutes** have commissioning editors as individual decision makers who stay players for a longer time in a life of a project including long development phases

But

- As soon as a project has been green lighted, producers do away with the fund
- For the funds with selection committees as collective decision-makers, the members of the selection committee gather only briefly in order to make funding decisions, and then stay away from the supported projects
- The impact of the fund decreases with every next stage in the value chain, whereas the resources allocated to the project increase

Funds as Pawns

Funds are more of a pawn in the **distribution phase**:

- At the moment, the funds allocate more money to the **films that are getting a bigger audience and less money for the difficult films. Maybe, it should be the other way round** when it

comes to distribution

- **Funds do not adequately evaluate the impact of the distribution support** on one hand because they are understaffed and also because they do not have a complete overview of the potential audience and lack data (like on VoD platforms, non commercial and educational markets, etc.)
- **Funds could be players by:**
 - Establishing distribution support schemes and creating more impact in the distribution phase.
 - Asking producers (especially producers of difficult art-house films) who have access to distribution support, to provide realistic audience and marketing strategies, and to respect the fund more.
 - Encouraging both producers and distributors to invent alternative distribution strategies. Producers insist too much on theatrical release even though most of their films perform poorly in the cinemas and contrary to all producers' optimistic projections at the moment of application
 - Imposing regulations in order to change a discriminatory landscape if there is the lack of diversity in projects on the market,

But

- A film fund is neither a studio nor a producer!

2. Public film funds and the idea of quality

Or, in other words

- What is a quality mainstream project or an art-house project?
- What is the volume and diversity of the project flow?
- How can the quality and diversity gaps be removed?



Challenges

- There are so **many development schemes around Europe** on different levels, but **almost none for quality mainstream** films. As a result, funds support many films that are basically mainstream

films disguised as art-house films. Continental Europe may learn maybe something from the UK in this regard.

- **European mainstream films should be considered as having high cultural value** (quality) and high admissions at the same time. **Swedish Film Institute** gave priority to the art-house projects in the past years, without taking care of the mainstream films. Now they are trying to establish the rules and objectives for a quality mainstream scheme and implement it in synergy with the SFI's commissioners. The idea behind such a scheme is to encourage more films like *FORCE MAJEURE* (Östlund, 2014), which, in addition to its artistic quality, also drew 200,000 admissions. Such success stories should be made more predictable.
- The **automatic schemes almost never improve the quality**, diversity or volume of mainstream films. How can such schemes be modified?
- **There is no agreement on what art-house is on the local level, and what art-house is on the international level.** What some countries support under the art-house schemes are their local films that have no international potential whatsoever.
For example, *TANGARINES* (2013), a Georgian-Estonian co-production that was nominated for the Oscar and traveled all around the world, was considered as a mainstream film in Estonia. However, according to all international standards it is a niche art-house film with a micro budget of 300,000 euros.

The Development of Content: Challenges and Opportunities – Public Funds as Pawns or Players?

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Module 2 – Scriptwriting and Development Support: funding landscape, co-development initiatives and development strategies, successful or unsuccessful stories

Introduction

Almost all public funds have schemes dedicated to project development. Some of them have a specific scriptwriting support scheme dedicated to script development. There are also more and more co-development initiatives between funds from different countries to favor an earlier cooperation between coproduction partners.

Or, in other words:

- What outcomes do funds expect of those schemes?
- What do they consider as the most important activities to be achieved during this stage of production?
- Do they consider themselves as a development partner? What experiences and practices give good results?

Case Study 1 / Medienboard Berlin-Brandenburg GmbH (MBB)

Please also see *Veronika Grob's presentation* (PPTX)
www.medienboard.de

Overview of the development activities supported by MBB

- Feature films (script and project development)
- Serial drama (script and project development, production pilots)
- Interactive and innovative projects (Development games, Transmedia, Apps, VR)
- WIGO – support program for web videos (Entertainment, Talk, Fiction, Factual), with RBB.
- Co-production initiatives (co-production markets, training initiatives, CRC – Capital Regions for Cinemas, German-British co-productions meetings, artists-in-residence programs for filmmakers in cities such as Paris, Tel Aviv, Hong Kong, Los Angeles, Toronto)
- Co-development funds with other German regions and/or foreign national funds

1. The German-Polish Co-development Fund

Why?

- The region of Berlin Brandenburg and Poland are neighbors
- They share the same cultural heritage
- Traditionally, there are numerous natural co-productions between Poland and Germany, both in financial and in creative terms.

CO-DEVELOPMENT INITIATIVES



How?

- Two regional German film funds, MBB and Mitteldeutsche Medienförderung (MDM) started collaboration with the Polish Film Institute (PFI) more than 10 years ago allocating parts of their budgets for the co-development initiative
- The initiative started as the co-development fund, but since September 2016, with the arrival of the FFA as a new partner, it also applies to co-production of low-budget films by first-time filmmakers.
- The eligible projects must involve a Polish producer and a German producer based in one of the above mentioned German regions.
- The annual budget for 2017 is 500,000 euro (was 300,000 euro until end of 2016)
- Around 70,000 euro is allocated per project for co-development
- Around 150,000 euro is allocated per project for co-production of low-budget, first-feature films.

Examples of supported projects by this fund: see [Veronika Grob's presentation](#) (PPTX document)

2. The German-Turkish Co-production Development Fund

Why?

- There is a large Turkish community (and large Turkish filmmaking community) in Germany, particularly in Hamburg and Berlin.
- There are many German-Turkish projects with natural/organic collaboration between producers.
- The idea for the establishment of a co-development fund did not come from the politicians or industry. It came from the regional film funds, Medienboard Berlin-Brandenburg and Filmförderung Hamburg Schleswig-Holstein, and the Istanbul Film Festival – Meetings on the Bridge co-production market that altogether set up the fund in 2011.
- There is no film institute in Turkey similar to the ones in European countries and the Turkish Ministry of Culture has no minority co-production scheme, so this fund can to some extent compensate for that.

How?

- The financing comes from the two German regional funds and from the Turkish Ministry of Culture, which gives a specific allocation to the Istanbul Film Festival to administer the fund.
- The fund occasionally provides co-production support, which happened twice so far. It applies only to low-budget films that have already received a co-development support.
- Eligible projects must involve a Turkish and a German producer coming from the relevant regions.
- Producers apply to the Turkish partner if the scriptwriter is Turkish and if project is a majority Turkish co-production. It is the other way round if the project is a German majority co-production and involves German scriptwriter. However, most of the co-developed/co-produced projects are Turkish majority

- projects that are in need of German co-producers.
- Annual budget of the fund is 150,000 euro

Examples of supported projects by this fund: see [Veronika Grob's presentation](#) (PPTX document)

3. The Franco-German agreement for the joint development of fictional series

Why?

- To extend co-production activities between France and Germany to television after the success of the mini-treaty that involves feature films
- The budget for TV series is getting higher and higher and a single region cannot afford them alone

How?

- Created in 2016, the fund is jointly financed by four regional German funds, Film und Medien Stiftung NRW, MFG Filmförderung (Baden-Württemberg), FFF Bayern, MBB and the French national film agency CNC.
- Two projects were selected in the first round: one to be co-developed with the region of Baden Württemberg and one with Bayern.
- The selection criteria come first, then the artistic value of the projects and lastly, to what extent the projects satisfy regional economic criteria.
- In 2017, there will be only one deadline per year. It is expected that four projects will be selected, one to be co-developed with each region.
- Annual budget of the fund is 200,000 euro
- Maximum amount per project is 50,000 euro
- Projects must have a particular cultural and/or economic relevance for France or for one of the four German regions – Baden-Württemberg, Bayern, Berlin-Brandenburg or Nordrhein-Westfalen

Examples of supported projects by this fund: see [Veronika Grob's presentation](#) (PPTX document)

Challenges of those co-development/co-production funds

- The **“form” of the subsidy is different** for Germany (repayable loans) and France (grants) which complicates the agreements and the recoupment of the funding. This fund differs from the German-French Mini Treaty (CNC-FFA) inasmuch as the latter is based on pure, non-repayable subsidies.
- **There must be a link with the type of projects the fund supports.** The German Federal Film Board (FFA) does not support TV, unlike the regional funds. That is the only reason why the CNC ended up launching the TV co-development fund with regional funds.
- Supported **projects must also meet the regional spend requirements specific to each fund.** For example, all projects co-developed with Berlin-Brandenburg must be shot in Berlin.
- **Regional funds are economy driven, but co-development initiatives are usually driven by political and cultural reasons.** Is there a tension between these two objectives?

Case Study 2 / Croatian Audiovisual Center – Re-Act

Presented by Sanja Ravlic – Croatian Film Center

www.filmreact.eu

What?

- RE-ACT is a co-development initiative set up in 2015 by the Croatian Audiovisual Centre, Friuli Venezia Giulia Audiovisual Fund (FVG) and Slovenian Film Centre in collaboration with TorinoFilmLab. This initiative aims at developing new audiovisual projects and fostering international co-productions. It is designed for filmmakers and producers who wish to foster closer ties within Croatia, Friuli Venezia Giulia region (Italy) and Slovenia.



Why?

- There are certain historical and cultural connections between the three regions. The entire area used to be part of the Austro-Hungarian Empire
- The initiative is triggered by the fact that Friuli Venezia Giulia Audiovisual Fund for many years has been running the co-production market “When East meets West (WEMW)” during the Trieste Film Festival. Thanks to this market, producers from the regions already knew each other and a co-development initiative was a natural step further.

How?

- The **regulations** are formulated in such a way that they **comply with all three national legislations**
- FVG administers the initiative, but all three funds are managing the budget together.
- RE-ACT consists of two segments: regional **training** and **co-development** initiatives. The training is implemented through the RE-ACT workshop in collaboration with the Torino Film Lab’s Framework program. The co-development initiative is called co-development fund and is financed by the three funds involved in the initiative.
- Annual budget of the co-development fund is 60,000 euro.
- The average maximum amount per project is 10,000 euro.
- Eligible **projects must have already been granted a development support from one of the participating funds.**
- Stories selected for both RE-ACT workshop and co-development fund should be linking the territories and be original.
- The attendance to the **RE-ACT workshop is not a prerequisite for receiving funding from the co-development fund**
- RE-ACT will soon teaming up with EAVE Puentes to start partnership with Latin America.



Outcome of group discussions

Why do funds need co-development funds?

- They **contribute to cultural diversity and ease political issues** between countries.
- They are the future **for regions/small countries of similar cultural and linguistic background** (like ex-Yugoslavia).
- Contrary to the economy-driven official co-productions, co-developing is **content-driven** and puts people together in a more organic and creative way.
- Co-development initiatives **facilitate an exchange of experiences** between creative teams from different countries. The most recent example is German-Dutch co-development initiative for children's films. It came out of the idea that the Dutch scriptwriters knew better how to make audience-appealing children's film with serious topics.
- The money that a fund invests in a co-development **fund is tiny**, but it keeps the fund as a player that controls and molds supported project.

But

- Co-development initiatives usually **make sense only between the countries already connected by co-production treaties**, enabling the financing of the co-developed projects at the production stage.
- Co-development fund on its own **is pointless unless it is a response to a need or a request of the industry**.
- Public funds **do not receive an additional funding** from national governments to set-up co-development funds. They have to squeeze them in the existing budget.
- **Co-development fund should include all formats** and all kinds of content not just film.
- Some of the Nordic countries are not fans of the co-development and/or official coproduction treaty initiatives. Norway, for example, prefers a **focus countries approach** which is more pragmatic and fruitful than the bureaucratic and political "treaty approach". From time to time, the Norwegian Film Institute chooses a so-called "focus countries" with whom they want to establish collaboration (some rich, progressive countries) and arrange a series of informal collaborative actions in order to make producers learn from each other and co-produce more.

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Module 3 – Automatic schemes: more about sustaining production companies than developing quality projects?

Introduction

Funds have implemented automatic schemes to emphasize the success and/or return on investment. The money generated by the producer through those schemes can be used to finance the development and production of future projects without going through the selective process.

Or, in other words:

- Do those schemes meet the funds' expectations?
- Do they contribute to the reinforcement of production companies?
- Do they contribute to the financing of quality films?

Case Study / Danish Film Institute (DFI) – Why automatic funding sucks!

Please also see *Claus Ladegaard's presentation (PPTX)*

DFI's funding philosophy:

- **Selective schemes** secure the best cooperation and development. In 2011, the DFI abolished its automatic funding scheme and replaced it with the selective market scheme for mainstream films.
- Public film funds cannot make films. It is directors, producers and screenwriters. However, funding bodies can easily destroy a film.
- Continuous collaboration between the funders on one side and producers, scriptwriters and directors on the other side is of highest importance.
- **Development** is an important part of film funding.
- The funding is driven by cultural criteria: **quality, variety and volume**.

The funding schemes

There are **four ways** of funding feature films with a budget of almost 27 million euro.

1. **Commissioners' scheme** for art-house films with artistic qualities (13.2 million euro)

- There are three commissioners appointed to make funding decisions. They are individual and autonomous decision-makers, and nobody can interfere in their work. Commissioners are always recruited from the industry and are employed for five years. They are primarily Danish, but the nationality does not matter as long as they can read scripts in Danish.
- The two major characteristics of Commissioners:
 - They have to be able to make decisions on the basis of their intuition and discover projects that challenge and contest
 - They must have experience in film production and must know how to develop a project
- Commissioners make decisions in line with the 4-page document (available on the DFI's website) that clearly defines the required quality and artistic value of selected projects
- 7-10 films a year are supported through this scheme.

Example: *LAND OF MINE* (Zandvliet, 2015), produced by Nordisk Film.

www.youtube.com/watch?v=4Kao3toNBMU

2. New Danish Screen (3.4 million euro)

- For low budget films that develop new talents
- It includes films of all genres made by talents engaged in new ways of filmmaking
- The scheme has **two Commissioners** who work closely together. They are recruited from the business for a period of 4-6 years.
- The scheme is marked by **risk-taking, low-budgets** and openness for **innovative approaches** to filmmaking

Example: *BRIDGEND* (Rønne, 2016)

www.youtube.com/watch?v=8MEpJShG9JI

3. Minority co-production scheme (1.6 million euro)

- Foreign films with Denmark as a minority co-producer.
- Funding criteria:
 - Creative strength
 - Proven co-operation with the Danish minority co-producer
 - Participation of Danish talent
 - Distribution deal in Denmark
- Funding decision taken collectively by the commissioners, Head of Production and Development and Head of the International Office.
- 5-9 films are supported a year. Half of them are from the other four Nordic countries.
- Even if Denmark does not require coproduction to be under an official Treaty, it has signed co-production treaties with Canada and New Zealand, but none of them is really working. The treaty with Australia has been under negotiations for 6 years. Denmark is entering the bilateral co-production treaty with China due to political pressures.

Example: *RAMS* (Hákonarson, 2015)

www.youtube.com/watch?v=PWWmUVAdi5Y

4) Market scheme for mainstream films with wide appeal and cultural value (8.6 million euro).

- Films with some kind of **cultural value**
- Market scheme films are targeted at **Danish audience**. They can deal with the events from recent Danish history, politics and other topics relevant to the Danes.
- Very few market scheme films have artistic quality in a traditional sense.
- Most common genre in this category is **comedy, drama, crime** and **family films**.
- An average market scheme film has **160,000 admissions**.

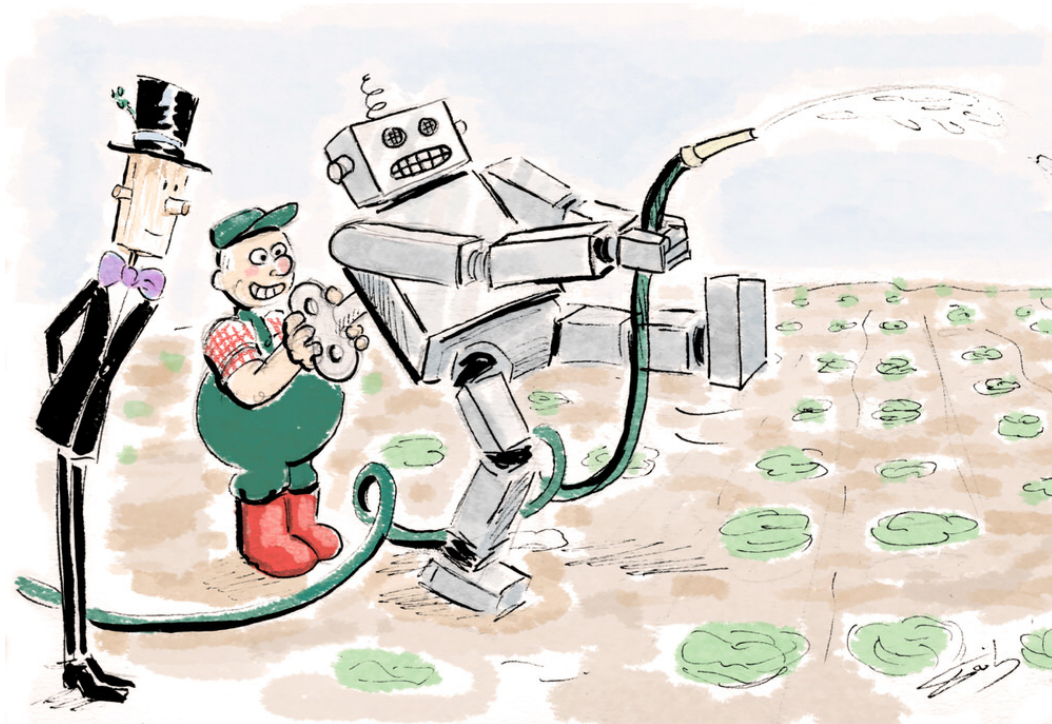
Example: *MY CANADIAN ADVENTURE* (2015) – high-budget family comedy; 320,000 admissions

Transition from Automatic Scheme to Market Scheme for mainstream Films

The Automatic Scheme (60/40)

Quick facts

- Existed until 2011 when it was replaced by the market scheme.
- **Semi-automatic scheme** – the DFI was obliged to fund films that were expected to have more than 175,000 admissions in cinemas.
- **Four anonymous readers** assessed the scripts.
- Funding decisions were based on the creative teams' **past merit** and **audience performance predictions**.
- The level of funding was decided on the basis of the **point system**. Point system reflected the experience of the director (track record and admissions) and quality of the script as assessed by the four anonymous readers.



Challenges of this scheme:

- There were a lot of **false audience predictions**.
- **Low transparency** because producers could never talk to the anonymous readers.
- The whole scheme was **regressive** because it focused too much on the past merit instead on what would be working in the future. The goal was only to fulfill quantitative requirements, not to bring anything new.
- The scheme created the risk that the DFI will not support good films that deserve to be supported due to the point system requirements.
- Example: KLOVN (2015) is the film with the highest admissions in Denmark (900.000) in the past 15 years. However, at the time of decision-making it almost ended up without any support because the producers were not experienced enough to fulfill the track record requirements of the 60/40 Scheme

The Market Scheme

What is new?

- It is **selective scheme**: the editorial board consisting of two members from the DFI and three part-time members from the business, appointed for a period 2-4 years, choose 7-10 popular mainstream films a year.
- **Quality** and **audience performance** are still the main selection criteria. However, past merit and point system are not considered anymore.
- Quality is defined as:
 - good storytelling in the way that a large audience can understand the story
 - high production value and unique position on the market
 - effective distribution and strong marketing
- **Flexibility**: from 1% to 7% of the funding can be allocated to development phase instead of 1% under the previous scheme

Decision-making procedure

- Producers can apply when the script is ready and **60% of financing is in place**
- Producers must prove that the **market wants the film**. They secure 60% of financing through equity, pre-sales, regional funds, public broadcaster, producer's investment, etc.
- The editorial board invites the applicants for a **pitch**
- There is a **written assessment** of all projects as well
- The scheme is marked by **flexibility**. For example: the editorial board can approve changes in the crew and cast after the project has been green-lighted, the amount of money allocated per installment can be modified, the first day of shooting postponed, etc.
- **Four deadlines** per year.

Examples: THE DAY WILL COME (2016) – drama that would have probably never been produced either under the old automatic schemes or under the commissioners scheme. The film had 250,000 admissions.

CONSPIRACY OF FAITH (2016) – crime genre based on the popular crime books. The film had the biggest admissions in Denmark in 2016. Due to the extremely high budget for Danish standards, in the case of this film, the editorial board also considered the past merit of the creative team and the track record of the production company.

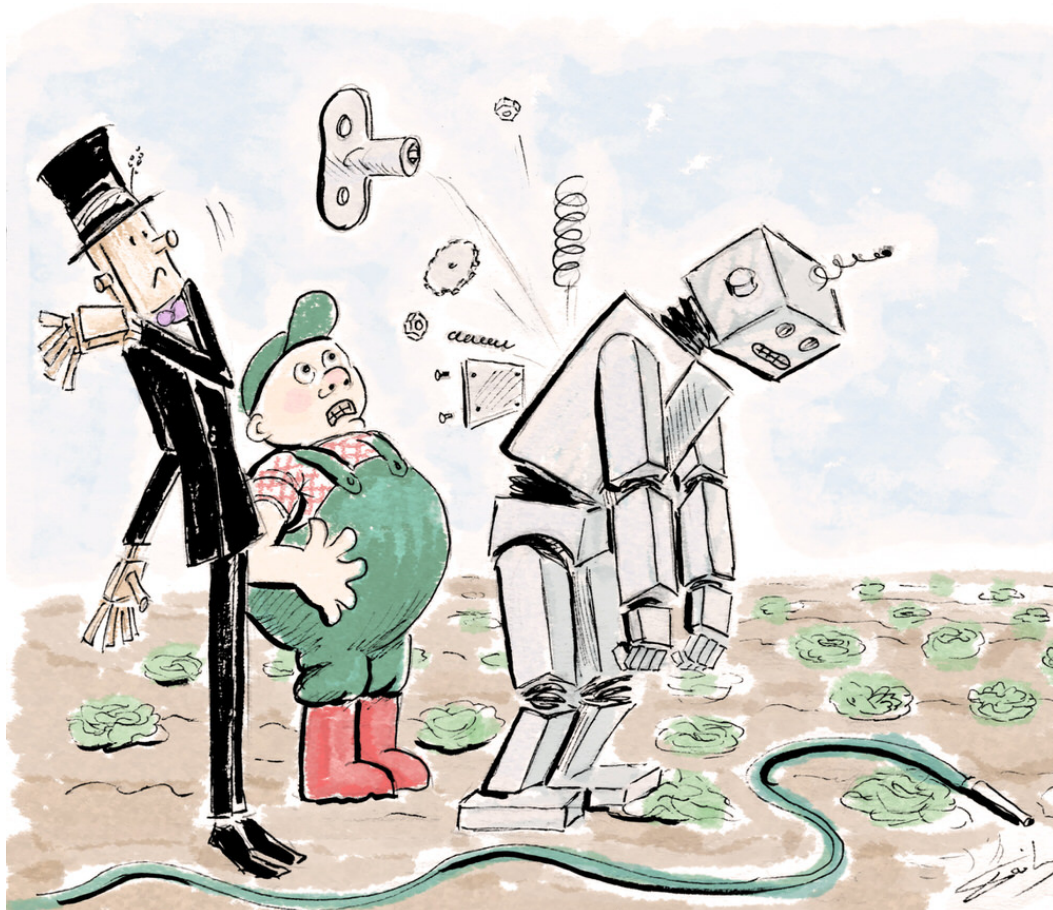
www.youtube.com/watch?v=VIGi2KAogzI

Lessons learned and their outcomes:

- **Selective funding can do more for both producers and for the box office**, but it requires cooperation, coping with challenges, a realistic approach to audience and cultural value.
- The **concept of cultural value must be clearly defined**, which is different from artistic and commercial value
- Market share for Danish features: 25-30% / Danish films make up 12-14% of all films in the market
- The films supported by the market scheme **often go to the festivals and travel internationally**, which never happened with the films made under the previous scheme
- Market scheme films **have a better audience performance**. Average admissions increased from 257,000 per film (60/40 Scheme) to 293,000
- In the beginning, some producers were concerned that the market scheme would become yet another art-house scheme, but today nobody doubts in the scheme anymore.

DFT's challenges in regard to the general European context

- Denmark is one of the few countries in Europe with no automatic funding system.
- Denmark is also among the few countries in Europe without tax incentives. Many European countries are moving from the cultural funding to automatic funding and tax/production incentives, which, unfortunately, makes European countries compete with one another in funding the American television through the taxpayers' money.



Outcomes of the group discussions

Automatic funds and tax/production incentives

Pros

- **Tax/production incentives also finance European co-productions and do not only attract the US productions.** There are examples of two Danish-Croatian co-productions that would have never been made as European co-productions without the Croatian cash rebate.

- The majority of the budgets allocated to tax/production incentives do not affect cultural funds because they are financed by other governmental bodies (Ministry of Economy, Ministry of Finance, etc.).
- Automatic schemes do not promote quality, but they attract private money and external investments into the movie business.
- Automatic schemes and tax/production incentives create jobs and strength production companies.
- They save producers from the complicated application and selection procedures of the selective schemes

Cons

- Denmark invested almost 1 million euro into THE DANISH GIRL (2015). That amount of money would have generated a higher economic impact if it had been allocated to the cultural funding system. This amount of 1 million euro would have generated more profit had it been allocated to the DFI's Market Scheme. The Market Scheme films, according to Claus, make a bigger box office and stronger economic impact than THE DANISH GIRL, and similar films, did.
- In Norway, they took a part of the Norwegian Film Institute's funding budget for the purely economic tax incentive scheme.
- Paradoxically enough, automatic schemes almost never generate films for big markets.

How art-house and mainstream films are considered in other countries

- In some European countries such as France, Austria and Switzerland, the art-house films are quite separated from the mainstream films. In most European countries, the arthouse films are supported through selective schemes, while commercial films are supported through purely automatic funds that include no selection whatsoever. This leads to a dichotomy of two markets and two audiences – one elitist/arthouse and another commercial that does not care for cultural value. In Denmark, however, these two worlds overlap, the division is not that sharp.
- In Chile, mainstream films are comedies that do well in cinemas, whereas art-house films are only for festivals. Their producers never think about the audience, which often generates extremely small admissions (below 1,000)
- In Scandinavia, the border between art-house and mainstream is blurred. The Nordic film policies define quality as cultural value, which means that the public film funds can support films that have a high cultural value even though they are not art. An example for such a crossover is THE HUNT (Vinterberg, 2012) – a typical mainstream film that was developed and produced through the Commissioners' art-house, selective support scheme.

The Development of Content: Challenges and Opportunities – Public Funds as Pawns or Players?

- **Introduction – Scriptwriting and development funding landscape**
- **Module 1 – Evaluation of funds' portfolio**
- **Module 2 – Scriptwriting and Development Support: funding landscape, co-development initiatives and development strategies, successful or unsuccessful stories**
- **Module 3 – Automatic schemes: more about sustaining production companies than developing quality projects?**
- **Module 4 – VoD platforms as commissioners and distributors of original content. For good or for bad?**
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Illustrations by [Séverine Leibundgut](#)



MEDICI – The Film Funding Journey

Reports Previous Workshops

Sixth Workshop – 27 to 29 September 2016 – Warth (Switzerland)

Module 4 – VoD platforms as commissioners and distributors of original content. For good or for bad?

Introduction

VoD platforms have started to commission content (TV series and feature films) they tend to distribute exclusively on their networks. They position themselves also as distributors by buying worldwide rights and ask to “premiere” the film before theatrical release.

Or, in other words:

- Those strategies raise many questions: what will be the impact of those new players on content?
- How will new business models challenge public funds not only in terms of financing but also on distribution strategy?

Case Study / SKW Schwartz – VoD platforms as commissioners and distributors of original content

Please also see *Florian Hensel's presentation (PDF)*

Trends in content

- The content is increasingly coming through VoD services because the VoD audience is growing
- VoD platforms can produce the original content totally outside of the traditional exploitation landscape.
- There are two types of VoD content:
 - Traditional art-house European films financed through public film funds
 - New highly developed series produced either by the providers of VoD services or by the US companies like HBO
- There have been changes in terms of quantity. Over the past four years the original content shown on Netflix has increased by 3050%
- In 2012, only a quarter of the produced shows ended up on Netflix. Today, Netflix offers more content than any other existing network or cable channel
- A slight increase exists also when it comes to traditional art-house films – from two original productions in 2012 to seventeen in 2016
- Unscripted series have the biggest increase (from 1 to 35).
- The practice of a simultaneous theatrical, DVD and VoD release has been increasingly popular.

But

- The **European VoD market is much less developed than the one in the US**
- **In Europe, there are seventy-five VoD services**, plus a handful of subscription VoD services. Out of these seventy-five, **only one or two have a footprint on more than two countries.**
- There is still **no functional VoD platform at the European level**
- In some parts of Europe (for example, Nordic region), there is much more competition due to multiple small platforms, but the VOD landscape is changing. The **competition will be reduced to Netflix, HBO, Amazon Prime and the biggest national VoD services**
- Public **broadcasters perceive VoD platforms as fierce competitors** because they risk losing all VoD rights.
- The **role of public film funds in Europe is mostly passive** when it comes to VoD

- There are still **no concrete Europe-related data** on:
 - How are consumption habits changing?
 - Who are the people who consume VoD services? and
 - Is everything that should be on VoD already on VoD?

Case Study: Independent research by Prof. Hennig-Thurau from the University of Münster based on individual data-gathering

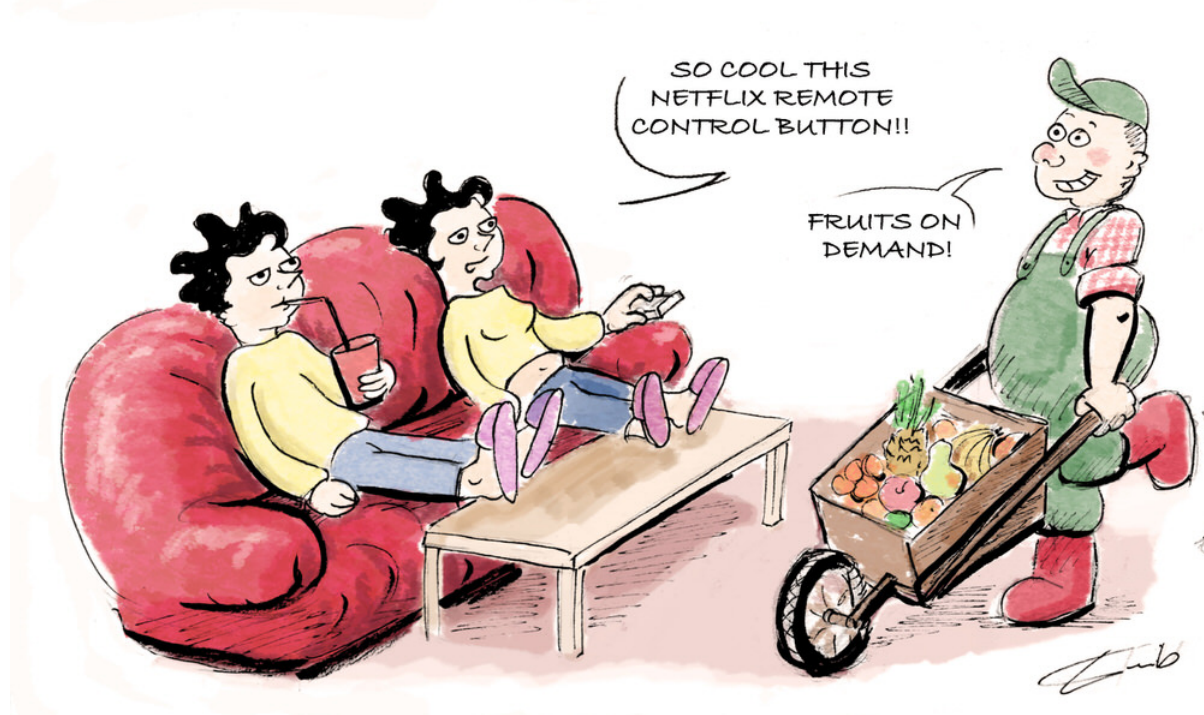
Prof. Hennig-Thurau interviewed around 4000 people about the new series distributed via VoD platforms. His objective was to discover what makes these series more popular than traditional old series. He reached the following conclusions:

- The new series have much better quality. They are constantly getting better and better
- The new series are not extreme and niche as one would think
- There may be slight differences in the demographics. Older people want to watch HOMELAND for example, but young ones would go for TRUE DETECTIVE
- The new series are increasingly consumed via VoD, not via free TV.
- Today, people often buy TV sets only because it has a Netflix button on the remote-controller. They seek for an easier access to VoD via their TV sets.

What can film funds learn from Netflix and Amazon?

The traditional funding system still does not see enough potential in VoD:

- The European Audiovisual Observatory's data indicate that from 2005 to 2014 almost 17000 films were theatrically released in the EU (2800 from the US and around 11000 from the EU). While almost all of the American films (87%) were additionally released on the VoD services, only 5000 EU films (47%) had VoD release. Thus, Around **5000 EU films disappeared after the theatrical release**.
- In Europe, the VoD release is too complicated. Where is the flaw in the system?



The success of Netflix and Amazon is based on:

- Having reliable data
- Spending a lot of money on experiments until they create profitable content. For example, Netflix is currently doing local services in Poland and Turkey, trying to move from playing global content to localizing the service and creating local content.

VoD release in Germany

Challenges of VoD licensing

- Legal framework regarding the ownership and use of VoD rights in Germany (Civil Code, Copyright Act, etc.).

- A variety of unsynchronized film funds and policies: public funds (national and regional), Film Funding Act, funding regulations and guidelines.
- Public and private broadcasters traditionally invest as co-producers in films and they have their own terms of trade defining what kind of exploitation is allowed. The same applies to TV productions.
- The Interstate Broadcasting Treaty imposes certain programming and production requirements. Broadcasters have to ensure that the audience gets a wide variety of opinions, which can limit the exploitation.

Programming conflict

Multiple partners (broadcasters, sales agents, distributors, VoD platforms) often meet together in the financing. Balancing them is extremely complicated and influences the exploitation cycle of a specific project:

- VoD plays role for pay TV because VoD is a way to extend the exploitation of a specific content before it ends up on free TV.
- From the broadcaster's point of view, VoD is just an extended broadcasting window. There must be no VoD exploitation (both transactional and SVoD) during free TV cycle, which can last up to 36 months.
- World sales agents do not want to have restrictions at all.

VoD Licensing for commissioned TV productions

- The broadcasters can commission productions from production companies. They can take away the VoD rights from producers, but keep producers entitled to a share of VoD revenues. If TV does not manage to exploit VoD rights, then producers shall receive the rights back and try to sell the content themselves
- Alternatively, the broadcaster can simply put money on the table and buy all the rights. It should be a considerable amount of money equal to the aggregate sum of the world sales revenues. Such deals can allow the theatrical window for 30 to 60 days after which they get the SVoD rights in as many languages as possible and as many territories as possible.

VoD Licensing for commissioned VoD productions

- **Broadcasters** demand that free TV period lasts three years during which there could be no VoD exploitation. Is there a way to exclude the broadcaster out of financing and try something completely different if another partner offers enough money as compensation?
- **The Sales agent** can say to a producer – “try to get me as many SVoD rights as possible, and I will pay you for each territory”. Therefore, these VoD rights, instead of staying with the local distributor, should be given to the sale agents who will try to sell the whole package – as much as possible.
- There is a **distribution fight going on. Exhibitors** want to keep their share of cake, but if new players with a substantial amount of money on the table appear, then the situation can change. The new player can be Netflix or another VoD player. However, this principle usually works only with the new TV series, whereas the feature films follow totally separate patterns. There is an example of Netflix co-producing with the BBC and German public broadcaster ZDF for children's TV series. The ZDF did German distribution, BBC did UK distribution, whereas the rest of the world was under NETFLIX in all forms.

Windowing in Germany (see graph in *Florian Hensel's presentation* – PDF)

- The purpose of windowing in Germany is to maximize revenues for “high value rights”
- The method they chose to achieve this is creation of (exclusive) windows and/or contractual holdbacks and/or black periods. The examples of windowing in Germany:
 - Holdback of any Free VoD for the benefit of Pay VoD (in Germany statutory holdbacks apply)
 - Holdback of SVoD for the benefit of TVoD
 - Holdback of DVoD for the benefit of Pay TV
 - 1 month black period of VoD before Free TV release
 - 12 (or even 36) months black period for VoD during Free TV
 - Worldwide holdback of any VoD prior to the respective US release

But

- Coordination of releases, holdbacks, black periods and exclusivity becomes more and more complex
- If you sell the content directly to the VoD platform, you can sell it at the price of free TV, without bothering with blackouts and windowing

Outcomes of group discussions

- The Swiss Federal Fund for Culture **supports straight-to-VOD productions and will introduce**

a selective scheme in 2017 to finance digital promotion of contents aimed at Swiss consumers. According to the new legislation, producers are obliged to submit reports on all VOD activities and releases in order to help the fund collect statistics necessary for formulating funding guidelines within the VoD scheme. Within this scheme VoD platforms (such as Netflix) can be a co-producer

- **Norwegian Film Institute is also opening a new scheme for VoD platform**, but is unsure about a possible impact of such a scheme since there is no data to measure it which is not the case for the theatrical market. There are statistics all over Europe that help in monitoring and evaluation of every step within theatrical schemes
- In Germany, the budget of the **German Federal Film Board (FFA)** is financed via the so-called film levy which is raised from, among others, the cinemas, the video industry and television. They are forced to share data on their revenues because it is necessary for calculation of their levy. **VoD service-providers should be levied**, because it would force them to disclose data about their revenues for the purpose of the levy calculation. This levy has already been introduced in Germany, and the idea is that the German example should be followed by all other European countries and also regulated at the EU level through the European Commission. This strategy would ideally lead to getting more data on VoD services.
- **Danish Film Institute** is also in the process of **opening the funding system to the VoD platforms**. However, the regulations demand that every applicant must provide consumption data. For this reason, Netflix will probably not apply in the years to come. The VoD schemes will probably be more attractive for small platforms. There is already a TV funding scheme where even Netflix can apply as long as their services and products target Danish audiences. They have never applied directly, though. They only co-financed a TV series produced by the Danish Public broadcaster.
- **MEDIA Programme has a scheme** where five European countries need to distribute one European series through national VoD platforms. The Audiovisual Media Service Directive (AVMSD) is being under revision and there is a proposal that broadcasters should include VoD content.

Collaboration opportunities between traditional and new players

- In Austria, there is one start-up company dealing with VoD. It used to be co-financed by MEDIA Programme, but the Austrian broadcaster has recently become the majority partner, which led to a diversification of broadcaster's activity and synergy between TV and VoD.
- Despite a huge penetration of Netflix (in some countries up to 40%), **there are still national and regional platforms that are doing well**. Broadcasters set-up VoD platforms and create content with the unique selling point, like Danish TV drama. This can lead to co-production deals with Netflix as well.
- **Netflix sometimes takes models from the traditional TV**. They sometimes decide, just as TV, not to put all episodes at once, but make the audience wait for a week for another episode, like the series DESIGNATED SURVIVOR.
- The **Film funds should be teaming up more with local VoD platforms** that encourage cultural value and diversity. Netflix or HBO are business-driven content providers. They want to reach the entire national market with every product. Do public funds have a responsibility to invest into national film platform to help the cultural films they support get seen by a broader audience?
- **Netflix sometimes buys small, art-house films** (it happened once in Flanders). However, it stays unclear if Netflix did it because they are really interested in buying such films or it was just a one-off action for the purpose of testing. Due to the lack of data, it is not possible to know if this will happen again in the future, but it still sets the ground for a potential collaboration.
- **VoD platforms would commission more feature films if the funds made sure that projects could be produced faster**. Currently it takes three to five years to produce a film (especially a co-production), which is too long for VoD platforms
- **Netflix or another VoD platform can sometimes replace distributor and pre-buy a film** on the basis of a script. They already produce their own local content in France and Germany.

The Development of Content: Challenges and Opportunities – Public Funds as Pawns or Players?

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Illustrations by [Séverine Leibundgut](#)



MEDICI – The Film Funding Journey

Reports Previous Workshops

Sixth Workshop – 27 to 29 September 2016 – Warth (Switzerland)

Module 5 – Talent support initiatives (support to experimental films, micro-budget, wild card, genre projects, etc.)

Introduction

The digital era gives to filmmakers new tools for low costs production. The competition among young and experienced filmmakers for access to public funds is becoming fiercer and fiercer. Short film support is an option but there is a time when long feature corresponds to the development of a filmmaker's career.

Or, in other words:

- How to encourage talents to develop themselves?
- How could funds take more risk at a lower price?

Case Study 1 / The Netherlands Film Fund (NFF) – New Screen NL

Please also see *George Van Breemen's presentation (PPTX)*
www.filmfonds.nl

In a nutshell, funding activities of the NFF

- Selective schemes (development, production, marketing, distribution, minority co-productions):
 - *Screen NL* – for development, production, marketing and distribution of feature films of all formats (fiction, animation and documentary). Designed for experienced filmmakers and production companies with a strong track record. In 2017, it will also include slate funding
 - *New Screen NL*: see chapter below
- (Semi)-automatic schemes (Production Incentive Scheme since 2014 and Supplementary Fund for mainstream films). In 2017, the fund will cut the automatic funding by half and introduce a different support scheme for the mainstream films, following the model of the Danish Film Institute
- Support scheme for miscellaneous Film Activities (festivals, coproduction markets, training, research and publications)
- And also Special activities like sustainability, diversity and innovation
- Film Commission

New Screen NL

- Is designed for new talents, low budget films, shorts, testing new ideas of all sorts and for experienced filmmakers with a long track record who want to try out something else. The scheme stimulates creativity, crosses borders, innovates and experiments:
 - It includes support for development, production, marketing and distribution.
 - The budget is approximately 3.1 million euro.
 - The scheme does a lot of cooperation with TV and other funds, which helps the selected projects extend their budgets.
- New Screen NL consists of the following sub-schemes: Low-budget Films, New Talent, Cinematic Experiment, Short films

Low Budget Films sub-scheme

- Designed for the first-time directors and producers (talent development)

- Production budget per project under 600,000 euro
- Two production grants a year (200,000 euro each) and development support.

New Talent sub-scheme

- **Vrijplaats** – for new scriptwriters with fresh ideas, treatment or the first draft of the script. Scriptwriters who are still without the director and/or producer, but still wish to develop a project, are also eligible. They can apply for further funding after this stage if they get producer and director attached
- **One Night Stand** – for single plays produced in collaboration with public broadcasters and TV funds. Twelve projects are developed each year through this scheme, six of which are produced. The scheme is a chance for new producers and new talent in general.
- **The Crossing** – for directors making their first feature films. The budget is around 1 million per year and two projects are supported annually. The scheme is co-financed by public broadcasters and TV funds
- **Wildcards** – for winning teams of young directors, writers and producers. Three documentaries, two fiction films and one animation film are produced per year through this scheme. The scheme started with documentaries made by students who have just graduated. However, it has evolved into a competition for all Dutch film academies where the winning team gets the production support for their project. The award for fiction films is up to 80,000 euro, and 40,000 euro for documentaries and animation. The scheme also finances the involvement of an experienced producer, but the money is given to the young filmmakers
- **(Script) coaches** – Independent professionals who are not employed either by the film fund or public broadcasters. They can be assigned as script consultants to any project supported under the New Talent scheme.

Cinematic Experiments sub scheme

The scheme is designed for experiments, crossing borders, new technologies. A single project can receive 100,000 euro. In case of small projects only the line-producer is required. In case of more complex projects, the fund demands that an experienced producer is attached. Supported projects must be completed in 2 years, with a possibility for extension. The scheme consist of two categories:

- **Transmedia**
 - For projects exploring new ways of non-fiction storytelling in collaboration with Creative Industries Fund
 - Annual budget of 250,000 euro
- **Art Film Imagination**
 - For feature films exploring borders between visual arts and cinema in collaboration with Mondriaan Fund
 - The mission is to bring visual artists and filmmakers together
 - Mondriaan Fund support visual artists, but their budget is really limited. When they join forces with the film scheme, they manage to collect 600,000 euro for artistic film scheme two films per year).

Short films sub scheme

The scheme involves support for animation (development and production); fiction and documentary (production – special call); all categories (limited to post-production support):

- **Ultra Kort!** – Four two-minute animation films to be programmed before feature films in theaters. The scheme is made in collaboration with Pathé that owns a half of the Dutch cinema theaters. They show these films before big international mainstream films, which helps them be seen by 200,000-300,000 people. Pathe curates films together with the NL Film Fonds. It is usually visual artists who make Ultra Kort films.
- **KORT!** – in collaboration with Public Broadcaster and TV funds. Ten shorts of all formats are supported every year. The budget per film is up to 70,000 euro. The scheme has been running for many years.



Interview with George van Bremen

Is it difficult to run both fragmented and structured schemes?

It takes a lot of time and work. However, it pays off because response to the schemes is good and quality of projects is increasing. Visual artists take advantage of the Art Film Imagination scheme to make their art independently, without anybody tutoring them. If they fail, they are not punished. The scheme is also meant for people who just finished their education but still have not entered the real professional life where broadcasters and distributors dictate all conditions.

Are there any deadlines?

For special projects there are deadlines, but when it comes to the small ones, the call is open all year round.

Tell us more about how you finance first films by freshly graduated film students.

It is in the form of a prize. The selection is based on the graduation films. The ones with the most promising films receive the financial prize (80,000 euro for feature films and 40,000 euro for animation films and documentaries). Competition is fierce. It includes people of 4-5 academies in the Netherlands, specializing in film, TV or creative industry. It is not open for self-made people who did not get education in those areas. We do not award them a lot of money, but they usually do not need much because they shoot their projects with friends and colleagues from school. Thanks to these first films they travel to festivals, attract broadcasters for their next projects and come back to the NFF with real projects. We do not have any requirements in terms of release windows or length. They usually make short films (max. 30-40 minutes). We give them funding, they have to find a producer (either a beginner or experienced one) and shoot a film within a certain time period.

Tell us more about the 'One-night stand' scheme.

This scheme involves a few producers, three broadcasters and NFF. We select and finance 40 minutes single plays, which should fit into the theme "one night stand", and show them on TV.

Why do you still insist so much on supporting short films? Shouldn't film funds help fresh film graduates jump into development of feature films as soon as possible?

We have a scheme for first-time low-budget feature films, where we do not require a theatrical release. It is meant for people who want to make a feature film immediately after school. However, we think that fresh graduates should also have an option for short films if they have a small, simple idea. We also encourage them to do things one step at the time. Short films are a way to take bigger risks because real talents are really scarce despite the tough competition.

Does the selection committee involve TV people?

In every scheme that involves TV funds, selection committee also includes TV people.

Do you finance web-series?

No. The government does not allow us to support the online content or television. We used to have a selective television fund (Media fund) for 18 years, but it was abolished. The only remaining TV-related funding option is CoBo fund, but it is an automatic fund for projects with a broadcaster already attached.

Case Study 2 / Telefilm Canada – The Microbudget Program

Please also see [Michel Pradier's presentation \(PDF\)](https://telefilm.ca/en/financing/micro-budget-production)
telefilm.ca/en/financing/micro-budget-production

“Driving Innovation & Creating New Pathways for Emerging Film Filmmakers”

Objectives

- To help **film students create a stronger track record** before they come with bigger projects to the classic talent scheme.
- Allowing Telefilm to **discover new talents** with a **low risk approach**. In the era of an increased focus on track record (quantitative performance) and accountability, it is necessary to ensure that new talents also have efficient support.
- **Enhancing producers' knowledge of digital release platforms**. Feature films are only seen in cinemas and distributors do not make enough effort in promoting art-house films in a proper way.
- **Finding partners** across Canada to stimulate the use of new digital distribution platforms by emerging filmmakers.
- **Ensuring diversity of voices** through supporting Aboriginal films, official-language minority films, films made by women and filmmakers from different Canadian provinces

Note: Telefilm also has a regular talent schemes for first time filmmakers that supports around 30 projects a year with a budget between 0.8 and 2 million CAD.

Methodology

- Telefilm approached **film schools and universities** with audiovisual section across Canada to be partner of the scheme. 35 of them confirmed their participation
- Every school creates a **team of a producer, scriptwriter and director**. Team members could be alumni (5 years from graduation). Some schools miss producers because they do not have strong producers' programs. In such cases, they borrow producers from another school. The **teams selected by schools** submit pitches through Telefilm's online platform. Telefilm receives 35 pitches (one from each school) and sets up a jury of internal experts, plus an expert from a digital platform, to make assessments. Distributors are excluded.
- The award includes **127,500 CAD per film (max 112,500 CAD for web content) + 7,500 CAD for a compulsory digital consultant**. The emphasis is on first films collaborating with digital platforms for marketing, distribution and audience engagement. At least **15% of Telefilm's contribution must be allocated to promotion and distribution expenses**.
- There must be a **training attached to the process** where teams learn **marketing strategies, with a particular focus on social media and storytelling**. Such actions help them reach 80% of the target audience. Teams are invited to booth camp where they work with specialists to learn how to use digital opportunities.
- All submitted projects must be either **art-house feature films or web-content** created for online distribution (segments between 10 and 74 min)
- Telefilm is usually the sole financier. However, in 2017, a tax shelter will be introduced, which may raise the budgets.
- Films must be delivered within 18 months
- Tracking of reports have to be streamlined between Telefilm and producers

Additional partners

- **Alternative platforms** to stimulate fan-supported projects and increase the audience.
- **Technicolor** that ensures free digital distribution encoding services to the selected projects
- **National Film Board of Canada (NFB)** where the films can be uploaded on their platform in case producers do not find a platform themselves.

Main results (see complete list of factual results on Michel Pradier's presentation)

- **Critical acclaim** already received by our new filmmakers

- A number of supported films ended up **in theaters after the festival success**
- 13 of the supported films received **acclaims at national and international film festivals**. It increases the chances for the next movie within regular schemes
- **Many genres are involved** (including sci-Fi, romantic comedies, thrillers, horrors and drama). Despite the genre approach, all the films kept the art-house touch and avoided expensive special effects
- **Telefilm gets an opportunity to promote and evaluate web-platforms** (iTunes, Netflix, etc.) that have to provide data on films they stream
- The total support reached 4.4 million dollars
- **Telefilm** engages some people to collect the data on the films supported through this talent scheme. Those people **analyze the data**, make reports and disseminate them to the Canadian film professionals, so that they can learn from there and become more familiar with the reality.

Lessons learned:

- You must **insist on a marketing strategy** in order to be able to know the audience.
- You need to **do a thorough research before shooting** in order to locate the audience. It must start already before the application and result in a marketing plan. The more research, the better the distribution channels are chosen. Research helps marketing consultants do their job better.
- Digital consultants may include publicists, companies making political campaigns, etc.
- The team must **have an already established fan base online**.
- Film producers must **have a basic understanding of digital marketing** (this is the biggest downfall currently)
- **Telefilm should have a database to produce benchmarks** for emerging film producers
- Telefilm could have an active role in providing access to innovative (and feasible) tactics to film producers.
- It is very difficult to learn how to reach your audience through social media. **It is not enough just to open a FB page**. Promotion is much more complex.
- **Young generations of filmmakers and producers paradoxically appear to be very traditional** in terms of using digital opportunities. They believe only in theatrical release.



Outcomes of group discussions

- **Most of the funds have schemes for first-time filmmakers**, student graduation films or micro-budget films
- **First-time filmmakers should not think about the market**, but be only creative.
- **Co-productions are not a good model for first-time filmmakers** because they require bigger budgets and higher production value.

- Funds should have **schemes for films that the market itself would never support** or be interested in.
- The funds like NFF are fragmented and well structured because **they have enough resources**.
- Creating various schemes is difficult for **many funds** because they are often **understaffed**, or audience-oriented or unfriendly towards genre films, which hinders the establishment of new schemes including innovative schemes for new talents.
- There should be **schemes**, at least for short films, **open to anybody**, not only for the elite filmmakers coming out of national film schools.
- New schemes are **necessary to help filmmakers acclimatize to the new reality**

The Development of Content: Challenges and Opportunities – Public Funds as Pawns or Players?

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Illustrations by [Séverine Leibundgut](#)



MEDICI – The Film Funding Journey

Reports Previous Workshops

Sixth Workshop – 27 to 29 September 2016 – Warth (Switzerland)

Module 6 – Hybrid contents: the mix of different artistic disciplines

Introduction

There are new ways for artistic content creators to develop, finance and distribute their audiovisual works and to engage with audiences in both classic screenings and exhibition environments and beyond.

Or, in other words:

- How to support media and art industries professionals creating content in the borderland between art and film?
- How do the production and the institutional contexts influence the creative process?
- What is the future of artistic cinema? Does it lie in the hands of the film industry or in the hands of the art world – or in between?
- How can best practices from the art world be adapted by the independent film world, or vice versa?
- Should funds open up towards supporting films by artists from other disciplines (not just filmmakers in a traditional sense)

Case Study 1 / Funding Artist Feature Films: in the borderland between art and film

Please also see *Tobias Pausinger's presentation (PDF)*

What is artist feature film?

- A hybrid between art and film
- An example of classic art-house films in the new era when the border between art-house and mainstream films almost does not exist any more
- Films made by visual artists who are, unlike traditional filmmakers, interdisciplinary, more curious and open for new forms
- Films that make visual art more accessible to audiences

Why Artist film?

- Visual artists bring innovative ways of filmmaking, storytelling and distribution together with a new kind of investors.
- A new wave of visual artists making films emerged due to digitization making the access to filmmaking much easier
- The film industry is currently suffering a crisis of artistic imagination, whereas the artist feature films seem to promise:
 - Exotic freshness and artistic vision
 - Influx of creative boldness and authenticity

But

- The art world still functions in a different way from the filmmaking world. Visuals artists are used to different processes of producing, distributing and monetizing art as well as regulating the copyrights
- People from the art world lack organizational skills of people from the film industry
- Would the methods of classic filmmaking and financing de-regulate or additionally regulate the production of artist films?

Different categories of artist films

1. From the *WHITE BOX* to the *BLACK BOX*

Films made by visual artists who move directly from the art world to the art-house film world. They create films that adopt the style and narrative of classic art-house cinema, and are not one-man shows any longer, but collaborative projects.

Examples:

- *WOMEN WITHOUT MEN* by Shirin Neshat's that premiered in Venice. The financing comes from the art world, fashion industry, private investments and public film funds on the top
- *HISTORY'S FUTURE* by Fiona Tan, Indonesian visual artist based in the Netherlands. It premiered at the Rotterdam Film Festival (in the main competition)
- *REMINDER* by Tom Sturridge was premiered at the Berlin films festival (Forum selection). The director is an Israeli visual artist based in Berlin. The budget is 2.5 million euro
- *INVENTION* by Mark Lewis – a film by a famous photographer that was premiered in Toronto as a 90 minute film, but was also exhibited as a video installation

2. From *WHITE BOX* to *MULTIPLEX*

This category includes only very famous visual artists.

Examples

- *HUNGER*, *SHAME* and *12 YEARS OF SLAVERY* by Steve McQueen
- *50 SHADES OF GRAY* and *NOWHERE BOY* by Sam Taylor-Johnson

3. From *WHITE CUBE* to *WHITE CUBE*

- Visual artists who make feature films keeping artistic complexity and a non-narrative form
- They are too avant-garde for cinemas and still fit better into museums and galleries
- They also sometimes make documentaries

4. From *BLACK BOX* to *WHITE CUBE*

Art-house filmmakers start making art installations. Those installations are not part of any film. By selling them, or having them commissioned by the museums and art galleries, the filmmakers in fact earn money that they later invest into a feature film.

Example:

- *SINGULARITY* by the Catalan filmmaker Albert Serra

HYBRID PROJECTS



Difference Between Arthouse and Artist Films

Art-house films	Artist films
DEVELOPMENT	
Auteur's vision	Collaborative, includes other art forms
Predictable	Performative and unforeseeable
One-form	Hybrid of visual arts and film
Scripted	Non-scripted (only a concept)
Director knows how to make a film	Director knows why he wants to make a film
Based on storytelling	Based on process-following
Clear crediting system	Chaotic crediting system
Director include him/herself in the budget	Director does not include him/herself in the budget
Selling the rights	Selling the product
Clearly defined producer's function	No clearly defined producer's function
FINANCING AND RECOUPMENT	
Transparency	Collector's secrecy
Contractual commitment	Handshake
Recouping (producer)	Owning (collector)/selling (gallerist)
Co-producer	Investor
A lot of available data	No data on financing and sales
DISTRIBUTION AND EXHIBITION	
Distributing	Collecting
Owning "rights"	Owning an "object"
Sublicensing	Selling
Territorial distribution	Institutional distribution

Challenges for the film funds

- Can film funds find a way to include artist films within their schemes?
- How to evaluate application for artist films when they do not include any classic screenplays and director's statements, release strategies or budgets? How to compare them with applications for classic films?

Recommendations for film funds

- Cooperative funding (more joint decisions or communications between film funds and art funds and councils)
- Grants (instead of soft loans)
- More flexibility in distribution
- Consideration on a case-by-case basis
- Circulation of decision makers
- Temporary curated funds/grants that can be set up for a limited amount of time (In Austria, there was a case of a fund that was set up for the purpose of financing only 6 projects in total)
- No or less intervention
- Special art film funds create ghettoization and limited access. These funds are much smaller, poorer and considered as a marginal activity
- Provide chances for higher budgets for artist films

Case Study 2 / The “FUSION” project (Sweden)

www.filminstitutet.se/sv/sok-stod/filminstitutets-stod/produktionsstod/fusion/
(see PDF document for *translation*)

The idea behind

- The aim of Fusion is to train commissioners from the Swedish Film Institute (SFI) to evaluate, read and think about projects in a new way
- Fusion focuses on a creative process, and deals with it from a non-traditional angle and outside a comfort zone

Participants

- Both commissioners and selected artists from different arts
- 6 out of 120 people were selected (one theater director, one author, one duo dealing with visual arts and music, one filmmaker directing commercials and one classic film director)
- Only the classic film director has already received production funding from the SFI for his debut film

Supporters

- Fusion project costs 300,000 euros. One half comes from the SFI and another from one studio and three post-production companies that invest through services
- It was established within the framework of the Gothenburg Film Fund and Gothenburg Film Festival in February 2017

Methodology

- This is only one-time, one-year project (call in 2016, pitch sessions in 2017 during the Gothenburg Film festival)
- Applicants do not apply with projects but with explaining the motivation for working in a group (how they can contribute to the group and what they expect to learn)
- Two commissioners evaluate applications
- The idea is to take the selected applicants out of their comfort zone. They are all invited to what is called a laboratory where they work together both as group and individually
- The work process is facilitated throughout the year by meetings with representatives of post-production companies, commissioners and different people from the art world
- Selected applicants are expected to pitch the project during the Gothenburg Film Festival in February 2017. If they have nothing to pitch, they will have to explain why

Outcomes of group discussions**Optimistic approach**

- Netherlands Film Fund has a **scheme for visual artists** wanting to make a feature film. The fund launched this scheme because there was a lack of opportunities for these artists. They could only go to the Mondrian Foundation for small amounts of money and small projects, which made it impossible to finance a bigger film. However, even though the artists' scheme has been working well, there are still some ongoing challenges:
 - Final cut to a visual artist does not mean anything; they want to do it over and over again.
 - Both the art and film world should give more room to each other and be flexible despite different types of communication
 - Should the funds separate rules applying to visual artists?
 - The artist films move borders. They are usually visually stunning and challenge the traditional movie canons. However, sometimes it does not work and artist films either end up only in museums and galleries, or directors decide to cut them into pieces and offer them as separate shorter films to galleries.
 - Some artists do not want to sell rights to their feature films to the distributors because in that way they let down their collectors and commissioners of their artworks.
- Serbian Film Center has introduced in 2016, for the first time, a **special scheme for video art and experimental films**, with a hope that it will bring new voices to the art-house cinema
- Swedish Film institute does **not insist on separate schemes for artist films**. The commissioners, instead, are expected to be intuitive enough to recognize an artist film project with a strong potential, and support it. The SFI has supported once a feature film project by a woman visual artist that did very well in the cinemas

Skeptical approach

- Luxembourg Film Fund has had one **call for transmedia and experimental films**. They supported a so-called "in-between project". It was a video installation by a video artist that was, later on, exhibited in a gallery. However, the director who filmed the entire process of creation of the video installation in fact made the film about the creative process. Despite this case, the fund is not sure about its role within such schemes.
- Croatian Audiovisual Center: In Croatia, an **experimental scheme was launched in 2001** within the Ministry of Culture – before the establishment of the Croatian Audiovisual Center. The budget of the scheme is 300,000 euros a year. It is meant for short films and different artists can apply: visual artists, cinematographers, etc. The experimental filmmaking is also part of a specific tradition because Croatia had a very strong experimental scene in the 1960s and 1970s. Some of the supported experimental films indeed do cross into mainstream and get to festivals. However, the Croatian Film Center always forwards artist filmmakers back to the Ministry of Culture and does not plan to introduce a scheme for them.

The Development of Content: Challenges and Opportunities – Public Funds as Pawns or Players?

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- Module 1 – Evaluation of funds' portfolio
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- Module 3 – Automatic schemes: more about sustaining production companies than developing quality projects?
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Illustrations by [Séverine Leibundgut](#)



MEDICI – The Film Funding Journey

Reports Previous Workshops

Sixth Workshop – 27 to 29 September 2016 – Warth (Switzerland)

Module 7 – Is training part of funds professional development strategy?

Introduction

Professional training has become part of the industry's tools and plays a role in the maintenance and growth of an economically and culturally valuable audiovisual sector in Europe. It nurtures creativity and innovation in the development and production processes, critical reflection, collaboration and networking among professionals, activity based research, etc. It is time to compare and share experiences to reinforce this segment for the good of the industry.

Or, in other words:

- Have funds identified gaps in the actual training offers?
- Do they have a training strategy and consistent financial resources?
- What is the dynamic between funds and training organizations?
- What are the successful and unsuccessful initiatives in terms of impact on the industry?

How do public film funds train?

- According to the European Audiovisual Observatory's report (July 2016), 44 million euro have been allocated to professional training in Europe over the last 5 years (2010-2014), which is approximately 2% of the entire budget that the funds use to finance content.
- Some public funds use training programs as a project-financing tool, creating a synergy between training and project development.
- Professional training appears in different forms:
 - Bursary or scholarship that beneficiaries use to go to seminars and workshops
 - Workshops organized and financed by the funds themselves
 - Funds sometimes contribute to renowned international workshops like the ones supported by Creative Europe.
- The involvement of a fund in professional training differs from country to country. It depends on the fund's budget, size and audiovisual capacity of the country
- Some public funds prefer a passive role, having other organizations taking responsibility of the training initiatives
- Some funds are active players in terms of professional training and, accordingly, they formulate clear strategies in this field.

Outcome of group discussions

- The Netherlands Film Fund supports a **variety of training initiatives**: co-production meetings, individual trainings, trainings targeted at organizations, project-development trainings and trainings meant for helping Dutch film industry overcome challenges of the new digital era.
- The Danish Film Institute **co-finances international training initiatives** like EAVE and Sources.
- SODEC arranges **training for young producers** who wish to enter the international market with their second films. The fund brings experts from Europe to arrange small workshops with local, young producers. The training focuses on promotion, distribution, marketing and scriptwriting.
- Austrian Film Institute (OFI) partly **supports filmmakers attending workshops** and networking events across Europe. The OFI has also developed a special program for women producers based on mentoring. The target group are female producers to be mentored by more experienced female

colleagues.

- Swedish Film Institute (SFI) **occasionally supports training programs** initiated by film schools, because some of the people employed by the SFI also teach in film schools.
- Estonian Film Institute (EFI) tried to organize a joint training program for the investors from the three Baltic countries (Estonia, Latvia and Lithuania). However, the initiative did not last because all the investors were only nationally oriented despite the fact that the industries in all Baltic countries are alike and interconnected.
- BLS Film Fund and Apulia Film Fund are Italian regional funds established in regions with low audiovisual capacity. They arrange **training programs in order to establish a community of competent local film crews and technicians**.

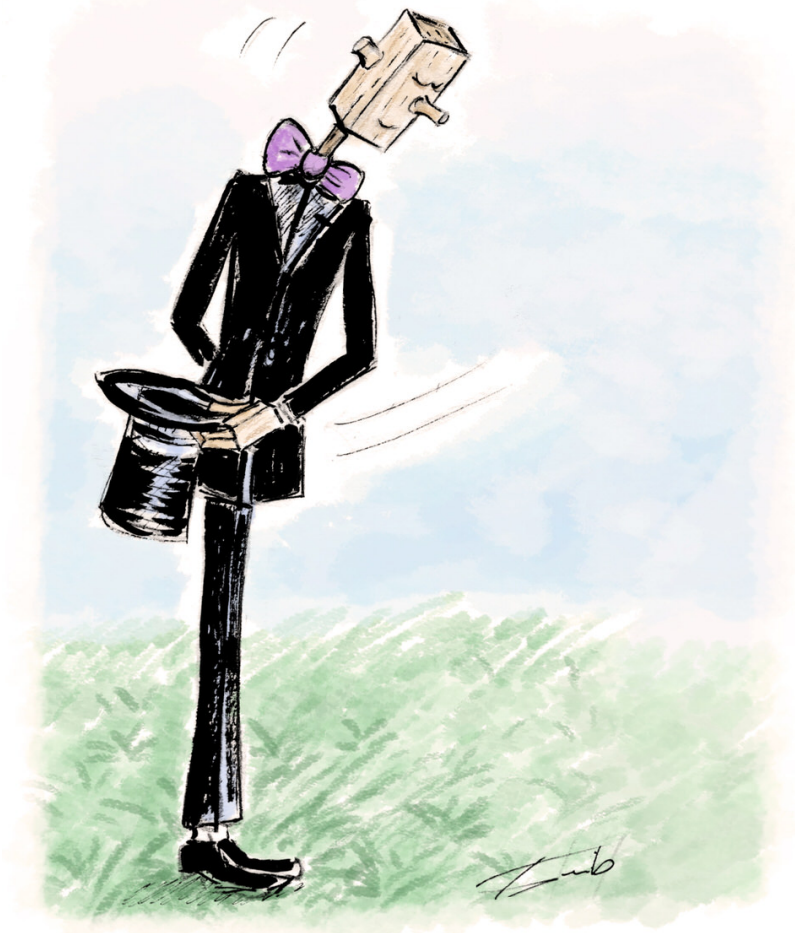
Challenges

- Most of the training programs are done in English. Talking about scriptwriting in the language that is not your mother tongue can be counterproductive sometimes.
- There is still a **gap between what the funds support and what they really need when it comes to training programs**. Funds usually do not have clear strategies and arrange training programs randomly.
- It is very **difficult to obtain data** about the performance of training programs because this data has not been systematized.
- Training programs are **linked only to the development phase** of the value chain
- Public funds still **lack training in creating digital strategies, digital communication and the use of social media in film marketing**. Currently, it is difficult to define who in Europe has enough resources and skills to provide high quality training in this field.
- There is **no coordination and communication between the funds when it comes to the training programs**. It does not exist even within one country. In Germany, for example, every region supports its own training initiatives just as the federal film fund does. However, there is no communication between these funds.

Room for improvement

- Training programs should **not be made only for top-level creative teams** involved in development. They should also **target the production phase, focusing on legal aspects, emerging production companies and marginalized creative functions** such as artistic directors, make-up artists, production designers, special effects specialists.
- Film funds should organize **more info desks and publish more production case studies**, revealing good financing plans, budgets, cost reports, cash flow plans, distribution and marketing strategies, etc.
- **Funds should communicate more among themselves** and exchange experiences
- Training courses should be longer than they are – at least one year long. One-off initiatives should be avoided.
- **Special training should be established for online distribution**.
- There should be **more training for trainers**. Sources and TorinoFilmLab are the only programs with such training. The training experts exist only on the European level, but there **should be also experts at the national level** and **funds need training programs for them**. There are people with a good potential but they need help to get additional skills and learn script-editing methodology.
- **Business intelligence trainings for established industry professionals** are also necessary.

MISTER FUND



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