

BOARD REPORT 2002 –2003

Presented by the President of IFRRO

General overview:

The last year saw the collection of reproduction right fees worldwide reflecting the negative effects of the general economic slow down – with collections slightly decreasing for both RROs and music collecting societies.¹

This recession of the entire cultural and entertainment sectors have seriously affected the national and international representation, lobbying and public relations activities. Inevitably, the crisis has also been felt by IFRRO with a number of membership cancellations, brought about by the scarcity of funds available outside the strict survival of the concerned structures. As such we have lost five members since our last meeting².

The contributions to the Development Fund reduced also considerably in terms of the number of contributors, as fewer and fewer organisations are able to spare funds for representation and development work.

Despite this difficult business context, IFRRO has managed to carry out its usual activity, and moreover to strengthen its presence in the international arena and to actively assist a series of emerging RROs through creative and practical projects. The Development work has also been facilitated by an exceptional donation offered by Stichting Reprorecht, financed from undistributable international fees.

Therefore, on behalf of the Board, it is with pleasure that it can be reported to the membership that the challenges launched last year by the AGM were successfully met in 2003 and in several areas even surpassed.

The Board, supported by an excellent Secretariat, forged a strong and balanced development and internal communication policy, and consolidated the administrative and financial infrastructures necessary to pursue IFRRO's strategic actions.

The work carried simultaneously at several levels included:

- a. positively re-positioning IFRRO vis-à-vis international and European organisations active in the defence and promotion of copyright : i.e. WIPO, EU Parliament.
- b. enhancing the presence and impact of IFRRO within the IPR non-governmental sector.

¹. Total RRO Collections 2002-2003 = 351.081.666 €; Total RRO Collections 2001-2002 = 354.195.200 €
Total Music Collecting Societies 2002-2003 = 22.838.301 €;
Total Music Collecting Societies 2001-2002 = 24.679.500 €

². Cancellations since AGM 2002 : Stichting Beeldrecht, FGEE, SOZA, ASMP, SGDL

- c. promoting throughout all regions, a coherent and sustainable RRO development policy and appropriate copyright and reprography rules.
- d. re-structuring the administration and the finances of IFRRO's in order to provide sound working tools for the implementation of the organisation's ambitious agenda.

Achievements:

From the main achievements of the year, the most outstanding is probably the signature with WIPO of a cooperation agreement in the field of development, covering all regions of the world and the largest possible IPR promotional agenda. The Board wishes to acknowledge the vital role of our honorary president Tarja Koskinen-Olsson in this important project. IFRRO is now looking forward towards the implementation of this international agreement, being very keen to undertake an active role in devising and monitoring assistance schemes that will provide the RROs, the public, the non-governmental and the professional circles with up-to-date information and practical advice on reprography in particular and on IPR in general.

Another event of special symbolic value has been the re-payment by CLASS (Singapore) of the loan provided by IFRRO under the Development Fund. Apart from the possibility to re-use the money for other RROs support schemes, the re-payment of CLASS's loan is the proof of the success of our development work. Initiated originally by CAL as a Regional Trust Fund, the Development Fund became a long term, reliable instrument of real assistance to the development countries. With the design of new procedural rules and templates for the granting of Development Funds, we are professionalizing the assistance work aimed towards the emerging RROs and we do hope to obtain increasing success in the future.

None of these would have been possible without the invaluable and intense work of IFRRO's groups and regional committees, which acted appropriately, multilaterally, regionally or bilaterally, depending on the nature of the problem, in order to enhance the respect for the sector.

Résumé of the year's activities

Regional Groups

In 2002-2003, the European Group had to ensure the role of interface in a difficult and complex battle on the European lobbying scene, orchestrated without any discernment by the major equipment industry against collective management societies. The outcome of this dispute led to two major achievements for our organisation. Firstly the point of view of IFRRO, defending copyright in its diversity has been heard and taken into account to the highest level of decision-making in Europe. Secondly, it catalysed the dialogue on the issue of digital rights management among our own members and between IFRRO and the publishing community, opening a window of opportunity for consultation and doing business.

The European Group also followed several pan-European projects in the field of copyright, such as the "anti-piracy declaration of the European Parliament", the EU Commission Communication on Collective management and the European Parliament's initiative on the same issue.

In the field of development work, the European Group had established a working sub-group – European Development Work Group that has already drafted a country evaluation matrix, in order to objectively evaluate the need and the type of assistance to be provided to each country.

The Asia- Pacific Committee has been especially active this year and if the unfortunate SARS epidemic would not have slowed its activity, we would have probably witnessed to a record year in terms of assistance and business consolidation schemes, which culminates today with the of the Singaporean loan.

The Latin American Committee was also extremely busy with the organisation of a series of seminars in Columbia, Guatemala, Argentina, and encouragement given to the pioneering cross-border project in the Caribbean region. A deplorable fact was the impossibility to grant a loan to the Argentinean local RRO because of the precarious financial and economic situation, which would have made the repayment of a loan impossible.

The African region benefited from a series of assistance events, although it faced a clear slowdown in its activity.²

Working groups

Nothing is of such value as much as good knowledge and exact information. Therefore, the Board felt that it is essential for the IFRRO to benefit from the advice and guidance of a handful of “wise men and women”, in order to help define its position and policy statements. The Board decide therefore to create a Legal Issues Committee, whose mandate should not only be “legalistic”, but also be as wide as possible, providing knowledgeable advice to the Board and the Secretariat on a series of sensitive issues.

Across working groups and committees, one question was omnipresent this year: how can RROs participate in the digital environment, in order to serve even better the rightholders’ interests.

Although the Digital Issues Working Group was at the forefront of this movement, in practice each and every committee had to calculate the impact that technology brings to its sector, both positively and negatively, and needed to explore ways to bring benefits to rightsholders, users, and RROs from electronic reprography and digital distribution of intellectual property.

Another issue of special concern this year was the increase in the “copy left” feelings and actions, has stirred up the reaction of IFRRO and required the mobilisation of expertise to combat these tendencies in an intelligent and credible manner.³

Administrative and Financial Restructuring of the Secretariat

Financial and administrative restructuring of the office was one of the main tasks for both the Board and the Secretariat during this past year.

² Extensive reports from the regional groups and regional committees are available in the Activity Report 2002-2003.

³ Extensive reports from the technical working groups are available in the Activity Report 2002-2003.

As rightly pointed out during the AGM 2002, the Brussels office was in a state of disarray in early 2002, when the new Secretary General took over, due to the significant changes in the management team and to the different managerial and accountancy styles.

While the issue of personnel stability seems not to have found yet a long-term solution, the financial and legal arrangements of the IFRRO's administration have radically improved.

An in-depth restructuring of the accountancy books and procedures took place from November 2002 to March 2003, in which all files including the Development Fund have been reviewed, verified and put into order. As the Treasurer mentioned in his note to the membership of 6th May 2003, as a result of this in-depth investigation, no mismanagement of funds has been identified, but just confusion on the terminology and categories of bookkeeping, employed by the auditors and the accountant at that time.

The new accountancy and auditing team are now keeping a close and regular control on all the financial transactions, and are informing the Board on a monthly basis about the state of expenditure.

The way forward:

While the progress achieved so far is incontestable, there are also some areas on which both the Board and the Secretariat will need to concentrate further next year. These areas are notably:

- IFRRO Statutes. Despite numerous changes and modifications in the Statutes, we cannot yet report that we have received a final version agreeable for both the Belgian law and IFRRO's Board. The delay in the finalisation of Statutes is due to the changes in the Belgian legislation (July 2003) that requires that non-profit organisation review their founding documents before December 2004.
- Communication policy. Noting the importance of the matter, the Board considered it vital to give proper consideration to this issue and to devote sufficient human and financial resources to modernise and to enlarge the purpose of IFRRO's internal and external policy. Regarding the ambitious proportions of this project, only the terms of reference have been drafted until now, but it is hoped that the work (which will require an outside contractor) will be launched early next year. This project will be made possible through the financial reserves created over the last few years from the operational funds of the organisation.
- Another area in which the Board would like to see further concentration of efforts is in stimulating the creation of RRO's worldwide and, as a consequence, increasing the membership of IFRRO. Through more focused and tailor-made assistance under the Development Fund and through a more proactive membership policy, we do hope that in 2003-2004 we will stop the net loss in IFRRO memberships, and even be able to reverse the downward trend of recent years. With this aim in mind, the Chairs of the regional committees are very actively supporting at regional levels the creation of RROs.

Coming to an end of a Presidency, IFRRO is also looking towards a new stage of development. At all levels of society and across the globe, copyright is seeing a decline in respect and an increase in abuse. In this environment, the role of IFRRO is more important and difficult than ever.

It is vital, through the concentrated action at the level of the Board and of the Secretariat, but mainly through local action at regional level, that we strive to counterbalance this negative attitude and strengthen RRO's presence and role in cultural and education conservation.

With the outstanding pool of human and national expertise at our disposal this objective will certainly be successful.

Thank you

On behalf of the Board and the Secretariat

André F. Beemsterboer
President