



MEDIA support allowed Filmmax to increase the minimum guarantee it could offer Roman Polanski's *Oliver Twist*

'Can we have some more?'

Zentropa for one says it would not exist without the MEDIA programme, while some other European companies blast the pan-European film fund's limited budget and prohibitive bureaucracy. As the continent's thoughts turn to MEDIA's next incarnation in 2007, WENDY MITCHELL asks if the European film industry would look any different without it

With a budget of just \$104.5m (€85.5m) per year, the European Union's Media Plus and Media Training programmes probably would not cover the budget of a single Hollywood blockbuster. Yet many in the European film industry believe the impact of Media's relatively small funds is profound.

At first look, the numbers are not impressive: In 2004, the European Audiovisual Observatory (EAO) estimated European films in the 25 EU member states had a market share of 26.5%, down a fraction from the 26.8% in 2003 (which was also slightly less than 2002). EAO also estimated EU films shown outside their home countries within Europe — one of MEDIA's key stated aims — had a market share of 7.8% in 2003, down from 10% in 2002 (the 2004 figures are not yet available).

But even if the European film business is not exactly booming, many industry figures point out there is no way to know how much worse the situation would be without the help of MEDIA. Bruno Alves, general secretary of the Brussels-based European Co-ordination of Independent Producers, says: "MEDIA is an important part of Europe's audiovisual policy, and it's not to blame for everything that may hinder the development of the audiovisual sector in Europe."

Martin Selmayr, the EU's spokesman for Information, Society & Media, says of those European films that have travelled outside of their home country, nine out of 10 had some sort of MEDIA support. And it is not all about the bottom line. As Niclas Gillberg, director of the Uppsala International Short Film Festival in Sweden, says: "The support makes better films possible, it helps in the training of young directors and not least it's very important in the marketing of European films. Without this funding, the European film industry would not be as lively as it is."

Changing the face of the industry

Growing out of the first MEDIA programme (1991-95) and MEDIA II (1996-2000), MEDIA Plus and MEDIA Training are running from 2001-06 with a combined \$627m (€513m) budget. MEDIA has proposed a budget of \$1.2bn (€1.1bn) for its next incarnation, MEDIA 2007, which will combine the activities of MEDIA Plus and Training.

This is not a huge increase considering the programme is slated to run for seven years instead of six, until 2013, and that there are now 30 eligible countries — the 25 member states, the European Economic Union's Iceland, Norway and Liechtenstein, and joining countries Bulgaria and Turkey. The next EU budget is still being hotly debated, but the pro-

posal for MEDIA 2007 has already been agreed on by the EU ministers (without budget lines).

Under the present programme, MEDIA Training provides funds for training of audiovisual professionals. MEDIA Plus supports the industry through development funding (single projects or company slates), distribution (theatrical releases, DVD and video releases, and also support for sales agents and exhibitors), and promotion and market access (including film festival support). The majority of the funding is earmarked for new, narrative feature film distribution, particularly theatrical, so the programme's influence on the TV industry is mostly marginal. MEDIA also stays out of the production business, leaving that to national funds and the Council of Europe's Eurimages. The related scheme i2i provides help for smaller productions applying for bank funding.

While MEDIA does have limited resources, the industry disagrees on the impact of these resources. "You can't change the face of the industry with this amount of money," suggests Philippe Kern, head of the European Film Companies' Alliance in Brussels, while other industry players argue this funding has changed the landscape of the European film business. "No-one could say MEDIA is perfect, but also no-one could say it's not good enough and not making a difference," says Jonathan Davis, strategy

adviser to the UK Film Council.

The main complaints about MEDIA are, unsurprisingly, about navigating the Brussels bureaucracy, completing the mountains of paperwork and waiting for money to actually arrive. "The money's no good if it's never in the bank on time," says one producer who did not want to be named.

Still, most applicants who gripe about the paperwork also acknowledge it may exist for a reason. "The application forms really force you to think. Even when the language is difficult, the underlying questions are usually good," says UK producer Jonny Persey of APT Films, which has produced *Solomon And Gaenor* and *Wondrous Oblivion*. Simplified paperwork could mean less reputable applicants might slip through the cracks and take funding from more deserving companies.

The paperwork problem is something the EU is well aware of and is trying to address with the MEDIA 2007 proposal. One step has already been taken — since January an independent agency, not the Commission, has been handling MEDIA's administrative business. But EU spokesman Martin Selmayr explains paperwork and administrative reports will never be completely eliminated. "We have to prove we're investing European taxpayers' money properly, but we do see we can facilitate the programme in a more practical way and better meet the needs of the industry," he says.

Administration hassles have improved because MEDIA has already been listening to the industry's needs, says Anders Kjaerhaug, head of Denmark's Trust Film Sales' and Zentropa Productions' legal departments. Still, a small outfit might have difficulty completing the paperwork, even with the attentive help of the local MEDIA desks.

"At Zentropa it's possible to deal with the paperwork because we have a legal department. But if you're a small-sized sales agent or producer, you might just give up," says Kjaerhaug. "I hope MEDIA can keep listening to the industry to get the formal application requirements to fit into the real world. That's where we have a problem from a Danish point of view, it seems like it's a system built on a French approach. Some countries are used to working with governmental agencies in a more informal way."

Tiziana Loschi, managing director of the International Animated Film Festival in Annecy in France, which receives MEDIA funding for its market, says delayed payments can be problematic. "The slowness of the administration inherent in the Draconian controls on any supporting documents considerably delays the first payment as well as the balance," she says. Yet slow money is better than no money.

Helping to carry the risk

Once the paperwork has been surmounted and the funds delivered, MEDIA funding can make measurable differences to certain film companies and organisations. Kjaerhaug says Zentropa probably would not exist without MEDIA. "When Zentropa was founded [in 1992], it was based on a loan from one of the first MEDIA schemes. That was the cash flow for our first couple of films," he says. Zentropa has since used MEDIA to develop a number of its films, among them Lars von Trier's *Manderlay* and Thomas Vinterberg's *Dear Wendy*.

"It's very constructive in enticing distributors to buy European films, it helps them to carry the risk in a market that is increasingly risk oriented," says Melanie Flemming, a Berlin-based film financing consultant who has worked securing MEDIA funds for films including *Italian For Beginners*, *Winged Migration* and *Chocolat*.

MEDIA support for a film can begin long before it hits theatres. The programme's development budget is allocated as slate funding or on a project-by-project basis. "It's so smart to invest in development because that means you are improving the product to be sold eventually," says Manuel Monzon, the financial support executive at Spanish producer and distributor Filmax.

Persey of APT Films says MEDIA's slate funding has been empowering to his small production company. "They'll make a judgment about the company but they let the company make judgments about its projects," he says. One slate-funded project, Jerry Rothwell's yacht-race documentary *Deep Water*, is now shooting after extensive development, financed with MEDIA funds, for more than two years.

Fiona McGuire, head of production at Michael Winterbottom and Andrew Eaton's UK production outfit Revolution Films, says even though cash-flow problems exist with MEDIA funding she is impressed by the hands-off nature of the programme. "It's fantastic in that it allows you to continue developing your projects, you don't have to rush into production," she says. "They

also tend to respect the film-maker in this development process, [films] can be funded without concentrating on whether or not the project is viable financially. It's much more 'blue-sky' development funding."

UK producer Rebecca O'Brien, who works with Ken Loach at Sixteen Films, also has slate funding. She says: "It's very valuable money for us. It helps develop things that otherwise would be sitting in the doldrums." Even for a 'name' director such as Ken Loach, development funding is helpful to get a project rolling quickly. Loach is now in post production on *The Wind That Shakes The Barley*, which has benefited from Sixteen's development funding.

Icing on the cake

Once a film is ready, MEDIA can step back in to help with distribution. For theatrical distributors, MEDIA offers the automatic scheme based on past admissions from recent non-national European films, as well as the selective scheme for groups of distributors requesting money for a particular film's release in different markets.

Monzon at Filmax says MEDIA's support helps but is not the crucial factor in the company's buying decisions. "[Potential MEDIA support] of a European film doesn't determine our decision to buy or not, although sometimes it's a plus," he explains. "It has a positive impact — it allows us to increase the number of print copies or introduce more TV advertisements."

Thanks to MEDIA support, Monzon says Filmax felt more confident increasing the minimum guarantee it could offer to Roman Polanski's *Oliver Twist*.

In the UK, Soda Pictures managing director Edward Fletcher says it would be unwise for him to factor in MEDIA money into any distribution plan, but when it does come through, "it's just icing on the cake." That icing also helps niche distributors in other European countries such as Italy's Lucky Red, Belgium's Cineart, Spain's Lauren Films and France's Diaphana Distribution.

As new member countries have joined MEDIA, the selective distribution scheme has become increasingly competitive. To have a film approved for selective distribution support, a group of 15 or more distributors might be needed now, as opposed to a group of five that could have been approved in the past. "The competition is very, very, very hard," Filmax's Monzon says. "All the new countries are very active, for them it's big money."

Fletcher of Soda points out his company was among the group of 12 distributors that applied for selective funding for German feature *The Miracle Of Bern*, but the group failed to qualify. However plenty of films do qualify — one successful example is Christophe Barratier's French drama, *The Chorus*, which received more than \$1.2m (€1m) in distribution support for 14 European distributors.

Securing support has become increasingly competitive in other ways as well, as larger productions try to access MEDIA funding. Frank Coraci's *Around The World In Eighty Days*, a \$100m-plus European-US co-production, received support for dubbing and subtitling. The unusual application has led MEDIA to create a provision that films with budgets greater than \$31.1m (€25m) aren't eligible for funding.

Distribution support also includes assistance for sales agents. For Denmark's Trust Film Sales, Kjaerhaug says MEDIA's willingness to pay up to half of a minimum guarantee has allowed smaller sales agents to take on somewhat larger projects. "They have the possibility to look at projects that are a bit more commercial than they could have been before," he says.

Caroline Ghienne, administrator for Paris-based sales company Celluloid Dreams, believes sales agents are also indirectly supported by the automatic and selective distribution schemes. "That enables the sales agent to close better deals as the distributors will benefit from these funds and so recoup faster their minimum guarantee or p&a," she says.

Big screen access

Of course, with distribution there is a need for exhibition, which MEDIA supports through its funding of the pan-continental Europa Cinemas. Some 479 cinemas in the network receive MEDIA funding. James McKenzie, acting director at the Edinburgh Filmhouse in

AT A GLANCE

MEDIA Plus and MEDIA Training

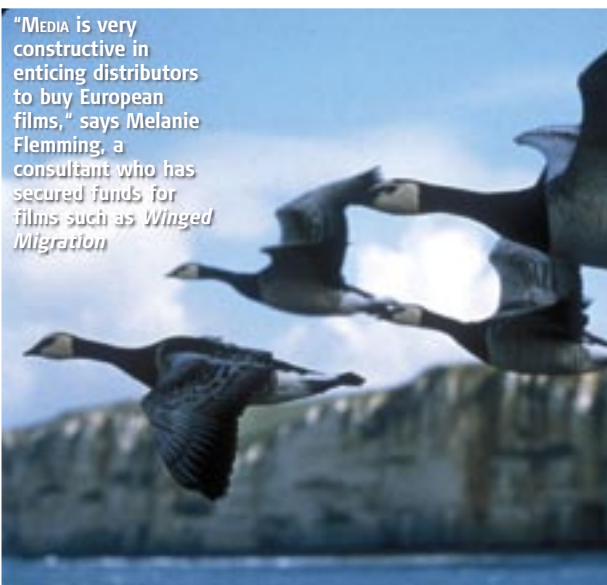
- ▶ Brussels-based Costas Daskalakis is the acting head of the MEDIA unit, tel (32) 2 296 35 96.
- ▶ MEDIA is run by the European Commission's Information Society & Media branch.
- ▶ MEDIA Plus began in 2001, and has been extended to run until the end of 2006.
- ▶ MEDIA Plus and MEDIA Training has a combined budget of \$627m (€513m).
- ▶ MEDIA 2007 proposal is already submitted, with a proposed budget of \$1.2bn (€1.1bn).
- ▶ The MEDIA Plus programme includes: development (slate and single projects); distribution (automatic and selective schemes, sales agents, TV, video and DVD); exhibition support (through Europa Cinemas); promotion and market access (market access and networking, film festivals).
- ▶ The MEDIA Training programme includes: new technologies, management and scriptwriting.

RELATED INITIATIVES:

- ▶ Pilot Projects to support new digital technologies.
- ▶ i2i scheme to help film and TV applicants secure funding from banks or other financial institutions.

'The slowness of the administration delays the first payment'

Tiziana Loschi, International Animated Film Festival, Annecy



"MEDIA is very constructive in enticing distributors to buy European films," says Melanie Flemming, a consultant who has secured funds for films such as *Winged Migration*



"When Zentropa was funded, it was based on a MEDIA loan", says Zentropa's Anders Kjaerhaug, whose credits include *Manderlay*

Continued on page 12 ➔

TRAINING

An international perspective

For MEDIA Plus' sister programme, MEDIA Training, the opportunities are so numerous the options are almost overwhelming.

Agnieszka Moody, who runs the UK MEDIA Desk, says: "It's quite hard to make sense of all [the training programmes] across Europe, it's such a big list." She believes a more focused programme of fewer courses could be more practical.

But with numbers comes diversity. Briony Hanson, co-director of the UK's Script Factory, says: "There are different ways that people like to get trained. If you reduce the number of training opportunities, you will narrow the scope of the types of training available."

The Script Factory's MEDIA-funded programme is Scene Insiders, a master-class and networking programme available at several European film festivals. As with all MEDIA-funded training programmes, the majority of the participants have to come from outside the training group's home country. Hanson says she is particularly pleased with the number of participants the Script Factory has recruited from new member countries in Eastern Europe.

Participants in various training programmes say the international scope is particularly appealing. Florian Flicker, a Vienna-based film-maker who attended the MEDIA-sponsored eQuinox, was impressed

with the diversity of the programme. "Within one week I worked with eight European and American advisers, most of them writers themselves, some of them producers. It's good to know someone [outside of your home country] who believes in your work and can give you support and advice now and then."

Likewise, instructor Vit Janecek from Prague's FAMU Centre of Audiovisual Studies recently attended a La FEMIS workshop in France for teachers across Europe. He says that in addition to sharing ideas with colleagues from different backgrounds, he was able to develop concrete plans with another educator in Dublin.

Continued from page 11

Scotland, says the MEDIA funding it receives through Europa Cinemas helps fund the cinema's cultural and education programme. "That's fundamental to our operation in creating a differentiation between what is provided by Filmhouse and the rest of the market, so the money is very important to us," he says.

Jeffrey Graff, who runs the Illusion Theatre in Tartu, Estonia, says being a member of the Europa Cinemas network is crucial to his cinema's survival. "It's extremely important, it's the basis of our entire programme," Graff says. "Without [MEDIA funding] there would probably be half as many cinemas functioning in Eastern Europe."

Europa wants to work with more than just far-flung arthouses. Fatima Djoumer, head of international relations for the network, hopes larger exhibition chains will become involved, bringing more European films to multiplexes. Europa Cinemas' members enjoy around five times the market share for European films outside their country of origin, compared to non-Europa theatres.

Looking to the future of the MEDIA programme, most European players agree technology will need to play an increasing part (MEDIA's new technology funding, the Pilot Projects programme, has just 5% of the MEDIA budget and has not been seen

to make a significant impact so far). In terms of digital exhibition, Europa Cinemas does not help theatres outfit themselves with digital equipment, but it does offer support to cinemas that have digital screenings.

As UK strategist Jonathan Davis points out, technology is a much larger area than the MEDIA programme. "Compared to feature-film budgets, working with new technologies is amazingly expensive. Even with \$104.5m (£85.5m) per year, how much could MEDIA have done?" he asks. "New technology should be the province of other European funds such as the Framework programme, which has a budget of \$1.8bn (£1.5bn) per year."

Philippe Kern, of the European Film Companies Alliance, says MEDIA and other programmes do need to put more emphasis on changing technologies. "Europe may have a role to play in shaping new technologies for content. Video-on-demand and broadband represent an enormous opportunity... Hollywood controls the market in terms of theatrical distribution, but it's a question of how we can use new technologies to enable market access for European film companies. This is where MEDIA has to play a role." (See In Focus, page 4.)

The MEDIA 2007 proposal indeed has more emphasis on media convergence and different distribution methods, says the EU's Selwyn. Also, it cannot hurt that EU commissioner Viviane Reding oversees both the media sector and the information society sector. Helping Europe in a larger global context will also be important. "In our view, it would be good for MEDIA to develop a more global perspective on the film industry," say Rotterdam CineMart co-heads Bianca Taal and Marit van den Elshout. "Film projects, workshops, platforms like CineMart, do and should bring together film-makers, producers, and writers from within and outside of Europe. With broadening the global look, we mean to open the eyes to indirect stimulations of European cinema."

As for now, the gripes about bureaucracy will continue, but the good work goes on even if the MEDIA programme does not make headlines on a daily basis. As Agnieszka Moody, director of the UK's MEDIA Desk, says: "People ask me all the time if we really need the MEDIA programme. I compare it to the good housewife who goes on holiday one day — if she went away, then you would really miss her." ■

The Chorus received more than \$1.2m in support of 14 European distributors

'Without MEDIA funding, there would probably be half as many cinemas in Eastern Europe'

Jeffrey Graff,
Illusion Theatre



"MEDIA money helps develop things that otherwise would be sitting in the doldrums," says Rebecca O'Brien, in post production on Ken Loach's *The Wind That Shakes The Barley*

PROMOTION

The business of selling

For promotion and market access, MEDIA helps by funding activities to increase the visibility of the European film business, including databases such as Film File Europe and financing for individual film festivals.

"As the reliability of cash sponsorship and national or regional public funding has rollercoasted over the years, MEDIA has remained one of the only constant streams of income for film festivals willing to share its mission," notes Chris Fell, director of the UK's Leeds Film Festival.

European Film Promotion (EFP) managing director Renate



Europe

Rose notes that MEDIA funding has allowed EFP to increase its promotional activities from two events in 1997 to 10 in 2005, including the Shooting Stars initiative at the Berlinale. Rose believes the promotion part of the puzzle is critical. "No matter how brilliantly a film has been conceived and executed, each requires a substantial commitment in the area of promotion and marketing to achieve market success," she suggests.

Rose says, "Offering additional support for the promotion and marketing of European films has become a necessity against the background of the ever-increasing marketing of the US majors."

TALKING POINTS

'More, easier, and quicker money'

A group of Europe's leading film-makers, executives and analysts discuss the difference they hope a new MEDIA will make to them. WENDY MITCHELL reports

What does MEDIA do well?

Philippe Kern: "It enables people to talk to each other, create networks, and find potential co-producers."

Rebecca O'Brien: "Once you're part of the system, you can recycle your money into your next project. That's a major boon other development funds could learn from. Also, there isn't huge pressure on you to deliver straight away – that helps."

James McKenzie: "Paying cinemas to screen European films helps combat the Hollywood hegemony. Creating a network of like-minded organisations provides an important channel for debate and gives the sense of a community of exhibitors who are also film enthusiasts and have a dedication to quality film."

Bruno Alves: "Definitively, slate-funding has been very positive for the independent production sector."

Helena Fantl: "Supporting courses and workshops enabling European professionals to develop, meet, network and exchange their experiences."

Bianca Taal and Marit van den Elshout: "Efforts are being made constantly to clarify and explain the rules and regulations for applications to the programme, through websites, the work of Antennas and MEDIA Desks and through attending festivals, workshops, and panels."

Melanie Flemming: "There is administration garbage, but what makes it tolerable is the high level of assistance from the local desks. They give excellent advice. The people in Brussels are also terrific, but their hands are tied to a great extent."

Manuel Monzon: "i2i is a very useful subsidy to make the financial costs lower. It's very good money."

What could MEDIA improve?

Helena Fantl: "The application and follow-up procedure must be simplified. There's too much red tape and paperwork."

Philippe Kern: "There's not enough emphasis on new technology. This is what the strategy is currently missing."

Briony Hanson: "They are quite rigid in the way the budgets are divided in categories, there are strict guidelines. It would be better if they could agree on a total budget and to be more flexible within that budget."

Caroline Ghienne: "MEDIA helps with recent films, but it would be nice if they could grant funds to promote back catalogues as well."

Manuel Monzon: "MEDIA should improve its funding to sales agents. It's very hard nowadays to sell European movies."

Jonathan Davis: "There should be much better tie-ins between the MEDIA fund and the various national funds."

What is your hope for the future of MEDIA?

Bianca Taal and Marit van den Elshout: "In the short term one is tempted to suggest more, easier and quicker money. However, in the long term this would always result in an unfair division of money, funding given which cannot be monitored, making the programme less effective. More money might be reserved for projects that go beyond the 'borders of Europe'."

Melanie Flemming: "I don't think the programme should be stopped or reduced, if anything it should be increased. It should have increased funding according to the number of countries involved."

Bruno Alves: "The programme should remain focused on supporting independent companies as beneficiaries. It would not make sense if a future MEDIA programme were to finance the international distribution subsidiaries of large organisations or other such entities that are not SMEs (small and medium-sized enterprises) and are not independent

TALKING HEADS



Renate Rose,
European Film
Promotion, Germany



James McKenzie,
Edinburgh's Filmhouse
Theatre, UK



Bruno Alves,
European Coordination
of Independent
Producers, Belgium



Helena Fantl,
La Femis, France



Bianca Taal CineMart,
The Netherlands



**Marit van den
Elshout,** CineMart,
The Netherlands



Melanie Flemming,
film financing
consultant, Germany



Manuel Monzon,
Filmmax, Spain



Briony Hanson, The
Script Factory, UK



Caroline Ghienne,
Celluloid Dreams,
France



Jonathan Davis,
Film Council strategist,
UK



Fatima Djoumer,
Europa Cinemas,
France



Philippe Kern,
European Film
Companies Alliance,
Belgium



Rebecca O'Brien,
Sixteen Films, UK

companies. The audiovisual sector is already heavily unbalanced against the independent sector without MEDIA further accentuating these unbalances."

Helena Fantl: "Course operators should be allowed more content flexibility. They should be able to offer courses they judge useful for the professionals, not merely match pre-established categories. And a faster payment system should allow smaller operators to apply."

Fatima Djoumer: "It's very important this work between exhibitors and distributors is strengthened — it would be a good thing for MEDIA to reinforce this close work, especially in certain countries."

Renate Rose: "MEDIA must foster entrepreneurship and European networks of professionals to complement national policies. It must contribute to enable European films to access the international market and compensate for the lack of financial muscle to compete internationally [at a distribution level]. MEDIA has decided to concentrate its relatively modest resources, compared with the sums at stake in the audiovisual sector, on the training of professionals, development, distribution and promotion — areas where European added-value can be highest."