

## FILM PRODUCTION FINANCING IN ROMANIA (THE NATIONAL CINEMA CENTRE)

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**ABSTRACT.** There is a major difference regarding the audience numbers and the recorded revenues between the American film and the Romanian film. The Romanian film still benefits from limited audience even though it has obtained remarkable prizes in international festivals. Therefore, the necessity of financing the production of Romanian films, inclusively by the state granting financial support through the National Cinema Centre. The state financial support can take the form of interest-free reimbursable financial loans granted for the film production and the development of film projects (direct credit), non-reimbursable financial grants offered for the audience success of the film, its distinct artistic quality, its promoting and distribution (automatic non-reimbursable financial support) or fiscal facilities for the film production and distribution (indirect financial support). The purpose of this article was to create an information tool for all the film production companies interested in accessing funds from the National Cinema Centre in Romania.

**Keywords:** *National Cinema Centre, State support, Direct credit, Non-reimbursable support, Indirect support*

**JEL Clasiffication:** G390, H54

### 1. Introduction

From an economic point of view, the film possesses an atypical character. One first feature of this atypicality is represented by the film itself as a product, which is at the same time both a material product (film print) and an immaterial product (spectacle effect). By film as material

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product we understand the negative copy resulted from the production activity, meaning the matrix which is then multiplied in order to obtain positive copies, which are the release print copies, meant to be broadcast in cinema theatres. Multiplying these release prints is done from a few tens to thousands, and the unitary cost of their creation has nothing to do with the intrinsic value of the original matrix. The matrix is kept safe, the release prints are the ones that circulate among cinema halls. For the price of the entrance ticket the spectator receives a seat in the hall where he can see the film. Not for a moment does he have ownership of the film copy or, even less, of the original matrix. Thus, in relation to the spectator in the cinema hall, the film does not have the status of merchandise which is sold and bought, but it is consumed as an immaterial product. The merchandise status of the film remains only in relation between the producer, the distributor and the cinema theatre, but, in this situation too, the ones going around are the release prints, while the matrix remains the producer's property. It is similar in the case of digital technology, which tends more often to replace the film print. There is a matrix, by the multiplication of which are obtained the copies meant to be broadcast in cinema theatres. The second important feature of the film economy atypicality is represented by the cost of the act of consuming, meaning the price of the entrance ticket for the cinema hall. This price does not vary by film production cost, nor by the quality resulted from the performance effect. It is true that there may be variations in ticket price from one country to another, from capital to province or even from one hall to another, but these variations are not connected to the production cost or film quality either. In exchange for the ticket price, the viewer receives not as much the privilege of seeing a film, but more the service offered by the cinema hall owner: interaction with hospitable staff, the comfort of a seat, high visual and audio conditions. This fixed price of the entrance ticket pays more likely for the space than for the film. The viewer pays the same amount, regardless of the production cost of the film, which may differ from hundreds to thousands of times. The third feature of the film economy atypicality is represented by the fact that cinematography is a market for prototypes, as each film is in itself a unique and original creation, the commercial career of it depending on the viewer's subjectivity.

The Romanian film represents a widely-spread cultural commodity, as it conveys ideas and symbolic values which are important for the process of educating the civil society, and also a cultural service, as it responds to a cultural need. The major differences regarding the audience numbers and

the recorded revenues between the American film and the Romanian film in the last years risk threatening the cultural identity of the cinema of Romania. Although the Romanian film has recently achieved great success, it still benefits from a limited audience. The remarkable success obtained in international festivals proves the necessity of financing the production of Romanian films, inclusively by the state granting financial support through the National Cinema Centre (from now on referred to as NCC), for the companies which invest in the film production. The purpose of this article was to create an information tool for all the film production companies interested in accessing funds from the NCC in Romania.

Up to now, there is no paper or article in the academic literature discussing the topic of film production financing neither at international level, nor in Romania.

Among the most recent international studies, Ruelling & Pedersen (2010) discuss film festival from an organizational perspective. The authors also highlight the little research that exist on film festivals and productions from economic viewpoint.

At Romanian level, the Pricop's (2011) book must be mentioned. Even though it only tangentially approaches the topic of film production financing in Romania, the book is the only we could find that discusses film production economy aspects.

The methodology used during research was that of document analysis. In order to collect data, both qualitative and quantitative, I have searched, evaluated and selected information from official documents, such as the Government Ordinance no. 39/2005 regarding cinematography approved with modifications and completions by Law 328/2006 or numerous rapports, press releases, correspondences, databases, press materials of the NCC, available on the official site of the institution (<http://www.cncinema.abt.ro/>).

## **2. Discussion**

In the year 2012, there are 81 functioning cinemas in Romania, with a total of 58,096 seats. Out of the 430 feature films exhibited, 221 are American films, and 56 are Romanian films. American films manage to gather almost 90% of the total audience numbers, 7,290,028 out of 8,348,538, generating almost 90% of the total revenues, 128,223,180 out of 144,793,811 RON. Romanian films only manage to gather 3.5%

of the total audience numbers, 297,487 out of 8,348,538, only generating 2.7% of the total revenues, 3,898,579 out of 144,793,811 RON ([http://www.cncinema.abt.ro/Vizualizare-DocumentHTML.aspx?htm\\_ID=htm-284](http://www.cncinema.abt.ro/Vizualizare-DocumentHTML.aspx?htm_ID=htm-284)).

**Table 1.**

*The Romanian film, the European film and the American film in Romanian cinemas*

	2010	2011	2012
<b>A. Functioning cinemas</b>	<b>68</b>	<b>75</b>	<b>81</b>
<b>B. Seats</b>	<b>50,733</b>	<b>56,728</b>	<b>58,096</b>
<b>C. Feature films</b>	<b>426</b>	<b>481</b>	<b>430</b>
▪ Romanian Films	73	72	56
▪ European Films	147	152	131
▪ American Films	189	229	221
▪ Other countries	17	28	22
<b>D. Audience</b>	<b>6,508,747</b>	<b>7,235,382</b>	<b>8,348,538</b>
▪ Romanian Films	159,834	98,860	297,487
▪ European Films	527,948	389,573	747,095
▪ American Films	5,793,458	6,716,597	7,290,028
▪ Other countries	27,507	29,352	13,928
<b>E. Revenues</b>	<b>111,640,783 RON</b>	<b>124,706,985 RON</b>	<b>144,793,811 RON</b>
▪ Romanian Films	1,996,608 RON	1,214,255 RON	3,898,579 RON
▪ European Films	8,195,427 RON	5,685,462 RON	12,537,973 RON
▪ American Films	101,119,639 RON	117,416,920 RON	128,223,180 RON
▪ Other countries	329,109 RON	390,348 RON	134,079 RON
<b>F. Frequency per inhabitant</b>	<b>0.30</b>	<b>0.38</b>	<b>0.43</b>
<b>G. Average ticket price</b>	<b>17.15</b>	<b>17.24</b>	<b>17.34</b>

Source: author's research results based on [http://www.cncinema.abt.ro/Vizualizare-DocumentHTML.aspx?htm\\_ID=htm-284](http://www.cncinema.abt.ro/Vizualizare-DocumentHTML.aspx?htm_ID=htm-284)

The main financing means for the film production in Romania consists in the state support scheme. The public authority responsible for implementing and administering the state support scheme is the NCC. NCC is a national interest institution, with legal entity, which is subordinated to the Ministry of Culture, Cults and National Heritage (<http://www.cncinema.abt.ro/Files/Documents/fls-1126.pdf>, p. 2).

The state support scheme has the following aims: promoting culture and preserving the cultural heritage by supporting the development of film industry and cinematographic education in Romania; supporting film production by encouraging private initiative in creating, financing,

producing and distributing Romanian films or co-productions with Romanian participation (<http://www.cncinema.abt.ro/Files/Documents/fls-1126.pdf>, p. 2).

In the year 2012, 30 out of the 37 Romanian productions or co-productions with Romanian participation (fiction, documentary, animation) are produced with NCC support.

**Table 2.**

*Romanian films/co-productions with Romanian participation produced between 2010-2012*

<b>Romanian films/co-productions with Romanian participation produced</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>
<b>A. Feature fiction films</b>	<b>19</b>	<b>11</b>	<b>19</b>
A.1. With NCC support	<b>18</b>	<b>11</b>	<b>14</b>
▪ With 100% national financing	8	8	4
▪ Co-produced	10	3	10
National majority	8	2	8
National minority	2	1	2
A.2. Without NCC support	<b>1</b>	-	<b>5</b>
▪ With 100% national financing	1	-	5
▪ Co-produced	-	-	-
National majority	-	-	-
National minority	-	-	-
<b>B. Feature documentary films</b>	<b>10</b>	<b>4</b>	<b>7</b>
B.1. With NCC support	<b>8</b>	<b>4</b>	<b>6</b>
▪ With 100% national financing	6	2	4
▪ Co-produced	2	2	2
National majority	2	1	1
National minority	-	1	-
B.2. Without NCC support	<b>2</b>	-	<b>1</b>
▪ With 100% national financing	2	-	-
▪ Co-produced	-	-	1
National majority	-	-	-
National minority	-	-	1
<b>C. Feature animations films</b>	-	<b>1</b>	<b>1</b>
C.1. With NCC support	-	<b>1</b>	<b>1</b>
▪ With 100% national financing	-	1	1
▪ Co-produced	-	-	-
National majority	-	-	-
National minority	-	-	-
C.2. Without NCC support	-	-	-
▪ With 100% national financing	-	-	-

<b>Romanian films/co-productions with Romanian participation produced</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>
▪ Co-produced	-	-	-
National majority	-	-	-
National minority	-	-	-
<b>D. Short fiction film</b>	<b>5</b>	<b>11</b>	<b>9</b>
D.1. With NCC support	<b>5</b>	<b>10</b>	<b>8</b>
▪ With 100% national financing	5	9	8
▪ Co-produced	-	1	-
National majority	-	1	-
National minority	-	-	-
D.2. Without NCC support	-	<b>1</b>	<b>1</b>
▪ With 100% national financing	-	1	-
▪ Co-produced	-	-	1
National majority	-	-	1
National minority	-	-	-
<b>E. Short documentary films</b>	<b>5</b>	-	-
E.1. With NCC support	<b>3</b>	-	-
▪ With 100% national financing	2	-	-
▪ Co-produced	1	-	-
National majority	1	-	-
National minority	-	-	-
E.2. Without NCC support	<b>2</b>	-	-
▪ With 100% national financing	2	-	-
▪ Co-produced	-	-	-
National majority	-	-	-
National minority	-	-	-
<b>F. Short animation films</b>	<b>1</b>	-	<b>1</b>
F.1. With NCC support	<b>1</b>	-	<b>1</b>
▪ With 100% national financing	1	-	1
▪ Co-produced	-	-	-
National majority	-	-	-
National minority	-	-	-
F.2. Without NCC support	-	-	-
▪ With 100% national financing	-	-	-
▪ Co-produced	-	-	-
National majority	-	-	-
National minority	-	-	-

Source: author's research results based on [http://www.cncinema.abt.ro/Vizualizare-DocumentHTML.aspx?htm\\_ID=htm-284](http://www.cncinema.abt.ro/Vizualizare-DocumentHTML.aspx?htm_ID=htm-284)

The maximum intensity of the state support which can be granted is 50% out of the total budget of the production, except for the low budget films<sup>2</sup> or the difficult films<sup>3</sup>, situations for which the intensity of state support will not be higher than 80% of the total budget of the production. The maximum amount of the state support which can be granted to a cinematographic project is 16,000,000 RON (<http://www.cncinema.abt.ro/Files/Documents/fls-1127.pdf>, p. 20).

The current scheme of state support functions for the period of time between November 19th 2010 and December 31st 2014 and has a general budget of 347,000,000 RON, which means 80,680,000 EUROSt<sup>4</sup> (<http://www.cncinema.abt.ro/Files/Documents/fls-1126.pdf>, p. 2).

**Table 3.**

*The budget distribution pattern for the period 2010-2014 (RON)*

Allocated sum	2010	2011	2012	2013	2014	Total 2010-2014
<b>Direct support</b>	60,000,000	60,000,000	60,000,000	70,000,000	80,000,000	330,000,000
<b>Indirect support</b>	1,660,000	2,160,000	3,160,000	4,660,000	5,360,000	17,000,000
<b>Total support</b>	61,660,000	62,160,000	63,160,000	74,660,000	85,000,000	347,000,000

Source: <http://www.cncinema.abt.ro/Files/Documents/fls-1126.pdf>

**Table 4.**

*The budget distribution pattern for the period 2010-2014 (EURO)*

Allocated sum	2010	2011	2012	2013	2014	Total 2010-2014
<b>Direct support</b>	13,950,000	13,950,000	13,950,000	16,280,000	18,600,000	76,730,000
<b>Indirect support</b>	390,000	500,000	730,000	1,080,000	1,250,000	3,950,000
<b>Total support</b>	14,340,000	14,450,000	14,680,000	17,360,000	19,850,000	80,680,000

Source: <http://www.cncinema.abt.ro/Files/Documents/fls-1126.pdf>

<sup>2</sup> The low budget film is the film which has a budget minimum 50% lower than the medium budget of a film in the same category produced during the previous year.

<sup>3</sup> The difficult film is the film with reduced chances of cinematographic exploitation, of cultural interest, the production of which is highly difficult and complex, for example historical films.

<sup>4</sup> Exchange rate for November 19th 2010: 1 EURO=4.2972 RON

We notice in the table that the state support has two components: the direct support and the indirect support.

The direct support has two forms: the first one refers to interest-free reimbursable financial loans granted for the film production and the development of film projects (direct credit); the second one refers to non-reimbursable financial grants offered for the audience success of the film, its distinct artistic quality, its promoting and distribution (automatic non-reimbursable financial support).

The indirect support refers to granting fiscal facilities for the film production and distribution (indirect financial support).

The direct and indirect state support are granted from the Cinema Fund, which is constituted through collecting budgetary and extra budgetary contributions meant to finance this fund. The extra budgetary sources of which the Cinema Fund is constituted are the following: collecting a 2% contribution from the selling or renting price of a DVD or any other type of recorded format which can be multiplied; collecting a 4% contribution from the equivalent value of the advertising minutes sold by the public or private television channels; collecting a 3% contribution from the price of the advertising minutes sold from their own programme space by cable television companies; collecting a 3% contribution from the revenues obtained from film exploitation, in cinemas or in other areas designated for public viewing; collecting a 1% contribution from the monthly income obtained by economic agents for the digital broadcast of television programmes; collecting a 50% contribution from the income obtained from the privatization of cinemas; collecting the associated interest of the availabilities of the Cinema Fund from the State Treasury (Pricop, 2011, pp. 123-125).

### **The direct credit**

The purpose of granting direct credit is to stimulate the development of cultural quality films by helping the producers involved in making such films, despite a lower profit rate (<http://www.cncinema.abt.ro/Files/Documents/fls-1126.pdf>, p. 3).

The direct credit is granted for all types of films: fiction, documentary, animation, feature or short. It is also granted for the film project development of all types: fiction, documentary, animation, but only feature films. The direct credit granted for development cannot be larger than the 3% quantum of the medium value of the direct credit granted for a film made during the previous year. The projects which

benefit from development credit must necessarily enter the selection contests for the film production in maximum one year after the clinching of the direct credit contract for development (Pricop, 2011, p. 126).

There are two categories of potential beneficiaries of the state support as direct credit: the Romanian legal persons registered in the Registry of Cinematography and the foreign legal persons from other states of the European Economic Area<sup>5</sup> which own branches or subsidiaries in Romania, registered in the Registry of Cinematography (the registration must take place at the latest before clinching the contract for receiving the state support won in the competition) and obeying the Romanian tax system (<http://www.cncinema.abt.ro/Files/Documents/fls-1126.pdf>, pp. 3-4).

In order to be eligible, the beneficiaries must meet certain conditions, depending on their way of participation, in a Romanian film production or in the co-production of a film with Romanian participation.

The production companies of Romanian films must: to own a shared capital of minimum 20,000 RON or present a bank guaranty letter issued in the favour of NCC; to own contribution of minimum 6% of the total budget of the film, in cash, services or kind, and, in the case the project is selected, the producer must show documents to prove that he owns the other necessary funds; to keep the costs for the film producing company fee in the maximal quota of 10% of the total budget of the film, 10% for unexpected costs, 5% for the director fee, 4% for the screenwriter fee, 4% for the musical composer fee; to prove that it doesn't have any debts to the state budget or local budgets, the budgets of social state insurances and the Cinema Fund, except for the rates due to the NCC (<http://www.cncinema.abt.ro/Files/Documents/fls-1127.pdf>, p. 7).

The co-production companies of films involving Romanian participation must: to own a shared capital of minimum 4,000 EUROS or present a bank guaranty letter issued in the favour of NCC; to own financial participation of minimum 10% in the case of multilateral co-productions (with at least three producers), respectively minimum 20% in the case of bilateral co-productions; to have joint property rights over the negative and

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<sup>5</sup> As of 1 July 2013 the contracting parties to the EEA are 27 of 28 EU states (Austria, Belgium, Bulgaria, Cyprus, the Czech Republic, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Ireland, Italy, Latvia, Lithuania, Luxembourg, Malta, the Netherlands, Poland, Portugal, Romania, Slovakia, Slovenia, Spain, Sweden, and the United Kingdom) and 3 of 4 EFTA states (Iceland, Liechtenstein and Norway). Croatia, the 28th and newest EU member, is currently negotiating their membership in the EEA.

film exploitation rights on the Romanian territory; to ensure technical and artistic participation to the film production, proportionally with the investment input; to take the obligation of mentioning in the main titles and in the advertising materials that the film was made with NCC support (<http://www.cncinema.abt.ro/Files/Documents/fls-1127.pdf>, pp. 7-8).

The applying project selection is carried out by boards (constituted by members nominated by the unions and associations in the film industry) together with the administrative board of NCC (<http://www.cncinema.abt.ro/Files/Documents/fls-1126.pdf>, p. 3).

The direct credit is granted in the following manner: 50% of the total amount, at the beginning of the preparation period; 20% at half filming period; 20% at the end of the filming period; 10% when the standard copy is submitted (<http://www.cncinema.abt.ro/Files/Documents/fls-1127.pdf>, p. 6).

In order to benefit from the direct credit, a film must qualify as Romanian or involving Romanian participation. A minimum of 65 out of 100 points qualifies a film as being Romanian. A minimum of 35 out of 100 points qualifies a film as involving Romanian participation (<http://www.cncinema.abt.ro/Files/Documents/fls-1128.pdf>).

**Table 5.**

*Criteria for evaluating qualification of a film as Romanian or involving Romanian participation*

Criterion		Score
<b>Romanian authors</b>	Director	15
	Writer	7
	Composer	3
<b>Romanian producer</b>		15
<b>Romanian language</b>		10
<b>Romanian actors</b>	Leading actor	10
	Supportive actor	5
<b>Romanian artistic and technical team</b>	Director of photography	4
	Scenographer	1
	Costume designer	1
	Sound engineer	2
	Make-up artist	1
	Editor	2
	Other technicians	2
	Day laborers	2

Criterion		Score
<b>Equipment, locations and post-production in Romania</b>	Locations (at list half of them in Romania)	4
	Equipment	4
	Sound post-productions	5
	Editing and lab	7

Source: <http://www.cncinema.abt.ro/Files/Documents/fls-1128.pdf>

The projects then go through the stage of cultural test evaluation. The aim of the cultural test is to evaluate the main elements which provide value to the production: the quality of the script is analysed (accounting for 50% of the final score), the director quality (accounting for 25% of the final score) and the producer quality (accounting for 25% of the final score) (<http://www.cncinema.abt.ro/Files/Documents/fls-1126.pdf>, pp. 3-4).

The script quality analysis is carried out based on a set of criteria, depending on the type of the production: fiction film, animation film, documentary film. The assessment of the scripts' cultural value is carried out by awarding a score from 1 to 10 for every criterion. The score for each script results from calculating the arithmetic mean of the scores awarded for every criterion by each board member. For the scripts of fiction, feature films and short films, the highest mean and the lowest mean will not be taken into consideration for determining the final script score (<http://www.cncinema.abt.ro/Files/Documents/fls-1127.pdf>, p. 9).

**Table 6.**

*Criteria for evaluating script quality*

<b>Fiction film</b>	<b>Animation film</b>	<b>Documentary film</b>
Originality of the subject	Originality of the subject	Originality and novelty degree of the subject
Dramaturgical perspective and dialogue quality	Sketches, drawings and character description	Originality of processing
Interest and impact potential on the audience	Interest and impact potential on the audience	Interest and impact potential on the audience
International representation potential	International representation potential	International representation potential

Source: author's research results based on <http://www.cncinema.abt.ro/Files/Documents/fls-1127.pdf>

The quality analysis of the film director is carried out in two stages. In the first one, the quality of the director is analysed based on the best film made in his career. The score is calculated based on a set of criteria. Each criterion is awarded a score which is multiplied with its importance coefficient, thus obtaining the final score for the respective criterion. The final scores for each criterion are added up, thus obtaining the total score for the best film made by the director. 40% is then taken out of this score, thus obtaining the final score for the director quality analysis regarding the best film in his career. In the second stage the director quality is analysed based on one of his last two films, at his choice. The score is calculated with exactly the same set of criteria as in the case of the best film in the director's career. The calculus is almost identical. Each criterion is given a score which is multiplied by its importance coefficient, thus obtaining the final score for the respective criterion. The final scores for each criterion are added up and the total score is obtained. 60% is taken out of this score, thus obtaining the final score for the director quality analysis regarding the film chosen by him out of the last two made in his career. There is the possibility, for instance, in the situation of a director who has only made one or two feature films, that the film analysed in the two stages to be the same film. The scores for the two stages are added up, thus obtaining the total score for the quality of the director. The total percentage of the director quality in the final score of the project is 25% (<http://www.cncinema.abt.ro/Files/Documents/fls-1129.pdf>).

**Table 7.***Criteria for evaluating director quality*

Criterion	Score	Importance coefficient	Maximum score	Final score
<b>Film audience numbers in Romania</b>				<b>10</b>
▪ Over 50,000	10	1	10	10
▪ 45,000 – 50,000	9	1	-	-
▪ 40,000 – 45,000	8	1	-	-
▪ 35,000 – 40,000	7	1	-	-
▪ 30,000 – 35,000	6	1	-	-
▪ 25,000 – 30,000	5	1	-	-
▪ 20,000 – 25,000	4	1	-	-
▪ 15,000 – 20,000	3	1	-	-
▪ 10,000 – 15,000	2	1	-	-
▪ 5,000 – 10,000	1	1	-	-

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Criterion	Score	Importance coefficient	Maximum score	Final score
<b>Film participation in international festivals</b>				<b>10</b>
<b>A. International prizes</b>				<b>7</b>
▪ A category festivals, Oscar, EFA <sup>6</sup>	10	0.40	4	4
▪ Other I.F.F.P.A. <sup>7</sup> festivals	8	0.20	1.60	1.60
▪ Other festivals favoured by NCC	7	0.20	1.40	1.40
<b>B. International selections</b>				<b>3</b>
▪ A category festivals, Oscar, EFA	10	0.15	1.50	1.50
▪ Other I.F.F.P.A. festivals	8	0.10	0.80	0.80
▪ Other festivals favoured by NCC	7	0.10	0.70	0.70
<b>Commercial success of the film</b>				<b>5</b>
<b>A. Distribution in cinema halls</b>				<b>3</b>
▪ In at least two foreign countries	10	0.30	3	3
▪ In one foreign country	5	0.30	-	-
<b>B. National or international televisions which have purchased the film</b>				<b>2</b>
▪ At least ten televisions	10	0.20	2	2
▪ Nine televisions	9	0.20	-	-
▪ Eight televisions	8	0.20	-	-
▪ Seven televisions	7	0.20	-	-
▪ Six televisions	6	0.20	-	-
▪ Five televisions	5	0.20	-	-
▪ Four televisions	4	0.20	-	-
▪ Three televisions	3	0.20	-	-
▪ Two televisions	2	0.20	-	-
▪ One television	1	0.20	-	-
<b>Total score for director quality</b>				<b>25</b>
<b>A. Total score - best film in the career</b>		0.40	25	10
<b>B. Total score - film at choice out of the last two</b>		0.60	25	15

Source: author's research results based on  
<http://www.cncinema.abt.ro/Files/Documents/fls-1129.pdf>

In the situation of debut feature films, the director quality is evaluated based on a short film or a student film made by him, at his choice. The score is calculated based on a set of criteria. Each criterion is awarded a score. The score is multiplied by the importance coefficient of the criterion, thus obtaining the final score for the respective criterion.

<sup>6</sup> European Festivals Association

<sup>7</sup> The International Federation of Film Producers Associations

The final scores for all the criteria are added up, thus obtaining the total score for the debutant director quality. The total percentage of the debutant director quality in the final score is 25% (<http://www.cncinema.abt.ro/Files/Documents/fls-1129.pdf>).

**Table 8.***Criteria for evaluating debutant director quality*

Criterion	Score	Importance coefficient	Maximum score	Final score
<b>Participation in international festivals with a short/student film</b>				<b>15</b>
<b>A. International prizes</b>				<b>10</b>
▪ A category festivals, Oscar, EFA	10	0.50	5	5
▪ Other I.F.F.P.A. festivals	10	0.30	3	3
▪ Other festivals favoured by NCC	10	0.20	2	2
<b>B. International selections</b>				<b>5</b>
▪ A category festivals, Oscar, EFA	5	0.50	2.5	2.5
▪ Other I.F.F.P.A. festivals	5	0.30	1.5	1.5
▪ Other festivals favoured by NCC	5	0.20	1	1
<b>Commercial success of the film</b>				<b>10</b>
<b>B. National or international televisions which have purchased the film</b>				<b>10</b>
▪ At least ten televisions	10	1	10	10
▪ Nine televisions	9	1	-	-
▪ Eight televisions	8	1	-	-
▪ Seven televisions	7	1	-	-
▪ Six televisions	6	1	-	-
▪ Five televisions	5	1	-	-
▪ Four televisions	4	1	-	-
▪ Three televisions	3	1	-	-
▪ Two televisions	2	1	-	-
▪ One television	1	1	-	-
<b>Total score debutant director quality</b>				<b>25</b>

Source: author's research results based on <http://www.cncinema.abt.ro/Files/Documents/fls-1129.pdf>

The quality analysis of the film producer is also carried out in two stages. In the first one, the quality of the producer is analysed by the best film made in his career. The score is calculated based on a set of criteria. Each criterion is awarded a score which is multiplied with its importance coefficient, thus obtaining the final score for the respective

criterion. The final scores for each criterion are added up, thus obtaining the total score for the best film made by the producer. 40% is then taken out of this score, thus obtaining the final score for the producer quality analysis regarding the best film in his career. In the second stage the producer quality is analysed based on one of his last two films, at his choice. The score is calculated on exactly the same set of criteria as in the case of the best film in the producer`s career. The calculus is almost identical. Each criterion is given a score which is multiplied by its importance coefficient, thus obtaining the final score for the respective criterion. The final scores for each criterion are added up and the total score is obtained. 60% is taken out of this score, thus obtaining the final score for the producer quality regarding the film chosen by him out of the last two made in his career. The scores for the two stages are added up, thus obtaining the total score for the quality of the producer. The total percentage of the producer quality in the final score of the project is 25% (<http://www.cncinema.abt.ro/Files/Documents/fls-1130.pdf>).

**Table 9.**

*Criteria for evaluating producer quality*

Criterion	Score	Importance coefficient	Maximum score	Final score
<b>Film audience numbers in Romania</b>				<b>5</b>
▪ Over 50,000	10	0.5	5	5
▪ 45,000 – 50,000	9	0.5	-	-
▪ 40,000 – 45,000	8	0.5	-	-
▪ 35,000 – 40,000	7	0.5	-	-
▪ 30,000 – 35,000	6	0.5	-	-
▪ 25,000 – 30,000	5	0.5	-	-
▪ 20,000 – 25,000	4	0.5	-	-
▪ 15,000 – 20,000	3	0.5	-	-
▪ 10,000 – 15,000	2	0.5	-	-
▪ 5,000 – 10,000	1	0.5	-	-
<b>Film participation in international festivals</b>				<b>7</b>
<b>A. International prizes</b>				<b>5.25</b>
▪ A category festivals, Oscar, EFA	10	0.30	3	3
▪ Other F.I.P.P.F. festivals	8	0.15	1.20	1.20
▪ Other festivals favoured by NCC	7	0.15	1.05	1.05

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Criterion	Score	Importance coefficient	Maximum score	Final score
<b>B. International selections</b>				<b>1.75</b>
▪ A category festivals, Oscar, EFA	10	0.10	1	1
▪ Other F.I.P.P.F. festivals	8	0.05	0.40	0.40
▪ Other festivals favoured by NCC	7	0.05	0.35	0.35
<b>Commercial success of the film</b>				<b>5</b>
<b>A. Distribution in cinema halls</b>				<b>2</b>
▪ In at least two foreign countries	10	0.20	2	2
▪ In one foreign country	5	0.20	-	-
<b>B. National or international televisions which have purchased the film</b>				<b>3</b>
▪ At least ten televisions	10	0.30	3	3
▪ Nine televisions	9	0.30	-	-
▪ Eight televisions	8	0.30	-	-
▪ Seven televisions	7	0.30	-	-
▪ Six televisions	6	0.30	-	-
▪ Five televisions	5	0.30	-	-
▪ Four televisions	4	0.30	-	-
▪ Three televisions	3	0.30	-	-
▪ Two televisions	2	0.30	-	-
▪ One television	1	0.30	-	-
<b>Pay back of the previous direct credits</b>				<b>1</b>
▪ Over 50%	10	0.10	1	1
▪ 45%- 50%	9	0.10	-	-
▪ 40% - 45%	8	0.10	-	-
▪ 35% - 40%	7	0.10	-	-
▪ 30% - 35%	6	0.10	-	-
▪ 25% - 30%	5	0.10	-	-
▪ 20% - 25%	4	0.10	-	-
▪ 15% - 20%	3	0.10	-	-
▪ 10%- 15%	2	0.10	-	-
▪ 5% - 10%	1	0.10	-	-
<b>Financial contribution to the project at the moment of submitting the project</b>				<b>7</b>
▪ 70% of the budget	10	0.70	7	7
▪ 65%-70% of the budget	9	0.70	-	-
▪ 60%-65% of the budget	8	0.70	-	-
▪ 55%-60% of the budget	7	0.70	-	-
▪ 50%-55% of the budget	6	0.70	-	-

Criterion	Score	Importance coefficient	Maximum score	Final score
▪ 45%-50% of the budget	5	0.70	-	-
▪ 40%-45% of the budget	4	0.70	-	-
▪ 35%-40% of the budget	3	0.70	-	-
▪ Sub 35% of the budget	2	0.70	-	-
<b>Total score producer quality</b>				<b>25</b>
<b>A. Total score - best film in his career</b>		0.40	25	10
<b>B. Total score - film at choice out of the last two</b>		0.60	25	15

Source: author's research results based on  
<http://www.cncinema.abt.ro/Files/Documents/fls-1130.pdf>

The ranking of the projects in descending order of the scores comes next, and then the direct credit granting according to the hierarchy, until the exhaustion of the sums allocated for the respective contest session (<http://www.cncinema.abt.ro/Files/Documents/fls-1127.pdf>, p. 10).

The organisation of the selection contests for granting the direct credit is done twice a year, in an open and transparent competitive system. The selection sessions are announced by publication in the mass media and by display on the site and at the NCC headquarters, at least 30 days before the deadline for the submission of the application files. The selection of the featured and short fiction film is carried out by a board formed by five members. The documentary and animation film selection is carried out by boards formed by three members. The selection board members are designated for each contest session. On the public announcement day of the contest, NCC communicates the total value of the budget for the respective contest session, allocating a minimum of 15% from this budget for the debut fiction feature films, a minimum of 5% for the fiction short films, a minimum of 10% for the documentary films and a minimum of 10% for the animation films (<http://www.cncinema.abt.ro/Files/Documents/fls-1127.pdf>, pp. 11-12).

The direct credit reimbursement to NCC is done from the first incomes brought by the film. The reimbursement percentage from the incomes is equal to the crediting percentage granted by the NCC in the film budget. The credit reimbursement duration is ten years (<http://www.cncinema.abt.ro/Files/Documents/fls-1127.pdf>, p. 14). In the case of reimbursement which is not complete, the producer loses the film in favour of the NCC, which also overtakes the task of film capitalisation, until complete credit retrieving (Pricop, 2011, p. 124).

### **The automatic non-reimbursable financial support**

This support is granted to: producers and directors of a Romanian film or film involving Romanian participation which records public success, having a number of paying audience larger than the reference threshold, which means the average number of paying audience for a Romanian film or co-production with Romanian participation; producers and directors for the distinct artistic quality of a Romanian film or film made with Romanian participation, selected or prize-winning at the Oscar, the European Film Academy, A category international festivals I.F.F.P.A. accredited; the distributors of Romanian films or co-productions with Romanian participation; cultural managers, in order to encourage the functioning of cinema theatres, the organisation and participation in internal and international film festivals, supporting the culture and cinematographic education programmes, editing specialised publications (Pricop 2011, pp. 126-128).

### **Indirect financial support**

The purpose of indirect financial support granting is to encourage the co-producers and financers to financially participate in the production, with NCC paying back a part of the paid tax (tax rebate) or granting them discounts for taxes and dues (tax breaks), such as toll discounts for imports (Pricop 2011, pp. 128-129).

The potential beneficiaries of the indirect financial support are Romanian legal persons registered in the Registry of Cinematography, which participate in making a cinematographic film as producers, and foreign legal persons from the member states of the European Economic Area registered in the Registry of Cinematography, which have a branch/subsidiary in Romania and participate in the making of a cinematographic film as co-producers or financers. Producers and co-producers who meet the following requirements are eligible: they hold a shared capital of minimum 20,000 RON, respectively 4,000 EUROS; they don't have any debts at the state budget or local budgets, the budgets of social state insurances and the Cinema Fund, except for the rates due to the NCC; they can prove that they are taxpayers on the territory of Romania (<http://www.cncinema.abt.ro/Files/Documents/fls-1127.pdf>, pp. 15-16).

The indirect financial support is not granted for the making of the following types of cinematographic productions: projects which spread defamation of the country and nation, the law order or the constitutional

principles, which instigate to wars or discrimination on nationalist, racist, ethnical, religious or sexual orientation criteria; projects which contain, in images or language, pornographic or obscene elements; projects which harm the dignity, honour, private life of a person; projects which directly or indirectly instigate to violence; projects with an electoral, political or religious propaganda character  
(<http://www.cncinema.abt.ro/Files/Documents/fls-1127.pdf>, p. 16).

The indirect financial support is granted to films which already benefit from the direct credit or films on-demand<sup>8</sup>, which have the quality of being a cultural product. In the case of the films which benefit from the direct credit, the quality of cultural product is already determined. In the case of on-demand films, the quality of cultural product is determined objectively and in a transparent way, based on a set of criteria, collecting a minimum of 20 cumulative points, out of which a minimum of 10 points for the A1, A2 and A3 criteria, being compulsory  
(<http://www.cncinema.abt.ro/Files/Documents/fls-1134.pdf>).

**Table 10.**

*Criteria for determining cultural product quality*

Criterion	Score	Maximum Score	Final score
<b>A. Cultural content</b>			<b>24</b>
<b>A1. Film considered as taking place in Romania</b>			<b>5</b>
▪ In proportion of at least 70%	5	5	5
▪ In proportion of at least 60%	4	-	-
▪ In proportion of at least 50%	3	-	-
▪ In proportion of at least 20%	2	-	-
<b>A2. The main characters are Romanian citizens/residents</b>			<b>5</b>
▪ One out of three is from Romania	2	-	-
▪ Two out of three are from Romania	3	-	-
▪ All of them are from Romania	5	5	5
<b>A3. Film which is based on a Romanian topic</b>			<b>6</b>
▪ It presents a Romanian topic	6	6	6
<b>A4. The universal/European cultural contribution of the film</b>			<b>4</b>
▪ It is based on a universal topic	1	1	1
▪ The filming locations are European	1	1	1
▪ The main characters are global/European	1	1	1

<sup>8</sup> Films on demand are custom-made films produced by companies as executive producers.

Criterion	Score	Maximum Score	Final score
▪ An actor nominated in an important festival is participating	1	1	1
<b>A.5. The original dialogue of the film is in Romanian/the language of a Romanian minority</b>			<b>4</b>
▪ In proportion of 60%	4	4	4
▪ In proportion of 50%	3	-	-
▪ In proportion of 30%	2	-	-
<b>B. The cultural contribution of the film for Romania</b>			<b>6</b>
▪ Significant contribution to the cultural heritage	3	3	3
▪ Significant contribution to cultural diversity	2	2	2
▪ Contribution through the narrative and creative approach	1	1	1
<b>C. Practitioners (nationality/residence in the EEA member states)</b>			<b>8</b>
Producer - co-producer	1	1	1
Director	1	1	1
Screenwriter	1	1	1
Composer	1	1	1
Lead actors	1	1	1
Majority of the cast	1	1	1
Department directors (photography, sound, etc.)	1	1	1
Majority of the team	1	1	1
<b>D. Cultural hubs (studio/filming locations, post-production studio, etc.)</b>			<b>4</b>
Over 40% of the expenses are made in Romania	4	4	4
Less than 40% of the expenses are made in Romania	0	-	-
<b>Total score cultural product quality</b>			<b>42</b>

Source: author's research results based on  
<http://www.cncinema.abt.ro/Files/Documents/fls-1134.pdf>

### 3. Conclusions

The purpose of this article was to create an information tool for all the film production companies interested in accessing funds from the National Cinema Centre in Romania.

The Romanian film represents both a widely-spread cultural commodity and a cultural service. The major differences regarding the audience numbers and the recorded revenues between the American film and the Romanian film in the last years risk threatening the cultural identity of the cinema of Romania. Although the Romanian film has recently

achieved great success, it still benefits from a limited audience. The remarkable success obtained in international festivals proves the necessity of financing the production of Romanian films, inclusively by the state granting financial support through the National Cinema Centre, for the companies which invest in the film production. The state support scheme has the aims of supporting the development of film industry, culture and cinematographic education in Romania and encouraging the private initiative in the field of creating, financing, producing and distributing Romanian films or co-productions with Romanian participation.

The state support has two components, the direct support and the indirect support. As its turn, the direct support has two forms, the first refers to interest-free reimbursable financial loans granted for the film production and the development of film projects (direct credit), the second refers to non-reimbursable financial grants offered for the audience success of the film, its distinct artistic quality, its promoting and distribution (automatic non-reimbursable financial support). The indirect support refers to granting fiscal facilities for the film production and distribution (indirect financial support).

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