



EASTERN CAPE
DEVELOPMENT
CORPORATION



EASTERN CAPE

INVESTMENT FILM FUND

GUIDELINES

INVESTMENT GUIDELINES

1. INTRODUCTION

The Eastern Cape Development Corporation (ECDC) realises the investment promotion potential value of promoting the Eastern Cape as a destination for hosting Feature Films and TV Series. The breath taking film locations that the province possesses makes it to a destination that has not been explored previously.

These guidelines are targeted at Production Companies and Channels that are considering locating their projects in the Eastern Cape, with the intention to promote investments, jobs and support value chains for SMMEs.

These guidelines are meant to guide established production companies who are looking at securing completion funding in order to locate their productions in the Eastern Cape.

2. OBJECTIVES OF THE EC FILM INVESTMENT AND TELEVISION FUND

- To provide investment funding to support commercially viable and feasible film and television productions in the Eastern Cape.
- To develop the film industry value chain in order to realize continuous investments, job creation and skills development within the Eastern Cape.
- To establish the Eastern Cape as a preferred destination for film and television production.

3. PURPOSE OF THE GUIDELINES

- The purpose of this document is to detail the guidelines of the EC Film and Television Investment Fund.
- The guidelines set out in this document are intended to enable production companies to present their applications to the ECDC and provide a framework for the ECDC to evaluate such applications.
- The granting of an investment or approval of the application will only be for production companies that meet the objectives and conditions as set out within these guidelines.
- To qualify for the investment, applicants have to receive formal approval from the ECDC, in writing and post the Projects Committee approval.
- The guidelines may be amended from time to time, as deemed necessary by the ECDC.
- Where the guidelines lend themselves to varying interpretations or do not deal with a specific subject matter, the interpretation of the ECDC must be requested, and such interpretation will be decisive and final.
- The approval of applications will be subject to the availability of funds and in compliance with the EC Film and Television Investment Fund guidelines.
- It is the responsibility of the production company to ensure that the application submitted to the ECDC is accurate and complete.
- Failure to submit the required documentation listed in the guideline will result in automatic disqualification.
- Deviations from these guideline may be applied upon request and approval by the ECDC Executive Management Committee.
- The guideline is effective from July 2020 until another amendment is effected by the ECDC

4. WHAT DOES THE FUND COVER

The EC Film and Television Investment Fund provides funding for commercially viable projects within the following categories:

- Full length feature films;
- Commercial mini-series;
- Television series;
- Telenovela's;
- Reality shows;
- Animation
- Documentary
- Marketing of ECDC funded film projects at domestic and international film festivals, where the films are screening.

Development Funding (New)

Category	Conditions	Amount
Pilot Telenovela/Soapie	<ul style="list-style-type: none"> • Funding for full production be raised within six-month period. • Reputable broadcaster/distributor should be secured. • Conditional funding to be converted into equity once full production is completed • Recoupable & Share profit generated after full production. 	R300 000.00 Maximum
Commercial Series	<ul style="list-style-type: none"> • Funding for full production be raised within six-month period. • Reputable broadcaster/distributor should be secured • Conditional funding to be converted into equity once full production is completed • Recoupable & Share profit generated after full production. 	R200 000.00 Maximum
Pilot Documentaries/TV series (220 episodes)	<ul style="list-style-type: none"> • Funding for full production be raised within six-month period. • Reputable broadcaster/distributor should be secured • Conditional funding to be converted into equity once full production is completed • Recoupable & Share profit generated after full production. 	R100 000.00 Maximum

The production company should have secured reputable broadcasters/distribution agents

Production Funding Investment

Category	Conditions	Amount
Full Length Feature Films	Recoupable Percentage Share in Revenue Generated	R1 500 000 Maximum
Commercial Series	Recoupable Percentage Share in Revenue Generated	R2 000 000 Maximum
Television Series	Non – Recoupable	R1 500 000 Maximum
Telenovelas/Soapie	Non – Recoupable	R3 000 000 Maximum
Reality Shows	Non – Recoupable	R1 500 000 Maximum
Animation	Recoupable Percentage Share in Revenue Generated	R1 000 000 Maximum
Documentary and TV series (at least 220 minutes)	Recoupable Percentage Share in Revenue Generated	R1 000 000 Maximum
Marketing ECDC funded project National & International on Film Festivals.		R50 000 Maximum

The EC Film and Television Investment Fund will only finance projects proposed by production companies that have a proven track record for producing high quality theatrically released feature films, series, telenovela's, reality shows, Animations & Documentaries.

The EC Film and Television Investment Fund may also be available to:

- A production company which has secured a screening of a projects whose principal photography was funded through the fund and shot in the Eastern Cape.
- This support is applicable to local and international film festivals and film markets.
- The ECDC reserves the right to convert its support provided to the production company to a percentage share in revenue generated, should the exposure in the film festival yield to the production company securing good Distribution Deals.

5. WHAT THE FUND DOES NOT COVER

- Commercials;
- Game Shows;
- Corporate Videos;
- Current Affairs;
- Talk Shows;
- Adult Content;
- Theatrical/Live Events (e.g. Social, Music or Sport);
- Projects related to audience development.

6. FUNDING REQUIREMENTS AND CONDITIONS

- At least 60% of the principal photography of the project should be shot in the Eastern Cape;
- Total ECDC investment must be spent within the Eastern Cape, plus at least 70% of the other secured funding from other funders (the dtic, NEF, IDC, etc.)
- At least 20% of Heads of Departments for the film must be sourced from within the Eastern Cape;
- Projects must include a training and skills transfer programme to be implemented within the Eastern Cape;
- At least a minimum of 80% of procurement of goods and services must be allocated to Eastern Cape-based service providers during the production phase.
- Projects must have a secured pre-sale or commission agreement by a reputable and viable national or international broadcaster;
- Previous projects are completed, and production company is in good standing with current and past financiers/investors;
- Funding, as per finance plan, must be secured prior to application to ECDC;
- Projects will have a maximum of 3 months to start principal photography from date of approval;
- The production company is required to have a minimum of three (3) commercially successful completed projects;
- Commercial Mini Series, Series, Telenovela's and Reality Shows applications must have secured a pre-sale or commission from an industry-reputable channel or broadcaster;
- The applicant must be a South African production company, registered and complying with CIPC and all other legal requirements;
- An international production company should demonstrate a partnership with a South African based production company in order to be considered;
- The applicant must provide the ECDC with a financial plan and letter(s) of confirmation/approval from other financier(s);
- The applicant must register and Special Purpose Corporate Vehicle (SPCV) incorporated in the Republic of South Africa, solely dedicated for the production of the film or television project to be considered for funding;
- The applicant must submit either the confirmation letter for distribution or letter of intent to distribute at application stage;
- The applicant must provide the ECDC with a distribution plan and evidence thereof, including a distribution agreement at the time of submitting claim(s).

The ECDC must be credited for its contribution to the production as detailed below:

- The projects are required to include the ECDC logo in the opening credits and closing credits for the supported production;
- ECDC must be recognised as an Executive Producers of the project in opening and closing credits of the production;
- ECDC, as an Executive Producer, is invited to all premiers of the film, are engaged in all strategies for release of the film and retain part ownership
- The ECDC Logo will be attached to all promotional material for the film.
- The applicant should provide a written confirmation that the ECDC will be credited for its contribution to the production at application stage;
- ECDC reserves the right to be supplied with a DVD or similar media of the entire production for verification;
- The film of series will showcase the beauty of the Eastern Cape province through the duration of its screening;
- ECDC may request raw footage of locations to include in location promotional material for the Eastern Cape.

The applicant must comply with municipal by-laws regulating the affairs and the services the municipality provides in its area of jurisdiction; and other statutory regulations, where applicable;

- The production must confirm its commitment to be rated by the Film Publication Board.

7. RECOUPMENT GUIDELINES

- The ECDC's percentage share in revenue generated participation will be equal to its percentage contribution in relation to the budget of the project where applicable, according to the recoupment waterfall;
- ECDC will be offered a percentage share in revenue generated in the project as a participant of the profit pool to facilitate recapitalisation of the EC Film Investment Fund;
- Investment into the film and television production is recoupable as part of the recoupment waterfall at tier 3;
- Production funding is recoupable from exhibition revenues;
- A recoupment schedule will be provided to ECDC upon application;
- ECDC will enjoy financier privileges for the contribution to the project. The finance plan and reports will be submitted to ECDC regularly and will be kept informed of all financial updates;
- The applicant will ensure that an approved Collection Management Agency, a neutral entity, will be responsible for collecting all revenue from the film and disbursing all profits to all parties according to the recoupment schedule;
- ECDC will be provided with economic data that is complete, accurate and verifiable;
- **PROJECTS WITH PRE-SALE/COMMISSION AGREEMENTS FROM NATIONAL AND/OR INTERNATIONAL BROADCASTERS**
 - The applicant will ensure that an industry-reputable Production Reporter, with the requisite skill and experience, provide investor surety and daily performance monitoring of the project.
 - The appointment of the Production Reporter is to be confirmed by all project investors/financiers.
 - The Production Reporter will be required to:
 - ∞ Facilitate weekly meetings and ad-hoc meetings with all investors to deliver comprehensive weekly reports throughout the lifecycle of the project.
 - ∞ Monitor and provide weekly reports on financial and technical project delivery throughout the lifecycle of the project at regular weekly meetings.
 - ∞ The Production Reporter is to propose and implement necessary best practice interventions to ensure successful project completion, upon approval of ECDC.
 - ∞ The Production Reporter will ensure that the production meets the contractual obligations of all investors/financiers.
 - ∞ The Production Reporter will monitor all expenditure in accordance with industry best practice standards, and make available operational reports to ECDC to ensure that ECDC's investment is protected.

8. FUNDING EVALUATION PROCESS

- All applications will be subjected to a commercial viability assessment, due diligence and document verification process;
- All applications will be evaluated by an internal governance process within the ECDC;
- The ECDC's Project Committee will receive, deliberate and approve all applications throughout the year, depending on the availability and size of the budget available.

Disclaimer

Please note that failure to submit the required documentation listed in application forms will result in automatic disqualification.