

NORCODE

ANNUAL REPORT 2019

“NORCODE’s main objective is to contribute in building 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 promote human rights. Collective management organizations will be a positive contributor to the economic growth of their countries, through their collections from users of intellectual property.”

1. 2019 – Summary

In 2019, NORCODE completed several projects after the goals were achieved, meaning that the Collective Management Organisations (CMOs) are distributing remuneration to the rights holders, in addition to covering their own administration costs. In Nepal and Rwanda, the CMOs have achieved this, and NORCODE has therefore finalised the engagement.

The Norwegian Ministry of Foreign Affairs has indicated that they will support NORCODE's digital project CMO-in-a-Box (CIB) with NOK 4.3 mill allocated for a period of 3 years. In 2019, the project work was substantially ramped up. CIB is an innovative, future-oriented developing project with the aim of strengthening digital management of remuneration for creative works in developing countries.

2019 was the final year for NORCODE's 1-year training programme on administration of copyright and related rights, which has been running for 3 years. Two training modules were held in 2019: in Accra, Ghana; and in Hanoi, Vietnam. The feedback so far from participants and collaboration partners has been very positive. NORCODE will consider creating a proposal for a new training programme based on current status, evaluations and future needs.

The start-up of the collaboration project with Norwaco to build Uganda Federation of Movie Industry (UFMI), a CMO for audiovisual rights in Uganda, has been positive and the organisation has already started copyright licensing. The project will continue in 2020 with funding from Norwaco. This was confirmed in December 2019.

Start-up operations – new projects

CIB – CMO-in-a-Box:

Developing digital management of remuneration for creative works in developing countries.

In May 2019, The Norwegian Ministry of Foreign Affairs granted funding for further development of NORCODE's digital project in Ghana. Phases 1 and 2 of the 3-year developing project will be conducted in parallel to maintain the original time schedule. This means that software development for copyright licensing and obtaining member data will be done simultaneously, which is also more cost effective and offers technological advantages. The pilot project is conducted in collaboration with Ghana Music Rights Organization (GHAMRO). The goal is to develop a cloud-based model with simple, module-based solutions which can be operated from a mobile phone, and will include the following services/areas: Front Office (member registration, registration of creative works), Digital Resource Repository (DRR) (warehouse, database) and Back Office (fair distribution of remuneration) for CMOs in developing countries.

Political uncertainty around the will and ability of the World Intellectual Property Organization (WIPO) to keep their initial articulated obligations to further develop WIPO Connect, led to a shift in the design phase. It means that we were required to go deeper in order to develop a model less dependent on GHAMRO's and other organisations' choice of technological platform. Paradoxically, WIPO's absence from the project has led to lower developing costs for the third-party suppliers than was budgeted for, since the software developers have self-interest to link the tools to their own platform and subsequently

achieve competitive advantages. NORCODE focused strongly on the development and description of the model, which will make it easier to tender for the different modules. The Copyright Registrar in Accra wants to use the model as a compulsory repository platform, which means that it can be used as a national music archive in Ghana.

Four participants from Ghana attended NORCODE's regional course in Accra in 2019. The organisations GHAMRO, ARSOG, CopyGhana and the Copyright Office in Accra each sent one participant.

UFMI - Uganda Federation of Movie Industry

UFMI is a CMO for audiovisual rights, and in the building phase. The 1-year project in 2019 was conducted in collaboration with Norwaco, who also granted funding. The development of UFMI to be a self-funded CMO is positive and licensing has only just started. UFMI's extensive information programme directed at users of copyright-protected audiovisual works, and rights holders, achieved good results. During the first three quarters of 2019, the organisation gained 561 new members; an increase of 67 per cent. UFMI also visited users and held information courses to increase copyright acceptance, and also prepared for the licensing work. Several information brochures on copyrights were produced.

Before licensing started, UFMI's main income came from the sale of holograms, a measure based on Uganda's anti-pirate regulations stipulating that every DVD must contain an approved security device in order to be sold. In 2019, UFMI was also approved as the country's only authorised organisation with the permit to issue licences to film libraries (DVD rentals). The work to issue licences and collect remuneration has just started, and will be an important source of income for the organisation in the future.

UFMI implemented the new guidelines from the official body, Uganda Registration Services Bureau, including a new combination of rights representatives on the board. The engagement will continue in 2020 with a new project funded by Norwaco.

One participant from UFMI attended NORCODE's regional course in Accra in 2019.

NORCODE's focus

Since 2018, NORCODE has had two owner organisations, TONO and Gramo. This means that NORCODE's main focus is in the music field.

Comment: NORCODE's 1-year training programme on copyright and related rights (2017–2019) is directed at leaders and executives in CMOs from all creative fields. NORCODE also has single projects for copyright areas outside of music, which are funded by external sponsors, e.g. UFMI in Uganda supported by Norwaco.

2. Key figures (NOK)

PROFIT AND LOSS ACCOUNT	2019	2018
Contribution and support	5 819 000	3 885 000
Financial income	8 647	25 333
Total income	5 827 647	3 910 333

Funding of foreign organisations	839 909	1 300 000
Project costs	4 396 350	2 825 478
Allocated for future support	-1 201 732	-2 053 722
<u>Operating costs</u>	<u>1 793 120</u>	<u>1 838 577</u>
Total costs	5 827 647	3 910 333

Costs: Total project costs in 2019 came to 5 236 259. The spending of this year's allocated funds came to 1 201 732. Of this year's project costs, 3 014 000 was covered by the funding from the Ministry of Foreign Affairs.

3. Project support

Since it was founded in 2007, NORCODE has had firm goals:

- To promote legislation that protects the creator's work and intellectual property.
- To create organisations and unions for rights holders, and
- To provide assistance in the form of expertise and funding for the establishment of CMOs and official copyright bodies 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 2019, the agreed financial support was as follows (NOK):

Gramo	500 000
TONO	1 825 000

In 2019, The Norwegian Ministry of Foreign Affairs granted an additional 1 724 000 for regional training programmes and 1 290 000 for a digital management project (CIB). Norwaco granted 480 000 to support the UFMI project in Uganda.

3.1 Projects with local CMOs:

RSAU – Rwanda Society of Authors

RSAU is a CMO that covers all rights in Rwanda, and the organisation's positive development continued in 2019. A number of new licensing agreements were signed, and simultaneously several information campaigns and workshops on copyright were conducted.

The licensing work was strengthened with a staff of field inspectors, while the organisation continued to have a small and efficient administration. The collaboration with Rwanda Development Board (RDB) is still important for RSAU's work to increase knowledge and acceptance for copyright and related rights in Rwanda. RDB also took the initiative to approach WIPO for technical assistance, and a delegation of international copyright specialists visited the country in December 2019. According to RSAU's CEO, the visit was successful and the delegation indicated that they would recommend WIPO to provide Rwanda with technical support.

In November 2019, RSAU marked the occasion of their first distribution of royalties: RWF 8 200 000 (NOK 84 000) was distributed to 82 members. This also led to 15 superstars who had previously not wanted to join, becoming members of RSAU. Many members took part in the historic, memorable celebration at Hotel Milles Collines, the first hotel RSAU made a licensing agreement with. Both established artists and young newcomers contributed the entertainment at the event.

One participant from RSAU attended NORCODE's regional course in Accra in 2019.

The project started in 2015. NORCODE has contributed to a successful establishment of RSAU and finalised the funding in mid-2019.

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

The project to establish self-funded music CMOs in Nepal was finalised in the autumn of 2019. This has been NORCODE's longest project. There have been several major challenges to this project, not least the earthquake in 2015 which was a major setback for the ongoing work. In 2016, the authorities introduced mandatory licensing and the implementation started in the transportation sector. The intention was that the three music CMOs would collaborate on licensing. The way this was organised meant that MRCNSN, PSN and MPSN were responsible for different areas, but they did not establish a joint licensing unit, which undoubtedly appears to be the most efficient solution. According to the Copyright Registrar, he will consider options for how to 'force' the three CMOs, respectively composers, performers and producers, to collaborate on licensing. Most of all, he would like to merge the three organisations into one music CMO. In reality, this solution would be a continuation of NORCODE's engagement and recommendations.

Two participants from Nepal attended NORCODE's regional course in Hanoi in 2019; one each from PSN and MRCNSN.

NORCODE has contributed to a successful establishment of a self-funded management system for copyright on music in Nepal, in collaboration with MRCNSN, PSN and MPSN.

PRSP – Performers' Rights Society of the Philippines

PRSP is a CMO for performers in the Philippines. By the start of 2019, there were positive signals from the Intellectual Property Office (IPOPIL) and it looked like a solution for joint collection of remuneration, accepted by both the producer CMO, Soundrights (SR), and PRSP, was within reach. PRSP was optimistic, but unfortunately the process to develop a joint CMO came to a halt. IFPI Asia, representing the recording industry, has followed the situation in the Philippines closely and now joined in with a suggestion to establish a joint CMO for performers and producers, which would be responsible for both licensing and distribution of remuneration. IFPI would take the financial responsibility in the building period, and all parties should be represented on the board; PRSP was envisioned holding 2 out of 8 seats.

While waiting for the parties to finally establish a formal collaboration, IPOPIL suspended the licences for both the performer CMO, PRSP, and the producer CMO, SR. It appears that the only option left to solve the deadlocked situation is that the authorities intervene and control in detail the establishment of a joint CMO for copyright and neighbouring rights.

Additionally, that the new Copyright Registrar, the leader of IPOPHIL, will implement this solution as soon as possible. PRSP will have a good foundation to be self-funded if the plan for joint collection with SR becomes a reality.

Four participants from the Philippines attended NORCODE's regional course in Hanoi in 2019: one from PRSP, two from SR and one from FILCOLS.

NORCODE has collaborated with PRSP since 2016. The funding was held back in 2019 when conditions were not being met. In the budget for 2020 there is allocation for NORCODE's consultant to make a last trip to the Philippines to write a final report.

APPA - Vietnam Association for Rights Protection of Music Performing Artists

APPA is a CMO for musicians in Vietnam. APPA is now well established as a copyright platform and has strengthened its position as the country's only CMO for performers. There is still a way to go before APPA can operate as a self-funded organisation and this is simply not realistic given the current copyright legislation. There have been some positive signals and reason to hope that the Copyright Office of Vietnam (COV) will accept international copyright administration. As a consequence of Vietnam signing the trade agreement Trans-Pacific Partnership (TPP) in the beginning of 2019, they are committed to ratify the WIPO treaties WCT and WPPT in January 2022 at the latest. COV is a driving force for joint licensing for all music rights, but has not expressed any wish that the country should have only one music CMO. The interpretation is that APPA may continue to operate as a CMO for performers.

The situation is somewhat chaotic, but with the obligations in the TPP agreement there is hope of seeing a gradual improvement towards 2022. NORCODE completed the project in 2019, but hopes to follow APPA's development going forward. According to plan, APPA accomplished a symbolic distribution in January 2020.

Four Vietnamese participants attended NORCODE's regional course in Hanoi in 2019: one each from APPA and VIETRRO, and two from VCPMC. Two representatives from COV contributed with a presentation as part of the programme.

NORCODE has collaborated with APPA since 2016. For 2019, funding was granted for a consultant working as an adviser for the organisation, while no funding was granted for operations.

3.2 Regional training programmes

2017-2019: With 3-year funding from the Norwegian Ministry of Foreign Affairs, NORCODE's competence-building programme has given adjusted training on management of copyright and related rights for 97 leaders and executives from CMOs and official copyright bodies in developing countries. The fifth and last training module was held in Hanoi, Vietnam for participants from Asia in November 2019. Another training module was held for Africa in Accra, Ghana in May/June 2019. Most of the relevant candidates from CMOs and official copyright bodies in developing countries have now gone through the programme. A review of the results for NORCODE's training programme arranged in Africa, Asia and the Caribbean in 2017-2018 showed good long-term effects, and the majority of the participants achieved a

substantial professional benefit from the 1-year programme. The following competence areas were emphasised to be of particularly great importance:

- Holistic understanding of the CMO as an enterprise
- Good structures for governing and administration, sustainable operation
- Digital administration options
- Transparent systems for licensing and distribution
- Negotiation techniques and competence.

Quotes from participants:

After the completion of all mandatory modules of the 1-year programme in 2019, a final evaluation was conducted, and based on feedback from all participants at the courses for the Asia and Caribbean regions, held in Kathmandu, Nepal and Barbados, Caribbean. The evaluation was conducted six months after the participants' assignments were delivered.

Participant from Hong Kong: "The market research that I undertook for the study project was useful for the current licensing activities of BruMusic, Brunei. It helped me build a roadmap and monitor the penetration rate as licensing activities developed."

Participant from Nepal: "Firstly, it helped me to learn about the functioning of similar CMOs in other countries. The training helped me understand the licensing system more appropriately. As a result, I have been able to convince the board regarding the procedures, which has been tremendously helpful in lobbying with the concerned ministries in the government."

Participant from the Philippines: "As a Membership Manager, it helped me to properly explain to performers the importance of signing up to a CMO and how they will benefit from it. It also gave me some insights to the best practice from sister CMOs through their experiences and how to adopt it in our local setting."

Participant from Barbados: "As I am required to attend several meetings with respect to the operations at COSCAP, the training has helped me greatly, as I have gained a greater knowledge in the subject areas and in particular the digital environment."

Participant from Jamaica: "Providing explanations to members on why they may not see as much royalties from online streaming platforms such as YouTube, Spotify etc. Due to multinational digital players unwilling to work with such a small region and agreements are not fully in place."

3.3 Training: Evaluation and future needs

In March 2020, NORCODE had planned a roundtable conference in Brussels with the aim of evaluating the 3-year running programme with representatives from participants, lecturers, and collaboration partners. Due to the coronavirus pandemic, the conference was postponed until a later date. In the interval, an online evaluation will be executed with a representative selection of contributors, and all partners. There are also plans to conduct a survey with all lecturers engaged in the five completed regional courses. Subsequently, NORCODE will initiate a discussion and ask for feedback and suggestions from our international collaboration partners.

Based on the results from our online evaluation, survey for lecturers, and feedback from our collaboration partners, NORCODE will consider creating a proposal for a new updated training programme. Possible areas for further consideration include: good government for CMOs; options and challenges in the digital environment; and the use of social media for rights holders.

3.4 International collaboration partners

NORCODE worked closely with international collaboration partners in 2019. 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), and The World Intellectual Property Organization (WIPO).

4. Organisation

4.1 Annual meeting 2019

The annual meeting took place in NORCODE's premises in Oslo on 21. May. The voting delegates were:

TONO: Helene Rognøy (Executive Assistant) and Hilde Vangen (Music Reporting Consultant)

Gramo: Rita Mamelund (Information Manager) and Bastian Daae (Communications Adviser)

4.2 The Board in 2019

The board of NORCODE, as elected at the 2019 annual meeting:

Bendik Hofseth (Chair)

Francisca Aas (Vice-Chair)

Martin Grøndahl, Gramo

– Deputy: Linda Dyrnes

Svein Korshamn, TONO

– Deputy: Inger Elise Mey

4.3 The Election Committee

NORCODE's Election Committee for 2019/2020 was elected, and the members are:

Anders Hovind, Vice-Chair, Creo

Tine Tangestuen, Chief Administrative Officer, NOPA

Cathrine Ruud, Secretary General, Norwegian Music Publishers Association

Deputy: Marte Thorsby, Managing Director, IFPI-Norge

4.4 The Board's activities

Five board meetings were held in 2019.

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

In 2019 NORCODE's administration consisted of Managing Director Inger Dirdal. 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 2019, NORCODE engaged the following external advisors: Thato Mokobi, Bjørn Juell-Sundbye, Tarja Koskinen-Olsson, Mari Wallgren, Chinedu Chukwuji, Jotam Matariro, Robert Hooijer, Aleksander Cvetkovic, Samuel Sangwa, Nicholas Garnett, Andrew Prodger, Andreas Lund Molde, Astrid B. Madsen, Kwee Tiang Ang, Benjamin Ng, Rajat Kakar, Scot Morris, Sarah Tran, Ramani Ramalingam, Kyoko Kojima and Pierre-Olivier Lesburguères.

6.2 Administrative activities

The administration is responsible for the full range of NORCODE's routine operations, including project management, partners' follow-up, the maintenance and development of NORCODE's international network, communication work, applications and income-generating activities, as well as the administration and preparation 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 2019. 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 2019 / 30. March 2020

Bendik Hofseth
Chair

Francisca Aas
Vice-Chair

Svein Korshamn
Board Member

Martin Grøndahl
Board Member