VALUE-BASED CO-PRODUCTION

Henrik Underbjerg

IMS
Den Danske Filmskoles Forlag

A MANUAL FOR FAIRER CO-PRODUCTION IN FICTION AND DOCUMENTARY FILM

NOTE FROM THE AUTHOR

This manual is written from within the European co-production landscape, and from my own position as a European producer working within European funding practice. It grows out of work developed in and around IMS, and from dialogue with colleagues, practitioners, and institutions engaged in rethinking co-production under unequal production conditions. The purpose is not to step outside the existing framework, but to ask whether standard practice still produces fair and workable cooperation. In this manual, that approach is referred to as Value-Based Co-Production.

VALUE-BASED CO-PRODUCTION

A MANUAL FOR FAIRER CO-PRODUCTION IN FICTION AND DOCUMENTARY FILM

IMS & Den Danske Filmskoles Forlag

VALUE-BASED CO-PRODUCTION
Henrik Underbjerg

IMAGES WAVE
PHOTOGRAPHS Nik Voigt
GRAPHIC DESIGN Louis Kocmick
PRINT Actum Kopi og Tryk
1st edition, 1st printing

PRINTED IN DENMARK 2026

ISBN: 978-87-88711-04-2

PREFACE

by Fabrice Puchault, Head of Society and Culture Department, ARTE France

Co-production: the word that occupies the international audiovisual community. The Holy Grail. But what does it really mean? Why is it so important?

First, the obvious: it is a necessity because films and series cost money. Second, documentary and fiction do not sit comfortably within a purely industrial logic. They are cultural forms, creative forms, and ways of making sense of the world. Co-production is therefore a crucial tool for survival, continuity, and ambition.

But co-production also has another meaning, just as important in these times of authoritarianism and war: it is a political tool. It is a way of building relationships with people we do not know. A way of showing and hearing different voices, different experiences of life. A way of sharing emotions, values, illusions and dreams, utopias and facts, and of enriching our common imagination.

It is also a way of resisting the blindness created by fake news and totalitarianism, and by the maelstrom of stereotyped images generated by AI and other technologies. A way of resisting what confines us.

It is, therefore, a democratic issue.

If co-production is political, it also has to be fair, or it betrays its own nature. We need documentary works that help us feel that what appears foreign is, in fact, part of our common ground. And this matters for fiction and cinema more broadly as well.

ARTE has never been an island. We have values. Our mandate is to speak to citizens across Europe, in all its languages. The Value-Based Co-Production initiative proposed by IMS is a concrete way of helping achieve that goal. We pay close attention to how the international co-productions we support are organised, to ensure that they are balanced fairly between producers working in different countries.

Within the Society and Culture Department of ARTE France, we maintain a close working dialogue with our partners on how they intend to divide production responsibilities, costs, and funding. We ask for clarity and transparency, both of which are essential to successful co-productions for every co-producer involved.

In that sense, we were pleased to encounter the Value-Based Co-Production model, because it fits within the broader understanding of how we believe international co-productions should function. It offers practices that can help strengthen producers who might otherwise risk falling into a minor position within their own co-productions if they rely only on traditional divisions of costs, funding, and co-ownership. Such divisions do not always reflect the real value each producer brings to a co-production, which cannot be measured solely by the amount of funding each is able to secure individually.

Our department therefore supports this approach. It aligns with a central part of our work: supporting our production partners so that they can continue to develop their activities and produce strong, ambitious documentaries over the long term, together with stable production partners across different countries.

WHAT THIS MANUAL IS

This manual is a practical introduction to Value-Based Co-Production in fiction and documentary film. The concrete situations may differ from project to project, but the underlying questions recur: what counts as contribution, how is value recognised, how are rights and revenue sharing structured, how are functions assigned, and how will the agreement continue to shape the film after financing closes?

The manual does not propose a parallel system outside the existing co-production framework, nor is it a rigid formula to be applied mechanically. Its purpose is practical. It seeks to make recurring choices in co-production more visible and more exact, especially where the parties operate in different production economies and where "standard" deal structures may translate those differences too quickly into differences in rights, revenue, or control.

It is written for filmmakers and producers working in what might broadly be described as lower-capacity production contexts, for whom the consequences of the co-production structure are often felt most directly. It is also written for producers working from stronger production environments, and for the public film funds, administrators, institutions, and decision-makers who shape the frameworks within which co-productions are recognised and supported.

This manual does not offer a complete theory of co-production. It is a working tool. It identifies a small number of areas in which the structure of a co-production tends to become decisive and proposes a way of reading those areas more carefully. In that sense, it is meant to support negotiation, assessment, and institutional reflection alike.

WHY THIS MATTERS NOW

Co-production remains one of the central ways films are made. For many projects, it is not an added layer around the film, but the structure through which the film becomes possible. Co-production brings together financing, editorial support, creative collaboration, technical capacity, market access, and long-term partnerships across borders. It can strengthen a film considerably. It can also determine, very early on, who remains connected to the film, on what terms, and with what future position.

That is why the structure of the co-production matters so much. A co-production agreement does more than record collaboration. It helps decide what counts as contribution, what gives entitlement, how rights are divided, how revenue is shared, and who retains influence over the film as it moves from development into production and later into circulation. In that sense, the agreement does not simply describe the film's organisation. It helps shape its future.

This question also belongs to the present European moment. At a time when the continent is increasingly marked by political division, war, and the erosion of shared factual reference points, co-production cannot afford to narrow into a business model serving mainly those producers who are already best positioned to navigate the system. If co-production is to remain credible as a European practice, it must also remain open as a framework through which different producers, including those working from lower-capacity contexts, can enter, collaborate, and retain meaningful agency.

Two Kinds of Co-Production

It is useful here to distinguish between two fundamentally different kinds of co-production contribution. In one model, the co-producer delivers defined elements of the film and finances those elements within its own geography. The contribution is then

tied to a concrete part of the work: production, post-production, development, access, editorial work, services, or another identifiable element undertaken on that side of the co-production. In the other model, money is transferred to the main producer and can then be used by that producer without crossing borders. That contribution is, in essence, financial participation. The distinction matters because the two should not be treated in the same way. Where elements of the film are delivered, the relevant question is what those elements are worth for the film. Where money is transferred, that part may be handled pro rata — that is, in proportion to the financing contributed — on a currency basis, as it now belongs to the main producer and functions as financing rather than as a separately delivered part of the work. If both forms are present in the same co-production, they should be separated and treated accordingly.

From that follows the distinction at the centre of this manual. A currency-based approach treats financing and expenditure as the main measure of contribution. From there, rights, revenue sharing, and often position tend to follow the money. A value-based approach starts elsewhere. It asks what each party's contribution is worth for the film, and structures rights, revenue sharing, and functions on that basis. Money remains essential in both models. The difference is what the agreement allows money to stand for. In this manual, value is not treated as an abstract category. As shown later in the manual, value can be anchored in a Baseline Budget that provides a common measure by which different contributions can be translated and compared.

Currency and Value

Co-production also creates something that cannot be reduced to separate inputs alone. Value is not only brought by each party and then measured afterwards. Some of it emerges through cooperation itself: through the combination of access, editorial judgment, creative trust, financing, production capacity, and the ability to develop and position a film across different contexts. That does not make value impossible to assess. But it does mean that a co-production agreement has to treat contribution with more care than a simple comparison of expenditure.

A currency-based model can work reasonably well where the co-producers operate in production economies that are broadly comparable. In those situations, expenditure may function as a workable proxy for contribution. But where production conditions differ more significantly, the same logic becomes less exact. What costs more is not always what contributes more to the film. And what is most valuable to the film is not always what carries the highest price.

This matters particularly in co-productions between lower-capacity and higher-capacity production contexts. In such cases, one side may be responsible for the film's origination, access, local relationships, development, or creative centre of gravity, while the other side may operate from a stronger funding environment and a higher cost structure. If the agreement treats expenditure as the main measure of value, the producer able to convert those conditions into higher spend may also receive a larger share of rights, revenue, or control than the value for the film would itself justify. In that sense, a currency-based structure can produce a structural bonus for the producer operating from the higher-capacity context.

The effects do not end with the budget. Once this logic is accepted at the beginning, it tends to travel. Rights may follow financing. Revenue sharing may follow rights, even where the two questions could have been treated more carefully. Functions that should remain open to negotiation may begin to look pre-decided. Development undertaken early and often underpaid may enter the agreement too weakly, or not at all. And what is agreed upstream may continue into the film's later life through territories, platforms, and other downstream arrangements.

This manual starts from a simple proposition: money is essential to making a film, but money is not the same as value for the film. The purpose is not to argue against co-production, and not to replace negotiation with a formula. It is to make the structure of negotiation more exact, especially where unequal production conditions would otherwise be translated too quickly into unequal outcomes. The sections that follow focus on four areas where that movement becomes especially important.

KEY AREAS

A co-production agreement rarely turns on a single clause. Its direction is usually set through a small number of linked decisions, each of which may appear manageable on its own, but which later prove to have wider consequences. What is accepted at the outset as a practical way of organising the collaboration can gradually begin to shape rights, functions, recognition, and the film's later life.

This is why the manual focuses on four key areas. Not because they are the only matters that influence a co-production, but because they are the places where the agreement's underlying logic becomes most visible and where its consequences are most likely to settle. If one starts from a currency-based understanding of contribution, that logic does not remain confined to the financing plan. It tends to carry forward into the deal structure, into the distribution of functions, into the treatment of work done before financing closes, and into the film's later life.

The four areas examined here are therefore presented less as separate topics than as connected points in a sequence. First comes the question of how the deal is structured and what the parties are actually dividing between themselves. From there follows the question of function: who remains in the central producing role, and on what basis. The next question concerns development, since work done early is often decisive to the film yet less visible once the formal structure is set. This is followed by the downstream organisation of the film's later life, where earlier choices may continue through territories, platforms, and cross-collateral arrangements. Running through all four is the question of transparency: whether the central documents, materials, and understandings shaping the co-production are actually visible across the partnership.

Deciding the Deal Structure

The starting point for negotiation should be that rights are shared proportionally – but proportionally to value for the film, not automatically to expenditure alone.

Many producers will encounter the currency-based model as the natural model, the standard model, or the only model likely to be accepted by institutions and co-production partners. Its legitimacy is often voiced with considerable certainty, including by reference to national funding systems, legal frameworks, or established industry practice. Yet that certainty does not always rest on an equally clear formal requirement. In many cases, what appears to be necessity may be better understood as habit: a long-standing way of structuring deals that has come to be treated as self-evident. That distinction matters. The European Convention on Cinematographic Co-Production and the revised Council of Europe Convention on Cinematographic Co-production require joint ownership and contractual provisions on receipts or territories, but they do not in themselves prescribe a strict one-to-one equivalence between financing and the internal allocation of rights, revenue sharing, and functions. In practice, however, some treaties, funds, and institutional interpretations may treat proportionality more narrowly, which is one reason why producers often resort to workarounds or side arrangements.

The first question is therefore not whether pro rata should be rejected. The first question is: proportional against what? A percentage only appears neutral once the basis of calculation has been accepted. If the basis is financing and expenditure alone, the structure will reflect price. If the basis is value for the film, the structure may look different.

This is where the distinction between a currency-based and a value-based approach becomes operational. In a currency-based model, financing and expenditure are treated as the main measure of contribution, and rights tend to follow the money. In a value-based model, the agreement asks what each party's contribution is worth for the film and structures rights on that basis. Revenue sharing may follow the same logic but does not have to do so automatically. The two questions are related, but they are not identical. The same applies to territories: financing territories and distribution or revenue territories do not have to be treated as the same thing.

A currency-based model can work reasonably well where co-producers operate in production economies that are broadly comparable. In those situations, expenditure may function as a workable proxy for contribution. The first two examples illustrate that point.

FIGURE 1 –
The same film in different production economies

Here are two simplified budgets for the same film. One is done by a producer in France. And the other budget is done by a producer in Ukraine. The difference in total budgets reflects differences in purchasing power parity (PPP), here estimated at 2.5.

BUDGET	FRANCE
Development (10%)	50
Shoot (30%)	150
Edit (25%)	125
Sound (20%)	100
Mastering (5%)	25
Administration(10%)	50
TOTAL (100%)	**500**

BUDGET	UKRAINE
Development (10%)	20
Shoot (30%)	60
Edit (25%)	50
Sound (20%)	40
Mastering (5%)	10
Administration(10%)	20
TOTAL (100%)	**200**

The film is the same.
What changes is the cost environment in which the budget is built.

FIGURE 2 – Currency-based: comparable production economies

If the main producers ask co-producers in Denmark and Moldova, respectively, to carry out and finance the sound work, the total budgets remain unchanged in the first two scenarios.

BUDGET	FRANCE	DENMARK	TOTAL
Development	50	–	50
Shoot	150	–	150
Edit	125	–	125
Sound	–	100	100
Mastering	25	–	25
Administration	50	–	50
TOTAL	**400**	**100**	**500**

BUDGET	UKRAINE	MOLDOVA	TOTAL
Development	20	–	20
Shoot	60	–	60
Edit	50	–	50
Sound	–	40	40
Mastering	10	–	10
Administration	20	–	20
TOTAL	**160**	**40**	**200**

Under a currency-based model, the French and Ukrainian main producers each retain 80% of the rights.

FINANCING	FUNDING	RIGHTS (%)
France	400	80
Denmark	100	20

FINANCING	FUNDING	RIGHTS (%)
Ukraine	160	80
Moldova	40	20

These examples do not suggest that pro rata logic is inherently problematic. They show that where production conditions are sufficiently close, a currency-based structure may produce a result that is broadly workable. In such cases, the question of value may remain largely aligned with the question of expenditure.

The problem becomes easier to see when the co-production crosses more significant differences in production conditions.

FIGURE 3 – Currency-based: Ukraine/Denmark
If, however, the Ukrainian main producer chooses to have the sound work carried out and financed in Denmark, the total budget increases.

BUDGET	UKRAINE	DENMARK	TOTAL
Development	20	–	20
Shoot	60	–	60
Edit	50	–	50
Sound	–	100	100
Mastering	10	–	10
Administration	20	–	20
TOTAL	**160**	**100**	**260**

If the same currency-based logic is still applied, the allocation of rights changes significantly.

FINANCING	FUNDING	RIGHTS (%)
Ukraine	160	62
Denmark	100	38

The Ukrainian main producer falls from 80% to 62% of the rights to revenue.
For the same type of work, the Danish co-producer rises from 20% to 38% simply by working with Ukraine instead of France.

Here the mechanism becomes visible. If the Danish producer operates within a stronger funding environment and under higher cost levels, and finances work nationally, that work will come at a higher price. If the agreement then translates expenditure directly into rights, the Danish producer may acquire a larger share not necessarily because more value has been brought to the film, but because more money has passed through the Danish side of the structure. In that sense, the currency-based model can generate a structural bonus. It can also produce a distorted incentive: the more expensive the producer is, and the more that expenditure is financed nationally, the larger the acquisition of rights may become.

The same three examples can then be tested against a value-based approach.

FIGURE 4 – Value-based: The baseline budget as common measure
If a value-based model is used instead, the first step is to establish a baseline budget. In this example, the French and Ukrainian budgets are translated into percentages and then into one common measure.

BUDGET	FRANCE	UKRAINE	PCT.
Development	50	20	10
Shoot	150	60	30
Edit	125	50	25
Sound	100	40	20
Mastering	25	10	5
Administration	50	20	10
TOTAL	**500**	**200**	**100**

On that basis, the allocation of rights can be recalculated.

FINANCING	BASELINE (%)	RIGHTS (%)
Ukraine	80	80
Denmark	20	20

The Ukrainian main producer does not fall to 62% simply because the co-production is with Denmark rather than Moldova. Instead, the producer retains 80%.
The Danish co-producer receives 20%, corresponding to the same type of contribution as in the France scenario.

The point is not that a value-based model must always produce a radically different result. In the first two examples, the outcome may remain broadly similar. That is important. It shows that the model is not designed to disturb co-productions where the currency-based model already provides a workable reflection of contribution. Its relevance becomes clearer where the gap in production conditions is larger. In the Ukraine/Denmark example, the value-based model changes the outcome because it no longer treats higher expenditure as self-evidently equal to higher value for the film.

FIGURE 5 – Final take-away
Value-based preserves broadly similar outcomes where co-production takes place between countries with comparable production economies. It changes the outcome only where cost differences would otherwise distort the allocation of rights.

PRO RATA – CURRENCY-BASED

FINANCING PLAN	FR–DK (%)	UA–MD (%)	UA–DK (%)
Main Producer	80	80	62
Co-Producer	20	20	38
Total	**100**	**100**	**100**

PRO RATA – VALUE-BASED

BASELINE BUDGET	FR–DK (%)	UA–MD (%)	UA–DK (%)
Main Producer	80	80	80
Co-Producer	20	20	20
Total	**100**	**100**	**100**

The Baseline Budget is the Anchor for Deciding Value

This requires an anchor. In this manual, that anchor is the Baseline Budget. The Baseline Budget provides a common and relatively easy-to-verify measure against which different contributions can be translated. In practice, this means translating contributions into a common budget logic rather than letting raw cost levels in different production economies decide the outcome. It is not an attempt to replace actual expenditure, and it is not a speculative exercise in abstract worth. Its purpose is more practical: to distinguish between what something costs in a given production environment and what that contribution represents when measured in relation to the film as a whole.

Once that distinction is made, the deal structure begins to look different. The question is no longer only how much each producer spends. The question becomes what each contribution is worth for the film. From there, rights can be structured on a more exact basis — one that avoids awarding a structural bonus simply because one side of the co-production operates from a stronger cost and funding environment. Revenue sharing may then follow the same division or may be adjusted separately where the parties have reason to structure later revenue differently.

A rights structure should also be understood over time. Where appropriate, the parties may agree on time limitations, performance conditions, or fall-back of rights if certain rights are not exercised, exploited, or renewed within an agreed period. This can help ensure that the structure remains connected to actual use of the rights, rather than allowing rights to sit indefinitely where they no longer serve the film or the cooperation.

This is why the deal structure matters so much. It is not only where the financing plan is reflected. It is where the co-production decides what kind of measure will be allowed to travel through the rest of the agreement.

Delegate Producer as Decision and Not Consequence

The delegate producer function should be negotiated explicitly and should not be treated as an automatic consequence of financial majority.

The role of delegate producer should not be treated as an automatic consequence of financial majority. It is a deliberate decision — or more precisely, it should remain a matter for explicit agreement, based on what the producer is actually doing in relation to the film.

In practice, however, the role can begin to drift. Once a co-production is structured through a currency-based logic, financial weight may start to appear not only as a larger share of financing, but as a larger claim to position. The producer bringing more money, or carrying more expensive nationally financed elements, may then begin to be seen as the "natural" centre of the structure. From there, delegate status can start to look like an extension of the financing plan rather than a separate question.

That movement is not always argued openly. More often, it happens quietly through the terms in which the co-production is discussed. The producer with the larger financial participation may be described as the stronger partner, the more exposed partner, or the party carrying the greater responsibility. In some cases, that may be true. In others, it may reflect the structure of the financing more than the structure of the film.

This matters because the delegate producer function is not simply symbolic. It can shape the practical centre of the co-production: who coordinates the process, who leads negotiation, who holds the main producing position in relation to institutions and partners, who leads the film through delivery, and who remains closest to its longer-term strategic decisions. It can also shape who holds the central space in creative decision-making. If this function is allowed to follow financial majority automatically, the co-production risks shifting away from the producer who initiated, realised, or holds the film together.

A value-based approach therefore begins by separating the question of function from the question of financial weight. The producer who remains delegate should be the producer best placed to take the central producing role in relation to the film. That may well be the financially strongest producer, but it does not have to be. What matters is not what appears strongest on paper, but what the role requires in practice.

This is especially important in projects where the film's centre of gravity lies with the producer in the lower-capacity context. That producer may bring origination, authorship relations, local knowledge, access, early development, and the long-term continuity of the project. If delegate status is then allowed to drift away simply because the other side brings more expensive nationally financed elements, a deeper mismatch is created. The producer closest to the film may remain central creatively and practically, while becoming secondary structurally. That can weaken both clarity and accountability.

In some co-productions, the most exact solution may be neither a single delegate producer nor a simple hierarchy between majority and minority positions. It may be useful to insert a co-delegate structure, where more than one producer is formally recognised as carrying central responsibility. This can be especially relevant where agency needs to be preserved across the partnership, and where one co-producer should remain structurally central even without holding financial majority. Such arrangements do not remove the need for clarity. They increase it. Responsibilities, decision-making, and representation still need to be described explicitly in the agreement.

The same applies to overexpenditure. Where the financially stronger producer is expected to carry a larger share of the budgetary risk, while delegate status or creative control sits elsewhere, that relationship should be addressed explicitly. A value-based structure does not remove the need to decide who covers overcosts. It makes that question more important.

For that reason, the delegate producer function should be negotiated explicitly and described accordingly in the agreement. It should not be derived from the financing plan alone. The relevant questions are practical: Who initiated the project? Who carries the central producing responsibility? Who is best placed to hold the film together across development, production, and delivery? Who should retain agency in relation to the film's core decisions? Who remains accountable to the film's actual centre of gravity? And how are control, responsibility, and overexpenditure aligned in practice?

Where the answer points clearly in one direction, the agreement should say so. Where the role is genuinely shared, or where a co-delegate structure is the better reflection of the working reality, that too can be stated. The important point is that delegate status should be assigned based on function, not inherited as a by-product of expenditure.

Seen in that light, the issue is not control for its own sake. It is coherence. A co-production works better when the central producing function remains aligned with the film's actual structure of responsibility. If that alignment is lost, other parts of the agreement may begin to drift with it. Hence, the question is not who looks strongest in the financing plan, but who should remain structurally central to the film.

How to Include Development Costs

Development should be recognised in the structure of the deal, through documented costs where possible, and through reasonable estimation where necessary.

Development is often one of the least structured parts of a co-production, even when it has been decisive to the film. A producer may already have undertaken substantial work before the co-production is formalised: identifying the project, building trust with the director(s) or protagonists, opening access, researching the field, travelling, filming early material, preparing a teaser, writing applications, shaping the first treatment, or simply holding the project together over time. Some of this work will be clearly documented, some of it will not.

The practical question is therefore not whether every early contribution can be reconstructed perfectly. It usually cannot. The question is how to recognise that work in a way that is workable and proportionate. If early development is left outside the structure entirely, the film may enter the co-production already shaped by an imbalance. If it is overstated, the budget risks becoming artificial. The task is to strike a balance between those two errors.

A useful starting point is to distinguish between documented and undocumented development. Where costs are documented, they can be placed directly in the structure. Where they are not clearly documented, they may still be recognised through estimation, provided that the estimate is reasonable and can be justified. The aim is not to produce a speculative number, but to make visible work that would otherwise disappear simply because it was done early, cheaply, or under informal conditions. At the same time, the poor documentation of development should not be accepted as a permanent

condition. Even where full reconstruction is not possible, the field should move towards documenting development more clearly and continuously from the beginning.

In practice, development may be recognised in different ways. It can be booked as development cost. It can be reflected as acquisition of rights. Or it can be split between the two. Which solution is most appropriate will depend on the nature of the work, the structure of the co-production, and the point at which the co-production deal is being made. A project that enters co-production very early may need different treatment from a project where substantial development has already been undertaken over a longer period. For that reason, this part of the structure should remain subject to dialogue between the parties. The important point is that early contribution should be brought into the agreement deliberately, rather than left as an invisible prehistory to the "real" budget.

In practical terms, it is often helpful to build development budgets in stages from the beginning: research, treatment, scouting, casting, drafts, teasers, applications, and other identifiable phases of work. That makes it easier to document what was actually done over time and to present it credibly when the co-production is later structured. Time registration may also support this, even where producers are not used to working in that way. The point is not to force false precision onto past work, but to make future recognition easier, more credible, and less dependent on reconstruction after the fact.

This is also where the distinction made earlier remains important. If the development consists of elements of the film that have been executed and delivered on one side of the co-production, then it belongs within a value-based reading of contribution. If money has simply been transferred to the main producer and is no longer tied to separately delivered elements, then that part belongs to financial participation and should be handled on that basis. The two should not be collapsed into one.

A pragmatic approach therefore asks three questions: What was done? What can be documented? And what, if not fully documented, can still be recognised through a reasonable estimate? The purpose is not to maximise the figure. It is to reach a level that acknowledges the work done, without causing the budget to lose credibility or proportion. In some cases, the room for recognising development in the budget may also be shaped by existing funding regulations, including limits on deferrals or own investment. That does not make recognition impossible, but it does make the practical structuring important.

That balance matters. Development should be visible enough to prevent the structure from forgetting what made the film possible but not inflated to the point where it distorts the project in another direction. If handled carefully, development can enter the co-production as a recognised part of the film's value without turning the budget into an argument in itself.

Cross-Collateral – Territories and Platforms

Territories may be used pragmatically to finance the film, but once the film is completed, later revenue should be pooled and shared according to the agreed revenue sharing.

The division of territories can be a very practical tool while a film is being made and financed. A producer may be well placed to raise money against a particular territory, or to secure a broadcaster, distributor, sales agent, or platform within a given market. In that sense, territorial division can help assemble the co-production and make the financing possible. Used in this way, territories function as financing options during the making of the film.

The problem begins when that temporary financing logic is allowed to continue as if it were the natural long-term structure of the film. A territorial split is not neutral. Some territories are stronger than others, and some producers are better placed to monetise them. If those differences are allowed to define the film's later life automatically, territorial allocation can preserve or deepen an imbalance in the co-production structure.

A more exact approach is therefore to distinguish between the role of territories during financing and the role of rights after completion. During the making of the film, territories may be divided pragmatically in order to help close the financing. But once the film is finished, that territorial logic does not need to continue indefinitely.

This is where cross-collateral becomes useful. In this manual, cross-collateral is simply the technical expression for treating all later revenue equally, regardless of where it comes from. Theatrical income, VoD, television sales, educational sales, and other exploitation windows are not treated as separate streams tied to separate territorial claims. Instead, all revenue is pooled.

Once pooled, that revenue is distributed according to the agreed revenue-sharing structure set out in the co-production agreement. In other words, potential revenue that was not already used to finance the film — for example because no television presale was made during financing — is not retained separately by the party best placed to monetise it later. It enters the common pool and is shared on the agreed basis. This also creates a better incentive structure. Without such pooling, a producer may have an incentive not to secure a presale during financing if a later sale would benefit only that producer. Pooling helps reduce that distortion by treating later revenue as part of the common exploitation of the film.

This does not mean that the incentive to exploit one's home turf after the premiere disappears. That incentive can be maintained by allowing capped sales costs to be deducted from the gross receipts across all partners before revenue is shared. In that way, a producer who actively generates revenue is not asked to carry those costs alone, and practical exploitation work can still be rewarded without turning territorial strength into a permanent separate entitlement. The same may apply, where relevant, to impact distribution in the home territory of the initiating producer, where local knowledge and relationships may be central to the film's afterlife.

Territories may help finance the film. But once the film is completed, later revenue can be pooled and shared on the agreed basis.

Open Documents and Trusting Cooperation
Transparency around the core deal documents should be stipulated in the co-production agreement.

A co-production is built not only through principles and negotiation positions, but also through documents, working materials, and shared understandings. If rights, functions, development, territories, and later revenue are to be handled more exactly, then the core materials shaping those questions should not be unevenly held. A more exact structure is also more credible when it is visible across the partnership.

This matters across the four key areas addressed above, and for the co-production more broadly. It facilitates negotiation. It makes it easier for the parties to see what has actually been agreed. And it also matters once the co-production moves from negotiation into implementation. Where transparency is weak, imbalance can persist simply because too much of the structure remains difficult to see.

For that reason, transparency around the core documents should be stipulated in the co-production agreement. The co-production agreement itself should be signed by all co-producers, and the core documents shaping rights, obligations, future revenue, and downstream reporting should be shared across the partnership: the draft waterfall, the main financing overview, relevant director agreements, audited financial reports from all stages and parties, income statements from the delegate producer or collecting agent, and other agreements or records that materially affect the structure of the deal.

This should also extend, where relevant, to core creative work. If the structure of the co-production is meant to reflect actual responsibility and contribution, then the main creative materials shaping that work should not be treated as if they belonged only to one side by default. Treatments, editorial notes, agreed project descriptions, and other key materials may also form part of the practical basis on which trust and cooperation rest. The purpose is not to turn the partnership into an open archive. It is to ensure that the central structure of the film — financial, contractual, and creative — remains clear to the parties carrying it.

THE PURPOSE OF CO-PRODUCTION

A value-based approach to co-production works within the existing co-production framework. It does not require a parallel structure, and it does not depend on hidden adjustments outside the agreement. It sits within the logic of the European Convention on Cinematographic Co-Production and the revised Council of Europe Convention on Cinematographic Co-production. These conventions operate with shares of total production cost for the purposes of qualification, require joint ownership, and require that the agreement regulate the distribution of receipts or territories. The research and consultations leading up to this manual demonstrated that nothing in this framework prevents producers from agreeing on a value-based structure for rights, revenue sharing, and functions, provided the co-production otherwise complies with the applicable rules and eligibility requirements.

It is worth recalling the purpose. Co-production was developed to make films possible across borders, to support collaboration between independent producers, and to create workable structures of shared responsibility between different national contexts. It also took shape within a broader European effort to strengthen film culture and production capacity under conditions of American dominance. Co-production was therefore never only an administrative mechanism. It formed part of a wider attempt to sustain cultural production, encourage cooperation, and preserve room for films that might otherwise struggle to be made.

That history also helps explain why reciprocity, equality of cooperation, and fair working relations have always been close to the co-production project, even if they have not always been realised evenly in practice. The framework was not built in order to disconnect filmmakers from their work, nor to allow stronger production environments to convert structural advantages too easily into larger rights, revenue, or control. Its ambition was more constructive than that: to allow films to be made jointly, across borders, in ways that remained culturally and industrially meaningful.

This is also a history of adaptation. European co-production did not emerge fully formed and remain unchanged. It has already been revised repeatedly through new institutions, new policy instruments, and new efforts to widen participation: from bilateral treaties to Eurimages, from a narrower co-production model to multilateral structures, and from a more closed Western European framework to one that sought to include new parts of Europe. In that sense, change within the co-production framework is not exceptional. It is part of how the field has developed.

This manual should not be read as a critique of co-production as such, nor as a call for rupture or reinvention for its own sake. Its argument is more practical. It is a form of due diligence. It asks whether the habits that have grown up around co-production still translate the purpose of the framework into reality in a productive way, especially where the co-production joins parties working under very different production conditions.

That question has become more pressing in the current European moment. If co-production narrows into a business model whose advantages accumulate mainly around already well-positioned producers, it moves away from the wider cooperative promise that helped give it legitimacy in the first place. A value-based approach should therefore be understood both as an update to present conditions and as a reminder of what co-production was meant to enable: a workable framework through which different producers could collaborate across borders without being structurally detached from the films they initiate and make.

A distinction is therefore needed between the framework itself and the customs that have developed within it. The conventions and the surrounding public support systems provide a structure for cooperation. The value-based model does not depart from that structure. It asks whether, in some cases, standard practice has become narrower than the framework itself, and whether the agreement can be aligned more closely with the contribution actually made to the film. In that light, a value-based approach gives practical effect to the Convention's cooperative purpose.


7101
112
7101

PERSPECTIVES

This manual is not offered as a finished plug-in that can simply be applied across the field in one movement. It is a first edition. Others may follow. It is more realistic to think of the model as something that can grow through practice, negotiation, testing, and institutional learning. Its usefulness will depend on whether it proves workable in concrete situations and is shaped further through experience.

The need is already present and overdue. Where co-production repeatedly produces working relations in which decisive contribution is weakly recognised, underpaid, or translated too quickly into a reduced share of rights, control, or future revenue, the long-term consequence is not only frustration at project level. It is also a weakening of development itself. Producers and filmmakers cannot continue to develop and produce films under conditions that steadily disconnect their work from their position in the structure. If equitable working relations are not sustained, development will slow down or stop — and that helps nobody.

The point is not to reduce co-production, but to make it work better. If original producers, directors, and creative teams are to keep bringing films forward across unequal production conditions, then the collaboration must remain workable and credible for all sides. That means recognising that co-production is not sustained by financing alone. It also depends on trust, continuity, and a sense that the structure reflects the film in a way the parties can stand behind. To nourish talent over time, rather than simply extract projects from it, cooperation must be organised on a basis that is experienced as more equal.

Part of what this implies is a redistribution of revenue and power. If a value-based approach interrupts the systemic advantage that can arise for the richer co-producer in a currency-based model, then a larger share of rights, revenue, and influence will remain with those closest to the film's origination, development, access, and long-term continuity. In that sense, the model helps reconnect the original creators of content to the future life of the film. That is not a break with co-production. It is one way of making the

relationship more equal, including in ways long familiar from co-productions between producers working within more comparable European production conditions.

That shift also matches the longer-term interests of producers working from stronger production environments. If co-production is to remain credible, and if new projects and new talent are to keep entering the field, then the structure must remain worth entering. More equal cooperation is not only a question of fairness. It is also part of the long-term sustainability of the co-production ecosystem as a whole.

The model will not spread on argument alone. In some parts of the field, the currency-based structure is still treated as neutral or simply natural. In others, producers may continue to enter unequal arrangements because access to stronger Western partners, major platforms, or established markets is experienced as the main opportunity. If a value-based approach is to take hold, it will therefore require more than a better deal structure. It will also require awareness, dialogue, training, and practical demonstration across the European production landscape, including through workshops, public film funds, and professional forums in which co-production practice is already shaped.

The wider issue is one of sustainability, impact, and shared reality. If rights, revenue, and decision-making continue to drift too far from the contexts in which films are conceived, developed, and made, then production capacity is weakened precisely where new work needs to emerge. A more exact connection between contribution and future position can help strengthen not only individual deals, but also the conditions under which original voices can continue to work, and films can retain the force, legitimacy, and impact that follow from being produced by those closest to their making.

This manual will not solve the issue once and for all. It may, however, help move the field in a more productive direction: towards co-productions that remain open, collaborative, and internationally viable, while also giving better effect to reciprocity, fair working relations, and a more equal basis of cooperation. If it can also help keep the dialogue alive — between producers, institutions, and the wider field — then it will already have served part of its purpose.

PRACTICAL STEPS

The route into co-productions where the steps correspond to parts of the manual where the issue is discussed in more detail.

Step 1 – Establish a Baseline Budget Before Market Entry

Define a baseline budget that translates the film into one common budget logic. The purpose is not to replace actual expenditure, but to create a common measure for deciding value.
See: Deciding the Deal Structure (p.14)

Step 2 – Identify and Translate Contributions

List what each co-producer contributes: financing, services, development, access, editorial work, rights, or other concrete elements. Translate those contributions into baseline value rather than letting national cost levels decide the outcome.
See: Two Kinds of Co-Production (p.9); Deciding the Deal Structure (p.14); How to Include Development Costs (p.23)

Step 3 – Structure Rights and Revenue Sharing

Decide how rights are divided on a value basis. Decide separately whether revenue sharing should follow the same logic or whether later revenue should be structured differently.
See: Deciding the Deal Structure (p.14); Cross-Collateral – Territories and Platforms (p.25)

Step 4 – Decide Functions Explicitly

Agree explicitly on delegate producer, co-delegate structures where relevant, decision-making, representation, and responsibility for overexpenditure. These functions should not be treated as automatic consequences of financial weight.
See: Delegate Producer as Decision and Not Consequence (p.21)

Step 5 – Recognise Development Deliberately

Include development in the structure through documented costs where possible and reasonable estimation where necessary. Build future documentation more clearly from the start.

See: How to Include Development Costs (p.23)

Step 6 – Organise the Later Life of the Film

Use territories pragmatically during financing where needed, but decide clearly how later revenue will be pooled, shared, and reported once the film is completed.

See: Cross-Collateral – Territories and Platforms (p.25)

Step 7 – Make the Structure Visible in the Agreement

Ensure that the co-production agreement and the core accompanying documents make the structure legible across the partnership: rights, revenue sharing, functions, reporting, and the main materials shaping the cooperation.

See: Open Documents and Trusting Cooperation (p.26)

Step 8 – Check the Framework

Confirm that the co-production remains compliant with the applicable Convention, treaty, fund rules, and eligibility requirements.

See: The Purpose of Co-Production (p.29)

A value-based model is a way of structuring co-production. Where co-producers operate in similar production economies, it may lead to much the same result as a traditional currency-based model. Where production conditions differ more sharply, it helps prevent cost differences from distorting rights and revenue sharing.

TERMINOLOGY USED

Acquisition of rights
: A way of recognising contribution already delivered before the formal co-production is concluded, where part of that prior work is reflected in the rights structure rather than only in the production budget.

Baseline budget
: The translated budget framework used as the common and relatively easy-to-verify measure for deciding value across contributions made under different cost conditions.

Co-delegate producer
: A structure in which more than one producer is formally recognised as carrying central responsibility for the co-production. It may be used where agency, responsibility, and representation need to be preserved across the partnership.

Cross-collateral
: The pooling of later revenue regardless of source — theatrical, VoD, television, educational, and other exploitation windows — so that revenue is shared according to the agreed structure rather than tied to separate downstream claims.

Currency-based logic
: A co-production logic in which financing and expenditure are treated as the main measure of contribution, and from there become the basis for rights, revenue sharing, and often position.

Delegate producer
: The producer holding the central producing function in relation to the film. In this manual, that function is treated as something to be negotiated explicitly, not derived automatically from financial majority.

Development
: The early work through which a film is initiated and carried forward before full financing is in place, including research, access, casting, applications, teaser material, writing, travel, and producer labour.

Equity/private equity
: Money invested in the film and transferred to the delegate producer for use within the budget. Because those funds are used by the delegate producer to cover budgeted work, the result will generally be the same whether one applies a currency-based or a value-based approach.

Pro rata

In proportion to a defined basis of calculation. In traditional co-production practice, this usually refers to financing contributed to the film. In this manual, it refers instead to value for the film.

Receipts

Revenue generated by the film and distributed according to the co-production agreement, the waterfall, and other agreed arrangements. In the Convention framework, co-production agreements are required to regulate the distribution of receipts or territories.

Revenue sharing

The agreed distribution of later revenue from the film between the parties. In this manual, revenue sharing may follow the same logic as the rights split but does not have to do so automatically.

Structural bonus

The additional advantage that a richer co-producer may receive under a currency-based model when stronger access to finance and higher cost levels are converted into a larger share of rights, revenue, or control than the value for the film would justify.

Territories

Geographical markets used in co-production either as financing tools during the making of the film or as part of the later exploitation structure.

Value-based co-production

A co-production model in which rights, revenue sharing, and functions are structured in proportion to the value contributed to the film, rather than automatically to expenditure alone.

Value for the film

The worth of a contribution in relation to the development, production, and future life of the film. In this manual, value is decided through the Baseline Budget, which provides the common measure by which different contributions can be translated and compared.

Waterfall

The accumulated revenue from the film, and the agreed order in which that revenue is deducted, recouped, and distributed between the parties.

ACKNOWLEDGEMENTS

This manual has grown out of many discussions, disagreements, examples, and acts of generosity across the fiction, documentary, and co-production field. I am grateful to the colleagues, producers, filmmakers, advisers, institutions, and platforms that have helped test, challenge, and sharpen the thinking behind it.

Among them are Alexandre Marionneau, Anton Calleja, Benedikte Danielsen, Blerta Zeqiri, Bolette Rud. Pallesen, Cara Mertes, Christian Popp, Darya Bassel, Erkko Lyytinen, Estelle Robin You, Fabian Massah, Fabrice Puchault, Ia Kldiashvili, Jakob Høgel, Jane Ray, Jennifer Sabbah, Jesper Højberg, Katrine Kiilgaard, Kristine Skaret, Lise Lense-Møller, Mariam Chachia, Marwa Zein, Mike Sheridan, Myriam Sassine, Patrizia Mancini, Petar Mitric, Peter Helk, Petri Kemppinen, Quentin François, Salomé Jashi, Satu Elo, Selin Murat, Tamara Dawit, Tamara Tatishvili, Teresa Hoefert de Turégano, Themba Bhebhe, Tina Trapp, Veronika Janatková.

The manual has also grown out of conversations with CHANGE participants and experts, and with platforms and organisations including ArmDoc, ARTE France, CPH:DOX, DFAU, DOCA, Docudays UA, East Doc Platform, EAVE, Explorer Konferenz, GAIFF, IDFA, IFFR, MEDICI, National Film School of Denmark, Sarajevo IFF, Sheffield DocFest, USFA, WEMW.

It has also been shaped by earlier discussions and published work in the field, including the EAVE Impact Think Tank Report 2025 and Petar Mitric's *The Co-Production Landscape in Europe*. But this manual would never have come this far without the task force that Anton Calleja, Tamara Tatishvili, and I formed around the question of fairer co-production structures.

I hope I have not forgotten anyone.

Henrik Underbjerg is Adviser and Programme Manager at IMS (International Media Support), and a Danish producer of approximately 50 fiction and documentary titles. His work engages with international co-production and the conditions under which original producers and filmmakers can retain agency across unequal production contexts.

Co-production makes films possible across borders. It brings together financing, creative collaboration, editorial exchange, and access to new audiences. But when rights and revenue are allowed to follow expenditure alone, unequal production conditions can turn cooperation into imbalance.
Value-Based Co-Production offers a practical model for structuring co-production more fairly — by anchoring value in relation to the film, not only in money spent.

9 788788 711042

IMS

NATIONAL FILM SCHOOL OF DENMARK

DEN DANSKE FILMSKOLE