

Mid-term review of audiovisual production incentive

Katri Haila and Heikki Rannikko,
Ramboll Management Consulting Oy
Mikko Valtakari and Juho Nyman, MDI Oy

Business Finland’s audiovisual production incentive was introduced in 2017. The funding service, which was subjected to an interim review, is targeted for feature films, documentary films, scripted fiction series and animation productions. Among other projects, audiovisual production incentive funding has been granted to the Finnish crime series Deadwind (Karppi), which has been sold worldwide on Netflix.

Results of the interim review

The initial stages of the audiovisual production incentive seem promising

The results of the interim review show that, based on the outcomes achieved so far, the process has been moving in the right direction. The diagram below summarizes the impact of the audiovisual production incentive at the time of the interim review.

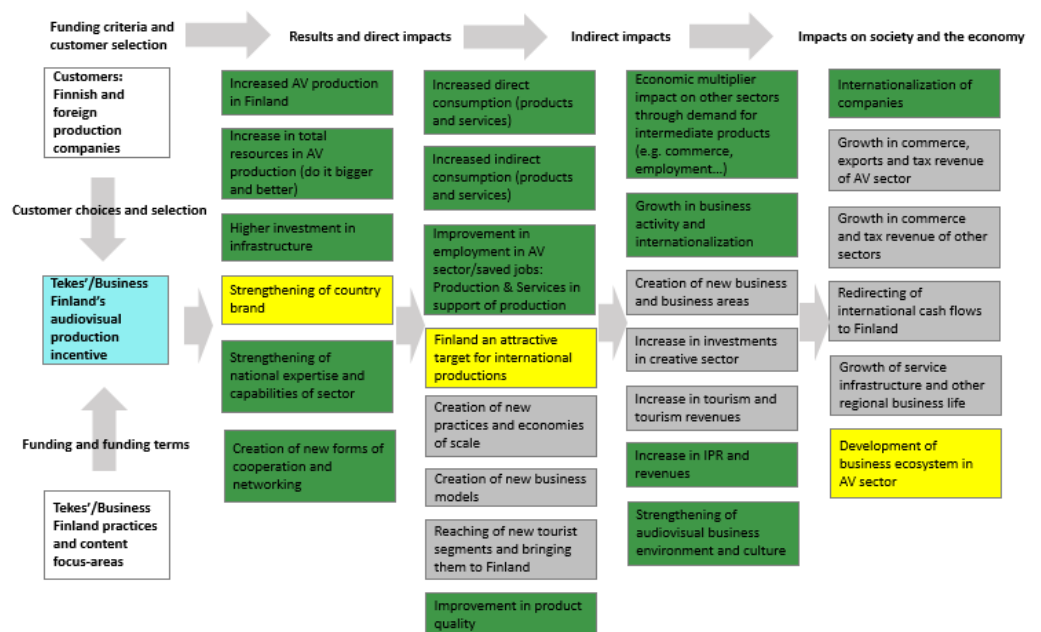


Figure 1. Summary of the impact of the audiovisual production incentive at the time of the interim review.

green = clear evidence of the creation of an impact

yellow = causal relationship exists and there are some indications of an impact

grey = a causal relationship is apparent, but no clear evidence of an impact has emerged so far

The value of applications approved in 2017 was EUR 9,549,606. Of approximately EUR 10 million in annual funding, around EUR 0.5 million is spent each year on administration and marketing. Audiovisual production incentive funding was mainly granted at domestic production. So far, the attraction of foreign productions to Finland has met with less success than domestic production funding.

So far, the greatest benefit can be seen in jobs in the audiovisual sector

The audiovisual production incentive introduced in Finland functions well and is fairly clear. Business Finland was praised for its service-mindedness during the application process and for the speed of the process. The audiovisual production incentive has proven to be a tool that is carrying the audiovisual industry forward. Even while taking its first steps, the production incentive has played a decisive role in injecting new energy into Finland's audiovisual business environment.

To date, the greatest benefit of the audiovisual production incentive has been the employment impact. The incentive has created jobs that would not have been created without it. For example, the incentive has increased the number of days of filming and post-production days. The direct effects of the audiovisual production incentive, such as the increase in the size, quality and internationalization of productions, continues to have business impacts, such as larger viewer numbers and higher returns.

The audiovisual production incentive has attracted other funders to the audiovisual sector

The audiovisual production incentive has been crucially important to the participation of Finnish companies in international co-productions. International productions are seeking countries with an incentive system. A positive result of the audiovisual incentive is that interest in funding the audiovisual sector has grown among other domestic and foreign providers of funding, such as institutional funders, foundations and investors. The sector is attractive.

Indirect effects include the growth of audiovisual expertise in jobs within the accommodation, food and logistics sectors

The audiovisual production incentive has had a positive impact on the development of domestic and international expertise and networking. It has helped to make higher quality productions. Greater resources and the lessons learned from international cooperation have continued to have a positive effect on the quality of productions. Examples already exist of TV series in receipt of incentive funding being sold worldwide to Netflix.

Productions based on the audiovisual production incentive have been very important regionally, because they have been located around Finland. A major multiplier effect lies in the significant employment impact in other sectors, such as the accommodation, food and logistics sectors. On the other hand, at the time of the interim review, there is no evidence of any impact on tourism.

Do the limitations of the annual budget mean that international players do not come to Finland and some of the possible benefits are lost?

Challenges

The main challenges are the small annual budget of the audiovisual production incentive and some weaknesses in international marketing. At the moment, the Finnish budget is being spent by the mid-year stage. This may lead to foreign operators taking their productions elsewhere. Another concern is the sufficiency of expertise within the audiovisual industry.

Development recommendations

The development recommendations drawn up on the basis of the interim review are summarized below:

1) Financial services of Business Finland

- Funding of the audiovisual production incentive should continue.
- The annual funding ceiling should be eliminated and there should be greater flexibility with regard to annual budgets.
- The ground rules for funding from the audiovisual production incentive should be made clear, transparent and consistent throughout the funding period.
- International marketing of the incentive should be reformed.
- The audiovisual production incentive should be linked to the other funding services of Business Finland.

2) Developing the ecosystem of the audiovisual sector

- Business Finland, the Finnish Film Foundation and other key players should draw up a common roadmap and strategy for the audiovisual sector, which take account of the internationalization of the industry.
- To safeguard the future expertise of the audiovisual sector, investments should be made in training and the development of the ecosystem, in collaboration with the platform economy.
- In addition to ensuring adequate public funding, external funding should be increased for the audiovisual sector. Awareness and marketing of the sector must be enhanced among external funders, through cooperation between actors in the sector.
- Account should be taken of infrastructural development when allocating various forms of funding and developing the audiovisual production incentive (despite the fact that the audiovisual production incentive is not used to fund basic infrastructure).

3) Final assessment and follow-up of the audiovisual production incentive

The indirect effects of the incentive should be assessed later, towards the end of the current funding period, when statistical time series are available.

Implementation of the interim review

The interim review was drawn up on the basis of the first financial year, i.e. 2017. The evaluation material included written material released by Business Finland, interviews, a survey and case studies. 28 people were interviewed for the interim review. The results are based on material collected for a synthesis. It should be noted that a qualitative analysis forms the focus of the review due to the scarcity of quantitative material. After the first financial year, only initial estimates of the business benefits of the audiovisual production incentive can be presented, whereas the long-term impacts will emerge in the coming years. No statistical material on the impacts is available so far.

Contact information:

Merja Salonen, Business Finland, firstname.lastname@businessfinland.fi

Jari Hyvärinen, Business Finland, firstname.lastname@businessfinland.fi

Katri Haila, Ramboll Management Consulting Oy, firstname.lastname@ramboll.fi

Mikko Valtakari, MDI Oy, firstname.lastname@mdi.fi

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