

NORCODE

ANNUAL REPORT 2018

“NORCODE’s main objective is to contribute to the building of the cultural infrastructure in developing countries and strengthen the situation of the rights holders. A strengthened cultural field is an important contribution in building national identity and promoting human rights. Collective management organisations will be a positive contributor to the economic growth of their countries, through their collections from the users of intellectual property.”

1. 2018 – Summary

All the organisations NORCODE supported in 2018 have seen a reassuring increase in membership. In Vietnam they achieved as much as a 70 per cent increase, while the Philippines had a membership increase of 50 per cent. In Nepal, the three enterprises supported by NORCODE now collaborate on licensing, and they are all collecting remuneration from the market. In Rwanda, the organisation RSAU has collected 2.6 times more remuneration than was budgeted, and is expected to be self-funding as from next year.

The quality of NORCODE's courses, which are part of its training programme, were improved in 2018. We have seen a substantial growth in the number of applicants for the courses, and the feedback has been excellent. The long-term effect also appears to be satisfactory, which implies that the organisations are benefiting from the new knowledge and the effectiveness of their work is increasing.

NORCODE drew from its equity in 2018, as expected, but due to savings we only spent 2 of the 3 million (NOK) that was budgeted.

In addition to supporting and collaborating with collective management organisations in Africa and Asia, NORCODE also started phase 1 of the pilot project, CMO-in-a-Box. The purpose of the project is to develop optimal digital tools that will increase the efficiency of collective management organisations in the music field in developing countries.

In 2018, NORCODE's 1-year training programme for all copyright areas was prepared and implemented for the regions of Asia and Caribbean/Central America.

NORCODE conducted a meeting with State Secretary Jens Frølich Holte from the Ministry of Foreign Affairs, where the subject was digital strategy as part of the development work.

Start-up operations – new projects

Pilot project – Digital CMO-in-a-Box

In 2018, NORCODE started a digital project in Ghana for the purpose of developing CMO-in-a-Box. The pilot project is being conducted in collaboration with Ghana Music Rights Organization, GHAMRO, which also supports NORCODE in our testing of the application-based tool in an optimum digital environment. The aim is to develop a structure and model with application-based tools and documentation, adapted for collective management organisations in the music field in developing countries, where there is currently a lack of such; these are young and growing markets.

The project will identify current best practices, and based on these, develop tools in order to improve the efficiency of organisations' start-up, operations, growth and remuneration adapted for local as well as international conditions and for future markets for digital music. The pilot project is based on findings from NORCODE's pre-studies in 2017 and conclusions from the Round Table Conference in Oslo, 23-24 August 2018. NORCODE has planned a 3-year project and awaits a response from The Ministry of Foreign Affairs about further funding.

New feasibility studies

UFMI - Uganda Federation of Movie Industry

Audiovisual rights in Uganda: In 2018, NORCODE conducted a pre-study of UFMI, the Uganda Federation of Movie Industry, with positive results. UFMI is a CMO for audiovisual copyrights and is in a start-up phase. NORWACO, one of NORCODE's former owners, is a partner in the project and has also provided support with funding. The project will start in 2019 and has a timeframe of 3 years. The funding will be approved for on an annual basis.

Shift in NORCODE's focus

2018 was the first year with only two owner organisations, TONO and Gramo. This means that NORCODE's main focus was on the music field.

Comment: NORCODE's 1-year training programme on copyright and related rights (2017-2019) is directed at leaders and executives in collective management organisations (CMO) from all creative fields. NORCODE has projects on copyright outside of music, which is funded by external sponsors.

2. Key figures (NOK)

PROFIT AND LOSS ACCOUNT	2018	2017
Contribution and support	3 885 000	8 617 000
<u>Financial income</u>	<u>25 333</u>	<u>30 833</u>
Total income	3 910 333	8 647 833
Funding of foreign organisations	1 300 000	2 520 000
Project costs	2 825 478	2 450 913
Allocated for future support	-2 053 722	1 941 341
<u>Operating costs</u>	<u>1 838 577</u>	<u>1 735 579</u>
Total costs	3 910 333	8 647 833

Costs: Total project costs in 2018 amounted to NOK 4 125 479. The spending of this year's allocated funds came to NOK 2 053 722. Of this year's project costs, NOK 1 610 000 was covered by the funding from the Ministry of Foreign Affairs.

3. Project support

NORCODE has had firm goals since it was founded in 2007:

- To promote legislation that protects creator's work and intellectual property.
- To create organisations and unions for performers, authors, etc., and
- To provide assistance in the form of expertise and funding for the establishment of

Collective Management Organisations that can secure income for rights holders for the use of the works they have created.

NORCODE's project activities are based on financial contributions from NORCODE's member organisations. In 2018, the agreed financial support was as follows (NOK):

Gramo	450 000
TONO	1 825 000

The Ministry of Foreign Affairs granted an additional 1 610 000 in 2018.

3.1 Projects with local CMOs:

RSAU – Rwanda Society of Authors

RSAU is a CMO that covers all fields of rights in Rwanda. In the start-up phase the organisation has received funding from the national authority for Copyrights, RDB, the Rwanda Development Board. It has been a challenge to increase the knowledge of copyright, and to create acceptance around payment of remuneration. In 2018, RSAU conducted information campaigns and other activities in collaboration with RDB and NORCODE, with good results. The ongoing process of professionalisation, licensing and collection of remuneration started in 2017; in 2018 RSAU made a number of licensing agreements with business parties from various market segments. The organisation is expected to be self-funding by the end of 2019. As a result of the funding from NORCODE, RSAU has been able to establish a compact but efficient administration. In 2018, their licencing revenue was 2.6 times higher than budgeted. There was a 27 per cent increase of membership in 2018, and the first distribution of remuneration is planned for 2019.

NORCODE has contributed to the successful establishment of RSAU and ended the funding by mid-2019, as the organisation is expected to be self-funding by the end of the year.

MRCSN - Music Royalty Collection Society Nepal, PSN – Performance Society of Nepal, MPSN – Music Producer Society of Nepal

An increase in collaboration between the three music CMOs; for composers, performers and producers, was a condition for NORCODE's ongoing support in 2018. The goal of establishing a joint licensing arrangement for the use of music, adapted to the country's mandatory licensing system, was achieved. MRCSN and PSN started distribution of remuneration in 2017, and MPSN started in 2018. As a part of «NORCODE Regional Training Programme on Collective Management of Copyright and Related Rights», a 10-day course module for the Asian countries was arranged in Kathmandu, June 2018. The course received excellent feedback from participants and positive attention in the local media, which reinforced the ongoing work to strengthen copyright in Nepal, a country still affected by political challenges. Leaders from the three music CMOs and the official copyright body took part in the training. The project has been slow and a learning process for NORCODE's project work. NORCODE has now introduced a set methodology including pre-studies and mandatory requirements that must be met before funding will be granted.

In Nepal, NORCODE has contributed to the successful establishment of a self-funded management system for music rights in collaboration with MRCSN, PSN and MPSN.

PRSP – Performers’ Rights Society of the Philippines

PRSP is a CMO for performers in the Philippines. The organisation is well established, but has few members. In 2018, a new leader with experience from the composer organisation, FILSCAP, was hired. PRSP’s main challenges are linked to collaboration around joint collection and authorization as the only CMO for performers, resolution of which is progressing slowly. For the collection of remuneration, the authorities have instructed PRSP to collaborate with the producer organisation, Sounds Rights (SR), but so far SR have not been cooperative. In 2018, there was a decree issued by the authorities to formalise the collaboration in a binding agreement. If SR agree to this, PRSP could be self-funding by the end of 2019. Alternatively, it is expected that PRSP will get permission to collect remuneration, but only on behalf of their own members. The authorities are still showing little understanding of international norms establishing that one CMO for performers represents and collects remuneration on behalf of all local and international performers. PRSP is still working on this challenge in 2019 with the support of the official copyright body, Intellectual Property Office (IPO). PRSP has recruited new members and increased their membership by 50 per cent in 2018.

NORCODE has collaborated with PRSP since 2016. The funding continues in 2019 on the condition that PRSP obtains the right to collect remuneration. A clarification of whether a joint collection with SR will be established is expected soon.

APPA - Vietnam Association for Rights Protection of Music Performing Artists

APPA is a CMO for musicians in Vietnam. The organisation has seen positive development, but suffered from a set-back in 2018 when the authorities introduced a new specification in the country’s copyright legislation. This new specification means that all local and international copyrights and musical works that are played must be searchable on the internet, and the usage has to be thoroughly documented before remuneration can be collected. This is very comprehensive and effectively impossible to implement in practical terms. APPA has engaged a lawyer to see if the new specification is contrary to law. Vietnam has now signed the regional trade agreement, the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP), which means that the country will have to join the WIPO Copyright Treaty and the WIPO Performances and Phonograms Treaty and thus change the practice around performers’ rights. APPA has now signed its first licencing agreement with a local media company, Voice of Vietnam. APPA’s membership increased by 70 per cent in 2018.

NORCODE has collaborated with APPA since 2016. For 2019, funding has been allocated to a consultant who will follow APPA’s ongoing development. Operational support will not be granted until the interpretation of the legislation has been clarified.

3.2 Regional training programmes

The programme is supported by the Ministry of Foreign Affairs which has given 3-years of funding. During the period between 2017-2019, the programme will provide adapted training and capacity building in copyright management for approximately 100 leaders and executives from collective management organisations and official copyright bodies in developing countries. The first programme for participants in Africa was completed in 2018 after all the

mandatory modules of the 1-year programme had been accomplished. A final evaluation was completed 6 months after the individual projects were delivered.

Quotes from participants:

Participant from Kenya: “The in-depth knowledge of the industry given during the course, the online discussion forums and quizzes really helped to broaden my skills and to assist me in carrying out my daily tasks.”

Participant from Nigeria: “As the staff has been trained with the knowledge gained from the NORCODE training, the team has become better.”

Participant from Rwanda: “I also recently negotiated about the licensing of digital content, people were resisting before, but applying the experience I got from the training, I was able to negotiate and persuade users that it is the way things have to go.”

Participant from Tanzania: “The knowledge gained expands my contribution to the organisation. Licensing activities and distribution models was the part that mostly contributed to the achievement of the organisation.”

3.3 International collaboration partners

NORCODE worked closely with international collaboration partners in 2018. Among these are: The International Federation of Reproduction Rights Organisations (IFRRO), The International Confederation of Societies of Authors and Composers (CISAC), The Societies' Council for the Collective Management of Performers' Rights (SCAPR), International Federation of the Phonographic Industry (IFPI), African Regional Intellectual Property Organisation (ARIPO), CARICOM Secretariat, The Association of Caribbean Copyright Societies (ACCS) og The World Intellectual Property Organization (WIPO Academy).

4. Organisation

4.1 Annual meeting 2018

The annual meeting took place in NORCODE's premises in Oslo on 31st May.

The voting delegates were:

TONO: Willy Martinsen (Director of Communications) and Geir Gaarder (Director of Negotiations)

Gramo: Bastian Daae (Communications Adviser) and Jon-Erik Iversen (International Project Leader)

4.2 The Board in 2018

The board of NORCODE, as elected at the 2018 Annual Meeting:

Bendik Hofseth (Chair)

Martin Grøndahl, Gramo – Deputy: Tor Bernhardsen

Svein Korshamn, TONO – Deputy: Cato Strøm

4.3 The Election Committee

The Election Committee for 2018/2019 was elected, and the members are:

Ingrid Kindem, Chair of TONO

Anders Hovind, Vice-Chair MFO

Philip Kruse, Board Member TONO

Deputy: Marte Thorsby, Managing Director IFPI-Norway

4.4 The Board's activities

Six board meetings were held in 2018.

5. Accounting and auditing

NORCODE's accountants are IHS Regnskap AS.

NORCODE's auditor is Chartered Auditor Kåre Uppstrøm, Baker Tilly Grimsrud & Co., Oslo

6. Administration

NORCODE shares office space with GRAMO in Rosenkrantz gate 21 in Oslo, Norway.

6.1 Staff

NORCODE's administration consisted of Managing Director Inger Dirdal in 2018. NORCODE uses a small team of consultants as special advisors for feasibility studies, learning activities and project management. These advisors visit the projects twice a year. In 2018, NORCODE engaged the following external advisors: Thato Mokobi, Bjørn Juell-Sundbye, Tarja Koskinen-Olsson, Nic Garnett, Andreas Lund Molde, Astrid B. Madsen, Kwee Tiang Ang, Benjamin Ng, Pierre-Olivier Lesburguères, Erica Smith, Inger Elise Mey, Shiveta Sooknanan, Juan Luis Marturet, Michael Battiston, Andrew Martin, Evon Mullings and Carlos Bahamòndez.

6.2 Administrative activities

The administration is responsible for the full range of NORCODE's routine operations, including project management, partner follow-up, the maintenance and development of NORCODE's international network, communication work, applications and income-generating activities, as well as the administration and preparations of meetings for NORCODE's Board.

6.3 Gender equality

NORCODE complies with gender equality requirements and follows up on any gender equality issues or questions its international partners may have.

6.4 Health, society and the environment

NORCODE complies with all health, safety and environmental regulations. No personal injuries or sick leave were registered in connection with NORCODE's activities in 2018. NORCODE has a negligible impact on the outdoor environment, and is not subject to any environmental licences or regulations.

7. Conclusion

NORCODE has the resources required to be a going concern.

The Board of NORCODE, Oslo 31. December 2018 / 7. March 2019

Bendik Hofseth
Chair

Martin Grøndahl
Vice-Chair

Svein Korshamn
Board Member