

SOUND  
DIPLOMACY

# GLOBAL FUNDING TRENDS FOR POPULAR MUSIC

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- **THIS REPORT WILL DEMONSTRATE A NUMBER OF TRENDS IN HOW GOVERNMENTS INTERACT WITH AND SUPPORT POPULAR MUSIC AND MUSIC BUSINESSES.**
- **WE WILL LOOK AT NEW INITIATIVES IN FUNDING MUSIC EXPORT OFFICES, NEW FUNDING STREAMS AND CLUSTER DEVELOPMENT AROUND THE WORLD.**

An abstract graphic on the left side of the slide features overlapping, semi-transparent shapes in shades of yellow, red, blue, and green, resembling stylized leaves or petals. On the right side, a light blue wireframe of a 3D geometric shape, possibly a cube or a similar polyhedron, is visible against the white background.

# **POPULAR MUSIC FUNDING:**

- **OVER 70 COUNTRIES SUPPORT POPULAR MUSIC BUSINESS AROUND THE WORLD.**
- **THIS DERIVES FROM NATIONAL, REGIONAL, LOCAL AND INTERNATIONAL FUNDS.**
- **POPULAR MUSIC IS USUALLY DEFINED AS MUSIC NOT TRADITIONALLY COVERED BY ARTS COUNCIL AND MINISTRY OF CULTURE INITIATIVES, SUCH AS CLASSICAL, OPERA AND JAZZ.**
- **CANADA AND NORWAY ARE THE WORLD'S LARGEST FUNDERS, PER CAPITA, OR POPULAR MUSIC TALENT AND BUSINESS DEVELOPMENT.**



# TYPES OF FUNDING SUPPORT

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- **THERE ARE A NUMBER OF REASONS THE STATE FUNDS POPULAR MUSIC:**

In the last five years, despite recession, popular music talent development (state support in popular music) has increased. This is due to a number of factors, including:

1. Convergence of economic and social objectives; Often, supporting music - as a standalone - has been reserved for cultural objectives and policies. While this is still overwhelmingly the case, trends are showing a growing shift towards using music business development as a state economic indicator - i.e a strong music offer can provide revenues back to state coffers.
2. An increase in 'export offices'; While a mainstay at MIDEM since the 1970s, the emergence of 'music export' constructs has increased in the last five years, with over 20 countries emerging with new initiatives within the concept and outline of a 'music export office'. Examples include Latvia, Tunisia, Israel, Chile and others. These structures are not organised and differ depending on the country, but most have state funding.
3. Territorialisation; In many countries, a focus on increased regionality has enhanced state desire to fund popular music. In Canada, each province operates their own structure separate to the national government, which is echoed in France, Australia, the UK and other countries.



## **EXAMPLE 1: MOMENTUM MUSIC FUND (ENGLAND ONLY) AND MUSIC EXPORT GROWTH SCHEME, UNITED KINGDOM**

**IN THE UNITED KINGDOM AND ITS FOUR INDEPENDENT COUNTRIES, A NUMBER OF PROGRAMS HAVE BEEN DEVELOPED SINCE 2009 WHICH PREVIOUSLY NEVER EXISTED, SPECIFICALLY TARGETED CONTEMPORARY, POPULAR MUSIC MAKERS AND ASSOCIATIVE BUSINESSES.**

### **MOMENTUM MUSIC FUND, ENGLAND, PRS FOR MUSIC FOUNDATION:**

- Launched in 2013 by PRS for Music Foundation, with £500,000 of investment from Arts Council England, Momentum helps talented artists and bands to further their careers by providing them with vital access to finance. Grants of between £5,000 and £15,000 were awarded to 68 artists in the two year pilot scheme. And we are pleased to announce an extension and expansion of the programme, with additional funding available to support a further 50-60 artists in 2015-16.

### **UKTI MUSIC EXPORT GROWTH SCHEME:**

- The Music Export Growth Scheme is designed to make available grants ranging from £5,000 - £50,000 to UK-registered independent music companies to assist them with marketing campaigns when looking to introduce successful UK music projects overseas.

**BOTH FUNDS INDICATE A SHIFT TO RECOGNISING THE TREND THAT POPULAR MUSIC MAKERS, LIKE ALL MUSIC MAKERS, SHOULD BE ELIGIBLE FOR INVESTMENT SUPPORT IF THEIR PROJECTS ARE DEEMED SUITABLE. THESE ARE THE FIRST FUNDS TO TARGET POPULAR MUSIC MAKERS IN THE UK.**



## EXAMPLE 2: CANADA: ONTARIO MUSIC FUND

### ONTARIO MUSIC FUND:

- Worth \$45m CAD over a three year period and initiated by the Ministry of Culture, Tourism and Sport, the Ontario Music Fund is available for both major and indie labels, promoters, researchers and artists - the caveat is that the business must be based in Ontario, Canada. This is the largest fiscal injection of funds into Canadian popular music funding in its history.
- The OMF is structured to complement other public funding programs and aims to address investment gaps at key phases of company and industry development cycles. It provides support through four (4) program streams to music companies (record labels, music publishers, music managers, artist entrepreneurs, music promoters, music presenters, and booking agents), and music industry trade, service, event and training organizations.
- Prior to this, funding was tied to private broadcaster contributions (a contribution on their overall revenues and a percentage contribution with any consolidation), with state funding often matching this. The Ontario Music Fund changed this, significantly increasing the amount available for music makers and business. Already, Universal Music Group, Live Nation and other multinationals have benefitted from the fund. ([http://www.omdc.on.ca/music/the\\_ontario\\_music\\_fund.htm](http://www.omdc.on.ca/music/the_ontario_music_fund.htm))



## EXAMPLE 3: EASTERN EUROPEAN INITIATIVES

**MOST POST SOVIET BLOC COUNTRIES, IN THE LAST 5-7 YEARS, HAVE BEGUN TO INVESTIGATE THE VALUE OF THEIR POPULAR MUSIC BUSINESS DOMESTICALLY, THROUGHOUT THE REGION AND INTERNATIONALLY. THIS HAS LED TO AN INCREASE IN FUNDING AND ACTIVITY ACROSS THE REGION, ALBEIT STARTING FROM VERY MINIMAL BEGINNINGS.**

- **LATVIA**

Latvia has initiated a Music Export Office ([www.musiclatvia.lt](http://www.musiclatvia.lt)) and fund artists to perform at showcase festivals, including Reeperbahn and Eurosonic.

- **LITHUANIA**

Promoters and music businesses in Lithuania are in the process of establishing a Music Business Association and collaborative 'Export Office' model to lobby the government for more education and business development support funds. This will lead to more support in Lithuania throughout 2015.

- **ESTONIA**

Estonia has just launched Music Estonia, a new public/private music lobbying partnership to further internationalise and provide support for new bands from the country. The state also funds the increasingly popular Tallinn Music Week festival, which features acts from 20 countries.



## EXAMPLE 4: VC's and STATE INVESTMENT INITIATIVES

IN THE UK, UNITED STATES AND OTHER COUNTRIES, THERE ARE PRIVATE VENTURE CAPITAL FIRMS DEDICATED EXCLUSIVELY TO THE MUSIC INDUSTRIES. THEY INCLUDE GOOGLE VENTURES, INGENIOUS MEDIA AND OTHERS.

### SOME EXAMPLES:

- **POWER AMP MUSIC UK**

An 'Enterprise Investment Scheme', Power Amp provides investors opportunities while shielding two-thirds of their investment through state protection, which is guaranteed through the UK Exchequer.

Provided the underlying investments are held for at least three years, EIS qualifying investors are entitled to benefit from four separate tax advantages, including:

- 30% EIS Income Tax Relief
- Capital Gains Tax Exemption
- 100% Capital Gains Tax Deferral from the previous 3 years
- 100% Inheritance Tax Relief

The Enterprise Investment Scheme (EIS) is designed to help smaller higher-risk trading companies to raise finance by offering a range of tax reliefs to investors who purchase new shares in those companies.

- **INGENIOUS MEDIA**

Ingenious specifically invests in 'media and entertainment', including music. Artists they have worked with include Funeral for a Friend and amounts total over £50m of private equity funds.





## FURTHER TRENDS:

- **POPULAR MUSIC FUNDING WILL CONTINUE TO INCREASE**

States are beginning de-facto A&R structures, often replacing the now largely defunct A&R system that existed in the past. They are spotting and providing support to develop acts, although they remain no structure or global analysis as to the impact of this funding on the sector.

- **POPULAR MUSIC FUNDING WILL CONTINUE TO DEVELOP A SUB-SECTOR IN THE MUSIC INDUSTRY**

Increasingly new states are emerging with aspirations tied to both economic and cultural development, including soft power branding, business support and electoral influence. Just this year, there are over 120 recorded showcase festivals around the world, most subsidised either by national, regional or municipal state coffers.

- **ACCESS TO FINANCE WILL INVOLVE GOVERNMENTS MORE AND MORE**

From creative Europe to the Ontario Music Fund, Music Austria grant support to UK's music export growth scheme. The debate around access to finance will continue to further involve the state, as they are one of the more reliable sources of financing in the industry.

# ABOUT THE AUTHOR

**Shain Shapiro** is the founder and managing director of Sound Diplomacy. Before founding Sound Diplomacy, Shain was the UK and EU representative for the Canadian Independent Music Association, a role he continues through Sound Diplomacy. He has a PhD from Birkbeck, University of London and guest lectures at half a dozen universities across Europe. He has delivered presentations at SXSW, MIDEM, WOMEX, Canadian Music Week and others and has given workshops and lectured in over 20 countries. He has authored a course for Berklee College of Music and manages a team that works in over 20 countries, with offices and representatives in London, Barcelona, Berlin and Mumbai.

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