

Financially Viable Media in Emerging and Developing Markets





Financially Viable Media

in Emerging and Developing Markets

Project supported by



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Preface

For many years WAN-IFRA has worked as a partner with international aid agencies, foundations, and fellow NGOs to promote the development of quality news media around the world and advance the values of press freedom and access to information.

In recent years, both the news media and media markets have undergone a massive transformation. The media development community has not always been able to keep up with developments on the ground, and many new initiatives have been launched as educated guesses. WAN-IFRA, as a membership organization made of up hundreds of news media around the world, found itself in a unique position to gather data about the impact of new technologies and economic trends on the world's leading news content providers.

In 2010, with support from the Swedish International Development Agency (SIDA), WAN-IFRA conducted an extensive survey and collected massive amounts of data on media, market trends, and the impact of media assistance, much of it never available before. In assembling this report, WAN-IFRA commissioned experts to create in-depth case studies of five countries: Egypt, Georgia, Guatemala, Mozambique, and Vietnam, to indicate how trends may vary in diverse regions.

This report presents several striking findings:

1. Although censorship and violence against journalists still occur in many places, many other countries have shaken off the political controls of the past and are operating with unprecedented freedom.
2. Many media managers and editors in developing countries find that they are unable to take full advantage of their new freedoms because they lack basic skills in business management.
3. Leading editorial managers in many regions say they have greatly benefited from media development assistance in the past. But mounting economic pressures make it more difficult to sustain their hard-won advances on the editorial front. These managers see the need for a media assistance paradigm shift that will help them build a solid economic foundation to support the creation of quality content, increasingly, on multiple platforms.
4. Digital media are sweeping the globe, but in different forms and at different paces, depending on region, culture, and economic conditions. Their impact on lega-

cy media also varies wildly: from deteriorating the business model of newspapers in North America, to creating record profits for many news organizations in Latin America. In the spirited debate taking place around media innovations, some parties have been tempted to describe legacy media and online media as adversaries. The country chapters of this report make it abundantly clear that they are complementary, each offering services the other cannot. A healthy media ecosystem needs both.

This report has made a serious attempt to expand the field of available data to describe the world's rapidly changing media landscape. However, readers are cautioned that the data-gathering in this area is still in an early phase. The authors have sought the most reliable information, but different institutions use different measures, especially when describing new phenomena such as cell phone usage and internet access. We applaud the efforts of our colleagues to advance media data collection and analysis, including the World Bank, Open Society Foundations, AudienceScapes, UNESCO, Internews and others. We hope that our collective efforts can lead to increased coordination and greater clarity.

International development assistance has been a powerful tool in reshaping the postwar world. However, while official international development assistance runs in the billions of US dollars, assistance directed at support for media and the free flow of information reaches only millions of US dollars. For example, in 2010, \$140.7 million—or less than .003 percent of the total U.S. State Department and USAID budgets—was spent on media development efforts (Mottaz, 2010: 4).

So the ultimate message of this report is two-fold: first, that media assistance matters and is often highly effective. Second, that the paradigms of media assistance need to expand as new challenges to media and the range of possible platforms expand. Just as the bright line between the editorial and the business side is disappearing from the world's newsrooms, the donor community should be alert for new avenues to support quality content and the public's right to know.

Christoph Riess
Chief Executive Officer
 WAN-IFRA

DAILY STAR

Egypt, Jordan urge compliance with 'Quartet' demands

er kills 40 on Baghdad campus

CKS TO ESCHEW SECTARIANISM, WORK INDEPENDENTLY OF AMERICANS

L'Orient LE JOUR

Jeudi 26 Février 2003

Le Hezbollah : Rick Warren l'est de l'interdiction du pro
l'obstruction à fond, Steir
un retour à l'armement des partis

The Economist
The end of the cash era



الانوار

William Khoury
Head of the Press Syndicate
Erasmus College, Beirut

تحذير البطريك صفيح: جميع الأحزاب والفرقا
الداخل السعودي يوفد مبعوثا لدا
الحص في طهران ويدعو الى تعد



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المستقبل

Morino

وزراء خارجية السعودية ومصر والأردن وتركيا وباكستان وإند
دعم حكومة لبنان ودعوة إلى احترام سيادته



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الديار

شنتن على تجاهل دور سوريا يعطل
مهمة ممددة بالفشل اذا هاجمت القوات الأميركية

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Key Findings

Time to Change Gears

1. DONOR APPROACHES:

Donors should adopt a comprehensive approach to media development: one that promotes both editorial independence and business development, thus supporting both editorial quality and financial sustainability. Such an “integrated” model of support should encompass all aspects of media operation, editorial freedoms, and the neglected component of business development.

Business skills are fundamental to the sustainability of media, according to the majority of this survey’s respondents, but they receive little support. In recent years, international aid and assistance resources have been overwhelmingly concentrated on the development of journalism skills, with an emphasis on the hot topics of the day (currently, social media, and convergence technologies). There is only an occasional nod toward educating media professionals in the business skills and market forces that are fundamental to sustaining their news organizations. For news media that lack the tools for survival, even the most impressive editorial enhancements are futile.

Of the 38.2 percent of responding media in emerging and developing markets that reported to have received external aid, a majority stated that their exter-

nal support covered only such areas as journalists’ skills development and new technologies.

One of the least supported areas was the development of skills to support commercial and sales departments and market research. This reality stands in sharp contrast to the opinion of over 75 percent of surveyed newspaper executives from emerging and developing markets, who state that advancing skills in commercial and sales departments creates the biggest opportunities for business development and sustainability.

Examples provided by the Georgia and Vietnam country studies also indicate a consistent mismatch between the needs of media in emerging and developing markets and the type of assistance they receive, suggesting that the media assistance provided to these countries over the past two years was in fact better suited for media in advanced economies. Development strategies need to pay closer attention to country and regional indicators as well as local perspectives and knowledge. One major requirement for achieving press freedom and development goals may well be promoting a sophisticated understanding of local markets and the development of specific media business skills.

2. ECONOMIC FACTORS:

The impact of economic factors on independent news organizations is generally underestimated and often plays a bigger role than political pressure. This study looks at two important segments of media operations: business development and editorial independence. The results challenge the widely held belief that political pressures represent the major challenge for newspapers in most developing countries.

This study reveals that regardless of the level of market development and political freedoms, the majority of newspapers around the world consider the economic climate and market conditions to be the major challenges to editorial independence and the business advancement of their media outlets, and remain a leading challenge at every level of development.

Many stakeholders may resist the idea that understanding markets is a necessary first step toward achieving press freedom and development goals. One particularly challenging finding of this study is that most of the surveyed news managers believe that training in standard demographic audience research and sales skills will do more to further a press freedom agenda than additional training in journalistic ethics or web development. Only a media outlet that understands its audience and market forces can successfully diversify revenue streams to defend editorial independence and ensure sustainability of objective and quality media content.

3. NEW TECHNOLOGIES:

Investment in new technologies can offer a means to leverage content, but it carries no guarantee of significant revenues (in any market). This study demonstrates that despite the frenzied discussions among various journalistic and media elites, revenues from digital sources rarely constitute more than 10 percent of newspaper revenues for the majority of media, even in the most developed countries.

Newspaper companies in mature and saturated markets have embraced digital platforms and new forms of print publishing. As the research data indicates, in doing so these companies have actually grown their product portfolios, audience reach, and revenues. Nonetheless, newspapers in developed, emerging, and developing markets have failed - at least for the time being - to find reliable ways to fund professional journalism through digital revenues.

Moreover, for the majority of the survey participants in emerging and developing economies, new technologies are still a footnote to the core enterprises and still do not represent a relevant business or editorial challenge.

The mismatch between the reality and the expectation for digital revenues is a trend sweeping the media across the globe, including the international media assistance stakeholders, to the extent that to question the dominance of digital is often, in the eyes of the cognoscenti, regarded as heresy.

Where Quality News Meets Stable Working Environment

Some donors may point to the tradition of sponsoring programs to promote journalism skills development, ethics, and press freedom initiatives, but they shy away from the idea of supporting development of business skills. There is, however, not always a bright line between these areas of operations. For example, in many countries the

government influences or controls editorial content through manipulating state advertising placements. Offering news organizations a better understanding of available business tools can help them establish more autonomy. The 227 respondents to this survey are editorial and business managers, the majority of whom

represent small to medium-sized enterprises. These individuals are naturally predisposed to be concerned with bottom-line issues, but at the same time they know it is difficult for any organization to progress in the creation of quality news content without a stable working environment and the resources to support professional activities.

It is likely that in coming years, the rapid advance of technology will alter this balance and that new platforms will shape future audiences for news and information. But the development community understands that it must attend to urgent short- and medium-term goals as well as establishing a long-term perspective. Many news organizations make a significant and irreplaceable contribution to civil society, and they are far easier to bankrupt than they are to rebuild.

4. EDITORIAL INDEPENDENCE:

News media can increase their editorial independence by improving their business operations and becoming less susceptible to various outside pressures. Advertisers and advertising agencies emerge as important “players” in all of the markets surveyed. The other common major player in emerging and developing markets is government. In developed markets, it is common for the government to provide direct support, indirect support, or both, in the form of large advertisement “buys” or tax breaks.

Media in emerging and developing markets are often crippled in their dealings with commercial and government advertisers by the lack of market data. Auditing bureaus of circulation, a pillar of media business in developed economies, do not exist in many of these countries. The survey shows that in emerging and developing markets, standard industry data in one form or another is available only in 55 percent of cases. In the least developed economies, basic industry data is lacking in the vast majority of cases.

Furthermore, the survey findings highlight the major gap between the prevalence of press freedom monitoring and economic data-gathering functions in the developing world.

This report does not present an “either-or” argument, but rather challenges readers to regard media development from a broader perspective. The international community should continue to invest in a broad range of media development tools, including journalism skills and digital platforms, in emerging and developing markets. With increased attention to helping media interact with market forces, these investments will be leveraged and the newsrooms will benefit from greater stability and influence in performing their tasks in the service of democratic development.



Introduction

Media Assistance

A Fresh Approach to Old Problems

Over the past sixty years, an entire industry has grown up around the enterprise of media assistance, training journalists, modernizing infrastructure, and most recently, offering management support. Yet even the most experienced practitioners are hard-pressed to define what constitutes success or failure in their domain.



For many years, the newspaper industry and the media development community have collaborated closely in the advancement of journalism around the world. Many of their projects were based on the notion that the news media in different regions would develop according to common principles and experiences of the Western democracies. Over the last decade, the newspaper business model in Europe and North America has been profoundly disrupted by economic shocks and new technologies. Media markets in developing countries have faced similar difficulties. But the evidence is mounting that they are not being disrupted in the same way. These realities require a major paradigm shift in thinking about media development, anchored in region-specific data, to improve our collective understanding of the new variables in the business, and the optimum approach to each market.

The World Association of Newspapers and News Publishers (WAN-IFRA) launched this study, “Developing Financially Viable Media in Emerging and Developing Markets,” as a service to everyone concerned with international in media development: media executives in developing countries; international aid agencies; foundations; and the new breed of social enterprise investors. It goes both broad and deep, offering an unprecedented survey of media market information from around the world over the past two years – a period that has featured the greatest disruption in the global print media market in memory. It represents the responses of over 220 media executives from 66 countries, gathered by WAN-IFRA researchers over late 2010.

Media assistance is big business in itself. The world’s would-be architects of peace

and prosperity take the news media seriously – often holding media to blame for the world’s problems, and sometimes (if more rarely) offering credit for some of the solutions. Therefore, it is little wonder that media assistance occupies a significant spot on the international aid agenda. There are no hard figures available, but recent reports from the Center for International Media Assistance in Washington DC suggests that governments having been spending over \$500 million a year in international media assistance (Myers, 2009) with another \$70 million provided by private U.S. foundations (Nelson 2009) and unknown additional amounts from non-U.S. foundations and other donors, for a total that may well exceed \$600 million.

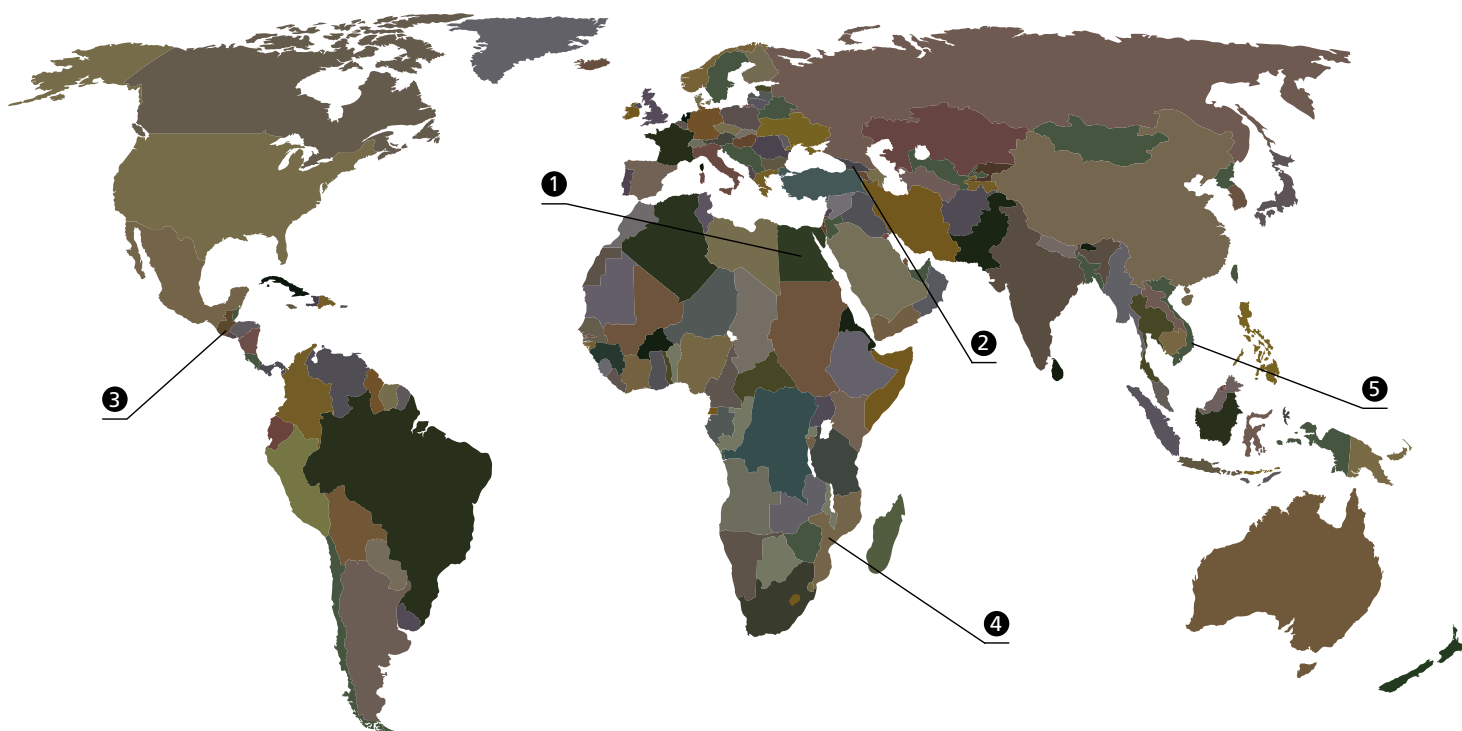
Over the past 60 years, an entire industry has grown up around the enterprise of media assistance, training journalists, modernizing infrastructure, and most recently, offering management support. Yet even the most experienced practitioners are hard-pressed to define what constitutes success or failure in their domain. This was not always the case; in the aftermath of the Cold War, when media assistance flooded into the former Communist bloc, the mere introduction of Western models of independent reporting was considered progress.

But the question has recently become more complicated. The double shock of new information technologies and the economic crisis has shaken journalism business model in Europe and North America that was once offered as a universal template. In the headlong rush to digital platforms, many media professionals worry that the commitment to transparency, editorial independence and quality content are getting left behind. In some developing countries, the

precipitous adoption of cell phones has jarred the linear development of traditional media, suggesting that some societies will forego the democratization of print and broadcast media, and move straight to new forms of content on mobile platforms.

Careful readers of this study will note large questions between the lines. One of the hardest tasks in media analysis at the moment is to “unlearn” what we think we know. Consider the widely discussed “collapse of the print media market.” This study makes it very clear that newspapers represent a robust and growing business in many major areas of the world. Furthermore, they are often the dominant producers of content that is repurposed on online and broadcast platforms – which sometimes contribute to company revenues, but often do not. Some advertising data shows it shifting from print to online platforms, but suggests that many of the online platforms correspond to newspapers, essentially moving it from one pocket to another in the same pair of pants. Moreover, many of the North American and British newspapers in crisis would be functioning with healthy viable business models if they had not been acquired by parent companies that saddled them with debts unrelated to their news operations and disproportionate to their size of operation (Crain, 2009).

International donors of media assistance in developing countries face a particularly tricky set of challenges. Western organizations have long promoted media assistance under the flag of “freedom.” The traditional bundle of goals have included quality content and independent reporting; support for democracy and human rights; delivery systems to serve a broad public; and more recently, the creation of



1

Egypt, p. 37

Aliaa Dawoud and Anne Nelson write about international attention on the uprisings in Egypt that has been focused on the role of social media and blogging, Facebook and Twitter in particular. These platforms have been used to organize rallies, expose abuse, spread rumors and disseminate breaking news. But it is impossible to evaluate this realm without an accompanying assessment of the functions and failings of legacy media.

2

Georgia, p. 53

Nino Danelia tells a story of international media assistance that has been a mixed blessing. Intended as a lifeline, it often served as a life support system for media organizations with few strategies and little hope for devising a business model. The Georgian model offers the donor community a cautionary tale about the culture of dependency.

3

Guatemala, p. 65

Renata Avila notes that in order to prosper economically, Guatemalan media must identify new financial instruments to permit new media actors to grow and compete, and overcome the lack of angel investors for entrepreneurs, security concerns, weak institutions, and endemic corruption.

4

Mozambique, p. 77

Helge Ronning profiles the country's limited print media that serve a largely urban elite and exercise some influence over the political and economic powers. Both print and broadcast media are influenced by the state through ownership patterns, political pressure, and shared interests. An important vehicle for alternative opinions is the country's "fax newspapers," which circulate to limited but influential audiences.

5

Vietnam, p. 89

Catherine McKinley reports that Vietnam's foreign development partners have long supported journalist capacity-building, but have been largely barred by the government from focusing on organizational change. Now they are building projects to do just that, as they've been encouraged by a government that wishes to reduce its subsidy load to the media.

financially sustainable models. But these same donors have had to face the fact that in many cases, investing in free media is not always equal to investing in free markets, and difficult choices must be made. This study illuminates many of these conflicts. For example, in Vietnam, considerable assistance has gone to the dominant media, which is state-owned and controlled. In Mozambique, the newspapers are published in Portuguese, which is spoken only by a small minority of the population. In many developing countries, newspapers primarily serve a small, urban elite. But how do we assess the consequences of this elite being poorly informed?

In the past, donors have wrestled with these questions with precious little data to go on, and this study hopes to im-

prove that situation. Some findings may come as a surprise. We are familiar with the idea that North American and British newspapers are losing circulation, but newspapers are reaching new, bigger audiences elsewhere in the world. The single most dynamic region is the Arab world: the data indicates that there has been steep growth in paid circulations in a number of other Arab countries, including Jordan, Syria, and Saudi Arabia. A similar story is unfolding in the United States' emerging economic rivals. The paid circulation for Chinese newspapers has grown 10 percent, and India's an astonishing 40 percent over the same period. In the Americas, Mexico's paid circulation has grown 15 percent, Brazil's 20 percent, and Costa Rica's an extraordinary 77 percent (World Press Trends, 2010).

WAN-IFRA presents this research without pretending to understand all the reasons, and we invite a robust discussion of the explanations behind the trends. We note that it is dangerous to generalize or settle on single-cause theories, though in some cases we will venture some informed guesses. There seems to be some correlation between rising per capita incomes and developed market mechanisms in emerging markets and growth in circulation and ad revenues. It is less clear that there is a linear correlation between advances in quality (as expressed in content and independent reporting) and an improved business model. These factors may influence donors in terms of what kind of media projects they choose to support, under which markets and political systems.

This study also includes research on Internet and cell phone penetration. Most informed observers will expect to see rapid growth in Internet and mobile phone platforms, but some of the most striking information will be found through inference. Consider digital media platforms in Africa: between 2005 and 2009, the number of Internet users in Africa grew at nearly 230 percent – but the growth in Internet subscribers has risen much more slowly. And the absolute number of Internet users is over 10 times larger than the number of Internet subscribers – and over 25 times the number of broadband subscribers on the continent.

How do we interpret this data? It strongly suggests that, at least in Africa, Internet use is not based on the personal computer but rather on access to public machines at Internet cafes, schools, or workplaces. This idea, in turn, has strong implications for media development. How many African Internet users have access to the broadband connections that can deliver large amounts of news relevant content? If they are viewing content in public places, do they have limitations of time or scrutiny that would discourage them from accessing certain content?

These questions become even more compelling once the Internet and cell phone data is combined. The study reports that Africa has the fastest growth rate of cell phone subscriptions in the

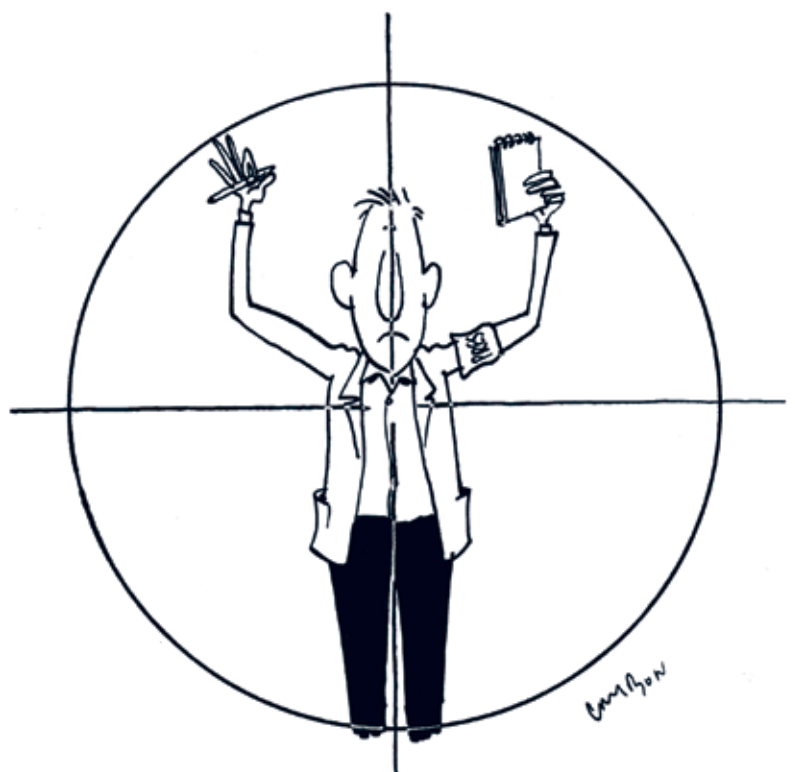
world, and that there are five times more cell phone subscribers than Internet users. Some organizations are experimenting with mobile platforms for news. Zimbabwe's Freedom Fone is testing mobile platforms for radio on demand, and a number of news organizations are using them for news updates and Twitter feeds. But most of the stand-alone cell phone journalism models create their own content, often without the participation of trained journalists. When the question of news content providers arises, the answer often circles back to the newsroom. This study suggests that it is a mistake to jettison the traditional newsroom and editorial structure unless and until there is something trustworthy to take its place.

These days, everyone involved in the question of newspaper management must engage in the question of multiple platforms: print, television, radio, Internet, and mobile (as well as hybrids and new permutations such as the iPad). But each market will need to study its audiences' needs and tastes to grow and mix these platforms in the best proportions. In many countries this will require new protocols, to study economic indicators, literacy rates, minority and indigenous languages, electrification, and cultural practices – elements that have not always been fully present on the media development agenda. But the rewards will be great. Not only will the new technologies bring information to pre-

viously underserved populations of the world, it will also allow these regions to serve as laboratories for innovation. There are already fascinating new media experiments emerging from India, China and East Africa, and there will be many more to come.

This report's survey suggests global trends, but it is accompanied by five country case studies to examine the complex web of political, economic and cultural conditions that define their realities. Egypt, Georgia, Guatemala, Mozambique, and Vietnam each represent a different region of the world, with vastly different historical contexts, and offer a fascinating span of the challenges to media development.

This study is intentionally descriptive, not prescriptive. It invites donors, investors and media executives to re-examine their goals and their toolkits, and take a fresh approach to familiar questions. It is safe to say that everyone involved in this research shares the ideals of politically and economically independent, quality news media, serving a broad public in the service of democracy. But we have also intentionally examined conditions in countries where those ideals are currently difficult or impossible to realize in the short term. This is an extraordinary moment in history for media development, when the need, the tools, and the potential are present in abundance.



Methodology

Examining the Complex Web of Factors that Influence Free Press

The analysis presented here deals with the economic aspects of media systems while at the same time considering their function within a democratic system of governance.

Media development work is today increasingly seen as a fundamental element of international development assistance, on par with established efforts to provide emergency food or material aid. In the 1960s and 1970s, international assistance efforts focused on promoting mass media for development in emerging societies to help overcome poverty and foster ideas for social change. In the 1980s and 1990s media assistance became a significant aspect of development work, particularly following the end of the Cold War and the dissolution of the former Soviet Union. As one authoritative report put it: "Media aid has evolved from relatively modest programs with minor donations of equipment and training tours for jour-

nalists to long-term, multi-faceted projects with multi-million dollar budgets" (Price, Davis Noll & De Luce, 2002).

This report refers to "media development, or alternatively to "media assistance," when speaking of the activities of international donors undertaken to help development of free and independent media sector. Media support can include a range of actions directed at media organizations themselves, or at the political, economic, legal and regulatory environment – critical factors for media development.

In transitional societies, developing and emerging markets, the free media market can often be flawed; the forces of supply and demand might prove ineffective for various reasons.

To name only a few:

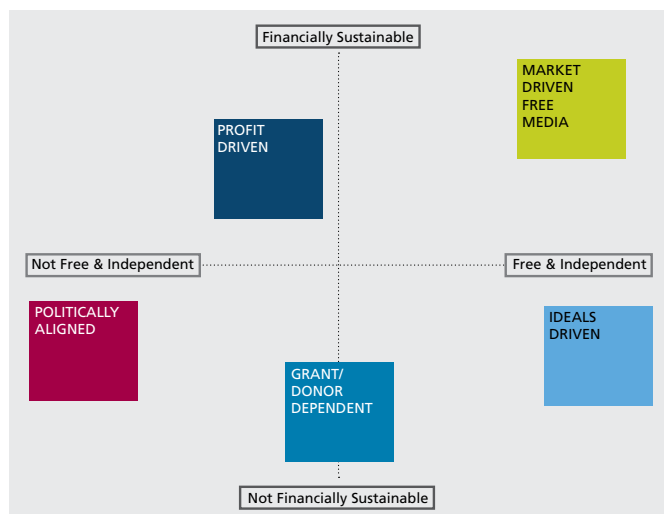
- The economy may be so weak that local businesses have no resources to advertise and no prospect of a return on their investment;
- Literacy levels might be low, so as the purchasing power of citizens;
- Economic, legal, social and political problems in a transitional country may present internal and external obstacles to sustainable media.

News becomes viable and affordable to all citizens in most markets only when it is funded by advertising revenue and paid copy sales, or heavy state subsidies. However, newsgathering and investigative journalism operating costs are often

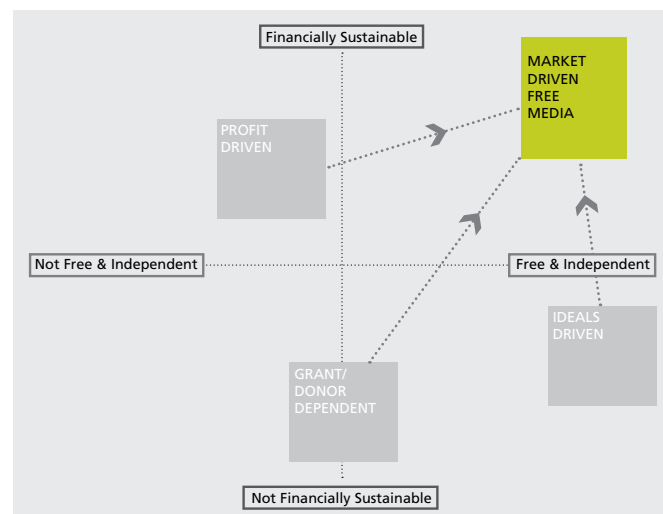
Chart 1:

Media development market model – forces and influences

Source: Byrne, 2010



The model describes the actual market position of media business that exist in emerging and developing markets.



The model describes the desired market position, where the development track moves toward high ideals in a business driven environment.

much higher than most consumers are willing to pay – or perhaps even more than most are capable of paying.

For media markets to perform and produce independent news and quality content, intervention that helps stimulate independent media development is often needed.

From the economic point of view, we can say that there are two types of assistance to media development:

1. Actions that are introduced to assist the effectiveness of the market and long-term sustainability of the media enterprises; in other words, donors try to emulate a marketplace and use funding to augment insufficient market revenues;
2. Actions that are introduced to make up for the absence of state subventions and other support mechanisms for the production of commercially unviable content.

Unlike the political, social, educational, or judicial sectors of society, which are essential for good governance and development, but mainly funded from fiscal revenues, the independent media sector carries out its public interest role at the same time as responding to commercial

imperatives.

Nevertheless, international media development and media support is often structured and planned without taking into account the current and the future position of media as economic entities, and failing to recognize media market influences, opportunities and market failures. Even well-intentioned assistance efforts often have the unintended effect of distorting the media market, ultimately harming prospects for media sustainability.

The analysis presented here deals with the economic aspects of media systems and private media companies while at the same time considering their function within a democratic system of governance. This research has therefore been designed to take into consideration how media interacts with the social and economic fabric of society. This study focuses on international media assistance activities and the ways in which they are contributing to business capacity, and the sustainability of independent media in developing and emerging markets. The question addressed in this study is whether implementing an “optimal” reform agenda and building permanent capacity of the media system requires a detailed understanding of a country's complex economic realities, that are of-

ten in contrast with conventional media development assumptions. Additionally, the study considers the economic indicators that are required for more informed and effective decision-making by the donor community.

The objectives of the research are defined as following:

1. To critically investigate the factors crucial for the economic development of media in emerging markets;
2. To critically analyze historical and current economic and business conditions in the selected countries, placing the emphasis on which factors promoted and which factors obstructed financial viability of newspaper sectors, including development assistance.

The research conducted for the purpose of this report draws on data collected through an international survey that uses a quantitative approach to investigate the state of newspaper industry in different markets; trends and opportunities for growth; and needs for support and assistance in emerging and developing markets. The survey was aimed at identifying challenges and opportunities to newspaper outlets in achieving financial sustainability, while



Photos are courtesy of Agence France-Presse (AFP)

Table 1: Sample Overview

Country category	Number of participants	Number of countries	GDP per capita
1. Advanced Economies (AE)	66	21	Above \$20,000
2. Emerging and Developing Economies (EDE)	131	37	Between \$2,000 and \$20,000
3. Least Developed Countries (LDE)	30	8	Below \$2,000
Total	227	66	

maintaining editorial independence. There are usually three levels of analysis to be undertaken when looking at media sector: macro or the country level, meso or the sector market level, and micro or the individual enterprise level. This study takes all three perspectives.

The international survey has included a stratified sample of 227 survey-responses from 66 countries that have been collected during the period between July and December 2010. To enable systematic data analysis at the macro level, the survey results have been grouped around recognized economic development indicators and according to the level of country's GDP per capita as per World Bank World Development Indicators.

The 2009 International Monetary Fund (IMF) World Economic Outlook (2009: 163) report divides the world into two major groups: "advanced economies" and "emerging and developing economies." The IMF identifies 33 advanced economies around the world, and close to 150 emerging and developing economies (hereinafter EDEs).

For the purpose of the classification the researchers have also looked at the Morgan Stanley Capital International index that classifies countries into the following categories: developed markets, emerging markets and frontier markets (MSCI, 2010: 1) and the FTSE index that classifies countries around the following four clusters: developed, advanced emerging, secondary emerging, and

For each of the country studies, PEST analysis with indices devised for the purposes of this report was implemented in the context of the factors that influence media markets.



(P) Political & Regulatory



(E) Economy & Market



(S) Social



(T) Media & New Technology



Photos are courtesy of Agence France-Presse (AFP)

frontier markets. Classification depends on multiple factors such as: wealth (Gross National Income [GNI] per capita), total stock market capitalization, breadth and depth of the market, restriction on foreign investment, efficient market infrastructure, and oversight by independent regulator, etc. (cf. Ground Rules for the Management of the FTSE Global Equity Index Series, Ver. 3.1, 2011: 7).

To allow for comparison with highly developed and emerging markets, the so-called 'least developed economies' classification has been introduced as defined by the UN classification (hereinafter LDEs).

The criteria against which a country is assessed are: low income, human capital status, and economic vulnerability (cf. UN-OHRLLS). The quantitative research is complemented with five in-depth country case studies focusing on newspaper sectors in countries in the Americas (Guatemala), Africa (Mozambique), the Middle East (Egypt), Europe (Georgia) and Asia (Vietnam). Case studies of the selected countries reveal strengths and weaknesses of different media environments, economic impediments and development opportunities in press markets; and also identify typical industry stakeholders.

The design of the research for country studies closely matches the qualitative case study approach, with different sub-methods: individual interviews, participant observation and documentary research.

One limitation of the study was the inability of the researchers to track and summarize all of the international assistance projects and funds dedicated to media development over the past few years. It was also beyond the scope of this study to create a comprehensive database of project activities of main donors in the field. Additionally, it was not possible to include all of the international actors involved in the field of media assistance. Finally, like any other research, this study introduces a number of generalizations and categorizations that cannot reflect every facet of the actors and entities involved in the surveyed practices.

Readers should be aware that although this study offers an unusually broad range of survey respondents, they are by no means comprehensive. This work has been designed with the hope that its findings are indicative of trends, but they should not be presented as conclusive data about the entire media environment in a country or a region.

The authors of this report would like to thank the Swedish International Development Cooperation Agency (SIDA) for supporting the data collection, including the regional researchers and the hundreds of media executives who took the time to respond to our queries. They are on the front lines of the battle to advance independent media, and we hope that this report will lend support to their efforts.



Survey Report

Newspaper Markets and Media Development Assistance

Political pressures remain a major challenge for many newspapers in developing countries, as governments and political parties continue to manipulate and punish media.

Nevertheless, economic pressures and turbulent business conditions represent a dominant threat to media business development and editorial independence in emerging and developing markets.

The results of this survey indicate

that the level of economic development – reflected in the maturity of local infrastructure, access to media, availability of diverse content, and the prosperity of citizens – represents a major success factor for media development. The level of economic development and conditions in the market deeply influence business decisions of media owners and executives and their perceptions of development priorities, including the forms of external assistance that they can absorb and utilize.

The combination of the broad survey and in-depth studies has revealed a number of surprises in the emerging and developing media markets. The results challenge the assumption that media markets in developing countries follow the same trends as those in developed countries and indicate that they perform according to their own often unique logic. It shows a diverse and vibrant industry that in many cases operates and develops with significant regional and local variations.

Facts and Figures

Newspapers in developed markets are almost universally stagnating or are in decline. At the same time, many emerging and developing countries are experiencing a significant growth in the consumption of so-called “traditional” media.

The total daily circulation figures highlight what has become a trend: overall growth in Africa, Asia, and Latin America and a long-term slowdown in the United States and European markets.

The combined weekly and daily readership figures indicate that newspapers reach a total of 2.5 billion newspaper readers worldwide, representing 37% of the global population.

Table 2: Circulation of dailies (total average circulation in 000s)

Continents	2005	2006	2007	2008	2009	5-year change
Africa	9,202	10,003	10,572	11,396	11,944	29.80%
North America	67,015	65,890	64,470	62,021	59,895	-10.62%
Latin America	13,441	13,759	14,543	14,809	14,133	5.15%
Asia	300,771	315,870	333,374	336,645	340,128	13.09%
Australia & Oc.	3,495	3,464	3,439	3,351	3,300	-5.58%
Europe	94,730	95,322	93,640	92,440	87,228	-7.92%
Total	488,654	504,308	520,038	520,662	516,628	5.72%

Source: World Press Trends 2010, World Association of Newspapers and News Publishers

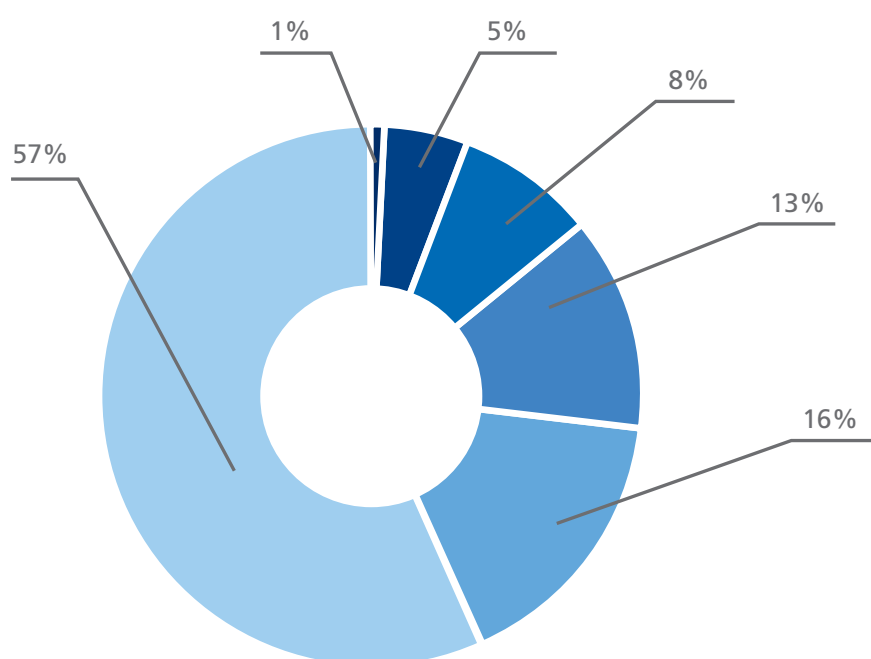
1. Media Assistance Efforts: Business Skills Needed but Least Supported

The overarching findings of this survey are both alarming and exciting for those engaged in the cause of press freedom and its twin, media development. The survey reveals a fundamental neglect of one critical aspect of media operations, that of financial viability. Sustainability appears on the aid community's "to do" list only after the journalistic agenda has been exhausted. The sur-

vey also shows that international assistance efforts are fairly limited to a small circle of beneficiaries.

An overwhelming majority of respondents to the survey (57 percent) report that they have not received any external financial or nonfinancial support or training directed at business development over the last two years.

Chart 1: Assistance to media business development over the past two years



57%

No, my company did not receive any such external financial or non-financial aid/support

16%

Non-financial support such as training, strategic advice and similar financed by external sources

13%

Financial support for implementation of media development projects

8%

Government/state aid

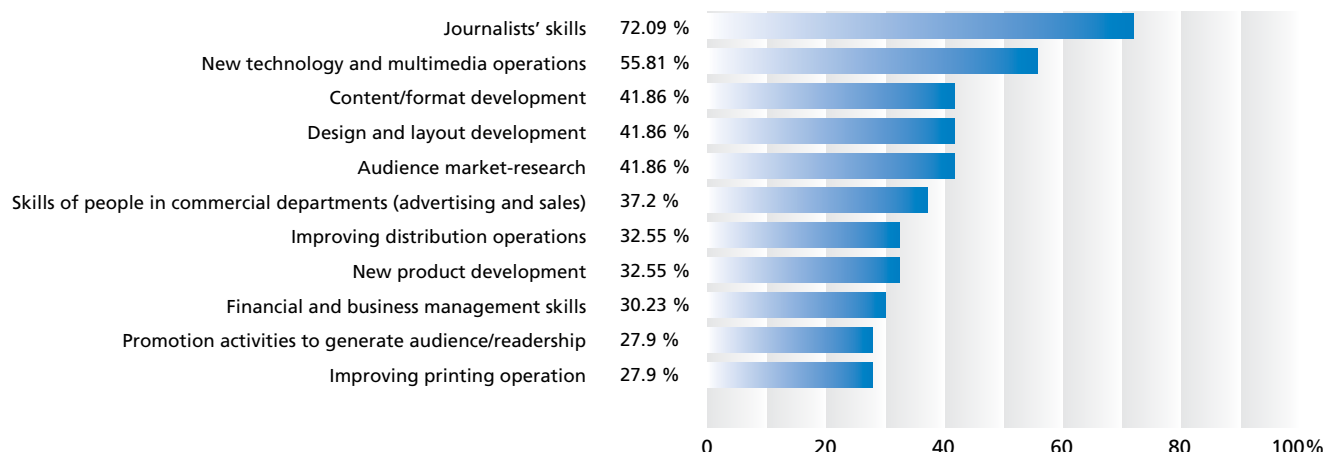
5%

Other

1%

Loans or credits provided by media development organizations

Chart 2: Areas have been targeted by external support in Emerging and Developing Economies (EDE)



Of the 38.2 percent of the emerging and developing markets' media executives who report that they have received external aid, a majority state that they have not received external support in areas other than journalists' skills development. Media support was considered to be mostly of moderate to high benefit to media business operations and financial sustainability.

A contrasting result emerged when survey participants in developing and emerging markets were asked to indi-

cate the areas in which they see the greatest potential for revenue generation over the next two years: over 75 percent considered skills enhancement in commercial and sales departments as the avenue to revenue generation; 72 percent regarded the development of journalistic skills, and 70 percent viewed new technologies and multimedia operations as holding the greatest potential. Skills of staff in commercial and sales departments are listed among the top three areas for investment by media executives on all levels of market development.

Chart 3: Areas identified by participants to create the most opportunities for revenue-generation activities and efficiencies in Emerging and Developing Economies (EDE)





Photos are courtesy of Agence France-Presse (AFP)

This research presents the example of foreign development assistance, which has offered training to thousands of journalists and has attempted to form a dialogue with the government regarding legal and policy reforms that might benefit the Vietnamese media. To date there has been little focus on organizational capacity-building; most of the emphasis has been placed on individual training. Some rare management courses have been implemented over only the past few years. While these projects have had a significant impact on the midlevel media professionals involved, many trainees have noted that it has been difficult to put their new knowledge to use while senior management practices remain unchanged. Both international instructors and recipients of training have

singled out senior management training as a key area of need in the future (see *Vietnam country report*).

International aid and assistance resources have concentrated overwhelmingly on the areas of journalism skills, with an emphasis on the hot topics of the day – currently, new technologies, social media, and convergence. There is only a casual nod toward business skills and market forces that are fundamental to sustainability.

Furthermore, of 227 surveyed media organizations, only 2 report to have received loans or credits provided by revolving funds for small and medium media enterprises; however, when asked to identify the kind of external aid/support that would most benefit their publications, the majority ex-

press a need for financial assistance or loans. Lack of investment and difficult access to capital are seen as some of the biggest obstacles to success for media in emerging and developing markets.

We may conclude from the results of the survey that investment in economic development and financial sustainability of media outlets has been neglected. Nonetheless, the results call for a comprehensive donor approach – one that promotes both editorial independence and business development, thus ensuring both editorial and financial sustainability. There is a need to create an “integrated” model of support that will take into due consideration all aspects of media operation, media freedoms, and the missing component of business development.

“Capitalization Gap”: A Stark Reality for Independent Media Around the World

Without capital, businesses cannot broaden the scope and range of their products nor can they achieve the type of scale needed to overcome the challenges posed by their economic and political environment. The “capitalization gap” is a stark reality for independent media businesses around the world. Unfortunately, sustainability and access to finance are not at the forefront of donor’s media sup-

port agendas. To date, donors alone are not making the type of long-term commitments required for building sustainable independent media businesses around the world. Initiatives focusing on access to finance for SMEs do not include independent media as eligible sectors as they consider agriculture, health, and energy to be. In fact, most initiatives tend to overlook the unique economic needs and chal-

lenges faced by the independent media sector (Investors’ Circle Foundation, 2005).

2. International Media Assistance: Trusted Source of Support

The survey findings point toward the level of economic development as an important indicator of expectations and trust in external international aid and support. When data is disaggregated to allow for comparison between different stages of economic development, results show that it is not relevant whether support is governmental, nongovernmental, or for-profit. The significant factor appears to be whether the support is coming from local or foreign sources.

The survey also looks at media in advanced economies that have considered external support and aid beneficial. Of these, the majority seek national support and not international aid. This may indicate a highly localized approach to the media business in advanced economies, but it also points to the existence of advanced state and market mechanisms.

Descending the scale of economic development to emerging economies, international aid and support quickly become more significant than national aid. This phenomenon indicates a need for the external assistance to supplement failing markets or state support mechanisms, but it can also reflect the expectation of external support among media in the least developed and emerging economies.

Chart 4: The most beneficial or trusted external source of support for media in the Least Developed Economies (LDE)

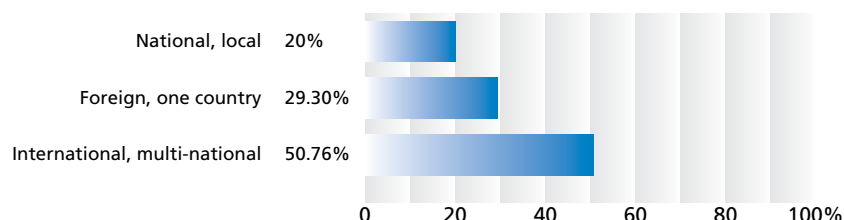


Chart 5: The most beneficial or trusted external source of support for media in the Emerging and Developing Economies (EDE)

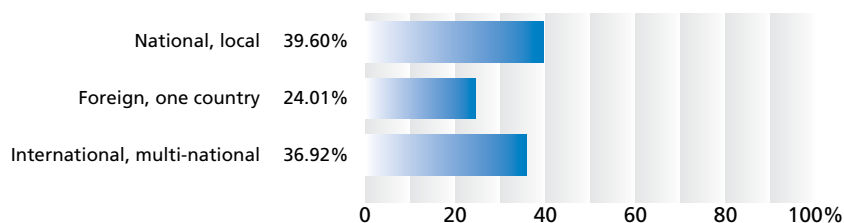
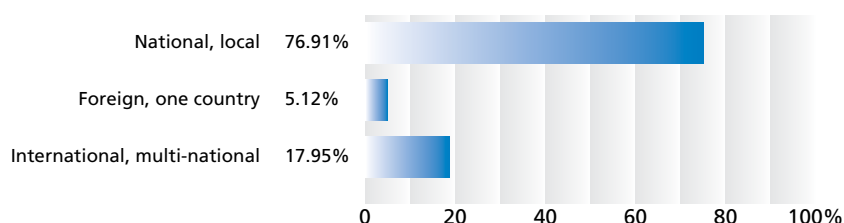


Chart 6: The most beneficial or trusted external source of support for media in Advanced Economies (AE)



Donor Dependency: A Cautionary Tale from Georgia

Paradoxically, some elements of the international aid agenda can prove counter-productive. Delegates to the recent WAN-IFRA media assistance program to Georgia (Georgia Media Assistance Programme 2010–2011) became so inured to associating media support with receiving money (grants) that when they were asked to complete a New Product Development (NPD) template for planning their future projects, they re-

turned what were in effect grant applications, despite the precise structures of the template. Several publishing houses involved in this program were initially unable to understand the difference between a business plan and a grant application. After going through the business coaching and readership research, one publisher came to the conclusion that relying on grants had led his company to

produce a publication that is not financially viable and moreover one that relies on the providers of grants for half of its audience.

The Georgia example offers a cautionary tale that suggests that media companies in emerging and developing markets need to develop their competencies in realistic, market-based business operations and not just proficiency in assistance culture.

3. Economic Factors Consistently Underestimated

Two important segments of media operations, business development and editorial independence, have been submitted to a separate multi-factor analysis. The results challenge the widespread belief that political pressures represent a major challenge for newspapers in developing countries.

We asked media executives in emerging and developing markets (EDE) to indicate which two of five factors – political, economic, legal and regulatory, social, and technological – represent major challenges to business development in their news organizations. A significant majority of them (61.1 percent) considered the economic climate to be the major challenge to their business growth. Likewise, a similar majority (60.6 percent) of participants from the developed markets believed that the economic climate presents a major challenge to their businesses.

It is significant that media executives from the least developed economies see economic challenges as an absolutely dominant (70 percent) factor influencing their business development. When ascending the scale of economic development, challenges and opportunities related to political factors sharply decline and new technologies start to emerge as one of the major challenges to business development of media.

It is clear that economic obstacles loom large and remain the challenge on all levels of development. In all of the markets examined in this research, the most important factor that influences media development is the economy – according to media executives it is twice as important as political pressures.

Chart 7: Major challenges to business development

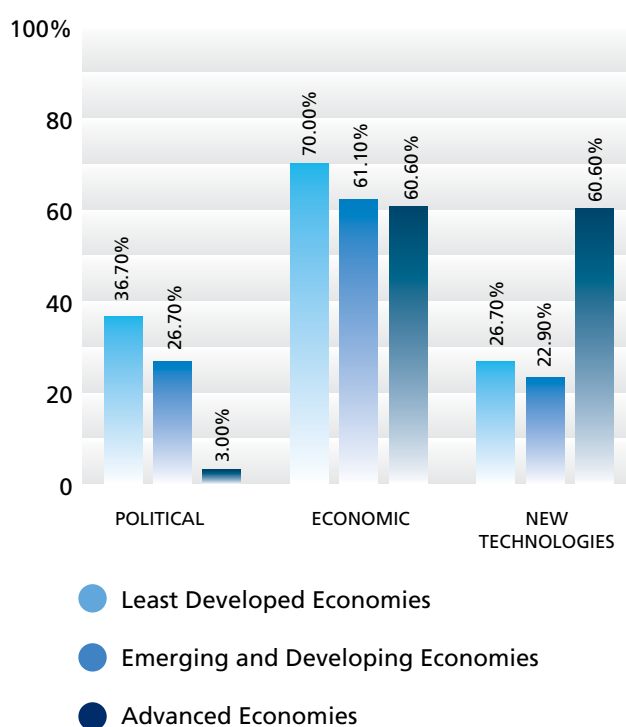


Chart 8: Major challenges to editorial independence

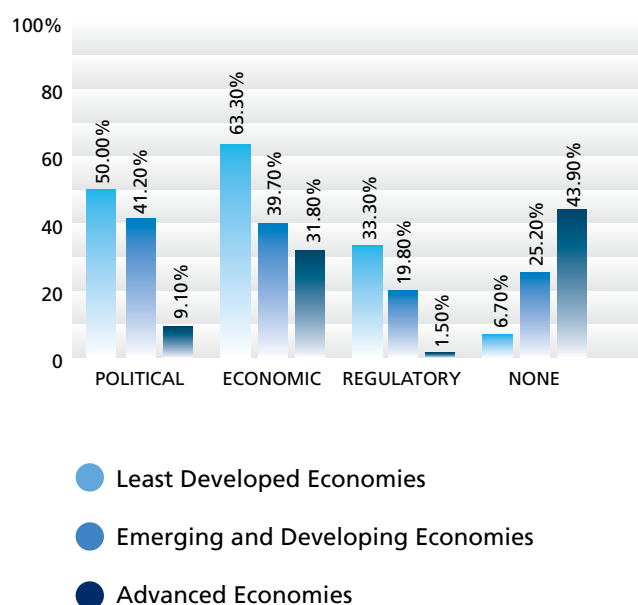
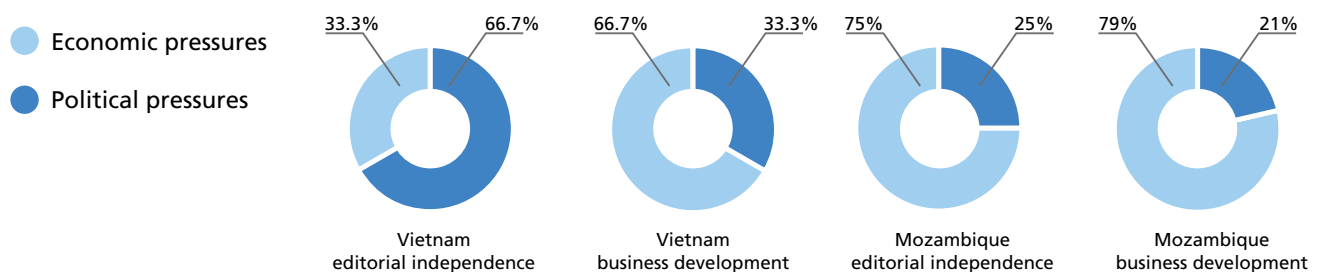


Chart 9: Major challenges to editorial independence and business development of media in Vietnam and Mozambique



Disaggregated into regions, the findings revealed that participants from Central and South America, Sub-Saharan Africa, and Eastern Europe and the Caucasus considered economic pressures to be the number one threat to editorial independence. In contrast, the majority of participants from Asia indicated political pressures as the leading threat to independence. These data offer additional evidence that regional and country-specific indices do matter.

The international community and other stakeholders will not benefit from general conclusions. Instead, they are invited to implement a careful analysis of economic indicators alongside a set of regional and country-specific indices (such as literacy and other social indices, or state control over media and other political indices).

Only such a comprehensive approach could ensure that media de-

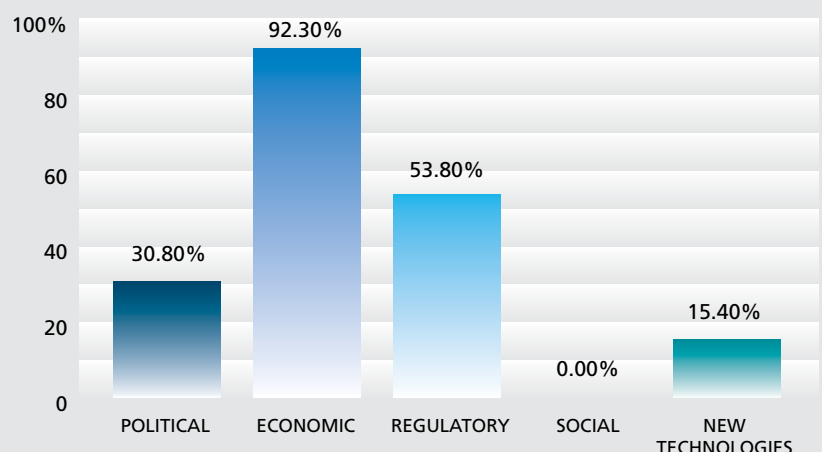
velopment strategies effectively adapt to any given country or regional circumstances.

It is indicative that editors and managers from the least developed countries (LDE) consider economic conditions to be the major challenge to both their editorial independence and business development. They are struggling with basic economic survival.

Mozambique offers an opportunity to study a media market in an early phase of development. Unlike the other countries included in this study, it is not defined as an emerging market country; the United Nations classifies it as a least developed country (LDE), and it has significantly lower economic and social indicators in a number of categories. Persistent poverty serves as a profound limitation on media and other forms of development. The country's per capita income was US\$370 in 2008, which means that most people have no disposable income to buy a periodical or support an advertising market for consumer goods. However, most media support organizations aim to facilitate media legislative reforms or deliver training to journalists. Lacking comprehensive media assistance strategy, expectations for media development run high and are often unrealistic

(See *Mozambique country report*.)

Chart 10: Major challenges to editorial independence in Mozambique



4. New Technology Challenges and Opportunities

Newspaper companies in mature and saturated markets have embraced digital platforms and new forms of print publishing. As the WAN-IFRA research data indicates, in doing so these companies have actually grown their product portfolios, audience reach, and revenues. Nonetheless, newspapers in developed markets have failed to find reliable ways to fund professional journalism through digital revenues.

As countries ascend the scale of economic development (according to GDP per capita), obstacles related to new technologies start to emerge as

factors in media business development. However, in the Least Developed Economies (LDE) and Emerging and Developing Economies (EDE), new technologies still do not represent a relevant business or editorial challenge.

In line with the results presented in the graph below, new technologies and multimedia operations are seen as areas with opportunities for revenue generation and improved efficiencies, but only after skills of people in commercial departments and journalists' skills; whereas for media outlets in advanced economies, new

technologies are increasingly seen as beneficial to their business development. About 85 percent of developed market media managers believe that new technologies and new product development would create major opportunities for revenue generation.

However, as the subsequent graphs show, new technologies contribute up to 10 percent to overall revenues of newspapers even in countries with the most developed infrastructure and the most advanced economic climate.

Chart 11: New technologies as a major challenge to business development

- Least Developed Economies
- Emerging and Developing Economies
- Advanced Economies

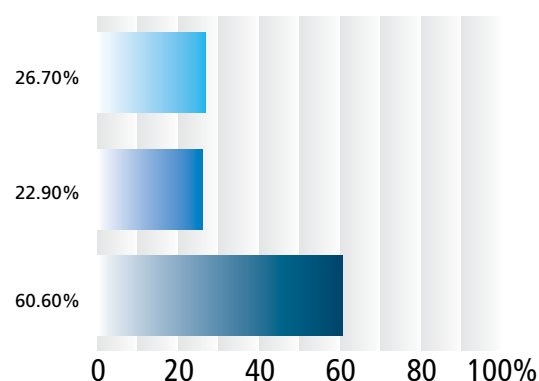
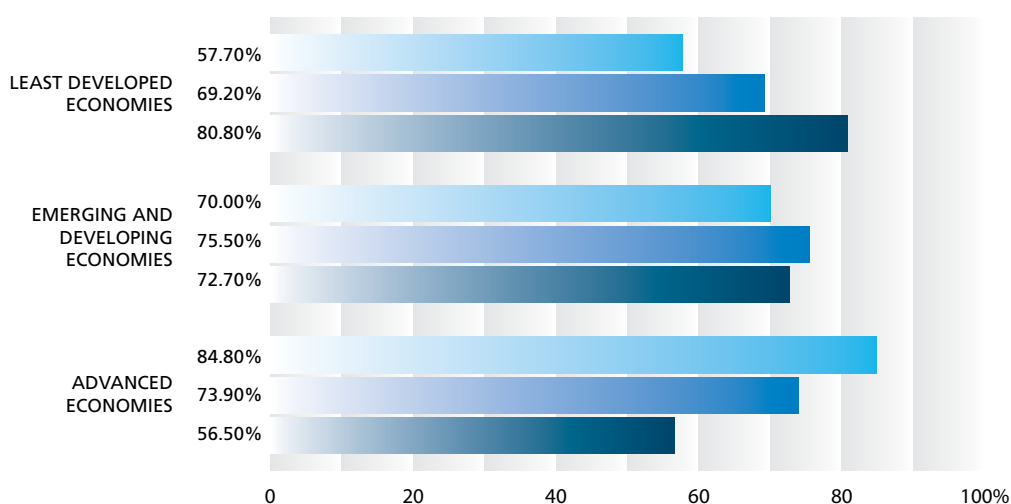


Chart 12: Areas identified by participants to create the most opportunities for revenue generation and efficiencies

- New technology and multimedia operations
- Skills of people in commercial departments
- Journalist's skills





5. Newspaper Markets: The Major Players

Media enterprises can be regarded as economic entities involved in numerous market interactions: the production and dissemination of content, the delivery and sales of the content to the audiences, and the marketing of advertising space to advertisers and related businesses. The essential element for their daily operation is the basic market infrastructure, which provides the basis for rational, measurable, value-based allocation of advertising revenues. The survey results indicate that the market institutions that provide standard industry data – circulation and readership data – is available in 95.5 percent and 90.9 percent of developed markets respectively.

However, the survey also shows that in emerging and developing markets (EDE), standard industry data in one form or another are only available in 55 percent of cases. Furthermore, in the least developed countries, basic industry data are lacking in the majority of cases.

Chart 13: Activities that are monitored in the Advanced Economies (AE)

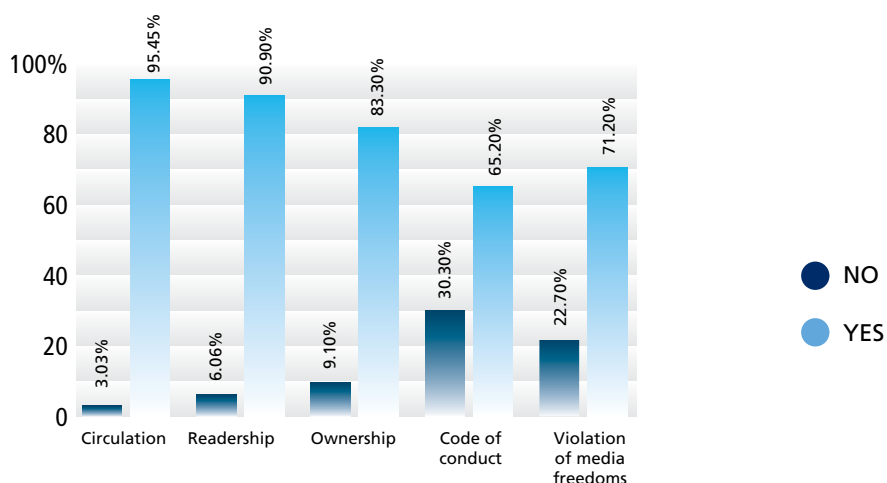


Chart 14: Activities that are monitored in the Emerging and Developing Economies (EDE)

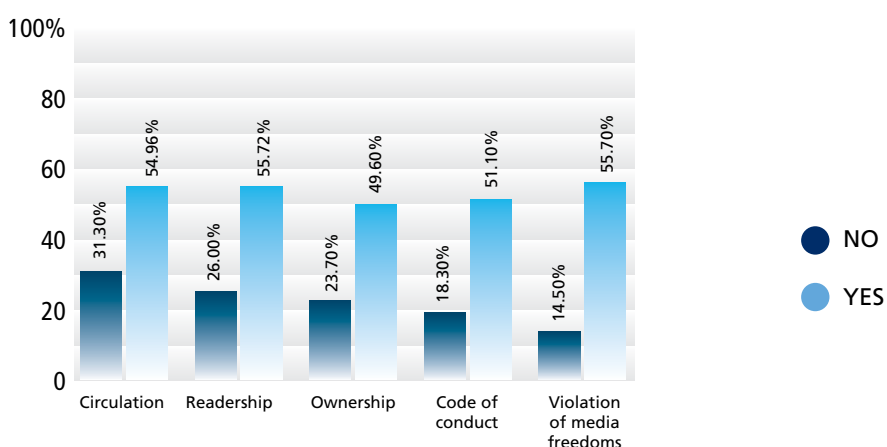
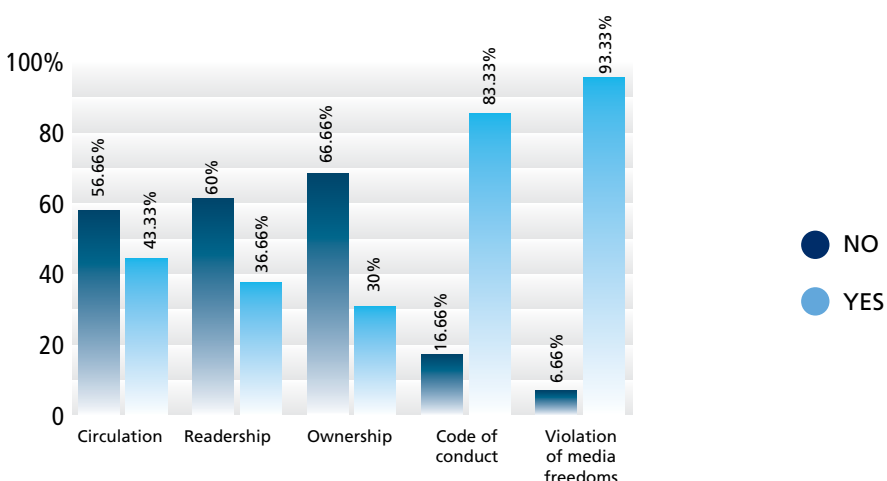


Chart 15: Activities that are monitored in the Least Developed Economies (LDE)



There is a major gap between the prevalence of press freedom monitoring and economic data-gathering functions in the developing world. When it comes to institutions that monitor violations of media free-

doms and compliance with journalistic codes of conduct, the differences between developed and developing markets are insignificant. Even the least developed markets report the availability of institutions that mon-

itor press freedom and media ethics. This stands in sharp contrast to the absence of economic industry data-gathering in almost half of developing markets.

Television vs. Newspapers in Georgia

Television is the dominant medium in Georgia, far more vibrant than the weak newspaper industry. An estimated 80 percent of all advertising in Georgia ends up in the hands of television marketers, with only 5 percent going to newspapers.

Owners and publishers of independent media outlets in Georgia are unified in their belief that advertising is politically controlled, claiming that businesses are unwilling to place advertisements in media that contain content critical of individuals or agencies connected with the government. One of the alleged tools is tax inspection, which one editor describes as selective and used in a punitive manner against government critics. However, most newspapers have no infrastructure that can demonstrate the value to advertisers, in-

cluding products, demographics and purchasing mechanisms. The donor community may play a role in this failure: the Georgian television industry has greatly benefited from donor-initiated television audience data, whereas most print media have no access to any data whatsoever. The lack of research on newspaper circulation, readership, and audiences has limited the understanding of audience needs and perceptions and has limited the ability of newspapers to create an effective business model.

Table 3: Share of Advertising by Medium in Georgia and the World

Medium	Share in % Georgia 2008	Share in % Globally 2008
TV	77.6	37
Newspapers	5.1	25
Magazines	4.6	12
Internet	0.2	10
Outdoor	5.9	7
Radio	6.7	8

Source: WAN-IFRA 2009

“The major players are those with the money,” say survey participants.

Media executives from all of the markets most often identify advertisers and advertising agencies as dominant players in the market. However, media executives from emerging, developing, and least developed markets see the government as another

institution that strongly influences market interactions.

It is significant that a majority of surveyed participants from EDE and Least Developed Economies considered advertisers and advertising agencies as the dominant players, while at the same time they reported an absence of standard industry

data and market mechanisms that are essential to oversee the advertising market. This finding indicates the newspaper industry’s weak position in relation to those who control the advertising money – a revenue stream that is still the principal source of income.

Chart 16: Advertisers’ influence on the newspaper markets

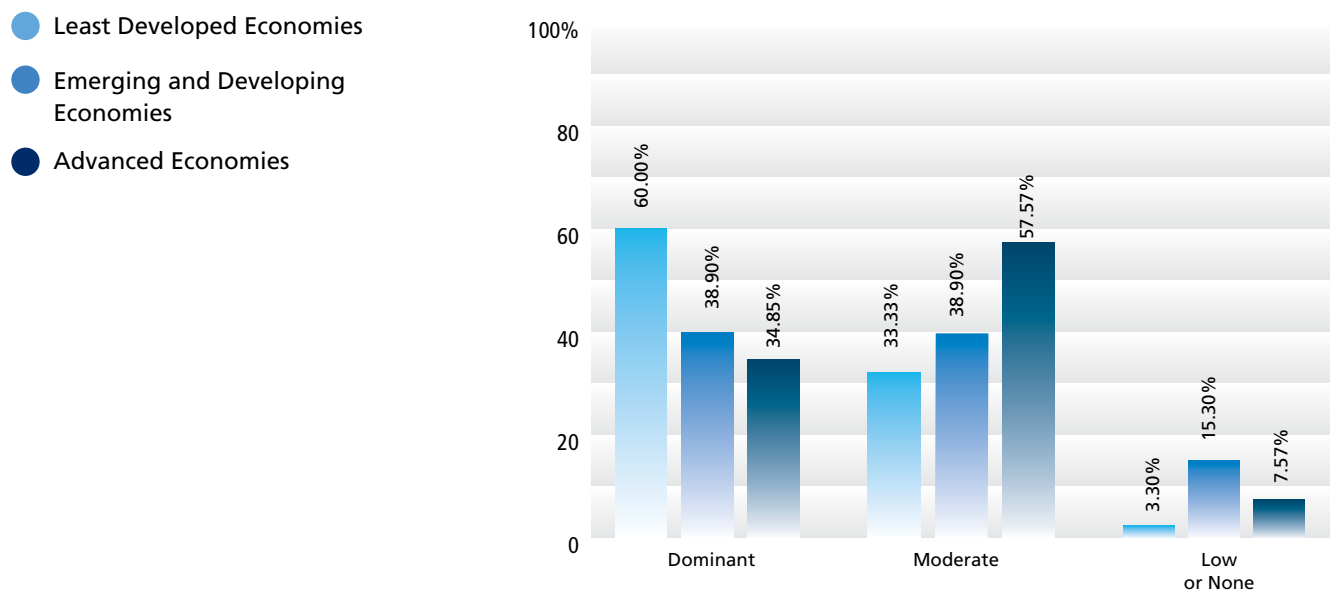


Chart 17: Government’s influence on the newspaper markets

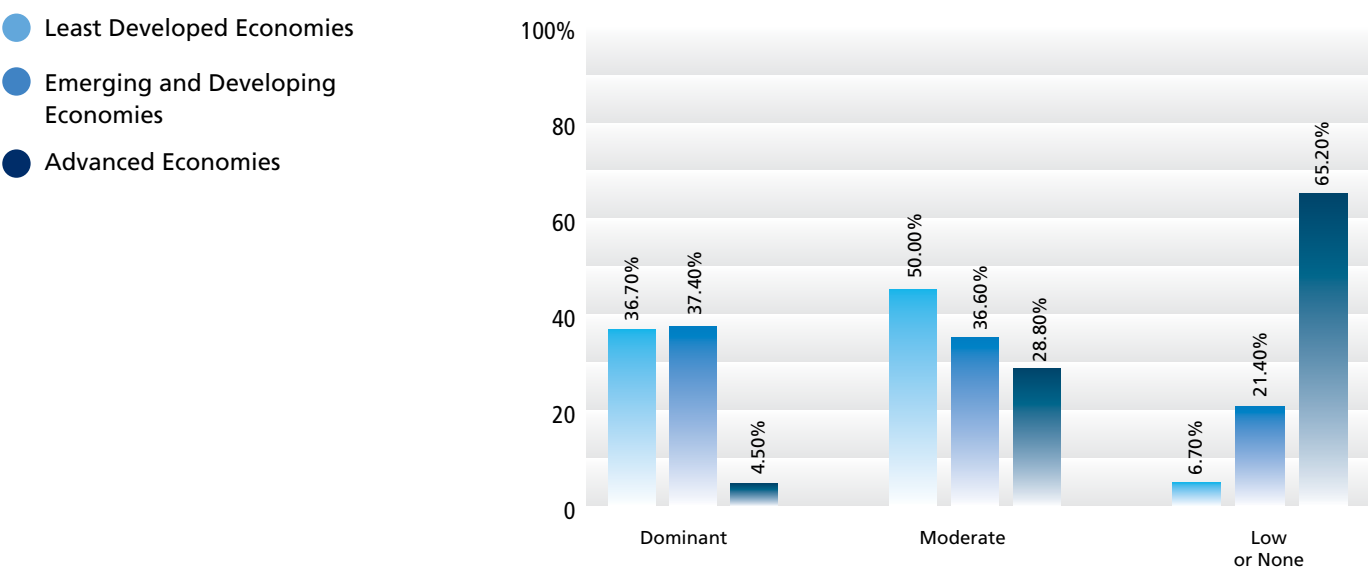
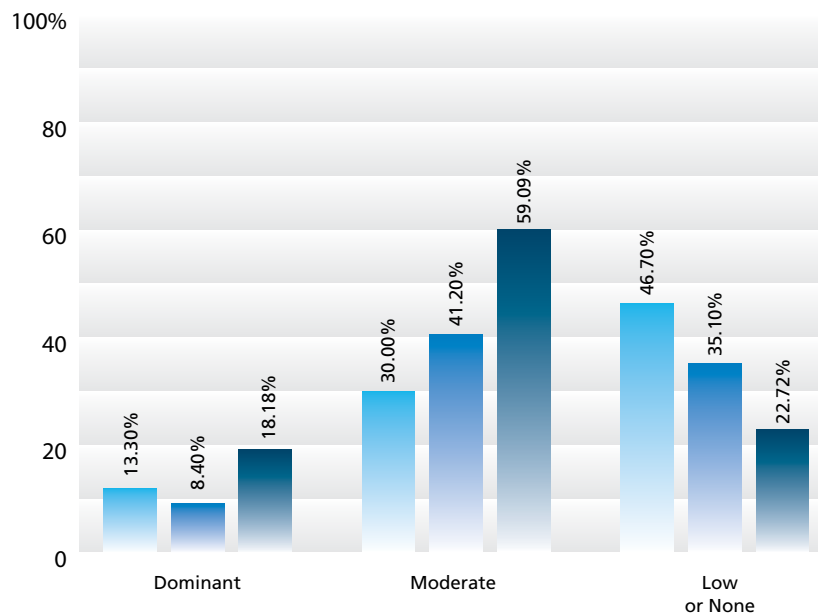


Chart 18: New technology stakeholders' influence on the newspaper markets.

- Least developed Economies
- Emerging and Developing Economies
- Advanced Economies



As markets ascend the scale of economic development, new technology stakeholders emerge as only moderately powerful or dominant market players, with advertising agencies and advertisers retaining moderate influence. A small minority of respondents perceive new technology stakeholders as dominant (between 9.91 percent and 18.10 percent). Less than half of emerging market media respondents considered new technology stakeholders to hold moderate influence on the

market in their countries, whereas close to 60 percent of the survey respondents in advanced economies considered them as moderately influential in media markets in their countries. However, 48.65 percent claim that new technology stakeholders have a limited influence. Further down the scale of economic development, 51.8 percent of editors and managers in the Least Developed Economies (LDE) state that new technologies have a limited influence on the newspaper industry.

6. Business Operation Trends in the Recession:

Think Globally, Act Locally

The severe global economic downturn of 2008 and 2009 affected every aspect of the media business. This study and various other sources (including Zenith Optimedia and Pricewaterhouse Coopers) indicate that many newspapers worldwide have suffered declines in

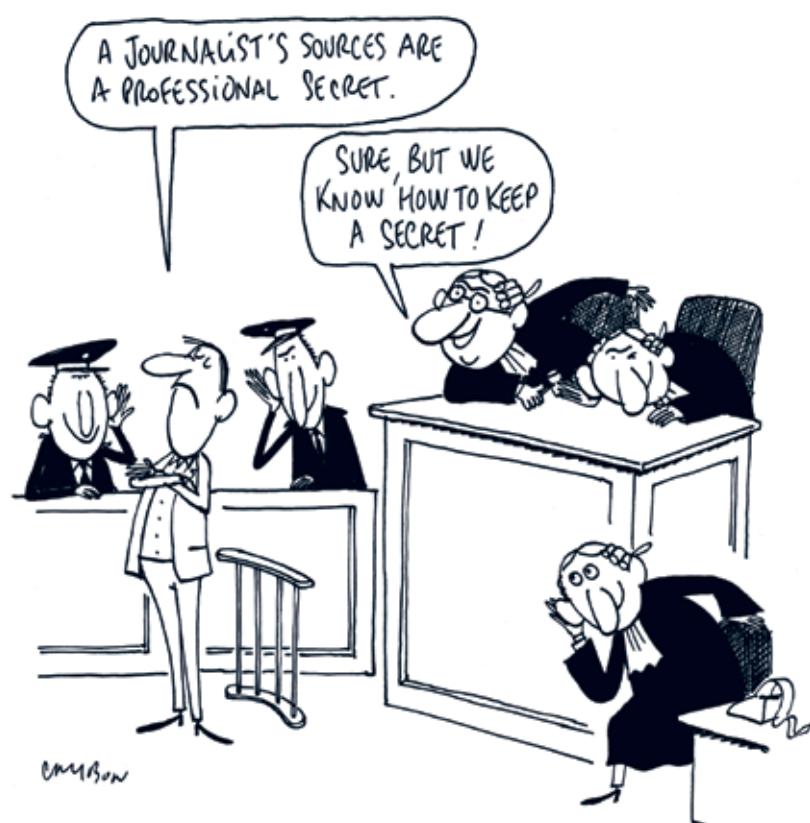
their advertising and circulation revenues. The advertising revenue losses have been particularly acute in North America. But this effect is far from universal. Parts of Asia, the Middle East, and Latin America have performed considerably better than other media around the world.

Facts and Figures

Table 4: Global Newspaper Advertising Revenue (in US\$ million)

Continents	2006	2010	5-year change
Africa/ME	4,685	4,685	0.00
North America	53,798	31,486	-41.47
Latin America	3,680	4,283	16.38
Asia Pacific	27,015	24,269	-10.16
Europe	36,922	29,736	-19.46

Source: Zenith Optimedia 2010



Newspapers seem to be losing some of their share of the global advertising market. It appears that newspapers and print in general have suffered the most from the rise of the relatively new, fast-growing entrant into the market: the Internet. The survey indicates, however, that newspapers have also found ways to benefit from the impact of new technologies – by tapping into the new media revenue sources. Collected revenue data indicate that newspapers that run both print and web editions have diversified their revenue streams over the past two years. This trend appears to be correlated to the level of economic development.

Chart 19: Internet as a source of revenue in emerging and developing markets (EDE)

- 1-10%
- 11-50%
- Over 50%
- NONE N/A

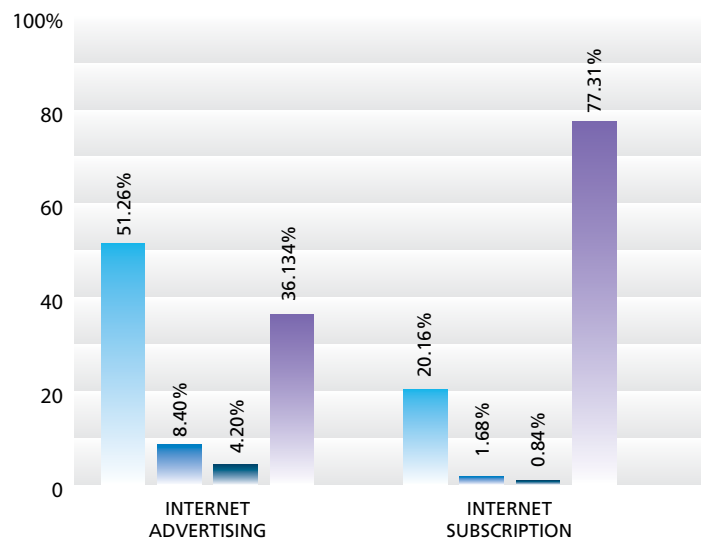
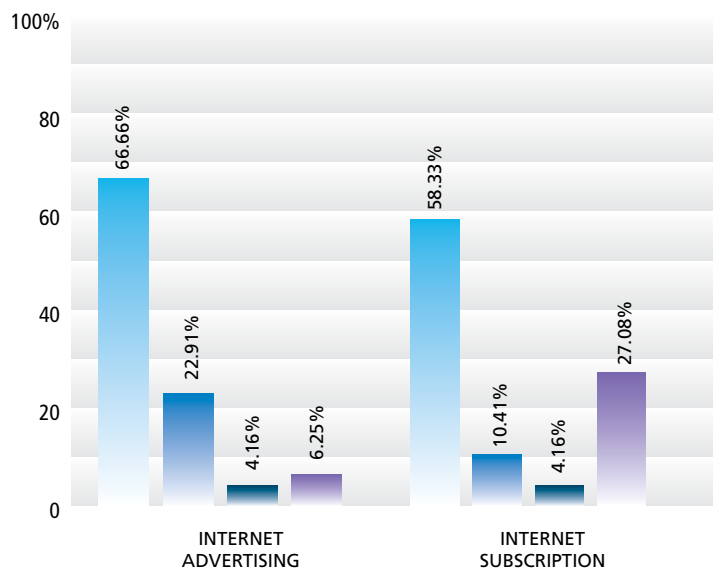


Chart 20: Internet as a source of revenue in Advanced Economies (AE)

- 1-10%
- 11-50%
- Over 50%
- NONE N/A



Nevertheless, even where digital platforms become a source of revenue, in most cases they contribute less than 10 percent to total revenue, and the print editions remain the principal source of revenue regardless of the market development level. These findings suggest that great caution is in order when evaluating the cost-effectiveness of new media platforms and the financial sustainability of new media business models.

Among media from emerging and developing markets, 36 percent report no Internet advertising revenue, while over 60 percent report no income from other new media sources. In contrast, among media in developed markets, only 6.2 percent report no income from Internet advertising, while over 70 percent report income through Internet subscription.

7. Costs and Financial Viability

The overwhelming majority of newspapers in emerging and developing (EDE) markets record increases in operating costs over the past two years. In contrast, the majority of developed market media records a decrease in operation costs. The cost-reduction strategy and the increase in cover prices came as a reaction to a reported decrease in advertising revenues reported by most media in advanced economies. While media in developed markets have reacted swift-

ly to changed conditions in the markets, media in emerging and developing economies failed to cut their costs and have reacted only with price increases.

Subsequently, only developed market media report an increase in financial sustainability despite the difficult economic environment, whereas most newspapers in emerging and developing markets report a drop in financial sustainability.

The results of the survey can be seen as a reflection of differences in local market conditions, the flexibility of media outlets, their capacity to adjust to change, and external challenges to media in developed markets and in developing and emerging markets. When the data are compared according to the number of employees, larger operations have displayed more flexibility and report fewer increases in costs.

Chart 21: Changes in business segments in Advanced Economies (AE)

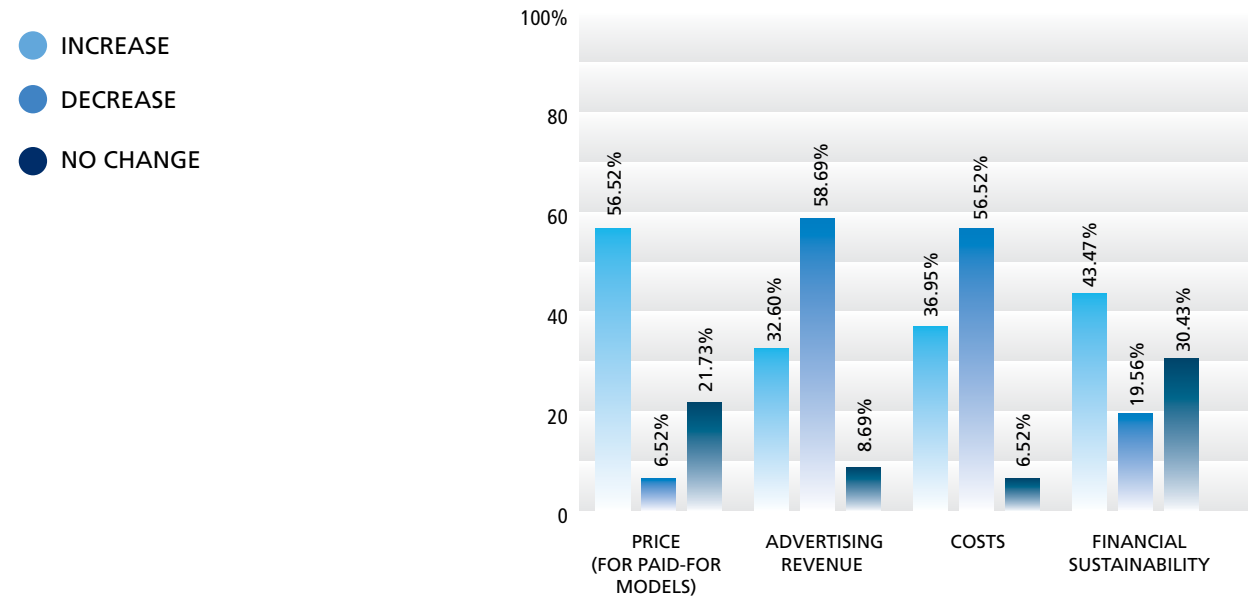
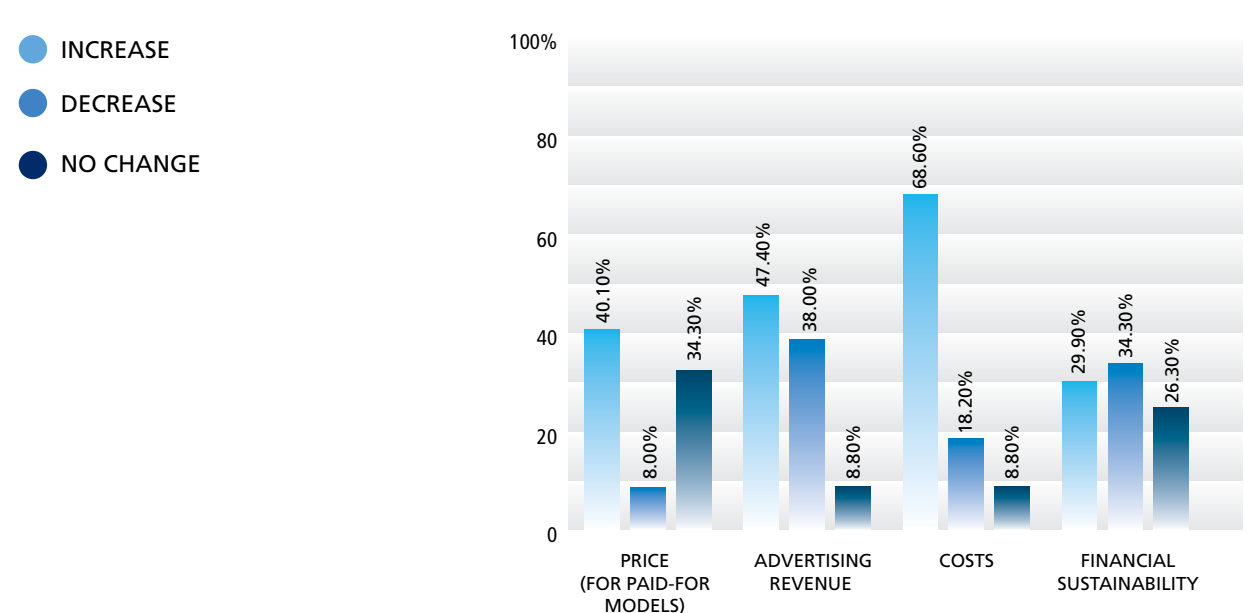


Chart 22: Changes in business segments Emerging and Developing Economies (EDE)





매매기준율

6.58

4.98



USD 매매기준율

1,212.00

▲33.40

매매기준율

USD 매매기준율

2010/05/29

2010



Egypt

by Aliaa Dawoud and Anne Nelson

Country Report



Table 5: Egypt Country Data

Data type	2010 (e)
Population	80.4 million
Literacy rate	71.4%
Per capita GDP	US\$6,200
Urban/rural population	43/57%
Official language	Arabic
Land line telephone connections	15%
Mobile phone registered connections	82.19 million
Internet penetration	20% (broadband: 1 million)

Sources: CIA World Factbook and Egyptian Ministry of Communications

Executive Summary

As this report goes to press in April 2011, Hosni Mubarak has been forced to step down as the Egyptian head of state. His February 11 decision followed years of protests by workers and students alike and weeks of peaceful demonstrations in Cairo, Alexandria, and other Egyptian cities. Yet some observers commented that the pattern of the events in Egypt meant that the country might just “decapitate” the regime by replacing Mubarak with another equally distasteful figure from his government. It will be impossible to define the outcome of these events for a long time to come. Will there be a reform government in Egypt, or will the Egyptian government end up as a Mubarak regime without Mubarak? One way or another, Egyptians have altered the way the world perceived media and the power of citizens’ voices in the Arab world.

Much of the international attention

on this uprising has been focused on the role of social media in Egypt, in particular, blogging, Facebook, and Twitter. These platforms have been used to organize rallies, expose abuse, spread rumors, and disseminate breaking news. But it is impossible to evaluate this realm without an accompanying assessment of the functions and failings of legacy media. Egypt’s newspapers and broadcasters have served in some well-known ways to support the regime and in other, sometimes unexpected ways, to challenge it. Furthermore, as the Egyptian media environment has evolved from traditional forms to online platforms, newspaper websites and satellite broadcasters have created a critical transitional link.

The protests in Egypt arose from the complex interactions of a number of factors beyond digital media, among them trade unions, stifled opposition parties, and last but by no means least, legacy media.

Regardless of which forces assume power in Egypt, three critical elements of the Egyptian media are likely to remain noteworthy over the medium term. One is the long-standing tangle of legal restrictions and regulations that make it nearly impossible to launch a new newspaper or local broadcast outlet, especially one that does not support the party in power. The second element is the onerous legal, economic, and professional obstacle courses that prevent aspiring journalists from practicing journalism and leave them prey to official harassment and arrest. The third is the way in which new media have begun to address these gaps through satellite television, notably al Jazeera, and social media. These factors are not likely to change quickly, and their significance resonates in other media markets in the Arab world.

Country Indices: Egypt



Political & Regulatory

Post-Mubarak political uncertainty – will there be a reform government in Egypt, or will the Egyptian government end up as a Mubarak regime without Mubarak?

Legacy media tightly regulated, controlled, and restricted by the government

Number of bloggers and journalists jailed

Newspapers and television have played a critical role in the country's political process – criticism of government widespread; military establishment and intelligence agencies still taboo topics

Government holds monopoly on newspaper distribution, printing plants, ink, and paper supplies

Government exercises pressures via advertising



Economy & Market

GDP per capita estimate US\$6,200; unequal distribution of wealth

Government allowed establishment of a limited number of privately owned newspapers

Foreign ownership prohibited; some signs of foreign activity in the media sector, albeit in the non-news media for now

Privately owned media not allowed to receive any form of direct or indirect foreign funding

No oversight mechanism to monitor circulation and/or readership; some estimates put overall circulation figure between 3 and 4 million daily

Second largest advertising in the region; 16% of total regional advertising spend, expected growth rate of 7% over 2009–2014



Social

Most populous country in Arab region, 47% rural, 71% literacy rate

High level of social inequality, especially among rural population

Vibrant civic engagement via Internet and social networks

Citizen journalism/digital activism ties to legacy media – used to bypass most government controls

Long tradition of public discourse and newspaper readership



Media & New Technologies

16.5 million Internet users (20% of the population)

Mobile phone penetration near universal (exceeding 100%)

5 million Egyptians on Facebook – highest in the Middle East

Estimates in early 2011 range from 15,000 to 30,000 Twitter users and 160,000 bloggers

ADSL or broadband subscribers – just over 1 million

1. Portrait of National Media

Egypt, the most populous country in the Arab world, also possesses one of the region's oldest journalism cultures.¹ Over the past two decades of President Mubarak's rule, the government imposed extensive control on newspaper ownership and news content. Although some of these controls were eased in recent years, more-recent press crack-downs have shaken the industry, and privately owned newspapers continued to be constrained by government monopolies on printing plants, ink, and paper supplies. Government control over traditional media outlets has contributed to the growing audience for online content, which will continue to expand as Internet infrastructure improves and penetration increases. These developments have benefited social media over professional journalism; nevertheless, even popular online media outlets have been hard-pressed to identify workable business models.

Egypt's newspapers

Egyptian journalist and media expert Mirette Mabrouk (2010) has written about three transformative changes in Egyptian media over the past two decades: "First, the introduction of private satellite television in the early 1990s; second, the rise of independent newspapers; and finally, the emergence over the past five or six years of the Internet and new media."

However, for the past century, newspapers have been the chief means of communication among government circles and the elite. The government-owned *Al Ahram* (The Pyramids), was founded in 1875, making it one of the oldest Arab newspapers in operation and the market leader. Privately owned newspapers and mag-

azines existed in Egypt from colonial times until the mid-twentieth century, but they suffered a major setback with the 1952 coup, the prelude to an era of "Arab socialism." The resulting one-party state nationalized media outlets in 1960, bringing all newspapers and magazines – and soon after, all broadcasting outlets – under government ownership. In 1980, a new law was introduced allowing political parties to issue their own newspapers. The same law, in theory, allowed for the creation of privately owned companies that could then establish newspapers. But it also included very complicated conditions that were almost impossible to meet. In practice, such newspapers could not be formed.

In the 1980s, early in Mubarak's regime, the government allowed a very limited number of privately owned newspapers to be launched. They specialized mostly in sports or social affairs, but the bureaucracy blocked any attempt to establish newspapers that would address politics.

In the early 1990s, publishers began to explore a new way to circumvent censorship, known as the "Cypriot Press," or "newspapers with foreign licenses." Under this system, Egyptians obtained newspaper licenses abroad, mostly in Cyprus but also in London and the United States. They produced content in Egypt and sent it outside the country for printing, then flew the newspapers back to Egypt as foreign publications. Those newspapers that were approved by the censors could be sold inside the country; those that were not approved were subject to confiscation, resulting in a heavy cost to the publisher.

The government's approach to privately owned newspapers changed

drastically in the mid-1990s. A few years after the emergence of the "Cypriot Press," officials realized that government-owned newspapers and printing presses owned by them could benefit greatly from the existence of privately owned newspapers. These sophisticated printing presses were previously used only to print a limited number of publications, namely, the government's own newspapers and magazines. At that time they were capable of printing far more. Conditions for establishing privately owned newspapers were relaxed in the mid-1990s, and in 1997, three privately owned newspapers received licenses, and these three were gradually followed by many others.

As of early 2011, three types of newspapers existed in Egypt: government-owned newspapers, newspapers owned by political parties, and privately owned newspapers – the so-called "independent press." The most popular independent daily was *Al Masry Al Youm*. Its closest competitor in terms of circulation was *Al-Shorouk*, which was launched in 2009 (Mabrouk, 2010). The "independent press" still carried some political connotations given that prominent businessmen founded or bought out some of these newspapers in recent years and became more engaged in politics. The publisher of *Al Dostour*, for example, is El Sayed El Badawy, head of the liberal *Wafd* party.

The question of newspapers' "independence" became a debatable issue. And for those publishers who remained critical of the regime, the question arose as to whether their newspapers were indeed private and independent or merely vehicles for their party's agendas.

¹ Some scholars date the beginning of the (semi-)independent Arab press to the establishment of *Wadi al Nil*, a newspaper established in Cairo in 1866 under the rule of Khedive Ismael.

Newspaper circulation: differing figures

As stated previously, reliable sources of data on newspaper circulation and readership do not exist because there is no independent and credible body to produce such figures. Nor do the newspapers themselves make their circulation figures available to the public. When asked by researchers, many of them respond using vague statements such as, "Sixty-five percent of the printed copies are sold."

Some are kind enough to state approximate figures, but academics and analysts forcefully argue that all of these figures are exaggerated and not remotely accurate. If a privately owned newspaper's representative claims that its circulation is somewhere between 250,000 and 300,000, analysts would put it between 100,000 and 150,000.

Some events can temporarily boost newspaper circulation as much as 3 to 4 percent. These occasions include important local political developments, sensationalist news, interviews with prominent figures, and reader services. High school examinations provide the basis for several of these services, including the publication of possible test questions before the exams and the publication of results afterward.

Newspapers remain the dominant form of news consumption, but more

than a third of the adult population reads news online, with a higher proportion among the younger demographic segment. Al Ahram is cited as the most read newspaper, in line with its claimed circulation numbers of over 1 million, the highest in the country. "Best news coverage" and "habit" rank highly among the reasons for reading in line with other markets, while sports is the top read topic, significantly more popular than in other Arab world countries. The strong sports interest displayed in newspaper consumption also applies to magazines.

It is important to note that the overall number of newspaper readers does not increase when a new newspaper emerges. Rather, its readership is drawn from those who abandon one of the existing newspapers and not new readers. The emergence of privately owned newspapers has coincided with a considerable drop in the circulation of newspapers owned by the government and political parties alike. In fact, the circulation of newspapers owned by political parties is believed to be at an all-time low. In addition, the prevalence of "forced distribution" in boosting the circulation of government-owned dailies suggests an advance to privately owned newspapers in the future. With an estimated combined paid circulation of between 3 and 4 million, Egyptian newspapers remain largely the purview of the urban elite.

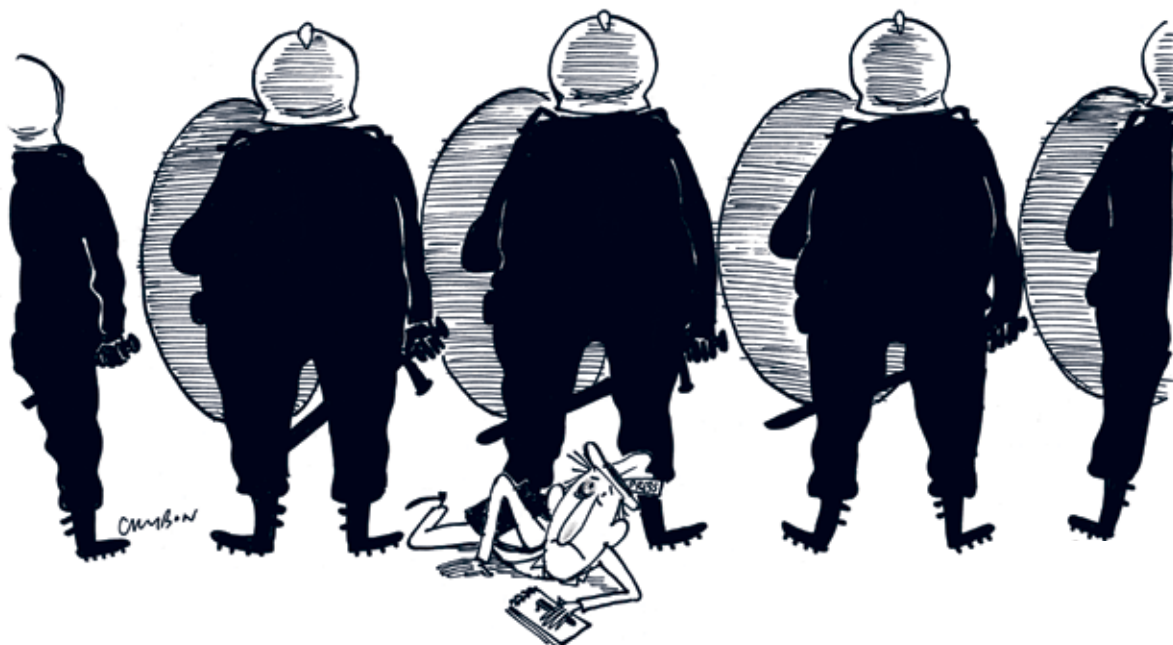
Advertising market trends

Compared to other major advertising markets in the region, Egypt showed strong resilience during the financial downturn. The country had the second largest advertising market in the region in 2009, representing 16 percent of total regional advertising spend. The majority of advertising came from the public sector and the telecommunications industry.

While the advertising market grew by over 40 percent in the last three years, analysts expect the advertising market to grow at a compound annual growth rate of 7 percent over the projection period 2009–2013, from nearly US\$720 million in 2009 to US\$936 million by the end of 2013.

In line with the overall market in the Arab Region, the advertising market in Egypt remains concentrated in print media, with newspapers accounting for over 55 percent of total advertising spend in 2009 and magazines for approximately 6 percent.

Most privately owned newspapers interviewed for this report consider advertising agencies together with distributors as the most powerful players in the market; they admit that advertisers can and do have an impact on the editorial content of privately owned newspapers.



2. The Egyptian Economy and Newspaper Conditions



The international economic downturn slowed Egypt's GDP, predominately affecting export-oriented sectors, including manufacturing and tourism. Despite high levels of economic growth over the past few years, living conditions for average Egyptians remain poor. Egypt's turmoil, which has been building for many years, has arisen from many different social classes, political movements, and regional initiatives.

The population of Egypt grew from about 30 million in 1966 to roughly 80 million in 2010. The vast majority of Egyptians live in the limited spaces near the banks of the Nile River, where the only arable land is found, and the need for this land for farming competes with the need for human habitations. In late 2010, around 40 percent of Egypt's population of just under 80 million lived on the fiscal income equivalent of roughly US\$2 per day with a large part of the population relying on subsidized goods (AFP, 2011).

The last major round of protests took place in April 2008, beginning with a textile workers' strike sparked by high food prices. Sympathetic students and urban intellectuals soon joined their cause. The government attempted to control informa-

tion concerning the unrest, but international satellite television and the intellectuals' social media challenged the government's censorship. The government retaliated with brutal measures against journalists, bloggers, and Facebook activists.

The protests temporarily abated, but the unrest continued to simmer, as the Egyptian economy continued to suffer from the high cost of protests, elevated debt, and the world economic crisis. Egypt's economic problems are driven by a demographic youth explosion: with the number of new people entering the job force at about 4 percent a year, unemployment in Egypt is around 10 percent but runs as high as 25 percent for educated urban youth, who are precisely the people who were seen out in the streets.

The circulations of many independent Egyptian newspapers dropped, and many held the country's economic problems to blame. Fifteen years ago, the total circulation of all Egyptian newspapers was around 3 million. Today, even with a notably increased number of titles, most estimates put the figure between 2 and 4 million, depending on the source. The government-owned daily, Al Ahram, has a circulation of 1 million, but

much of the circulation of Al Ahram and other government-owned papers is described as "forced distribution": many government employees are obliged to have one or more government-owned papers delivered to their desks each morning. High-ranking officials receive as many as five newspapers a day, the cost of which is covered by the official's ministry or government enterprise and not by the employees themselves.

Although the world has been transfixed by the role of social media in the February 2011 protests, Egypt's newspapers have played a critical role in the country's political process. The country's bloggers and Twitter activists were able to offer breathtaking if sometimes unconfirmed updates from the streets. But the public turned to newspapers and broadcasters for interviews with national and international government, political, and business leaders to see which way the official winds were blowing.

Like most people living under censorship, Egyptians learned how to read and write "between the lines." This report draws on a series of WAN interviews in Cairo, conducted in late 2010 with editors and reporters who preferred to remain anonymous for attribution for security reasons.



3. Political Overview

Egypt's authoritarian political system existed under the rule of President Mubarak since 1981, making him the seventh longest-ruling non-royal head of state in the world until February, following other figures such as Qaddafi of Libya and Mugabe of Zimbabwe. Egypt is the second-largest recipient of U.S. aid in the world, following Israel, in return for its support for U.S. policies in the Middle East. In 2010, US\$1.3 billion of U.S. aid went to the Egyptian military, compared to US\$250 million in economic assistance (Reuters, 2011). It has been impossible to call Egypt a functioning democracy. Although Egypt claims that a number of political parties exist and that elections have taken place on all levels, including both parliamentary and presidential levels, a variety of measures have been used to weaken and contain opposition parties, and all elections have reportedly been rigged.

Furthermore, there has been little separation of powers between the legislative, executive, and judiciary branches of government; most powers have been at the disposal of the president. He was the one who appointed and dismissed cabinet ministers as he pleased, and they largely implemented his orders. Similarly, Egypt's rubber-stamp parliament voted routinely in favor of decisions made by the president.

The judiciary system functions more like an executive institution, merely implementing the laws approved by the parliament. Its authority is limited even further, because many court rulings are never implemented, and some civilians are referred to military courts by presidential decrees. Justice is perverted by the regime, in many cases by judges being forced to rule in a particular manner, being bribed, or being appointed based on their loyalty to the regime and willingness to hand down rulings at its pleasure (Fahmy, 2002).

According to a prominent semi-official journalist, the Mubarak regime did not oppose privately owned newspapers or newspaper ownership by businessmen in principle, and it promoted privately owned media as part of its policy of moving toward a market economy. It also believed that privately owned media had an important and crucial role to play. But at the same time, the regime maintained that the role of the state should be kept unchallenged and that the privately owned media should act according to strict rules and regulations. It also maintained that the government should hold privately owned media accountable for its performance.

Yet locally, the privately owned media is often blamed for causing social unrest. More important, the government believed that the privately owned media played a role in increasing public opposition to the government, fueling the recent unprecedented wave of strikes.

Online media and today's political culture

Online media constitutes an additional sector, one that is closely connected to traditional media but follows its own erratic path. There is no doubt that online media have allowed opposition groups to create an alternative to the government-controlled news organizations. The Muslim Brotherhood, the regime's leading opposition bloc, has long been deprived of equal access to the media. In 2004 the government shut down its official website, and the coalition responded by setting up 18 different websites in support of its approved candidates, consolidated with Internet radio stations. The Muslim Brotherhood's fortunes in the elections improved markedly in the following year (Mabrouk, 2010).

The November 2010 elections represented another critical juncture for the

Egyptian media. Over the period leading up to the vote, the government carried out harsh media crackdowns, firing several prominent editors and television hosts in an attempt to block newspapers' and broadcast media critical role to the political process. Several television stations had their licenses revoked, and there was a clampdown on SMS (cell phone text messaging), a popular tool among Egyptian activists. According to one Egyptian blogger, who requested anonymity for security reasons, the government was "controlling mass SMS messages, so nobody can send invitations to events or activities, or even political propaganda. They don't want the Muslim Brotherhood in particular to have an audience through SMS messages." He added that the government later extended the measure to an NGO working in human rights (WAN-IFRA, 2010).

Nonetheless, mobile platforms have become a critical means to counter censorship in Egypt, and the news media have come to rely on activists' and citizens' SMS reporting from the field. Twitter gained popularity with the 2010 elections in part because Facebook was subjected to government monitoring and interference. The protests of January and February 2011 accelerated this trend, although again, the government took various temporary measures to cut off public access to social media, which extended to Facebook, Twitter, and cell phones. It is difficult to attach firm numbers to Twitter users in Egypt; estimates in early 2011 range from 15,000 to 30,000, and it should be noted that many Egyptians who participate in social media do so from outside the country. By the same token, given this participation rate, Twitter updates made a greater impact among the international community than in Egypt. Egyptians' access to both legacy and online media is largely a matter of economics. The country's per capita GDP was estimated at US\$6,200, but the population struggles with a high level of so-

cial inequality, especially in the impoverished countryside.

This income gap means that the digital revolution in Egypt has taken place on two planes. At the high end are the broadband, or ADSL subscribers, who totaled just over 1 million people in March 2010, accounting for over 1 percent of the population. The number of Internet users totaled 16.5 million in 2009, which accounts for some 20 percent of the population.

But mobile phone penetration is near universal. According to the Ministry of Communication and Information Technology, the number of mobile phone connections for 2010 is over 82 million, or exceeding 100 percent. Most people do not have landlines, and mobile phones are the norm (CAMPAS Central Agency for Public Mobilization and Statistics, 2010).

The starting point for this study is the Egyptian newspaper market, and it is beyond the scope of this paper to discuss social media in depth. However, several additional observations are in order. As of 2006, an Egyptian government agency estimated that there were about 40 active bloggers in Egypt. Four years later, that number grew to up to 160,000 – the equivalent of over 15 percent of all Egyptian broadband subscribers. In February

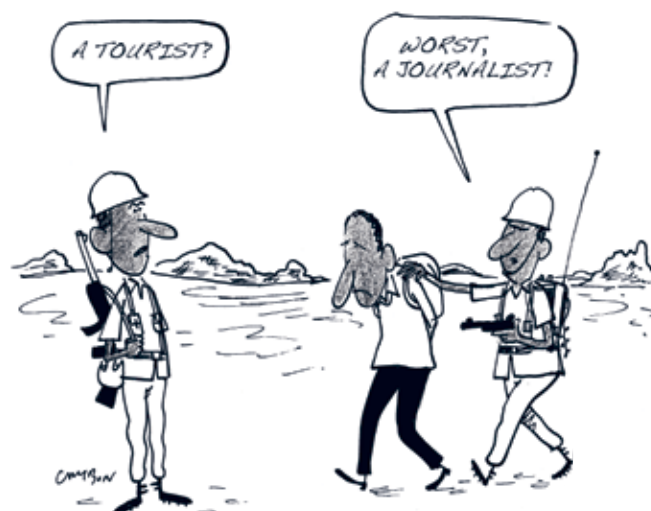
2011, the New York Times (2011) estimated that there were over 5 million Egyptians on Facebook, the highest number of any country in the Middle East and the Maghreb. Facebook has attained critical mass as a news outlet in Egypt, and it indeed served an important journalistic role during the 2011 protests, during which it was not blocked.

This intense level of online participation demonstrates both the enthusiasm of a new generation and the frustration of a young public that has felt shut out of the traditional channels of political discourse. Of course, sometimes such vast amounts of uncensored content can become white noise. Bloggers and Facebook and Twitter activists have been influential in circulating breaking news, especially concerning human-rights violations, but only a small percentage can build up a lasting readership. Often, as noted earlier, the most influential content online originates with traditional Egyptian news organizations.

The role of social media in the 2011 protests will be studied for years to come, but events have already shown that while the different social media are gaining in political force, their practice still holds many perils. A number of Egyptian bloggers have been jailed in recent years, some of them

under appalling conditions. The government's measures took their toll on the blogging community, which has little access to even the minimal legal protections available to the country's registered journalists. "Maybe we took them by surprise and they were not prepared for us, and that's how we became so big and so effective so suddenly," reflected one leading blogger interviewed by WAN in November. "But now they are getting used to it, they are experimenting with the technology and are trying to fight us in the same way we fight them, so that's what's making it hard. Of course, this is combined with lots of blows against bloggers, which try to destroy their reputations, their credibility and discouraging them. Also, a lot of influential bloggers have emigrated from Egypt, to South Africa, France, the USA and Sweden, so the blogging scene in Egypt has lost its momentum."

But these developments rarely move in a straightforward progression, nor do repressive measures always achieve their goals. When the Egyptian government temporarily cut off Internet access in February 2011, blogger Haisam Abu-Samra suggested that the move may have inadvertently fueled the revolution: "If anything, it removed distraction and gave us a singular mission to accomplish" (Abu-Samra, 2011).



4. Media Legal and Regulatory Environment

Private newspaper legally constrained

One reason Egyptians are so eager to publish online is that it is so difficult for them to publish in print. Mirette Mabrouk (2010) has described launching a newspaper in Egypt as a “logistical nightmare due to government regulations.” The centerpiece of this nightmare is the principal law governing the newspaper sector, Law 96/1996, which regulates newspaper ownership, stipulates restrictions on newspapers, and outlines the requirements for establishing newspapers, among many other matters. It requires prospective newspaper owners to submit a written request to the Supreme Press Council that includes detailed information about themselves as well as an overview of the proposed newspaper. They must also obtain a security clearance and permission from several governmental bodies, including the Higher Journalism Council and the Council of Ministers. They must additionally pay hefty fees. The law also includes regulations on the capital of privately owned newspapers that must be followed before such newspapers are established. The Supreme Press Council must reach its decision within 40 days. If it refuses to grant a newspaper a license, its would-be owners have the right to take the matter to a court of law. However, it usually takes most newspapers from three to eight months to receive a license.

One major criterion has been the political affiliation of the individuals behind the newspaper. Anyone who is expected to produce a newspaper that strongly opposes the government has faced great difficulty. For example, it took one group five years to establish Al Destour, an opposition newspaper, even though the group won a court ruling in its favor.

The same law prohibits foreigners from owning newspapers, and privately owned newspapers are not al-

lowed to receive any form of direct or indirect foreign funding. This includes subtle forms of funding, such as subsidized advertising.

Although foreigners are not allowed to own newspapers in Egypt, foreign media and organizations have exerted significant influence on Egyptian journalism through training programs in the following areas: investigative journalism, citizen journalism, mobilizing mass media “on the themes of democracy and governance,” inclusive journalism, and reporting on religious diversity, etc (Internews, 2011).

Media access to information limited

One of the main challenges faced by privately owned newspapers is their limited access to information. Given the absence of a law to regulate this process and protect journalists’ right to access information freely, government officials provide journalists who work for government-owned newspapers with information while denying it to most of those who work for privately owned publications. There have been some unsuccessful attempts to introduce freedom-of-information legislation.

Press freedom environment

Despite ongoing legal restrictions, the Egyptian media environment has still made important gains over restrictions of the past. Privately owned newspapers played a significant role in attaining this advance. Criticism of any and all government officials can be found on a regular basis in privately owned newspapers. The only remaining taboos tend to involve the military establishment and, to a lesser extent, intelligence agencies.

Nonetheless, laws still in place allow the imprisonment of journalists for defaming heads of state, publishing news deemed as false, and undermining national institutions (In-

galls, 2008). In 2007, Ibrahim Essa, then editor-in-chief of the privately owned opposition newspaper Al Destour, was tried for publishing false information about President Mubarak’s state of health.

There is a great deal of self-censorship in Egypt. Most editors know the lines they can and cannot cross and actively monitor content themselves. At the same time, there is more and more space for free expression. People have become more daring lately, but no one really knew where the line was drawn. There are many cases of one journalist or blogger writing something and being detained while another publishes the same thing and slips by.

There have been recent cases of reporters arrested and threatened with jail time for covering the elections “illegally,” without a journalism trade license. But getting accreditation is extremely difficult. For example, for an Al Ahram reporter to be accredited through the syndicate, he or she must be “appointed,” or become a civil servant who can never be fired. Such appointments are extremely rare, so most journalists work without “legal” status and hence can be arrested merely for practicing journalism without authorization.

The accreditation of journalists is another gulf between traditional news organizations and the online community. Although bloggers lack some of the protections afforded to registered journalists, they fear that forming a parallel association would damage their cause. “It would harm us here in Egypt if we [were to] start a union or an organization,” one of them told a WAN-IFRA interviewer (WAN-IFRA, 2010). “It will make us more under their control. When we have a free civil society and the ability to organize and no emergency law, we can do an organization, society, syndicate, or whatever.”

Editorial independence

Some observers argue that privately owned media were reintroduced in Egypt as a result of global and local changes that forced dictatorial regimes to allow greater margins of freedom of expression in order to support their claims of democratization. But in reality, while these newspapers are allowed to criticize the government, their criticism has no impact on government policy.

Most of the editors-in-chief of privately owned newspapers acknowledge that they receive phone calls on a regular basis from high-ranking government officials to discuss stories published in the newspaper. Some of them perceive this as a form of pressure, while others describe it as a negotiation and bridge-building process.

Another question of editorial independence concerns ownership. The editors-in-chief forcefully deny that their owners have anything to do with their editorial policies of newspapers, but most academics, observers, and media analysts argue that businessmen play a significant and crucial role in determining the editorial

policies of these newspapers, and some go so far as to argue that they are the sole decision-makers. All sides agree that these newspapers are used to further the interests of the businessmen who own them.

Government-owned publications, notably Al Ahram, have made some recent moves in the direction of greater editorial independence, but it remains to be seen how far this will go. The Al Ahram Weekly, the company's English-language publication, has made noteworthy attempts to push the boundaries of its political coverage, especially in its online edition.

The greater freedom enjoyed by the Al Ahram Weekly may be attributed to its publication in English. Like many authoritarian regimes, Mubarak's government was eager to present a progressive image to the international community, but did so in a language that would not reach the majority of Egyptians.

Government's purchase of ads: power and pressures

Although there are no legal restrictions on advertising by government

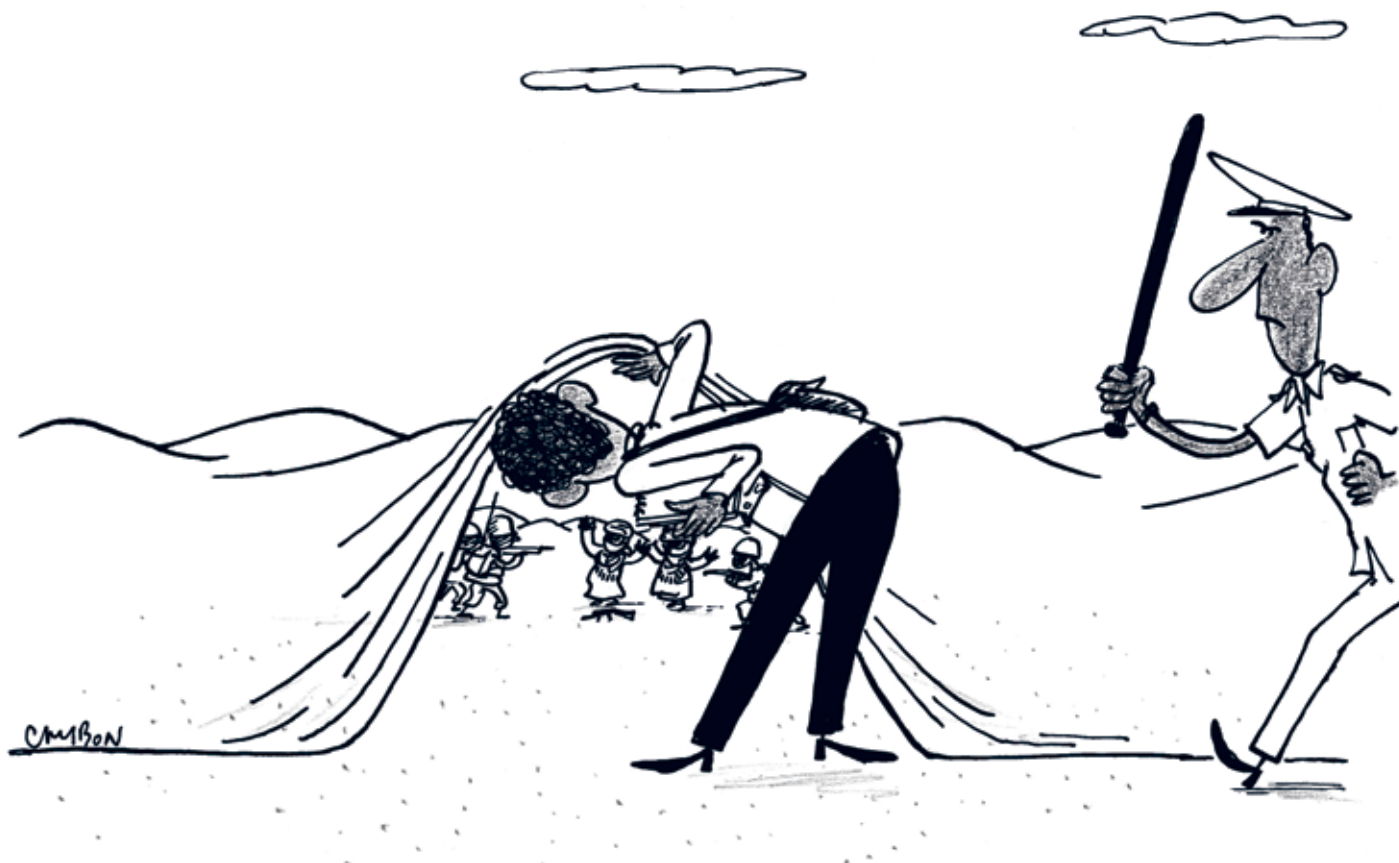
enterprises in privately owned newspapers, this is one common form of pressure utilized by the government. In fact, most advertisers in Egypt are companies and enterprises owned by the government, in addition to those owned by individual ministries. Many of them simply do not publish any ads in privately owned newspapers. A notable exception is when the government wants to send an important message to as many people as possible. Examples of this include informative ads about swine flu and birth-control campaigns as well as electoral campaign ads. In such cases, the government places ads in privately owned newspapers with high circulations.

The government uses additional tactics to limit advertising from non-government institutions in privately owned newspapers. Private companies can be pressured – and even threatened – if they advertise in privately owned newspapers, especially those that are highly critical of the regime.

Another form of government pressure on critical newspapers is to produce inaccurate and exaggerated estimates of their profits, thereby increasing their tax burden.



5. Newspapers and New Media Convergence



All of Egypt's privately owned newspapers have their own websites, most of which reproduce their print edition without significant changes. Some of them contain some additional features, such as video footage of interviews conducted by their journalists. Their eagerness to establish their own websites illustrates their belief in the potential for online journalism in Egypt. The lower production cost for online publication is one factor that could contribute to the growth in online jour-

nalism in Egypt. On the other hand, most of these websites contain a limited number of ads, and online ads tend to be much cheaper than ads in print editions.

A limited number of privately owned newspapers now offer news alerts in the form of text messages sent to the mobile phones of subscribers. These services can be expected to expand along with the mobile phone market, which is expected to exceed 100 per cent penetration in 2012.

Egyptian newspapers have been scrambling to integrate new media platforms into their operations, as Twitter, Facebook and related platforms become simultaneously business competition. This is used as a means to counter press control and censorship and as a way to offset the massive costs associated with printing. Hisham Kassem, formerly of El Masry El Youm and The Cairo Times, is starting a new venture in 2011 that will draw heavily on the new media technologies and networks currently available. One of his future editors is currently working for the AhramOnline portal, where all his information is gathered from on-the-ground-sources who use Twitter and other social media platforms. This is also how they spread information – to the media and social activists, bypassing most governmental controls.

6. Conclusion

While the February 2011 uprising will alter the Egyptian media landscape in ways that are impossible to predict at this writing, some changes are already visible. New sectors of the Egyptian population, especially young people, have made their voices heard for the first time through the broad interactions of social media, physical action, and traditional journalism. State-owned newspapers and broadcasters have taken long-awaited steps to offer broader coverage to their audiences, and their reporters are unlikely to regress to the old forms.

But even with Mubarak's departure, other serious issues will remain. Egypt's thicket of media laws and regulations is unlikely to disappear overnight, and badly needed reforms will need to work their way through a legal and political process. There is much at stake, as the long-term outcome of Egypt's process will undoubtedly exercise a major influence on other Arab nations and the world.

Egypt's First News Website

Al Youm El Sabe (The Seventh Day) is the first news website to appear in Egypt. Its founder and editor-in-chief, Khaled Salah, decided to establish an online newspaper after attending a training workshop organized by the World Association of Newspapers. This meeting convinced him of the importance of online journalism and digital media and offered tools in newsroom management. These tools enabled him to run a 24-hour news operation.

Al Youm El Sabe's news website is updated on a regular basis 24 hours a day, and the company also issues a weekly print newspaper edition. Al Youm El Sabe's website has reported 36 million page views and 3 million unique visitors per month. The site also made a deal with an advertising firm to manage all of its ads.

Founder Khaled Salah says that the main reason behind his site's success is its professional, accurate, and objective content compared to other news-oriented sites' reliance on opinionated and inaccurate blogs. He adds that his site follows "certain guidelines" when it comes to opinion pieces, and it has pushed freedom of expression to an unprecedented level, all of which has contributed to its trust-

worthiness and credibility among readers.

Egyptian television talk shows use Al Youm El Sabe as a source of information and cite it by name, further enhancing its credibility. In addition, most of the journalists who work for Al Youm El Sabe are young, fresh graduates who use the Internet on a regular basis as a source of new ideas. In other words, they resemble the users of Al Youm El Sabe.

Another unique feature within Egypt of Al Youm El Sabe is its user-generated content. Some readers write regular opinion pieces on the website, whereas in all other Egyptian newspapers, only intellectuals are allowed to do so. In addition, Al Youm El Sabe's staff often receives information from readers about important events taking place in particular locations and sends reporters to investigate.

The success of Al Youm El Sabe indicates that Egyptian online journalism is poised to take off right now and not in a few decades, as argued by some observers and even journalists. At the same time, given that these pioneers still feel the need to produce a daily version in print, it is safe to conclude that print editions of newspapers will not disappear any time soon.



Government-Controlled Printing Press

One of the biggest challenges faced by privately owned newspapers in Egypt is printing and distribution. Almost all of them are printed and distributed by Al Ahram, a government-owned media company. Al Ahram imports paper and ink, and privately owned newspapers have no say in the matter. Furthermore, many of the editors-in-chief of privately owned newspapers complain that they are being overcharged.

Also, since almost all of the privately owned newspapers are printed by the same printing press, they must finish producing the paper very early in the afternoon or early evening to allow it to be printed on time. This inevitably means that they end up missing out on important events that take place later in the day.

Furthermore, because Al Ahram produces its own daily newspaper in addition to numerous other publications, it comes first in both printing and distribution. Its publications receive the optimum placement in retail outlets and are distributed two or three hours before the other newspapers to give it time to sell copies before other newspapers are available. Sometimes the distribution of specific newspapers is intentionally delayed.

It is difficult for most privately owned newspapers to establish their own printing presses, largely because it is very expensive. Al Masry Al Youm is the first privately owned newspaper to establish its own printing press, but it still resorts to Al Ahram for distribution. The company bought a used printing press and uses it to print some copies of the newspaper, while others are still printed by Al Ahram.

But breaking the government's monopoly on printing is much easier than breaking its monopoly on distribution. Press laws prohibit private companies from establishing distribution companies, probably because controlling distribution is perceived as crucial by state security, which insists on controlling distributors to ensure that unlicensed publications are not distributed. The monopoly has held, although there are more and more printing houses, and there is also a free zone in which print jobs can be carried out. In addition, there are other publishing houses that are smaller than Al Ahram, such as El Shorouk, which has long published books and has plans to expand into newspaper publishing in the future.





Georgia

by Nino Danelia



Photos are courtesy of Agence France-Presse (AFP)

Country Report

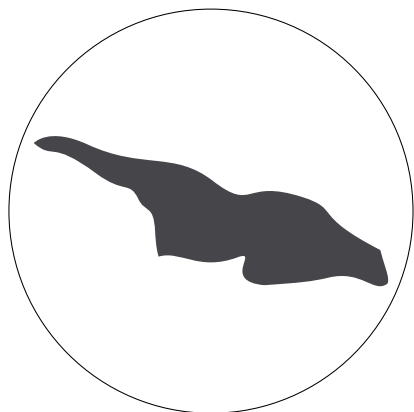


Table 6: Georgia Country Data

Data type	2010 (e)
Population	4.4 million
Literacy rate	100%
Per capita GDP	US\$4,400
Urban/rural population	53/47%
Official language	Georgian
Landline telephone connections	15%
Mobile phone connections	3.9 million
Internet penetration in %	28.5%

Sources: World Bank Development Indicators and other World Bank statistics, UN Population Information Network, Budde Communications Inc.

Executive Summary

Georgia spent much of the twentieth century as a small and captive but relatively prosperous Soviet republic. The 1990s brought both independence and turmoil. Although the country has a high literacy rate and easy access to media, ongoing economic instability has shattered the national media market. Recent conflicts have led to a variety of measures to block the news, driving the country's elite to the Internet to access and communicate news; in some cases, even government agencies resorted to blogging to communicate with the public. International-

al media assistance has been a mixed blessing. Intended as a lifeline, it often serves as a life-support system for media organizations with few strategies and little hope for devising a business model. The Georgian model offers the donor community a cautionary tale about the culture of dependency. It also illustrates how censorship of new technologies can be imposed or compounded from the exterior (in this case, by hackers who are believed to have been directed or influenced by the Russian government).

Country Indices: Georgia



Political & Regulatory

Extended periods of political unrest and conflict.

Constitution guarantees freedom of expression; media legislation progressive but poorly implemented

Media ownership lacks transparency

Government indirectly controls or exerts influence over the major independent television stations

Regulatory authority controversial (head of GNCC held shareholder position in one of the major advertising agencies, before that he had held the position of the director of the most popular TV company)

Advertising market subject to political manipulation

Government does not restrict access to Internet content



Economy & Market

Lower-middle income economy, GDP per capita US\$4,400

Georgia abandoned the Soviet model of a command economy in 1991 – unprepared for laissez-faire economy, domestic product shrank by 75% between 1990 and 1994; total daily newspaper circulation plummeted

Most newspapers privately owned. No laws explicitly prohibiting or allowing foreign ownership of the media

No circulation audit mechanisms; low readership and circulation figures – 5.5 newspapers per 1,000 people; magazine publishing on the rise

Distribution infrastructure operates without accountable distribution mechanisms, postal system collapsed during the 1990s; Low quality of printing presses; newsprint costs increased

No easy access to bank-loans and/or credits

Print newspaper advertising share below 1%



Social

Small and aging and shrinking population; literacy rate estimated at 100%

Ethnically and linguistically diverse population

An estimated 31% of the population lives below the national poverty line

Unemployment rate 17% (2009 estimate)

Large income gap between rich and poor

Low level of civic engagement

Media content – prevalence of infotainments and entertainment shows over investigative reporting



Media & New Technologies

90 mobile phones per 100 people, with SMS gaining popularity

20 landlines per 100 people; very few landlines in rural areas

Internet penetration 30.5%; internet users live mostly in urban areas; Internet quite expensive

Main Internet service providers are locally and privately owned

Facebook principal news source for many

1. Political Overview

Georgia is a country of some 4.4 million inhabitants in the heart of the Caucasus. It won independence from the Soviet Union in 1991, only months before the collapse of Soviet communism. Former Soviet Foreign Minister Eduard Shevardnadze came to power in 1992, and over his eleven years in office (1992–2003), his regime began to establish democratic institutions but also bred increasing public frustration at the country's persistent poverty, corruption, and crime.

The 2003 parliamentary elections were followed by mass marches protesting Shevardnadze's regime. The flawed elections sparked a popular revolt and served as an underlying cause for a bloodless coup known as the "Rose Revolution." The process was led by the popular opposition trio headed by Mikheil Saakashvili and joined by leading civil society organizations and Kmara, the powerful youth movement. The revolution was strongly supported by the only independent broadcaster at the time with national coverage, TV Rustavi 2.

The new leadership, supported by the West and particularly the United States, established efficient government institutions, reformed the economy, and guided the country through a period of the fastest economic growth in its history. While many of the reforms appeared democratic on the surface, they were accompanied by human-rights violations, disrespect for property rights, and abuses of press freedom. Judicial reforms continue but only under clouds of corruption and distrust.

Georgia has experienced many varieties of turmoil in recent years, and the news media often find themselves in the line of fire. The country faced its most serious constitutional crisis in October 2007, when the president declared a 15-day state of emergency after security units used tear gas to forcibly disperse antigovernment protesters outside parliament and took an opposition TV station off air. The Georgian government said these actions were necessary to avoid a coup d'état supported by Russian intelligence and Badri Patarkatsishvili, founder and owner of the Imedi broadcasting company, who financed the opposition. The government declared a state of emergency and suspended broadcasting. Cut off from their usual sources of information, many Georgian citizens turned to the Internet for internationally produced updates.

In August 2008, Georgia engaged in an armed conflict with Russia and separatist groups from South Ossetia and Abkhazia. In the aftermath of the conflict, Russia recognized the Georgian regions of South Ossetia and Abkhazia as independent states; the parliament of Georgia passed a resolution declaring Abkhazia and South Ossetia "Russian-occupied territories."

According to the Committee to Protect Journalists (CPJ), five journalists were killed during the conflict and at least nine were injured (CPJ, 2008). According to one veteran journalist, "The government was controlling the news in broadcast media on one hand, [and] journalists were not well prepared for work in the conflict situ-

ations on another. The result was that we knew almost nothing about what was happening around us."²

Once again, citizens turned to international media outlets and the Internet for news. However, they were impeded by Russian hackers who attacked Georgian government sites, including those of President Saakashvili and the foreign ministry, which moved to a commercial blogging site.

Many Georgian online news outlets were also blocked, including Rustavi 2, Civil.ge, Media.ge, and Interpress-news.ge (Reporters Sans Frontières [RSF], 2008). Journalists contacted Google, which denied an accusation that it had removed data about Georgia (Swabey, 2008). Russian hackers also attacked Day.az and ANS.az, two regional news portals based in Azerbaijan. Georgian authorities decided on August 11 to "combat disinformation" by cutting all access to Russian television broadcasts. Georgia's leading Internet service provider (ISP), Caucasus Online, blocked access to the main Russian-language news websites by filtering the Russian domain name "ru." RSF condemned the many violations of online freedom of information: "With newspapers and radio and TV stations putting out very little independent news, the Internet is a vital tool for the public, so these attacks must stop at once" (RSF, 2008).

² The names of some of the interview subjects have been withheld to protect them from possible retaliation.



Photos are courtesy of Agence France-Presse (AFP)

2. The Georgia Economy and Newspaper Conditions

When Georgia broke away from the USSR in 1991, it abandoned the Soviet model of a command economy as well. Georgia undertook major reforms to introduce a free market, but it was unprepared for the structural challenges of a laissez-faire economy. As a result, the country faced a severe economic downturn that was accelerated by simmering civil unrest, ethnic disputes, and wars. Most ex-Soviet states suffered economic reversals over this period, but Georgia's domestic product shrank by a staggering 75 percent in just four years (1990–1994) – the largest collapse among the CIS economies (Milnikov, Papiashvili & Rodonaia, 2008). In 1993, a business secretary working for a private company earned the equivalent of US\$30 per month, while a state university professor made the equivalent of US\$4 per month.

At the same time, the breakup of the Soviet Union opened a space for the establishment of private and independent media in Georgia, and some 600 newspapers were registered in the country between 1990 and 2000. But there was a brutal weeding-out process: most newspa-

pers that were previously owned and subsidized by the state ceased to exist, and the severe economic downturn left little disposable income for readers to buy newly established independent newspapers. This led to a drastic decrease in the number of regularly available titles and a drop in average daily circulation figures. During the Communist regime, the highest circulating newspapers were *Comunisti*, with a reported 700,000 copies a day, and *Soplis Tskhovreba* (Rural Life), with 240,000. In 1981, the total number of daily newspapers in circulation was an average 4 million copies, but at almost one copy per inhabitant daily, the number of copies in circulation had no relation to actual consumption. In the mid-1990s, total daily newspaper circulation plummeted to 35,000 copies (Bokeria, Targamadze & Ramshvili, 1997). With the collapse of the economy and citizens' purchasing power, the newly born independent newspaper industry of Georgia was doomed to failure.

Between 1996 and 2000, the Georgian economy made a strong recovery, but the economic reforms failed to create the conditions for equitable

and sustainable growth. Poverty indices kept rising throughout the late 1990s to 51.8 percent in 2000, indicating that more than half of the population lived below the national poverty line. Fifteen years later the economy is still struggling, and the newspaper industry has never recovered.

The World Bank currently designates Georgia a lower-middle-income economy (World Bank & International Finance Corporation, 2011). Economic growth slowed to 4 percent in 2009 (compared to 12 percent in 2007) due to the world economic crisis and the war. Georgia's independence cost it the access to cheap energy it enjoyed during the Soviet period, and the country must import almost all of its natural gas and oil. The largest share of Georgia's GDP is produced by trade and services (at 62 percent), followed by manufacturing (26 percent) and agriculture (12 percent). However, 55.6 percent of the labor force works in agriculture, compared to 8.9 percent in industry and 35.5 percent in services. These figures reflect the gaps between the urban and rural (rich and poor) populations (CIA, 2011). Unemployment was offi-

cially estimated at 17 percent in 2009 (National Statistics Office of Georgia, 2009). Credit continues to be in short supply; the interest rate charged for loans remains high, and many potential borrowers cannot meet the high criteria to get a loan (CIA, 2011). The commercial bank prime-lending rate is 16 percent.

All of these factors have taken their

toll on the Georgian media. The 2008 war and the subsequent economic crisis have significantly curtailed the advertising budgets of companies operating in Georgia. "We were able to become a profitable business before the war and world economic crisis, but now we are again dependent on our donors," said Ia Bobokhidze, owner of the regional newspaper Akhali Gazeti (The New Newspaper).

The limited advertising market and political pressure on businesses have combined to create a weak base for the development of the media business in Georgia. Over the past two years, surveyed Georgian media organizations recorded an overall decrease in advertising revenue and financial sustainability, whereas their overall costs have increased.

3. Socio-demographic Overview

Georgia's media market is ethnically and linguistically diverse. Some 1.2 million of the population of 4.4 million live in the capital city, Tbilisi (National Statistics Office of Georgia, 2010). About 84 percent of the population is Georgian, 6.5 percent Azeri, 5.7 percent Armenian, and 1.5 percent Russian (National Statistics Office of Georgia, 2002). The largest and the most influential religious group is Orthodox Christian with 83.9 percent, followed by Muslims at 9.9 percent (National Statistics

Office of Georgia, 2002). Georgian, the official language, is spoken by 71 percent of the population, followed by Russian at 9 percent, with the remainder divided between Armenian, Azeri, and smaller minority languages (CIA, 2011). The literacy rate is estimated at 100 percent. Georgia's population is rapidly aging, with 16.1 percent under 15 and 16.5 percent over 65, and the population is shrinking at an annual rate of 0.325 percent (CIA, 2011).

4. Media Legal and Regulatory Environment

The Georgian Constitution guarantees freedom of expression and prohibits censorship. The country has abolished criminal prosecution for defamation and libel and has ratified numerous international and regional human-rights instruments. The 2008 IREX Media Sustainability Index described Georgian media legislation as "liberal and progressive, yet poorly applied." The media in the conflicted regions of South Ossetia and Abkhazia remains tightly controlled by the de facto authorities, and researchers have no access to reliable information on local conditions.

Regulatory systems

The Georgian government has gone through the motions of creating regulatory organizations for media outlets, but these organizations have achieved little stature. Georgian television and radio broadcasting is over-

seen by the Georgian National Communications Commission (GNCC), established in 2000, whose five members are appointed by the president for six-year terms. The GNCC has made several controversial decisions over the past few years that have cast doubt on its competence and impartiality. Opposition politicians and journalists have criticized the Georgian Public Broadcaster (GPB) from the day it was established for failing to fulfill its mandate to serve the public as a source of objective information.

In March 2009, the GNCC ratified the Code of Conduct for Broadcasters, which requires broadcasters to create mechanisms of self-regulation, but these mechanisms have not been implemented yet. In December 2009, journalists and media experts signed the Charter of Ethics for Georgian Journalists.

Who owns the media?



The ownership of Georgian media outlets is often shadowy, and the lack of transparency is a significant hindrance to the development of free media in Georgia (IREX, 2009). Anyone can apply for a broadcasting license as long as the person or legal entity resides within the country. The organization responsible for monitoring media ownership, the GNCC, lacks the mandate to establish the identities of the actual owners of television stations as opposed to proxy owners (Transparency International Georgia, 2009). There are no laws that define the rules related to foreign ownership of the media. Individuals who seek to anonymously control private television stations have taken advantage of this liberal regulation and established off-shore post boxes in tax havens such as the British Virgin Islands, where Degson Limited (the dominant co-owner of Georgia's most

influential channel, Rustavi 2), and of Mze (another national channel) are registered (Transparency International Georgia, 2009). The representative of international investment company Rakeen, that was registered as Imedi Owner, denies having any shares in Imedi TV company.

Amendments to the Law on Broadcasting passed by the Parliament of Georgia in 2011 require full ban to off-shore zones and oblige the broadcasters to make information about their ownership and funding publicly available before January 2012.

Georgia does not require print media to acquire licenses. The process of launching a newspaper or a magazine is very easy; any individual or group can start publishing as soon as they register the publication and get a registration number, a process that can be completed in a couple of days.

5. Portrait of the National Media

To an outsider, the Georgian media scene appears to be rich and diverse: newsstands display a variety of titles, and numerous television and radio stations produce many hours of news and current-affairs programs daily. However, the absence of fact-based investigative reporting, surprisingly low readership figures for the press, and the dominance of the "infotainment" format for television news and current affairs present a bleak outlook for professional journalism. The majority of Georgian media are merely followers of the official agenda, transmitting what is said and done by the political and social elite. "We have better debate on Facebook than on television channels," claims Shorenashvili, editor and publisher of the Georgian weekly *Liberali*.

Journalists' low salaries and their profession's lack of prestige make it difficult for Georgian newspapers

to maintain capable and professional staff. Therefore, most newspapers hire young and inexperienced journalists who often work without full-time contracts. Regional journalists are threatened on a regular basis, and some risk their safety when investigating issues related to local authorities and police wrongdoings. Access to information of public importance is limited.

Over the past four years, authorities have pressured and sometimes even shut down independent television and radio stations that broadcast nationwide while they have tolerated those that have fragmented audiences and limited influence. Individual journalists, especially in rural areas, are occasionally subject to pressure, and constitutional and legal provisions for free access to information are frequently violated.

Many Georgians feel that authorities do not hesitate to penalize me-

dia outlets and individual journalists for negative coverage. This perception keeps many journalists from engaging in overt criticism of the government, investigating government corruption, and reporting in depth on controversial political issues. International media organizations characterize the Georgian media as self-censored.

Media executives often justify their poor content with complaints of their limited revenues and the weak advertising market. It seems that the strategy of the media outlets in Georgia is to diminish the presentation of alternate views, especially on television, and to emphasize entertainment over news and talk shows.

Broadcast media

Electronic media dominate the media scene, with television playing the key role: 88 percent of citizens report that television is their primary source

of news. There are eight privately owned television stations in Tbilisi and one public station, Channel 1. Four of the Tbilisi-based stations, Channel 1, Rustavi-2, Imedi, and Adjara, have nationwide coverage. After the transfer of ownership of two independent national television stations, Rustavi 2 (in 2004) and Imedi (during 2008), all major television stations in Georgia are controlled or directly influenced by the government.

However, some regional newspapers and radio stations, and in isolated cases regional televisions, have successfully deflected the government's attempts to contain them, continuing to expose corruption and human-rights violations and to cover issues of national importance. There has also been progress in the self-organization of the media on professional and industry levels. Although the national television association collapsed, associations of regional newspapers and regional TV stations continue to increase their support to members. (This is also true of the national newspaper association, though to a lesser extent.)

Journalists report that the Georgian government does not in general restrict access to Internet content. Even in periods of conflict, users have circumvented restrictions on content fairly easily, particularly during the 2008 conflict with Russia. Many state employees and even the official press services of governmental bodies switched to free blogging platforms to publish their points of view as well as official announcements.

Newspaper market

Almost all of Georgia's print media outlets are privately owned. Of the 502 newspapers registered with the Department of Statistics, most are published on an irregular basis. It is estimated that around 28 Tbilisi and 61 regional newspapers are reasonably active, but that only ten dailies have significant circulation and readership. Tbilisi-based dailies Resonance and 24 Hours lead the list of the so-called serious press. Kviris Palitra is

the most popular weekly. Other popular national newspapers, Alia, Akhali Taoba, and Asaval-Dasavali, have less rigorous ethical standards. Weekly regional newspapers include Batumelebi, Akhali Gazeti, Guria News, Kakhetis Khma, and Samkhretis Karibche. Other newspapers are published in the minority languages of Russian, Armenian, and Azerbaijani (Mikashavidze, 2010).

Over the past few years, magazine publishing has been on the rise. Although magazines offer mostly a mix of gossip about show business and politics, their low cover prices and entertaining content contribute to their circulation, which is higher than that of the newspapers. The weekly magazines Liberali and Tabula respond to the demand for serious reporting and analysis. Tskheli Shokoladi (Hot Chocolate) focuses on culture and social issues. These three magazines are the most popular quality glossies (Mikashavidze, 2010).

Readership

Georgia is a literate society, yet Georgians display mistrust toward their own press and read it occasionally. Eighty-six percent of Georgians claim they sometimes read daily newspapers, while 80 percent say they read news magazines at least once a month (Gutbrod and Turmanidze, 2009). However, only one quarter of the population names newspapers as the primary source of political news, compared to some 9 percent from magazines (Mikashavidze, 2010). Many Georgian citizens say that in order to get objective information, they watch news on every available television station and read several newspapers in the belief no single television channel or newspaper would deliver factual and objective information (Gutbrod and Turmanidze, 2009).

Circulation

The Georgian newspaper industry does not audit circulation. Major newspapers' own estimates can range from 5,000 to 12,000 copies sold dai-

ly. Media experts estimate that the average circulation of Tbilisi dailies is 4,500 to 5,000 per issue. Regional newspapers have lower circulations, at about 2,000 to 3,000.

With an estimated 5.5 newspapers sold per 1,000 people, Georgia now has one of the lowest ratios of circulation/readership per capita in the world. The average price of the newspaper copy is EUR30¢ to 50¢ (US40¢ to 66¢). The sale of Georgian newspapers and magazines has decreased by approximately 50 percent over the last two years.

Production costs

The quality of printing presses remains low, while newsprint costs have increased due to inflation, suspended trade between Russia and Georgia, and Russian economic sanctions. Elevated printing and newsprint costs have prompted additional increases in newspaper prices and subscription rates, discouraging an already scarce readership.

Newspaper distribution

Publishers see distribution as one of the major problems of newspapers in Georgia. Distributing companies operate without transparent procedures or accountable distribution mechanisms and do not allow for any intervention and control of the number of newspapers distributed to different locations. Media managers in Georgia claim that political interference with distribution infrastructure is apparent. Ninety-five percent of newspapers are sold in the streets, of which 65 percent are sold through exclusive newspaper stands that are allocated without fair and transparent procedures. Georgia does not have a system of postal mailboxes. The postal system collapsed during the 1990s, rendering subscription an ineffective delivery mechanism. Distribution networks are awarded exclusive locations for newspaper stands in Tbilisi and other cities, creating fears that these could monopolize the market and lower sales for the independent press.

Advertising market

Television is the dominant medium in Georgia, far more vibrant than the weak newspaper industry. An estimated 80 percent of all advertising in Georgia ends up in the hands of television marketers, with only 1 percent going to newspapers. Of a national advertising market of around US\$60 million, only US\$500,000 is spent on print advertising. Advertisers are even more reluctant to buy advertising from independent newspapers than they are from official publications. For example, the ruling party, the “best political customer,” spent GEL10.13 million (approximately US\$5.75 million) on TV ads, while only GEL493,800 (approximately US\$280,000) was spent on print media, ads, and billboards combined (Civil Georgia, 2010). On the other hand, the press does not have well-developed marketing and advertising services. Media owners (both broadcast and print) maintain a critical attitude toward the government and believe that officials pressure businesses not to advertise in their media outlets (Civil Georgia, 2008).

The advertising market in Georgia is not only depressed, it is also subject to political manipulation. Owners and publishers of independent media outlets in Georgia are unified in their belief that advertising is politically controlled, claiming that businesses are unwilling to place advertisements in media that contain content critical of individuals

or agencies of the government. One of the alleged tools is tax inspection, which one editor describes as selective and used in a punitive manner against government critics. Others point to Media House, an advertising company with a monopoly on advertising sales to the key advertising agencies and major clients. One major shareholder of Media House was Irakli Chiqovani, who is also head of the governmental agency, the Georgian National Communication Committee (GNCC).

Many Georgians believe that independent print media have no ability to compete in the advertising market with the television companies, closely aligned with the ruling party, regulatory authorities, and advertising tycoons. “The Ministry of Economics only publishes information about official tenders in the newspaper 24 Saati [24 Hours], which is seen as loyal to the ruling party,” says one editor, who claims that this is one way the state channels money toward loyal newspapers while discriminating against others.

Although some of these beliefs about market “fixing” are grounded in hard facts (such as the involvement of highly prominent political figures in the advertising sphere), they also neglect some essentials of the media business and promote the illusion that market mechanisms should be inherently fair and that advertising spending must in some way be equitable. Competing with large television audience ratings and low prices

is a reality of the print media business around the world.

In such a murky political and economic environment, this situation is often used as an excuse to ignore the fact that most independent media have no infrastructure that can demonstrate value to advertisers, including products, demographics, and purchasing mechanisms. The donor community may play a role in this failure: many independent Georgian media owners are accustomed to applying for foreign donor grants, playing the political card as a way of avoiding the harsh economic truth. If these managers lack a clear and effective business model, their companies may not be viable under any circumstances.

The lack of serious research on newspaper circulation, readership, and audiences has limited the understanding of audience needs and perceptions. The only newspaper audience research to date was funded a few years ago by the Open Society Georgia Foundation for four regional newspapers.

The Georgian television market is better understood, and, like television in most other countries, it offers a low price relative to its audience compared to print. The Georgian television industry has also received structured assistance. AGB Nielsen Media Research, in partnership with the US-AID-funded IREX Media Innovations Project and the Institute for Polling and Marketing (IPM), is one of the

Table 7: Share of Advertising by Medium in Georgia and the World

Medium	Share in % Georgia 2008	Share in % Globally 2008
TV	77.6	37
Newspapers	5.1	25
Magazines	4.6	12
Internet	0.2	10
Outdoor	5.9	7
Radio	6.7	8

(WAN-IFRA, 2009)

companies that measure TV ratings. The Georgian television industry also benefits from donor-initiated television audience data, whereas most print media have no access to any data whatsoever.

Taxation: a reward and a punishment

Tax policies may be another way the Georgian government rewards its friends and punishes its critics. In 2010, the Georgian parliament approved a tax amnesty for any television station that had unpaid taxes, amounting to some GEL36 million, or US\$20 million. But media watchdog organizations found that the regional TV stations altogether owed about GEL 3 million, Georgian Public broadcaster owed GEL 9 million - meaning that the remaining GEL 24 million went toward subsidizing the pro-government television stations Rustavi 2 and Imedi (Liberali, 2010).

New technologies

Digital platforms are making inroads in the Georgian market, but so far their impact on journalism has been limited. According to 2010 estimates, more people in Georgia use mobile telephones, 90 per 100, than landline phones, 20 per 100 in cities and 4 per hundred in rural areas (Business Wire, 2011).

Georgia's Internet penetration rate is 30.5 percent, with most Internet users living or working in urban areas

(Freedom House, 2011). Internet penetration has significantly increased over the last few years, but it is still quite expensive. Caucasus Online, a leader in the market, emerged from three smaller companies and has been dictating market and price conditions.

Mobile platforms are emerging as an important force in commercial communications but are less significant for other content; SMS is gaining in popularity.

Georgia's Internet providers are locally owned; the largest ones are Caucasus Online and Silknet; the latter is actively engaged in developing Silk TV, a digital television service based on IP. Almost none of the traditional media organizations use online and mobile platforms to their full power and features. Facebook has become a principal news source for many young Georgians, who trust their network of friends to post an update if an interesting event emerges on other news channels.

Most of print and broadcast media have websites, which usually replicate their traditional content. None of the country's media outlets has any mobile applications for smartphones, tablets, or other devices, nor is it usual for them to have cell phone versions of their content. The web-only outlets are: Netgazeti.ge - supported by the Media Development Loan Fund, and Civil Georgia (Civil.ge) - an independent quality daily online

news service published in three languages (Georgian, English, and Russian). It receives support from USAID as well as Germany's Friedrich Ebert Foundation.

According to media scholar Anna Keshelashvili, several outlets have been experimenting with newsroom convergence, including the media holding company Palitra House and Liberali, whose journalists write articles for the print outlet as well as posting briefs, blogs, additional video, and audio podcasts on the Liberali website. A Batumi-based newspaper, with the assistance of the Media Development Loan Fund (MDLF), has launched an online edition based in Tbilisi in order to improve the flow of news between the capital and the region.

Citizen journalism and legacy media

Most Georgian bloggers, including the most active and famous, blog chiefly about their personal lives; a small exception post on specific topics that deal with social taboos, such as issues relating to sexual orientation. In periods of political turmoil and other major news developments, these bloggers usually respond, comment, and participate in the events, receiving hundreds and even thousands of comments and visitors. They rarely challenge the status quo but rather react to circumstances, keeping topics alive.

Table 8: Georgia Internet Usage

	2000	2006	2009	2010 (e)
Users	20,000	332,000	1,024,000	1,300,000
Penetration (in %)	0.5%	7.6%	22.2%	28.3%

6. International Aid to Georgian Media

There have been several waves of media assistance in Georgia, beginning with its independence but then waning after 2003, when international development agencies presumed that the media sphere had improved and that there was no need for further support. Between 2004 and 2007, development assistance was focused mainly on supporting the state and government institutions and infrastructure. However, over the last three years it became clear that the media field in Georgia still faces various challenges, and the international community is again increasing its engagement in media and civil society. Newspapers such as *Batumelebi*, *Akhali Taoba*, *Guria News*, *Samkhretis Karibche* and the magazine *Liberali* are still in business in large part because of international donors, who are seen as guarantors of their financial independence and stability.

The international community has been the most important player in supporting the Georgian media market during 2010. Most organizations complain that donors generally support only specific media projects without covering the basic operating costs that are essential for survival. Many donors will say that it is against their policies to cover operational costs – in fact, covering programmatic activities, i.e., specific media projects (and not operational costs) is a common donor strategy to support production of independent news in transitional societies. However, editors and owners of independent media seek flexible and needs-oriented international support. They cite direct assistance; trainings in the implementation of new media technologies and newsroom convergence; the development of media as a business, taking into consideration the existing polit-

ical and economic climates; and the introduction of alternative projects that can bring income to media outlets. Finally, there is a critical need to train not only journalists but also editors and managers. As the editor of *Liberali* noted, “It is easier to implement changes top down than bottom up.”

This does not come as a surprise given the fact that the majority of participants consider the political climate as one that has created one of the two major external obstacles to both the media’s editorial independence and business operations. The political situation is not the only threat to business growth. It is closely followed by economic trends, which are considered the number one obstacle to the editorial independence of Georgian media.

Business performance and media industry in Georgia

All surveyed outlets in Georgia rely on their print editions to earn revenue. Even though they record a small income from Internet advertising, subscriptions, and new media platforms, none of these income sources generates more than 10 percent of the total revenue.

Though government is seen as a dominant player in the Georgian media market, according to most respondents it is the least-desired source of external support to media. In fact, none of the respondents considers national government support as offering any benefits to their media.

Georgian media organizations have invested in many areas of operation in order to increase revenue generation and efficiencies in the past, but they consider these investments to be of varying return-to-investment ratios (low, moderate, and high). Likewise, the majority of Georgian media see many opportunities for revenue generation and efficiencies in the next one to three years: promotional activities to generate audiences, investment in journalists’ skills and the skills of people in sales and commercial departments, new technology and multimedia operations, and audience market research, to name a few.

Most Georgian media organizations have received external support in the past two years. Donor support mostly targeted journalists’ reporting skills, financial and business-management skills, new technology and multimedia operations, and design and layout development. This support is seen to be of moderate benefit to media operation by most respondents. The most trusted sources of support are international nongovernmental aid and foreign for-profit company investment.





Guatemala

by Renata Avila Pinto

Country Report

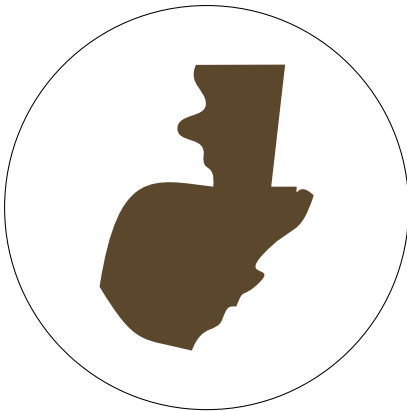


Table 9: Guatemala Country Data

Data type	2010 (e)
Population	13.8 million
Literacy rate	74%
Per capita GDP	\$5,200
Urban/rural population	40/60%
Official language	Spanish
Landline telephone connections	1.4 million
Mobile phone connections	17.5 million
Internet penetration in %	15%

Sources: World Bank Development Indicators and other World Bank statistics, UN Population Information Network, Budde Communications Inc, International Telecommunication Union (ITU).

Executive Summary

With a vibrant, young population, an emerging middle class, and the largest economy in the region, Guatemala offers an attractive setting for the development of innovative models of journalism. Guatemala's culture is diverse, cosmopolitan, and multilingual. At the same time, its local media have been eager to experiment with multiple platforms and to develop new products to reach new readers. Guatemalans utilize more than 17.5 million active mobile lines, 5 million television sets, and the largest number of Internet connections in the region; 90 percent of the country has radio coverage, and be-

tween 450,000 and 500,000 newspaper copies are printed daily. All of these factors position Guatemala as an impressive potential media market over the next decade.

But in order to prosper economically, Guatemalan media must identify new financial instruments that will allow them to grow and compete and overcome the lack of angel investors, security concerns, weak institutions, and endemic corruption. The media must also help the country overcome legal impunity and disregard for the rule of law if it is to serve the advancement of Guatemalan democracy.

Country Indices: Guatemala



Political & Regulatory

Electoral democracy, multiparty system; next elections scheduled for September 2011

1996 Peace Accord ended three-decade long internal armed conflict; reconciliation process halted

Weak government and institutions under influence of powerful clandestine security organizations and organized gangs that operate with impunity

Political situation has had chilling effect on the press; journalists and human rights activists threatened and targeted

No restrictions on media ownership (including foreign ownership); media market highly concentrated; major four television stations owned by one man; print media ownership concentrated among three groups

Freedom of expression guaranteed by constitution; press freedom undermined by media-specific regulation

2010 Access to Public Information Law lifted whistleblowers' protection by criminalizing any leaks of "classified information"



Economy & Market

World Bank ranks Guatemala as a lower middle income economy

GDP per capita US\$5,200; GINI highest in Latin America; 0.003 Guatemalans own about 50% of country's total bank deposits

Global economic crisis had negative consequences on media viability

With 1.7 million Guatemalan expats, remittances are seen as part of national income

Frequency spectrum privately administered since 1996

Over 2,750 community radio stations, majority unlicensed, pending Community Media Law before Congress

Distribution system outsourced and loyal to dominant media groups; many newspapers own their own printing presses

Newspaper market: 25 websites offering local news and content, 6 major dailies, 2 (owned by the same company) with circulation of 450,000 to 500,000 copies per day



Social

13.8 million people, 43% indigenous

Over 50% of population live in poverty, over 15% in extreme poverty, majority of whom are indigenous peoples

50% work-force receive below-minimum wage; child labor widespread

Literacy rate: second highest in the Americas after Haiti, though illiteracy rates among youth are quickly dropping

More than 23 distinct indigenous languages; 2 critically endangered, major 4 spoken by more than 3 million people

Majority indigenous population learn to write and read in Spanish only

Media programming in indigenous languages rare

Religion an important part of Guatemalan society



Media & New Technologies

Radio almost universal – 90% reach

17.5 million active mobile lines

5 million analog television sets

15% of population use the Internet; Internet widely available but access limited due to high costs

Mobile text (SMS) affordable and used as a news platform

1. The Guatemala Economy and Newspaper Conditions

Guatemala is the largest country in Central America, a lower-middle income developing country with a population of 13.8 million. The economy is predominantly agricultural; more than half the country's labor force is engaged in farming. The contribution of the farming and livestock sectors to the national GDP is 23.5 percent and represents 83 percent of the total exports. Leading exports include coffee, sugar, bananas, winter vegetables, cut flowers, and textiles.

Guatemala's wealth is distributed in a highly inequitable manner. The GINI coefficient (measuring inequality) is among the highest (53.7) in Latin America (UNDP, 2009). Poverty predominantly affects indigenous communities and those living in rural areas. Of the population, 50.9 percent live below the poverty line, and 15.2 percent live in extreme poverty (National Institute for Statistics, 2006). The poorest quintile of the population receives only 1.9 percent of the total national income. On top of it, 50.1 percent of workers currently receive a salary that is below the legally established minimum wage (National Institute for Statistics, 2006), and the cost of the basic food basket is higher than the minimum salary by both local and international standards (ICTS, 2010). The monthly wage for a retail worker is less than US\$200.

The economic elite consists of some 150 families clustered into five major holding groups, which are diversified and currently richer than ever before. As the country with the highest number of private planes and helicopters per capita in Central America, Guatemala is also the country with the highest rate of women dying from unresolved complications in pregnancy due to lack of affordable transportation to a health center. More than half the population (approximately 6.5 million) earns less than US\$2 per

day, whereas 0.003 percent of Guatemalans own 50 percent of the country's total bank deposits (Menkos, Saiz & Eva, 2009: 2).

Guatemalan communications systems are connected to the Network Access Point of the Americas through three independent submarine cables and through land cables to Mexico. With three carriers and up to 19 Internet service providers, Guatemalan Internet usage is on the rise. About 15 percent of the population have access to the Internet, and the numbers are expected to increase with the introduction of smart phones (Andrade, 2010) and affordable Internet devices to rural areas (ITU, 2008). Telecommunications infrastructure is good, and mobile penetration brings connectivity to even the most remote areas of the country through wireless and satellite technology.

Guatemala's print journalism market is constrained by illiteracy. The country has the second highest rate of illiteracy in the Americas after Haiti (UNDP, 2009), though illiteracy rates among youth are quickly dropping (CONALFA, 2009). Improved literacy is leveraging the impact of increased Internet penetration. Entrepreneurship and affordable e-commerce solutions are opening doors for entry-level, low-budget small businesses. The Internet promises the long-awaited prospect of opportunity for all Guatemalans regardless of race or social standing through universal connectivity at affordable prices.

However, poor governance and corruption (OECD, 2010), lack of infrastructure maintenance, and concentration of media ownership pose serious obstacles to such progress. While the most advanced sector, telecommunications, is fully deregulated, media ownership in urban areas remains extremely concentrated, primarily in the hands of one man: Mex-

ican businessman Ángel González. González owns all four of Guatemala's private television stations (Press Reference, 2007). Due to government licensing fees and a singular spectrum regulation (explained in the Media Law and Regulations section of this chapter), it remains prohibitively expensive to operate independent radio stations in most regions.

The Guatemalan government has stated its commitment to expanding Internet connectivity, yet until recently little progress had been made. Only 4 percent of the current government budget is devoted to science and technology; less than 1 percent of the GDP is invested in overall research and development (Consejo Nacional de Ciencia y Tecnología, 2007).

Approximately 1.7 million Guatemalan expatriates live in the United States (an estimated 60 percent of them lack legal status), with smaller communities in Mexico, Canada, Central Europe, and other Central American countries. Remittances sent to family on a regular basis by increasing numbers of Guatemalans who work abroad have become part of a sustained micro-macro economic process that helps satisfy the basic needs of recipient families. The Internet has facilitated bonds between Guatemalan immigrant communities in the United States with their home villages through online newspapers and social media pages.

The recent economic downturn had a major impact on emerging media, as newspapers and advertising agencies went back to more-traditional practices and clients reduced their budgets. But Guatemala's larger problem is the lack of pluralistic media to connect citizens and influence public policies. That is the real challenge: to create the conditions to make local media financially viable and diverse.

2. Political Overview

Guatemala is a constitutional democratic republic. The president is elected by popular vote every four years, as are other governmental authorities. The Peace Accords signed in 1996 ended more than three decades of conflict that had left a fragmented society and a militarized state responsible for massive human-rights abuses. Guatemala's government has long perpetuated social inequalities and systematically excluded and persecuted indigenous peoples.

The media cannot be isolated from this violent past. Only a few decades ago, during the 1980s, the government discouraged the Guatemalan news media from extensive reporting on the war. There were "invisible" words such as "guerrilla" that rarely appeared in the news media (Garrard-Burnett, 2010: 163), and violence was reported without naming the perpetrators. Following the signing of the accords, the transition to a more democratic and egalitarian society has been complex. Minimal progress has been made in fulfilling the articles of the Peace Accords regarding human rights and improving the socioeconomic situation. This situation is compounded by the internationalization of organized crime, drug trafficking, corruption, and kidnapping; organized gangs operate with complete impunity and have assumed effective control over many areas of the country. All of these factors have a direct effect on the news media, including a pervasive atmosphere of threats and violence against journalists.

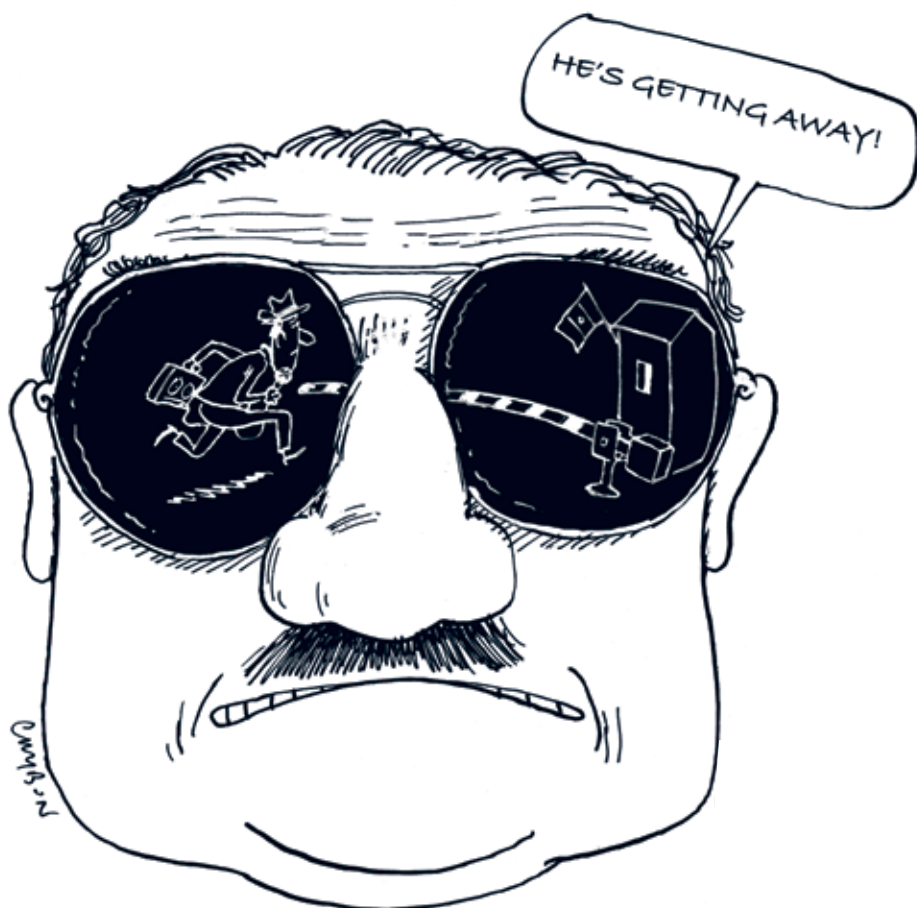
Guatemalan institutions are unable to address this rampant violence due to a lack of resources, intimidation, corruption, and infiltration by illegal and clandestine security organizations. The UN Special Rapporteur on Extrajudicial Executions famously stated, "Guatemala is a good place to commit a murder, because you will almost certainly get away with it"

(Alston, 2007: 17). President Alvaro Colom was elected in 2007, representing a coalition of political forces from the left and the right with a "social democracy" emphasis. However, the government remains weak, and little progress has been made toward promoting accountability and to bringing human rights perpetrators to justice. Human-rights defenders continue to be the targets of threats, and clandestine security organizations still operate with impunity.

Corruption remains a serious problem at many levels of government. In recent years the government has flaunted international criminal law, committed extrajudicial executions, and conducted forced evictions of impoverished citizens. Guatemala's compromised judiciary, which should serve as a check on violence and cor-

ruption, only exacerbates these problems.

National elections are scheduled to take place in September 2011 and may turn bloody. Media outlets will face challenges to cover the process. Their financial fragility makes them vulnerable to becoming electoral vehicles, or, even worse, instruments of criminal networks, as is already occurring in some regions. The government has made some progress. With international help, several high-profile officials and former leaders have been arrested, including a former president, various former high-ranking officers, and individuals of influence. Prosecutors and police are learning new counter-crime techniques that can help to break the wall of impunity (International Crisis Group, 2010).



3. Socio-demographic Overview

Much of Guatemala's poverty is concentrated among its rural and indigenous populations (World Bank, 2009). An indigenous woman is three times more likely to die during childbirth or pregnancy than a nonindigenous woman. Indigenous regions' rates of primary school completion are half those in the capital region. Child labor is common: as many as 31 percent of all children under the age of 14 work, and in rural areas, many children start working between the ages of 7 and 10.

Guatemala is a religious, conservative country with a dwindling Catholic population and a profusion of Protestant evangelical sects whose

adherents are found among all major ethnic groups (Elder, 2005) and political parties. Many indigenous Catholics and some Protestants also practice some form of indigenous spiritual ritual (U.S. State Department, 2009). Religion plays an important role in Guatemalan society. As the political parties become fragmented and disappear, the political void is being filled by religious groups, who use new media technologies in surprisingly effective ways to engage citizens, raise funds, and promote their print publications and broadcasts. There are no exact numbers, but it is understood that the Bible has been translated into more indigenous languages and formats than has the national

Constitution, and religious groups are experimenting with audiobook broadcasts via community radio.

Guatemala's indigenous population struggles to preserve its cultural heritage. According to UNESCO, there are more than 23 vulnerable languages, 2 of them critically endangered. Four other languages are spoken by a significant percentage of the population: Kaqchikel, Q'eqchi', K'iché, and Mam (UNESCO, 2010). These languages are spoken by more than 3 million Guatemalans, but they constitute a population that has little or no access to newspapers, lives in rampant poverty, and has little access to basic services.

4. Media Legal and Regulatory Environment

The Guatemalan legal system both promotes and undermines press freedom. The Guatemalan Constitution guarantees freedom of opinion (Article 35) and freedom of the press (Article 9). The Law on Freedom of Opinion is the most important law regulating freedom of speech. Under this law, no one may be persecuted or harassed for his or her opinions. However, the law stipulates that publications that abuse freedom of expression or thought may be subject to a jury trial or punishment in the following cases: a) printed material that involves treason to the country, b) printed material that this law considers subversive, c) printed material that is damaging to morals, d) printed material that fails to respect private life, and e) printed material containing slander or libel. The law also prohibits the forcible closure of newspapers and the refusal to grant press and/or broadcast licenses to media organizations.

The Law of Freedom of Opinion also explicitly stipulates right of reply or "obligation of media to adhere to the right of reply." Those accused of breaking the law are judged by a jury, and those convicted have the right of appeal. The law makes an exception when the offended party is a government employee or official: if the offending content concerns "purely official acts" related to government work, a "Court of Honor" will judge the case, and the decision will be final and closed to appeal.

If a state of siege is decreed, permitted by the Law of Public Order, journalists must "refrain from publishing anything that might cause confusion or panic" (Inter-American Commission on Human Rights, 1983).

Media ownership

There are no legal provisions re-

stricting media ownership or requiring the disclosure of media owners. It can be impossible to ascertain who actually owns a given Guatemalan news outlet. The corporate structure for printed media in Guatemala is the stock company or corporation (Sociedad Anónima). The owners of the stocks are protected by anonymity, and it is extremely complicated to pierce the corporate veil.

Before the enactment of the 1996 General Telecommunications Law in Guatemala, the radio waves were owned and licensed by the state following the licensing of radio spectrum model of the U.S. Federal Communications Commission (FCC). The 1996 radio spectrum deregulation reform privatized the Guatemalan radio spectrum. Owners of the licenses for radio spectrum are allowed to lease, sell, subdivide, or consolidate their titles. The results of the reform have been strongly

Guatemala's Media Market: Who's Reading and Listening?

There are no studies on newspaper reach or demographics. (Even the national literacy statistics rates are out of date; the last were determined in 2002.) There are few objective, serious media studies of quantitative audience measurements of printed and digital media. While there was one verified audit conducted by Verified Audit Circulation a couple of years ago that was sponsored by advertising agencies and media groups, such studies are now too expensive. There is little qualitative research on media; most of the analysis is related to politics, and more concretely to elections. These studies of media's credibility, influence, and impact on different social sectors often seek to debate the media's role in constructing democracy.

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positive as can be shown by comparing the growth of the mobile sector in Guatemala with Latin America as a whole (Ibargüen, 2006).

There is no regulatory body that oversees newspapers or licenses that are required to operate newspapers, nor are there any limitations on foreign ownership or foreign content. Media is treated as any other business, and there are no tax privileges for their profits.

Community radio is a major and dynamic force in rural areas. Around 2,500 community radio stations are currently broadcasting without licenses, compared to 250 community radio stations that are properly licensed. The Community Media Law is still pending in Congress (Cultural Survival, 2010). If approved, it will grant a special status to community radios and allow them to broadcast without licenses.

There are no special laws protecting journalists. Relatively few investigative reporters and newsrooms have been specifically targeted by drug-related threats and violence – at least compared to their Mexican

counterparts. One reason for this is that few journalists dare to investigate the country's powerful drug lords. Violence against journalism is fueled by local authorities and other entrenched interests who often retaliate when journalists dare to investigate corruption, misuse of public funds, white-collar crime, and environmental abuses. The restricted media coverage of Guatemala's political violence keeps readers in the dark on the true nature of this violence and does nothing to break this silence (Franzblau, 2008). Real information and credible sources are difficult to obtain.

After more than ten years of discussion, a law was finally passed on September 23, 2009, that allowed Guatemalan citizens access to public information. It was hailed as a step forward for government transparency, but in practice procedures are slow, impractical, and burdensome for journalists. It takes up to 30 days to decide on a public information request; citizens must disclose the purpose of their requests as well as their identity, personal data, address, and telephone number – whether the government of-

fice accepts the request or not. That leaves corrupt officers with a powerful tool against the press: it gives them advance notice and plenty of time to destroy any information in their hands, replace records, and even put pressure on the journalist seeking to uncover corruption. According to the new Access to Public Information Law, the status of whistleblowers changed, criminalizing any leak of "classified information" since late April 2010, when the law came into force. Previously, government leaks were not criminalized, but now any officer disclosing "classified information" to shed light on malfeasance faces criminal and civil prosecution.

5. The Portait of National Media

Impact of new technologies

On January 2010, the Guatemala City daily Prensa Libre launched a new editorial platform. The paper's online team produces multimedia content that includes infographics, edited videos uploaded on YouTube, and breaking news distributed via Twitter. Currently, this is the only news outlet in the country updating content 24 hours a day (Prensa Libre, 2010) and is the most innovative digital platform in the region. The site is far more ambitious than most digital news platforms in middle-income countries. Now, other Guatemalan news companies are testing the waters and searching for a business model. Many of them are experimenting with mobile applications, providing breaking news via SMS-text alerts and inviting listeners to contribute news, comments, and traffic reports that are on read-on-air. It is important to note that Nuestro Diario, part of the same media group, also has an online platform, but it is not as sophisticated as that of Prensa Libre.

In May 2010, Guatemala experienced a volcanic eruption followed by an ash storm, an event that marked the first time SMS was used on a massive scale in Guatemala. Authorities used SMS to communicate with citizens, sending updates and instructions to follow. According to the Government Communications Secretary, it was possible to do so because private companies offered their services free of charge as an exceptional action of corporate social responsibility. However, the carriers' usual price was beyond the reach of the government budget.

The most popular social network in Guatemala is Facebook, followed by YouTube. Other tools, such as Twitter, still have little penetration and few users. People often communicate with SMS, a cheaper medium available to

almost every literate citizen, costing less than US\$1 to send 100 messages to local phones. There are around 25 digital websites producing local news and selling local advertising. Some of them have developed business models attached to their websites, while others are more focused on other topics such as art, culture, the environment, and literature, producing good-quality content that is often spotted by journalists and reproduced in the printed media. Alternative media and local journalists receive incentives and subsidies from the government, which has trained rural journalists and has developed a series of local magazines (See Vivéla Solidaridad Alta Verapaz, 1 (1), 2009). Guatemala has still not made the shift to digital television; when it does, rural areas and low-income families may be negatively affected.

Media industry in transition

Latin American media systems are experiencing a gradual transition from family-owned, partisan media to globalized corporations, conceived primarily as moneymaking enterprises rather than as political tribunes or avenues to power and influence for their ambitious owners (Waisbord, 2002). This trend is borne out in the Guatemalan press. Until recently, media ownership was concentrated in only a few hands and controlled or influenced by a limited circle of actors, but newspapers and news outlets are slowly moving to a more open, pro-business approach. Issues that have been silenced for years, such as news related to mass atrocities during the war, are now reported more freely. Nonetheless, during Guatemala's 2009 political crisis, media played a manipulative role (Schieber, 2010), abandoning a neutral, professional approach to coverage and favoring the dominant elite.



Photos are courtesy of Agence France-Presse (AFP)

Influence of Media Outlets and Journalists

Journalists have limited influence in Guatemalan media due in part to poor education, low standards, and sub-standard working conditions. There is no university degree in journalism, just a technical diploma focused on liberal arts such as philosophy, literature, and public relations. This curriculum fails to meet contemporary needs. Many media outlets have been implicated in scandals for breaching labor laws. Report-

ers who are under professional pressure are highly vulnerable to bribes and manipulation. The average salary of a news reporter is lower than that of a teacher or a sales representative. Working conditions are dangerous and unfavorable for any journalist but especially so for rural journalists, who are underpaid and have limited empirical training and few opportunities to thrive in a local news market.

In small markets and complex political environments such as Guatemala's, owning a newspaper is not as much a financial as it is a strategic asset. Press reports are the primary means of disseminating accounts of events and are of the utmost influence on decision makers. Politicians, social scientists, and the middle classes tend to rely on print media coverage of events. Newspapers affect public opinion, and journalists employed by TV or radio stations tend to base their coverage and design their programs in response to print media. Therefore, while radio is the most popular medium, the printed press is what shapes public opinion. The top dailies are Prensa Libre, Nuestro Diario, El Periódico, Siglo XXI, Al Día, and La Hora. All of them are published online, and at least two of them deliver breaking news via SMS services to their subscribers. Prensa Libre and Nuestro Diario, members of the same news group, publish around 430,000 newspapers every day.

The ownership of Guatemalan print media is concentrated among three groups: Casa Editora Prensa Libre, Aldea Global, S.A., and Corporación de Noticias. Casa Editora Prensa Libre, the oldest and dominant player in the market, owns the national newspapers Prensa Libre and Nuestro Diario, printed daily and distributed in more regions than any other media, and it also owns El Quetzalteco, a regional newspaper published three times a week in the second largest city, Quetzaltenango. Its revenues come from advertising, subscriptions, and daily

sales by street vendors. Prensa Libre has a pool of 1,000 advertisers and is the most expensive newspaper in Guatemala both for advertisers and for readers. It shares distribution channels with Nuestro Diario and claims to have one of the most successful financial models in the region, reaching all the urban areas and some of the rural areas in the country. Nuestro Diario is popular among younger and less-educated readers, with attractive visual features in social and sports sections.

Guatemala's economic and intellectual elite reads El Periodico, published by Aldea Global, S.A. It was founded in 1996 (immediately after the Peace Agreement was signed) by a group of Guatemalan journalists who had previously worked for Corporación de Noticias. The paper was created with the financial support of the Media Development Loan Fund. Forty percent of the capital was provided by 135 private individuals, who invested US\$10,000 each, and the other 60 percent was provided by the newspaper workers.

Until 2009, Costa Rica's Grupo Nación from Costa Rica owned around 50 percent of Corporación de Noticias, a group that produced the daily Siglo XXI and the daily Al Día. Its business model encountered financial difficulties and received heavy subsidies from the business sector. In 2009 it was sold to a group of Guatemalan investors. Now, Al Día is the virtual competitor of Nuestro Diario, with improved features such as five regional editions

with local content distributed in rural areas and a careful editorial policy to reduce "yellow press" content on the front page. But further improvements in coverage and distribution will depend on finances. The new managers need approximately US\$1 million to launch a multimedia newsroom but are finding it difficult to raise the capital due to the financial crisis and Guatemala's closed financial system. They have developed other products, such as a free newspaper for young adults in urban areas, but cannot launch it without an infusion of venture capital.

While Central American media markets are small, they offer some attractive prospects. Many remote areas still depend on radio and television, and illiteracy and functional illiteracy are widespread; on the other hand, the combined potential of a youthful population, the Internet, and mobile penetration might change the landscape.

Prices of printed newspapers are affordable and competitive, with prices ranging from US25¢ to 40¢. The dominant newspaper, Prensa Libre, is slightly more expensive (US60¢ on Sundays) but offers a variety of specialized magazines and special reports. At least ten weekly tabloids are independently produced and distributed in different areas, and there are up to 25 digital newspapers focused on local and hyper-local news. Dailies are sold in public spaces, such as street corners, bus stops, and marketplaces, while weekly editions rely on other channels for

their distribution, much of it outsourced to third parties. La Hora, the country's oldest newspaper, has protected its newsboys as employees, but all others have contracted them as service providers.

The most important dailies are printed on their own presses, which also print other weekly or monthly publications, providing an important source of income for most of the news groups. It is important to clarify that neither the paper supply nor the printing industry has concentrated ownership as it used to be in the past. There are more than 150 independent printing companies in Guatemala, and many of them are small, rural, local family-owned enterprises.

All daily and weekly newspapers are printed in color tabloid format. Guatemala has the installed capacities to produce high-quality books and prints and has a diverse pool of small, medium-size and large-scale providers offering such services. In the past, newsprint was imported from a single company based in Louisiana, United States, but following

Hurricane Katrina, newspapers diversified their sources.

The critical point is the distribution of newspapers. Distributors are loyal to the dominant media and are reluctant to distribute other products. Distributors are not hired but work on outsourcing schemes, except for one of the newspapers.

Editorial independence and finance

Owners often play an important role in the editorial policies of Guatemalan newspapers. There are no official or private sources of financing for media startups in Guatemala, especially for innovative models of journalism using new technologies. In fact, even the dominant publisher in the market, Casa Editora Prensa Libre, has been slow and cautious in investing in media development beyond its traditional tabloid. International aid agencies assist journalists with technical expertise and professional training and invite them to workshops and training courses on a regular basis. Rural journalists often

miss such opportunities. There are few opportunities for media entrepreneurs to find "angel investors" to invest in media development.

Affordable seed funding is not available for growing media outlets. Although Guatemala, with its solid financial reserves and the lowest external debt in the region, offers favorable opportunities for investment, investors note the numerous newspaper bankruptcies over the last two decades and prefer to invest in infrastructure or nontraditional exports. Advertising revenues from the private sector are the most important share of the total newspaper revenues, and three sectors are critical sources of advertising: telecommunications, banking, and mining.

Table 10: Guatemalan newspapers circulation, rates (July 2010)

Daily	# issues	Price per one page of advertising in printed edition, full color
Diario de Centroamérica	7,600	US\$1,000
La Hora	18,000	US\$400
Siglo 21	27,000	US\$1,200
El Periódico	30,229	US\$2,750
Al Día	60,000	US\$1,200
Prensa Libre	146,605	US\$3,750
Nuestro Diario	280,000	US\$3,750

Source: Data facilitated by the Secretariat of Social Communication, Guatemalan Government. (August 2010) Prices offered to the government in US dollars.

6. Media and Indigenous Peoples

According to the Agreement on Identity and Rights of Indigenous Peoples (1995), the Guatemalan government assumed the obligation to promote the broadest possible access to the communications media by the Maya communities and institutions and those of the other indigenous peoples. This included the creation of opportunities in the official media for the dissemination of expressions of indigenous culture and the promotion of a similar opening in the private media. The government is also required to regulate and support a system of informational, scientific, artistic, and educational programs on indigenous cultures in their languages and disseminate them through national radio, television, and the printed media.

Nearly two decades after the accord was signed, these commitments are merely fine words with poor implementation. While international aid agencies have assisted a few indigenous media outlets with donations, grants, and technical cooperation, the private sector and the government have failed to fulfill their promises. One indigenous newspaper, *El Regional*, was subsidized by the Norwegian government. When the funding ended, the newspaper disappeared because it failed to find a business model.

Another issue is language. While indigenous peoples want to create their own media outlets, it will not be feasible to develop printed press in indigenous languages. The largest indigenous communities learn to read and write in Spanish only. There are, however, opportunities to develop a pub-

lishing industry oriented to education resources, multimedia publications, and audiobooks in indigenous languages. This is demonstrated by the Cholsamaj Foundation, a publishing house founded in 1991 with the motto: “technology and Mayan culture are compatible,” which defines the organization and the work they do. After almost 20 years, it is one of the most interesting models of small-scale success in diversifying media and rescuing indigenous languages, and it is now moving its products from printed books to digital, interactive editions.

Media plays an important role in fighting prejudice and fostering positive attitudes and nondiscriminatory action toward marginalized groups (women, minorities, indigenous, etc.) in the society. As the UNESCO study “Racism in Media” reports, indigenous people are most often portrayed by journalists as members of a crowd or a collective identity without important individual roles. In Guatemala, wearing traditional indigenous costumes is associated with helplessness and marginalization. Media, along with the educational system, will need to play a paramount role in the protection, promotion, and respect for indigenous cultural values, knowledge, and tradition.

The number of programs focused on Mayan, Xinca, and Garifuna peoples is very limited and local. Not a single newspaper with national distribution dedicates special coverage to indigenous peoples. Radio Universidad, a radio station belonging to the public university, had some programming focused on indigenous peoples, but it was closed due to lack of funds.

Local Media Dominate Rural Areas

Printed press barely reaches rural areas, and there is not a single newspaper distributed throughout the entire national territory. Commercial radio and television stations in Guatemala broadcast solely in Spanish and represent mainstream Ladino (Spanish-descendent) culture, largely ignoring the interests of the indigenous population. Print media hardly differ, even if they include a few indigenous columnists.

Community radio stations play an important role in educating their audiences on issues including human rights, politics, and the environment. Such programming is essential in a country in which many children are unable to attend

school due to financial constraints. In addition, the high rate of illiteracy makes printed media inaccessible to most of the population, while TV sets are prohibitively expensive, and their signals rarely reach the country's more-remote regions. Even though small battery-powered radios are abundant, opportunities for the future of radio are constrained. The Guatemalan Chamber of Radio Broadcasting, an autonomous group of powerful commercial radio broadcasters, has tremendous influence in Congress and effectively determines the fate of smaller stations. In recent years, the monopoly over Guatemala's communication media has been consolidated into fewer and fewer hands.

7. International Aid to Guatemalan Media

Many aid organizations have contributed to the improvement of Guatemalan media prospects. These include the Swedish International Development Cooperation Agency (SIDA), the Norwegian Agency for Development Cooperation (NORAD), USAID, the Dutch agency HIVOS, the Soros Foundation, the Ford Founda-

tion, the Media Development Loan Fund (MDLF), the Danish International Development Agency (DANIDA), and the Spanish Cooperation Agency (AECI). UNICEF and UNESCO have supported different areas of media development, from funding of publications and specialized reports to training of investigative journalists.





Mozambique

by Helge Ronning

Country Report



Table 11: Mozambique Country Data

Data type	2010 (e)
Population	22.06 million
Literacy rate	47.8%
Per capita GDP	US\$1,000
Urban/rural population	37%/63%
Official language	Portuguese 6.5% (official; spoken by 27% of population as a second language)
Landline telephone connections	82,400 (less than 1%)
Mobile phone penetration	5.97 million (27%)
Internet penetration	615,000*

Sources: World Bank Development Indicators and other World Bank statistics, UN Population Information Network, Budde Communications Inc.

Executive Summary

Mozambique, an impoverished nation of some 20 million in southeast Africa, offers an example of a media market in an early phase of development. A per capita income of only US\$370 means that regular newspaper consumption is not a possibility for most of the population, and only half of the population is literate.

The country's limited print media serve a largely urban elite and exercise some influence over the political and economic powers. Both print and broadcast media are influenced

by the state through ownership patterns, political pressure, and shared interests. An important vehicle for alternative opinions is the country's "fax newspapers," which circulate to limited but influential audiences without the benefit of a printing press.

Mozambique has received extensive media assistance from a variety of donors. Although many of these efforts have benefited the media sector, they would also benefit from more coordination and follow-up.

* It is difficult to establish the exact figure for the percentage of broadband connections, but IP providers are expanding their services, and the cable along the East African coast has contributed to the expansion of broadband connections.

Country Indices: Mozambique



Political & Regulatory

Multiparty system, with one-party dominance over the past three elections

Corruption endemic

Judicial independence guaranteed by the constitution, but tensions between the judicial and executive branches remain; citizens rely on informal community courts for protection

Freedom of expression and association – constitutional guarantees undermined by increased number of defamation cases; murder of a prominent journalist has had a chilling effect on the press

No comprehensive government policy pertaining to the media sector development

Fairly easy to register a newspaper; foreign media ownership restricted to up to 20%

Law guarantees against state monopoly; state ownership and control dominant in the market

State and public advertisements directed to a selected group of media, discriminating against the rest



Economy & Market

Per capita income US\$370 (2008 data)

Mozambique ranked 172 out of 182 on UNDP 2008/2009 Human Development Index

More than 50% state budget financed by foreign aid

Natural hazards disrupt economic growth

Radio – dominant medium, over 70 operating community radio stations

Newspaper market: 3 daily newspapers totaling ca. 30,000 copies a day (see page 6); ca. 10 weeklies with circulation of ca. 80,000 copies a week; at least 10 email and/or fax-based newspapers

Journalism among the least-paid professions



Social

22 million people, 63% rural

42% of population under age 14; life expectancy at birth only 42 years

Official unemployment rate ca. 20% but estimated to be higher

Official literacy rate 47.8%; compare to World Bank estimates that the entire population averages only 1.1 years of schooling

Portuguese – mother tongue of only 6.5% of Mozambicans; majority of population speak one of 40 non-Portuguese languages

Only handful of media broadcast in non-Portuguese language; print media the purview of an elite Portuguese speaking-minority



Media & New Technologies

Electrification – 10%

Internet users – 2.8% of population

Less than 1% of population have landlines

Mobile penetration: 27 cell phones per 100 people – during the 2010 unrest, text/SMS features were disabled

Over 50% of population own a radio

10% of population own a TV set

Some level of media convergence

1. The Mozambique Economy and Newspaper Conditions

Mozambique offers an opportunity to study a media market in an early phase of development. The United Nations classifies it as a least developed state (LDS), and it has significantly lower economic and social indicators in a number of categories. Given these characteristics, Mozambique offers an important reminder that media systems evolve differently in dissimilar settings.

Mozambique is one of the poorest countries in the world, ranked 172 out of 182 countries on the 2008/2009 UN Human Development Index (UNDP, 2009). The country is prone to a wide range of natural hazards, including floods and draughts, which regularly cause major damage and disrupt economic growth. But the country has benefited from improvements in education, health, and nutrition indicators since the end of the civil war in 1992, and over the past four years it has achieved an economic growth rate of around 7 percent. The inflation rate in August 2010 was estimated at 17 percent (Open University, 2010).

The unemployment rate is estimated at over 20 percent, but it is actually much higher, given the dynamics of the informal economy. Foreign aid currently finances more than 50 percent of the national budget. Despite the government's strong anti-corruption rhetoric, corruption in the executive and legislative branches is perceived as endemic. The country was 116 out of 178 in the 2010 Transparency International Corruption Perception Index. (Sharing rank with Ethiopia, Mali, Guyana, Mon-

golia, Tanzania, and Vietnam.) The corruption consists of petty corruption by low-level government officials and high-level corruption by a small group of politically and economically connected elites. The press has joined local nongovernmental organizations (NGOs) such as the Center for Public Integrity (Centro De Integridade Pública (CIP), www.cip.org.mz) in combating corruption by investigating and reporting numerous corruption cases.

However, the news media have been adversely affected by the recent economic trends, especially rising inflation and the increasing cost of living. Newspapers suffered decreases in sales as well as advertising during 2010, in particular in the last half of the year. Interviews with newspaper managers reveal their anxiety over the economic situation.

Mozambique also reflects another common characteristic of a least developed state: a scarcity of data. Wealthier countries have government agencies and businesses that gather information about social and economic trends. In the case of Mozambique, much of the relevant information must be gathered on a case-by-case basis. Readers will note that this report does not cite the wealth of published sources available for other countries; most of the research was gathered in interviews in Mozambique over the latter half of 2010.

Infrastructure presents another set of obstacles, especially for online media. Only 10 percent of Mozambique's households are electrified (the vast majority of the population still rely

on kerosene and wood as energy sources in their homes). As of June 2010, there were 612,000 Internet users (2.8 percent of the population). Less than 1 percent of Mozambicans have landlines. In much of Africa, cell phones are providing innovative new platforms for news delivery, but these developments are spreading slowly in Mozambique. Mobile phone penetration is reckoned at 27 subscribers (prepaid and postpaid) per 100 inhabitants – roughly equal to neighboring Zimbabwe but less than half of Namibia, South Africa, and Botswana (AudienceScapes, 2009 I). The country's first operator, the state-owned and operated mCel, was established in 1997; South Africa's Vodacom obtained the second license in 2002. mCel continues to dominate the Mozambican market, but Vodacom's share has expanded in recent years. Movitel, which is a unit of the Vietnamese Viettel, together with a consortium of Mozambican investors, won the bid for the third license in November 2010 (Club of Mozambique, 2010). As in much of Africa, radio is the dominant communications platform. Over 51 percent of Mozambicans have radio, while just 10 percent have television (AudienceScapes, 2009 II).

One of the main challenges facing the private media sector in Mozambique is the limited ability of the press to attract advertising revenues and remain viable and sustainable from an economic point of view. Current circulation levels tend to be small and do not allow for creation of content that would fill citizens' needs and prove popular and attractive to advertisers.

2. Socio-demographic Overview

Mozambique is a former Portuguese colony in southeast Africa situated between Tanzania and South Africa; its population is approximately 22 million, 63 percent of whom live in rural areas. Persistent poverty serves as a profound limitation on media and other forms of development. The country's per capita income was US\$370 in 2008, which means that most people have no disposable income to buy a periodical or support an advertising market for consumer goods. Over 44 percent of the population is under the age of 14, and life expectancy at birth as of the year 2008 is only 42 years (CIA, 2010). The total

number of years of education (primary to tertiary) a child can expect to receive is eight years (CIA, 2010). However, according to the World Bank's EdStats (2000), the entire population averages only 1.1 years of schooling (defined as average years of formal schooling received by adults over age 15). This figure may call into question the country's reported literacy rate of 47.8 percent.

The media market is further limited by language issues. Mozambicans speak some 40 different languages, the most common of which is Emakhua, spoken by about 26 per-

cent of the population. Local languages are used to a considerable degree in radio transmissions. However, Portuguese is the dominant language in the Mozambican media, particularly print – but it is the mother tongue of only 6.5 percent of Mozambicans. The greatest concentration of the Portuguese-speaking population is found between the ages of 5 and 19 (8.5 percent). Only 5.5 percent of people between the ages of 20 and 49 frequently use Portuguese in their communication, as do just over 2 percent of Mozambicans over age 50.³

3. Political Overview

Mozambique is an example of how a multiparty system can evolve into a dominant-party system. Following independence in 1975, Mozambique became a one-party state ruled by the Frente de Libertação de Moçambique (FRELIMO). The country adopted a new constitution in 1990, and in the 1994 elections, the opposition Resistência Nacional Moçambicana (RENAMO) gained a substantial numbers of votes and corresponding seats in parliament. But over the past three elections, FRELIMO has increased its share to a two-thirds majority and now clearly dominates the political system (Electoral Institute for the Sustainability of Democracy in Africa, 2009).

The principle of judicial independence was promoted in both the 1990 and the 2004 constitutions, but tensions between the judiciary and the executive branches remain. Most citizens rely on informal community courts or other local dispute mechanisms. Serious delays in criminal pro-

cedures are aggravated by laws that allow suspects to be held for up to six months before charges are filed; there are cases of people imprisoned for years without charge.

Mozambique meets the definition of a procedural democracy. There are regular elections, and the electoral practice is more or less free from fraud and approved by international observers of many kinds and from many quarters. Freedom of association and expression is respected to a considerable degree, allowing alternative political parties and various forms of civil society to operate freely.

Both government-owned and independent news media exist, but the government controls local television broadcasting through the local editorial offices of TVM and the stations associated with Instituto de Comunicação Social (ICS), an organ under the Cabinet of Information in the Prime Minister's office.

In past years there has been an increase in defamation cases against the independent press as well as incidents of harassment of journalists, particularly in provincial and small media. These are generally widely reported and attributed mostly to authoritarian local official overstepping their powers.

In February 2008 and again in September 2010, the country experienced a wave of riots in response to a sharp rise in the cost of living. Over 10 deaths were reported along with numerous injuries and arrests due to excessive police actions. There were extensive reports on the demonstrations in both independent and government media, and they have been followed by widespread public debates. During the 2010 unrest, the SMS functions of mobile phone networks were cut off (Open University, 2010).

³ For a full overview of languages in the country see: http://www.ethnologue.com/show_country.asp?name=MZ (last accessed 11 February 2011).

4. Media Legal and Regulatory Environment

Freedom of expression

Freedom of expression is enshrined in Article 48 of the constitution; it states that all citizens have freedom of expression, and there exists freedom of the press as well as the right to information. The constitution prohibits censorship in relation to both freedom of expression and the right to information. The Press Law also gives journalists the right not to obey editorial directives that do not come from the appropriate authority in their organ, thus guaranteeing their independence when processing information. An amendment to the law to expand access to information has been proposed but has not yet been passed by parliament. No specific regulations pertain to community media.

Media ownership

The frequency spectrum is defined by law as a good in the public domain and therefore public property for satisfying the collective needs of the media or radio communications. Broadcasting licenses are requested from the National Communications Institute (INCM) under the Ministry of Transport and Communications. This body makes license recommendations to the Council of Ministers, which has the power to grant them. The license is valid for 10 years and is renewable.

Article 19 of the Press Law states that all media are subject to registration, and this is carried out by the Office of Information (GABINFO). Registration is no more than a simple adminis-

trative procedure, and certificates of registration are generally issued within five days without cost. It is important to remember that newspapers need only the administrative registration to be able to start up their activities. Although Mozambique has three main ownership models for radio and television, namely state/public, private/commercial, and community, the law does not establish differentiated mechanisms for allocating broadcasting licenses.

According to the Press Law, only Mozambican institutions and citizens residing in the country may own media enterprises, and foreign ownership is restricted to 20 percent of the capital stock. It is also stated in the law that the state shall follow an anti-mo-



nopoly policy. However, there are no strong media groups in the country other than the SOICO Group, which owns three media organs: STV (television), SFM radio, and the O País newspaper. The Bank of Mozambique (the Central Bank) is the major owner of the daily Notícias, the Sunday paper Domingo, and the weekly sports paper Desafio. The state, which controls Radio Mozambique and TV Mozambique, is considered to be the dominant media actor in the country.

Taxation and advertising

The media are not exempt from VAT and are treated as any other business by the tax authorities. Official advertising is commonly placed in a paper with the highest circulation – such selective advertising policy benefits only some newspapers such as Notícias, whose main shareholder is Bank of Mozambique. The general advertising market in Mozambique is limited and lackluster due in large part to the underdeveloped market for consumer goods. According to interviews with editors and managers of the major newspapers in August 2011 and substantiated by analyses of the papers, the two major advertisers are the two cell phone companies mCel and Vodacom; banks have also become more-prominent advertisers in recent years. Commercial advertising is regulated by the Advertising Code, which offers guidelines on issues such as the separation of editorial and advertising content, concealed advertising, truth in advertising, and consumer rights.

Violations of media freedoms

The most notorious and most publicized case of threats and violence to journalists in Mozambique was the murder of the prominent journalist and editor Carlos Cardoso (Fauvet & Mosse, 2003). On 22 November 2000, Carlos Cardoso was assassinated while he was investigating the theft of US\$14 million from Mozambique's largest bank, Banco Comercial de Moçambique (BCM) for his fax-paper Metical.

Six people were convicted of murdering Cardoso in January 2003 and sentenced to long prison terms. There is little doubt that the accused expected to get away with murder because of being well connected in Mozambican society. But there was an international campaign and heavy pressure on the authorities to solve the case, accompanied by a rift in the ruling elite.

The murder of Cardoso created a climate of fear among Mozambican journalists. In 2009, a journalist from Notícias was threatened by the provincial governor of Tete. In May 2010, the editor of the independent weekly Magazine Independente, Salomão Moyana, received several threatening text messages. Although they were anonymous, they were believed to have originated from supporters of the opposition political party, the Mozambican National Resistance Movement (RENAMO).

Defamation

The Mozambican press has experienced an increase in defamation charges in recent years, although in general the country's environment is regarded as favorable for press freedom. The defamation charges are based on constitutional protection of citizens' rights to honor, good name, reputation, public image, and privacy. Under the penal code, defamation is simultaneously a civil and a criminal offense and can give rise to a prison term. (Many international freedom-of-expression organizations consider such punishment excessive.)

The greatest danger to press freedom in Mozambique in the last years has been posed by several lawsuits for alleged defamation that have been filed against journalists and their companies accompanied by demands for vast sums in compensation for the alleged moral injury. Most of these remain in court due to the appeals process and the notoriously sluggish nature of the Mozambican judicial system. The most prominent of these is the case brought against the then-editor of the weekly Zam-

beze, Fernando Veloso. Veloso was first accused of a crime against state security. The paper had published a front-page story in May 2008 that cast doubt on the nationality of the prime minister, Luisa Dias Diogo, because in 1981 she had married an alleged Portuguese citizen. Under the terms of the constitution prior to the democratic constitution of 1990, a Mozambican woman married to a foreign citizen lost her nationality.

The prosecution requested a sentence of two years in prison and compensation of US\$540,000. A chorus of protests in the private media embarrassed the political and judicial authorities, and on 29 August 2009 the Maputo City Court tabled the charge of a crime against the security of the state and convicted the director, editor, and author of the news item of defamation with sentences of six months' imprisonment that was suspended, and a fine of 30 Meticals (approximately US\$1) per day. The case has been appealed and has yet to be decided (History Central, n.d.).

Ethics

There is no formal self-regulation mechanism within the Mozambican media, but there have been efforts to establish rules of conduct and good professional practices, particularly with regard to election coverage. The Journalists' Union in principle has a deontological council with its own code, the function of which is to enforce principles of ethics, professionalism and deontology among journalists. However, this body has been inactive for a number of years. Currently complaints and grievances concerning alleged media excesses are usually sent to the Conselho Superior de Comunicação Social (CSCS), which, while not a regulatory body, is by constitutional decision a "disciplinary and consultative body" appointed by the president following the nominations by the media sector and others. Its duty is to ensure the independence of the media in exercising the right to information and freedom of expression.



Photos are courtesy of Agence France-Presse (AFP)

5. Portrait of the National Media

Although the government has often said that it views the media as an important component in the country's development process, it has been very modest in undertaking deliberate policies to help the development of the media, particularly in the private sector. Indeed, no significant media development program featured in the government's development plan for 2005–2009. That same plan contains a specific policy statement on the development of information and communications technologies (ICTs), in which one of the stated objectives is the implementation of a project of community multimedia centers. It is difficult to document media penetration in Mozambique. Statistics are not reliable and often point in totally opposite directions. There are no systematic audience measurement data available for radio, television, newspapers, or Internet, and no dedicated media market research companies are active in Mozambique. Below are reflections on the use of different media in the country based on a variety of sources.

Broadcasting

Ratings for broadcasting media are not reliable and often are conflicting; however, they all indicate sharp disparities between media access in urban areas and the countryside. Some figures that currently circulate are: 98 percent of the urban population had listened to the radio in the past 12 months; 91 percent of them had listened to radio in the past seven days. The same (urban areas only) study found that three-quarters of the urban population owned a television set, and 88.5 percent of the respondents had watched television in the past seven days on their own set or someone else's (InterMedia, 2005).

The government website Observatorio (2003) offers the following figures on radio and TV penetration: 45.5 percent of the families had a radio (54.9 urban and 41.5 rural), while 6.3 percent of the families had a television set (19.5 urban, 0.7 rural). Radio Mozambique has a broad reach within each province and nationally

due to the high broadcasting capacity of its transmitters, which private stations, with limited funding and advertising revenues, lack. It also broadcasts in several local Mozambican languages as it has 11 affiliate radio stations in all provinces. Together, these factors ensure that Radio Mozambique has access to rural, non-Portuguese speaking audiences (AudienceScapes, 2009 III).

Radio: Mozambique's most important news source

The most important news medium in Mozambique is radio, and Rádio Moçambique (RM) provides by far the most extensive coverage. It is state-owned and has almost universal coverage of the country, though it is weak in some areas. RM has stations in every province and functions mostly according to public service remits.

There are around eight active commercial radios in the country, mostly in the Maputo area. They comprise Rádio 9 FM (with repeater stations in

Sofala and Nampula provinces), SOICO FM in Maputo, KFM Rádio, Rádio VOR (or Radio Terra Verde), Rádio Savana, and Top Rádio. Outside Maputo, Rádio SIRT is registered for Tete province, and Rádio Progresso is based in Inhambane province. Miramar FM operates in Beira, Maputo, and Nampula. 9FM Rádio operates in Maputo. 99.6 FM belongs to the Maná Church.

Mozambicans also receive foreign radio broadcasts, including programming from Portuguese RTP África, the BBC, and Radio France International (RFI). However, the BBC World Service announced the closure of its Portuguese service, which has an estimated 1.5 million listeners in Mozambique, in February 2011 (BBC, 2011). These cover mainly the Maputo area, but RTP also reaches other cities. There is a significant Catholic broadcasting network, Rádio Maria, with eight transmitters. There are also more than 70 community radio stations, the majority of which are organized in FORCOM (Fórum das Rádios Comunitárias). There are also 22 radio stations that operate under the auspices of Instituto de Comunicação Social (ICS), which is a government-controlled communication institute (AudienceScapes, 2009 III).

The state owns the national television broadcaster TVM, which now

transmits to every province in the country. The most important commercial station is STV, which is owned by Sociedade Independente de Comunicação, Lda (SOICO), the biggest private commercial media actor in the country. It transmits 24 hours a day, reaching Maputo City and urban areas in every province except Niassa. In regard to television audiences, a recent but unpublished survey conducted by a South African company gives STV a higher share of the audience in Maputo than TVM, with Miramar in third place. Another important media operator is the “Igreja Universal do Reino do Deus”, originally a Brazilian Pentecostal church outlet, which owns the TV channel Miramar, also transmitting in all provinces except Niassa. Independent Television of Mozambique (TIM), began transmitting in 2006 as 9TV. TV Maná belongs to the Maná Network of the Maná Church. KTV is owned by Media Events. RTP África is the African channel of public Portuguese Radio and Television (RTP), which was established in Mozambique by an agreement between the two governments. It transmits via satellite, with re-transmission via terrestrial for Africa, covering Maputo, Sofala, and Nampula provinces. TVCabo, a Portuguese company, and Multichoice, a South African company, introduced cable and satellite television respectively.

Print media

Mozambique has three daily newspapers that have a combined estimated print run of around 30,000 copies. Two of them, the government-controlled Notícias and the independent O País (owned by the media group SOICO) based in Maputo, also have online editions. The third daily, Diário de Moçambique, is published in the second-largest city, Beira. There are currently more than 10 weeklies, but these come and go, and their total circulation is hard to establish; a fair guess would place their combined print runs at approximately 80,000 copies per week. These publications struggle economically; over the last three years some new weeklies have appeared, but many have also folded. Proprietors and editors often move from one paper to the next.

Mozambique is also home to at least 10 e-mail/fax newsheets, an interesting local phenomenon, and these publish much of the country's investigative and critical journalism. They are directed at subscribers with access to the Internet, who then copy and distribute them in relatively high numbers of at least 25 copies per subscriber. In this way the newsheets reach audiences beyond their few hundred online subscribers.



6. Mozambican Newspapers

The estimated print runs of the major Mozambican newspapers are as follows: the dailies Notícias, 13,000; O Pais, 9,000 (14,000 on Fridays); and Diário de Moçambique, 3,000. The e-mail and fax-papers have a circulation of a maximum 400 dedicated subscribers, but they are copied in great numbers, making it difficult to establish their actual total readership. There are currently 10 to 15 such newssheets. The most prominent and longest-lived ones are Mediafax, Diário de Manhã, Coreio da Manhã, Tribunafax, Wambulafax, and Diário de Zambeze (the last two based in the provinces).

The estimated print runs of weekly publications are: Domingo, 13,000; Savana, 15,000; Zambeze, 7,000; Magazine Independente, 5,000; Desafio, 12,000; Escorpião, 2,500; Canal de Moçambique, 3,000; Público, 2,500; A Verdade (a free paper), 20,000.

As a point of comparison, the average print run of new Mozambican books is 500. The various magazines in the country probably have real sales of a couple of thousand each, the most important of which are Prestígio, Capital, and Tempo. If one estimates that each copy of a newspaper or magazine is read by 7 to 10 people, one concludes that in a coun-

try of nearly 23 million people, there are only around 150,000 who read newspapers, magazines or books on a daily basis⁴.

The number of printing houses has grown at great speed over the last 10 years, which means that printing is now quite fast and efficient. The situation in Maputo is particularly improved, with supply now meeting demand. As one media manager pointed out, it is no longer necessary to go to South Africa for quality printing, since Mozambique has acquired its own capacity for quality printing (including color) through businesses such as Brithol Michcoma, CEGRAF, and S-Grafica, which belongs to the SOICO Group. SOICO set up its printing press with a soft loan from Southern African Media Development Fund (SAMDEF). For years, Notícias operated a newspaper printing press that was also used by other papers, but it became outdated. It has now been completely renovated, transforming it into an important competitor in both price and quality.

Electronic platforms

The weekly free paper A Verdade is one of the few Mozambican publications that is experimenting with mobile platforms (www.verdade.co.mz).

Some other newspapers have online editions, including Notícias (www.jornalnoticias.co.mz), O Pais (www.opais.co.mz), Savana (www.savana.co.mz), and Canal de Moçambique (www.canalmoz.com). These are used mostly to disseminate the printed paper's content. Again, A Verdade is an exception, with a daily update. The online versions do not really generate income as they carry no direct advertising.

As noted earlier, Mozambique's daily online newssheets offer an interesting hybrid. The genre started out as a fax publication, Mediafax, established in 1992. Later this form evolved into e-mail papers. These are often at the forefront when it comes to investigative journalism and the promotion of important public debates.

Mozambican journalists and intellectuals produce a few blogs that are read with great interest by participants in the national debate. One example is by sociology professor Carlos Serra (oficinadesociologia.blogspot.com), which includes pertinent analysis of politics and social events in the country. Another contains reflections by various authors: comunidade-mocambicana.blogspot.com. A third is found at mocambiqueonline.blogspot.com.

An elite medium

Mozambique's print media must be regarded as the purview of an elite minority as a result of the country's high rate of illiteracy. Newspapers are mainly a phenomenon of the capital city of Maputo. Print runs are limited, and the distribution system consists mainly of street vendors in the city.

The elite nature of the press is also revealed by the story selection, the writing style, and the layout. The written Portuguese may not always be absolutely correct, and many journalists and academics complain about the lack of elegance and finesse in Mozambican journalism. The papers often contain relatively long essays and reports. Even rumor mongering and scandal-oriented pieces of investigative journalism will contain references to elements such as legal terminology and economic analysis – unfortunately often not always entirely correct.

Journalists – particularly the senior reporters and editors – belong to a network of people who meet in the same cafés, go to the same receptions, and interact with each other in many circumstances. Within this network one also finds politicians, senior civil servants, people working for international and national NGOs, academics, diplomats, and aid workers, both national and international. Everyone knows everyone else.

Members of this group discuss the stories in the papers as well as pass along rumors that then end up as newspaper reports. Members of this elite often react to what the papers print, both privately and publicly; the stories then play into conflicts between different subgroups and factions of the politico-economic elite.

The newspapers thus play an important role as a kind of seismograph

for the tensions and quakes that occur within the different sections of the nomenclature. There have been several instances when papers have transgressed unwritten rules about how to behave and what subjects to touch and have also published rumors rather than checking and double-checking sources.

Media support organizations

The National Organization of Journalists was established in 1978, under the one-party state, as one of the country's many mass organizations. In 1997 it was transformed into the National Union of Journalists (SNJ), and its focus was re-oriented toward the defense of the legal and labor rights of its members. The SNJ currently has over 560 members, mainly from the public sector media, but it is uncertain how active the organization is. (It held its last conference in 2006.)

MISA-Mozambique (www.misa.org.mz), formally established in August 2000, is part of the MISA Southern Africa network aimed at promoting and defending freedom of expression and of the press and guaranteeing the free flow of information. One of its most influential activities in Mozambique is the publication of annual reports on the state of press freedom. It also carries out one-off studies that serve as tools for lobbying and advocacy work with various public bodies. It is currently the most active media organization in the country.

Civil society

Mozambique has approximately 5,000 civil society organizations with a total membership of around 140,000. Many of these groups have regular contact and interaction with the media, but the most representative of the sectors is the League for Human Rights (Liga dos Direitos Hu-

manos de Moçambique) (LDH) (www.ldh.org.mz) and Centre for Public Integrity (Centro De Integridade Pública) (CIP), which is dedicated to studying and exposing corruption and other abusive practices in public administration. The human-rights situation in the country in general is not bad in comparison to many other African countries, but abuses do occur. The police and penal system commit the most serious offences.⁴

Mozambican journalists are among the poorest-paid professional groups in the country, with an average monthly salary of around US\$150, particularly in the small fax or electronic publications, in which journalists are employed on insecure short-term contracts.

In the WAN-IFRA survey, Mozambican respondents from the media industry reported that the poor economic climate represents the single biggest obstacle to business development and editorial independence, followed by regulatory and judicial pressures.

⁴ For a full overview of the human rights situation see: <http://www.historycentral.com/nationbynation/Mozambique/Human.html> (last accessed Feb 13, 2011).

7. International Aid to Mozambique Media

One must also be aware of the fact that the media have the double bottom line – being both businesses and channels for information, addressing their audiences in both the capacity of citizens and consumers. Thus, support for media must encompass both of these aspects as well as taking into consideration that financial sustainability of private commercial media, public media, and community media is a prerequisite of a pluralistic media environment.

So far, the easiest way of supporting the news media has been to back various education schemes. This is important, but it is also easy, because it is not too controversial. Journalistic and

media training without guaranteeing that the competence will be applied to independent media is just a half-way measure. Consequently, the support for media advocacy and monitoring through organizations such as MISA must be an essential element in the creation of free media in a country such as Mozambique.

According to the respondents to the WAN-IFRA survey, training programs should better match local needs. The training areas receiving the least investment are in the skill sets that apply to commercial departments and audience market research. But these are exactly the two areas that the respondents see as the most critical for

developing revenue generation and efficiencies over the next one to three years.

Financial support is also critical. The Southern African Media Development Fund (SAMDEF) has contributed to the development of the press in Mozambique through a soft loan to SOICO, which provided the company with the opportunity to launch its daily *O País*. SAMDEF also provided support that allowed the group to acquire equipment for its TV and radio operations. Mozambican respondents to the WAN-IFRA survey stated that the most trusted source of external support is international nongovernmental and nonprofit support.



Photos are courtesy of Agence France-Presse (AFP)



Vietnam

by Catherine McKinley



Photos are courtesy of Agence France-Presse (AFP)

Country Report

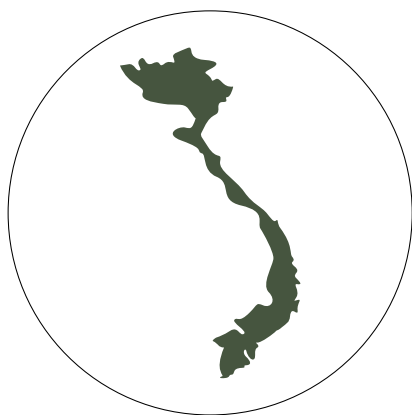


Table 12: Vietnam Country Data

Data type	2010 (estimate)
Population	88 million
Literacy rate	96.8%
Per capita GDP (US\$)	\$1,156
Urban/rural population	Urban: 26% Rural: 74%
Official language	Vietnamese
Rural electrification	95%
Mobile phone subscriptions	127 million
Internet penetration	29%

Sources: World Bank Development Indicators and other World Bank statistics, UN Population Information Network, Budde Communications Inc.

Executive Summary

Vietnam's newspaper sector is fully state-owned and exhibits a clearly defined "two tier" system in which the lower and substantially larger tier acts as a propaganda machine for the state and, in return, receives heavy subsidies. A smaller, elite tier has developed within the national-level media in which some newspapers are attempting to develop editorial independence through financial independence. Financial viability has been officially encouraged as a means to reduce the government's budgetary burden. However, the trend of growing editorial freedoms is increasingly frowned upon by the state, which is still cracking down on political dissent.

To gain financial independence, these elite news organizations are be-

ing forced to innovate, as traditional revenue sources are souring. Print advertising revenues are falling or remaining stable thanks to a weakening of the macro economy and advertisers' slow but steady trudge to online platforms. Newspaper circulation revenues are also weakening, again due to Vietnam's growing online media and the public's declining faith in the news industry as editorial controls dumb down the news.

Recent innovations include attempts to integrate the use of new technology into traditional news businesses, such as moving print newspapers online and offering mobile services, as well as the development of technological services not directly tied to news dissemination. These include the mobile service created by Viet-

namPlus for PetroVietnam. Media companies are also stepping up diversification away from media operations and into real estate and other ventures.

Vietnam's foreign development partners have long supported journalist capacity-building but have been largely barred by the government from focusing on organizational change. Now they are building projects to do just that, as they've been encouraged by a government that wishes to reduce its subsidy load to the media. These projects focus inevitably on the top-tier news organizations. However, the management practices they help create may filter additionally into the lower tier over time.

Country Indices: Vietnam



Political & Regulatory

A single-party system run by the Communist Party since 1975

No separation of powers between the legislative, judicial, and executive branches of government

All media operations are subsidiaries of the Communist Party

Government owns media and internet providers

Two-tier media: lower tier, government propaganda; upper tier, attempting to develop editorial independence through financial independence

Free speech guaranteed de jure but restricted de facto

Government driving internet access via public and educational venues but halting online free speech

Media law reforms ad hoc and at will of the state



Economy & Market

"Socialist-oriented market economy" (Doi Moi) introduced in 1986

Overall economic growth despite global economic crisis

World Bank ranks Vietnam as middle-income economy (as of 2009); GDP per capita US\$1,052 (2009)

Upper-tier media granted financial independence to reduce budgetary burden

Media ownership by private or foreign entities is strictly forbidden. De facto private media ownership introduced ad hoc, when it suits government interests

Newspaper market: around 200 newspapers, ca. 100 of them with online editions

Advertising market: US\$736 million – television ca. US\$601 million, newspapers ca. US\$83 million, magazines ca. US\$49 million



Social

Young population; Over 70% rural (increasing trends of urbanization); high literacy rate (96.8%)

Newspaper readers – mostly young educated urbanites

Lively and influential citizen journalism culture; Internet used to access otherwise forbidden content and to test controls on content creation

Evidence of ties between citizen and mainstream journalists, with citizen journalism raising the standards of legacy media reporting



Media & New Technologies

85% of households own a TV set (TV mostly terrestrial, but also satellite and digital)

Mobile penetration over 100%; 3G introduced in 2009

Internet introduced in 1999; penetration relatively low (29%) but growing fast

Media convergence on the rise

1. The Vietnam Economy and Newspaper Conditions

Vietnam became a unified political entity under the Communist Party of Vietnam in 1975, at which time collectivization of land and labor already adopted in North Vietnam was imposed on the defeated South, traditionally Vietnam's rice bowl. The results were disastrous, as southern farmers refused to farm and rice production plummeted, causing famine on a massive scale and forcing the new government to consider alternative forms of economic management.

In 1986, the state introduced a series of economic reforms known as Doi Moi, (Renovation), which transformed management of the economy from full state control and central planning to what is now dubbed a "socialist-oriented market economy." The system combines central planning, which is based upon five-year strategies and plans developed by the government. This socialist-oriented market economy is designed to retain overall state control over the economy, with market forces to make resource allocation more efficient. It

encourages both state and private ownership, with some sectors dominated by one or the other. The news media remain fully under state control. Nonstate entities are prevented by law from investing in news organizations. However, some do so by buying publishing licenses from state companies.

Since Doi Moi economic growth has been strong, averaging 7.3 percent per year from 2005 to 2009; economic growth peaked at 8.5 percent in 2007 before the world financial crisis and is predicted to maintain a healthy 6.5 percent in 2010.

In 2009, Vietnam also ascended into the ranks of the middle-income countries as defined by the World Bank, which means it can no longer receive the highly concessionary World Bank funding. This funding targets low-income countries and supports various development projects that potentially include support for media.

The government has taken many steps to improve the standard of living in the countryside, but many of

the economic inequalities are still rooted in the urban/rural divide. While industry accounts for 40 percent of the GDP, the sector employs only 15 percent of the workforce. Agriculture employs over half of the workforce but earns only a fifth of the GDP.

However, Vietnam's impressive growth rates have not overcome economic inequalities. There are significant and growing disparities between Vietnam's poorest and richest citizens, although these disparities remain smaller than the same disparities in many developing and middle-income countries. The government is attempting to contain them, as it believes that equitable income distribution contributes to political stability, which is highly prized.

The recent global economic crisis appears to have had only a limited impact on the Vietnamese newspaper sector. Although both advertising and circulation revenues have dropped in recent years, they now appear to be rebounding.

Table 13: Vietnam: GDP per capita

Data type	1990	2000	2010 (e)
GDP per capita	US\$98	US\$402	US\$1,156

SOURCE: World Development Indicators database and CIA World Factbook



Photos are courtesy of Agence France-Presse (AFP)

2. Political Overview

The Vietnamese media landscape is heavily controlled by the government. Vietnam is a single-party state run by the Communist Party, which has controlled North Vietnam since 1954, following a war of independence against French colonial rule, and the entire country since 1975 when the U.S.-backed southern regime was defeated by the Northern Communist forces.

Vietnam's constitution does not allow the creation or operation of other political parties, and single-party rule is strictly enforced. However, the election of officials from within the Communist Party, or, less frequently, independent candidates, is allowed via universal suffrage from the age of 18. Senior Communist Party leaders are elected through a closed-door process every five years. The last elections took place in early 2011, during the Communist Party Congress. Lower-level elections take place in the leadup to the Congress, with each level of newly elected officials in turn electing a more-senior cohort.

It is widely assumed that all significant elections are largely if not entirely staged, with decisions made through a process of secret negotiations that take place long before the official vote is placed. However, in recent years, elections to the National Assembly and to some lower-level positions have shown signs of freeing slightly. Open and increasingly public debate has become more common as a result. Until recently, this liberalization also applied to the media, with state editorial controls loosening and the media becoming more outspoken. However, the media have been subjected to an ongoing crackdown fueled by a combination of factors:

- Changing political priorities, as liberal leaders were pushed aside by conservatives. This reduced the scope for editorial freedom in the media.

- Increasingly gung-ho and sometimes inaccurate media coverage of sensitive issues such as corruption raised concerns within government.

- Concerns that political stability may be threatened grew as economic growth fell to 5.3 percent in 2009. The government responded by cracking down on media, civil society, and dissidents calling for political plurality.

Vietnam's consensus-based political infrastructure is considered to be extremely stable. Many of the controls imposed on business, citizens, and information are designed to maintain this stability, and there is an unspoken but widely acknowledged understanding between the government and its citizens that single-party rule will be accepted as long as the party facilitates rapid wealth creation. Few expect the current controls on media to loosen until after the 2011 Congress and/or until Vietnam's economy rebounds from current lows.

There is no meaningful separation of powers between the legislative, judicial, and executive branches of government; all are controlled by the Communist Party. A number of donor-supported projects are underway to reform Vietnam's public administration and legal systems, but these focus mostly on capacity building and are not expected to separate the roles or increase the independence of the three branches of government.

3. Socio-demographic Overview

Vietnam's demographics skew young and highly literate. Its population, while still predominantly rural, is undergoing rapid urbanization as underemployed residents of the countryside seek higher-paying jobs in the cities. All of these factors will heavily influence the future of media development.

Vietnam is home to an estimated 88 million people, with around 28 percent of the population under 15 years old and only 5.5 percent over 65 years old; the median age is 27. Vietnam's relative youth is the result of a post-war baby boom. The population has nearly doubled since 1975, when three decades of warfare ended and the population stood at just 48 million.

The government has attempted to slow population growth by imposing relatively strict birth-control policies

that recommend two children per family and penalize families with more. But these attempts have been undermined by lax implementation in rural areas and increasing urban wealth that allows many prosperous families to ignore the penalties. By 2050, Vietnam will probably be home to 111 million people.

The bulk of Vietnamese citizens are Kinh, or ethnic Vietnamese, who make up around 86 percent of the population. Over 50 other ethnic groups make up the remaining 14 percent. Minorities, most of whom hail from mountainous or river delta communities within Vietnam and in neighboring countries are often marginalized socially and economically.

Most Vietnamese have access to basic education. In 2008, the overall literacy rate stood at 96.8 percent. Litera-

cy is higher for men than for women, particularly in rural areas, where girls are often withdrawn from school before boys. Government spending on education is expected to grow significantly in coming years, from around 15 percent of total budgetary spending in 2010 to around 20 percent within a decade.

This high literacy rate, combined with a policy of distributing newspapers widely via government networks and posting them in public places, means that newspapers are available throughout the country even for people of limited resources. However, it should be noted that the papers distributed in this way are often Communist Party-affiliated; they are recognized as propaganda and may not be widely read or respected.

Table 14: Population Data

Data type	1990	2000	2010 (est)	2020 (forecast)
Population	66 million	76 million	88 million	105 million

Source: UN Population Information Network

4. Media Legal and Regulatory Environment

The Vietnamese media functions under heavy state control “guided by a set of principles laid out by the CPV (Communist Party of Vietnam), which are translated into law by the MIC (Ministry of Information and Communication) and other government bodies” (Culpin Planing, 2009). A core principle holds that all media operations are subsidiaries of the Communist Party, making the media effectively a propaganda mouthpiece. However, the government has recently encouraged the media to root out corruption, much of which is conducted by government and/or CPV officials. News organizations have been caught between their legal obligation as party organizations and their role as anti-corruption agents. In the mid-2000s, the latter role appeared to be winning dominance, with a growing number of news organizations, particularly newspapers, exposing or attempting to expose corruption within the state. However, weak access to information and poor investigative journalism skills have often limited their success. More recently, a government backlash has silenced inquisitive newspapers, and coverage of corruption has all but ceased.

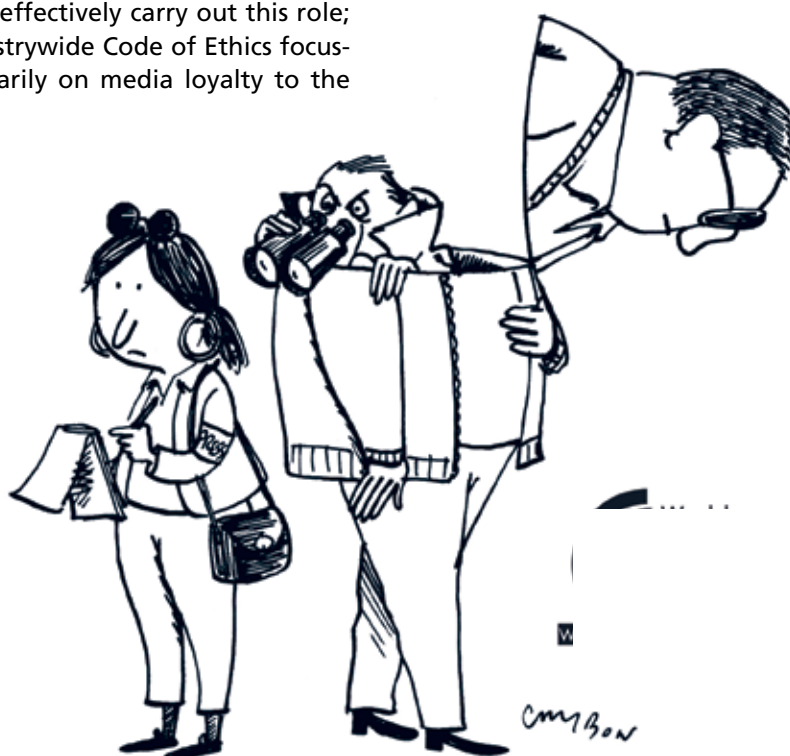
The Vietnamese media is governed by the Press Law, which was written in 1989, amended in 1999, and now under consideration for redrafting. Plans to rewrite the law in 2010 were postponed, probably because of deep-rooted disagreements within the Communist Party about the role of the press and how it should operate and be governed. These may be ironed out after the Congress, and the discussion of the contents of a new law may be reopened next year.

Myriad regulations exist to govern media operations, but members of the media pay scant attention to the law, believing that it exists to punish rather than to protect them. If governmental policy demands that a journalist or media organization be sanctioned, a legal excuse for doing so will be found.

The Vietnam Journalism Association (VJA), which is tied closely to the Communist Party, is responsible for ensuring media ethics. However, because of its political affiliation, few in the industry believe the VJA is able to effectively carry out this role; its industrywide Code of Ethics focuses primarily on media loyalty to the

state rather than reporting skills or standards. An ethics vacuum has subsequently developed, and this has strong implications for news quality. The government appears reluctant to allow other groups, state-affiliated or otherwise, to take on this ombudsman role, although the MIC may attempt to do so through a training center it hopes to establish in 2011.

Vietnam lacks a vibrant civil society, and civic groups can be legally established only if they are registered under a state organization. This means that they, like the media, lack independence. A small but growing number of state-affiliated community organizations have begun to offer social services. The media report on their work, but advocacy is in its infancy. Transparency International is trying to register a chapter in Vietnam through a locally registered organization, and a few think tanks have tried to influence policy. Where advocacy does occur, there is little or no cooperation with the media.



5. Portrait of the National Media

Sector overview

Vietnam has 178 newspapers, 76 of which are national papers, and 102 are local. As of 2010, there were four online-only newspapers (VietnamNet, VnExpress, Vietnam Media, and The Communist Review) and up to 100 online editions of print newspapers. However, only a few, such as Tuoi Tre, Lao Dong, and Thanh Nien, publish online content that varies significantly from their print content. The government is keen to consolidate Vietnam's newspaper sector, as many provincial or lower-level papers have very limited circulation. Being heavily subsidized (see below), these papers are a drain on public finances. A small group of "top-tier" papers, published in Hanoi and Ho Chi Minh City (HCMC), are read widely and regularly by the public.

It should be noted that newspapers are often shared widely, meaning that a single copy may have multiple readers. A 2000 study by the international research firm, Kantar Media, found that between 30 and 50 percent of readers polled said that they read papers given to them by someone else.

All traditional media forms – print, television, and radio – have significant reach in Vietnam because literacy rates are high, state-sponsored newspaper distribution is pervasive, and radio and television access is broad. Kantar Media reports that television is the most popular medium, with 94 percent of those surveyed having tuned in over the previous 24 hours. Thirty percent had read a newspaper and 36 percent a magazine. Just 23 percent had listened to the radio.

According to MIC statistics, more than 85 percent of the Vietnamese population has access to television, mostly terrestrial but also (particular-

Table 15: Popular print newspapers and their estimated circulation (August 2010)

Print	Daily Circulation
Tuoi Tre (Young People)	400,000
Cong An Thanh Pho Ho Chi Minh (HCMC Police)	400,000
An Ninh The Gioi (World Security)	380,000
Thanh Nien (Youth)	250,000
Nhan Dan (The People)	180,000
Phu Nu Thanh Pho Ho Chi Minh (HCMC Women)	100,000
Saigon Gai Phong (Saigon Liberation)	80,000
Tien Phong (Vanguard)	70,000
Lao Dong (Labor)	60,000
Nguoi Lao Dong (Laborer)	60,000

Sources: Publisher and interviewee estimates, Google Analytics

ly in cities) cable and digital stations, and 95 percent of the country receives radio signals. The Internet now reaches 29 percent of all Vietnamese people, and web access is growing fast. Internet penetration has grown at 3 percent or more of total population each year for the past five years.

Kantar found that Vietnamese newspapers are read most regularly by young urbanites with at least a secondary education in a middle-income band. These individuals earn between US\$299 and \$699 per month. Newspapers are read marginally more often by women than by men. Magazines are more widely read by women, especially young women between the ages of 15 and 34 than by men. The Internet is more commonly accessed by men, with over half of users under the age of 24.

Media's influence

Vietnamese newspapers have traditionally served as propaganda organs rooted in the country's Communist history that taught people to unquestioningly believe what they read. As a result, Vietnam's newspapers have been hugely influential in guiding popular opinion, which, in turn, influences the government's public policy. In the absence of other measures, the government has used newspapers to gauge popular reactions to its policies. However, the recent backlash against the media has tempered the public's faith, particularly in newspapers, which were the most outspoken medium in the mid-2000s and have subsequently become the most heavily censored. Online foreign and unofficial news sources such as blogs now attract a growing following, especially in urban areas.

Censorship

Vietnam does not exercise prior censorship, but it does impose a system of controls emanating from within the party and feeding down to editors-in-chief through weekly editorial meetings to ensure that editorial content is tightly controlled.

Editorial controls and ownership

Editorial controls are substantial due to the media's historical influence over the public and the government's ongoing determination to capitalize on that influence for propaganda purposes. Controls are imposed both in advance of publication through pressure imposed on reporters and editors and retroactively by both the Communist Party and the MIC. Controls consist primarily of lists of forbidden topics and stories that are communicated to editors-in-chief via weekly meetings hosted by the MIC in major cities and attended by senior editors and party and government officials. In addition, the party and the MIC will issue occasional edicts to editors, informing them of issues that emerge between meetings that are deemed urgent enough to require action before the next scheduled meeting is held.

During periods of relative editorial freedom, positions transmitted through these avenues are considered "flexible," to be regarded as guidelines. In more-restricted times, edicts become more concrete, and failure to abide by them can result in the dismissal of senior staff. In early 2009, the editors-in-chief of Tuoi Tre and Thanh Nien were dismissed, analysts believe, because they refused to follow these edicts. The dismissal of an editor-in-chief, while decided by

the Communist Party and the MIC, is carried out by the newspaper's ownership, which is legally responsible for its paper's performance.

As noted earlier, all news organizations are owned by the state organization, and ownership by private or foreign entities is strictly prohibited. However, de facto privatization has occurred in a number of instances. There are two scenarios:

Under the first, a state enterprise establishes a newspaper that is then sold to the public as part of Vietnam's devolution of nonstrategic state assets. By default, the enterprise's newspaper is also privatized. A well known example of this is VnExpress, a major online newspaper established in 2001 by the state telecom firm FPT, which was privatized a year later. The newspaper remained within the new company until 2009, when its editorial operations were reclaimed by the state and placed under the Ministry of Science and Technology. VnExpress remains affiliated with FPT for business development and other noneditorial functions. According to a senior editor, "We still operate as a private company." As Vietnam continues to privatize state assets, this scenario may arise again.

In the second and more-common scenario, state organizations in need of cash apply for media licenses and are thus the legal "owners" of the newspapers established under that license. But they then sell the right to use the license – often for a share of profits – to a private company. This practice occurs most often in the magazine sector in which advertising revenues are thought to be highest, or at the local and provincial level, where state organizations have fewer revenue-raising opportunities than their

centralized counterparts. There has been no such privatization of a major national newspaper to date.

Media convergence

Media convergence is increasingly common in Vietnam, as most major news organizations attempt to offer their services via print, radio, television, and Internet platforms. A smaller number also plans or already offer mobile services. The MIC supports this development, and according to one senior official, the MIC believes that convergence will "create complementarities, not competition." However, industry analysts and some media executives have expressed concern that this trend may lead to substantial industry consolidation, with many ventures falling by the wayside.

The concept of winning or losing applies only within Vietnam's top tier of national newspapers. At other levels, newspapers continue to see themselves as propaganda machines, and they expect state support in return. Despite the slow reduction of state subsidies over the past decade, they have little or no reason to seek profits or encourage innovation.

Newspaper sales, ad revenue, and state subsidies

The newspaper sector gains most of its revenue from advertising, circulation, and state subsidies, although diversification away from media services also provides substantial revenue for some.

Vietnam's advertising sector in 2009 was estimated by Kantar Media to have been worth an estimated US\$736 million, of which the bulk went to television in the amount of US\$601 million. Newspapers attract-



Photos are courtesy of Agence France-Presse (AFP)

ed most of the remaining advertising, worth around US\$83 million, and magazines took in around US\$49 million. Radio advertising was worth just US\$2 million. Cimigo Research and Consulting estimated online advertising at around US\$15 million, up 71 percent from 2008. Interviewees believe that advertisers remain wary of this new medium, and for that reason online advertising is relatively cheap; they do not have a solid proof of its efficiency.

According to Dat Viet Media (2007/2008), advertisers are both foreign and Vietnamese. They are largely made up of service providers such as banks and mobile phone operators, beauty/personal hygiene and household cleaning goods manufacturers, and beer breweries.

In 2006, when Dat Viet conducted its research, a 30-second prime-time advertising slot on VTV cost the advertiser VND52.5 million (Vietnam dong), which amounts to about

US\$2,700. A 60-second radio slot cost VND3.2 million (US\$164), and a full-page full color ad in a major newspaper or magazine cost around VND55 million, equal to US\$2,800. Tuoi Tre, a major daily, earns 80 percent of all revenues from advertising, of which over 80 percent comes from its flagship print daily. Fourteen percent comes from online advertising, and 2 percent from a weekly newspaper.

Tuoi Tre used to earn 90 percent of revenues from advertising, but it, like many other newspapers, has been hit by Vietnam's economic slowdown. This economic slowdown has cut both the number of advertisers and the amount the advertisers are willing to spend. Most editors noted that advertising revenues dropped or remained flat over 2008 and 2009, but they claimed that 2010 showed a slow reversal of that trend.

The economy has also impacted circulation. In the words of one editor in chief, "People who used to buy

three newspapers are now buying only one." Rising printing costs have forced newspapers to raise their cover prices, and a slow but steady move online by key audience groups, mostly young readers, has accentuated this trend. Several interviewees noted that the recent controls on editorial freedom have dumbed down content, which has also contributed to the reduction in sales.

Newspaper sales now make up 20 percent of Tuoi Tre's revenue, which was below 10 percent, according to November 2010 survey data, "but they were 40 percent a decade ago," according to a senior editor. Thanh Nien boasted a circulation of 500,000 in 2005 but now sells just 250,000 copies each day, a retired senior editor there added.

Newspapers are distributed via the post office, which is considered slow and costly. Service subscriptions go to government offices or to private-distribution companies that sell news-

papers to individual vendors. While direct subscription from news organizations is almost unknown, many people buy regularly from their local street vendors, who know exactly how many copies to buy each day. "It's subscription in another form," said one editor.

Interviewees said that distributors are unwilling to work with newspapers to attract readers by offering discounts, because distributors' fees are usually around 20 to 25 percent of the sale price. They added that newspapers do not consider offering their papers for free because "people will think it's no good if they don't have to pay." Vietnam now has just one "almost-free" newspaper, *Mua Ban*, which publishes classified ads. Even this paper charges a nominal fee in order to attract readers.

The state heavily subsidizes all newspapers that "have a mainly political function" and are unable to support themselves, one editor said. Using budgets taken from the state organization that applied for the publishing license, it offers 100-percent financing for the first three years of operation. "After that, it depends on their financial viability. If they're going to go under, the government will give them money," added an official with the MIC. This system discourages innovation at almost all levels but allows newspapers that are willing to forego subsidies to develop new ways

of financing operations. "We're free to develop as we want, as long as it's only with regard to business," said the editor-in-chief of an online paper in Hanoi.

Within Vietnam's top-tier newspapers, innovations abound, including the use of new technologies. Property investment is relatively common and can take the form of subleasing properties provided by the state, as is believed to be the case for the Communist Party's flagship, *Nhan Dan*, and investment in Vietnam's bubbling real estate market. *Thanh Nien* now earns 50 percent of all revenues from its property portfolio – up from nothing a decade ago. It also organizes events that generate additional revenue. Some news organizations sell license rights for glossy magazines, which still command high advertising fees. These licenses are sold to private companies in return for a percentage of profits or a lump sum. Real estate and other external sources of revenue are sometimes underreported by the media organizations whether for political reasons or due to local protocol.

Ethical dilemmas emerge when newspapers sell pages to companies that fill them with advertorials published as news. "We know it happens, but we don't know who," said an MIC official. Another distinctly questionable revenue source for some newspapers is the alleged bribery of indi-

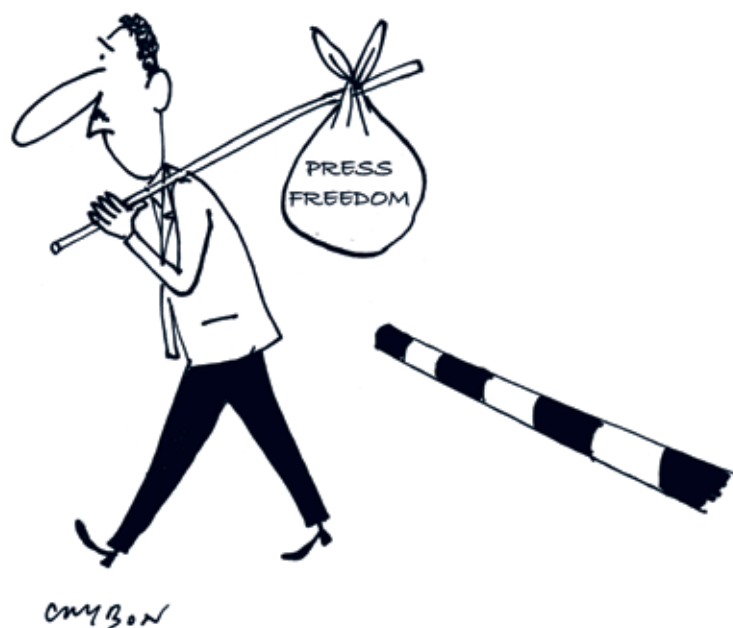
viduals and companies to prevent or ensure the publication of a particular story, whether or not it is true.

Costs

Newspaper costs consist primarily of staff salaries, newsprint, and distribution expenses. Overhead costs for such items as office space, often in prime locations, are often provided by the state. As noted above, this real estate is often leased out for profit.

Vietnam has around 17,000 accredited journalists and possibly the same number again of unaccredited reporting staff, although it is unclear how many of these work for newspapers. *VnExpress* employs around 250 people, of whom half are editorial, and the newspaper production staff is based mostly in Hanoi and some in HCMC. Half of the production staff works in business development, research and development, and other support services. *Tuoi Tre* employs 450 people, of whom 120 work in the editorial department, 100 in advertising, and the remaining 230 in areas such as distribution, printing, etc.

Salaries vary dramatically, ranging from a low of around US\$100 per month for a new reporter to around US\$2,000 for a senior editor. Staff salaries comprise 60 percent of all costs at *VietnamNet*, where around 380 and 250 are employed. They earn from US\$200 to \$1,300 per month.



Vietnamese journalists graduate with the same university degree as students who will later work in public relations and advertising, both of which offer considerably higher salaries. This disparity, along with a number of perverse financial incentives offered to journalists, encourages corruption within the sector. To augment low salaries, newspapers offer additional payments to their reporting staff, including per-story fees. These payments encourage reporters to focus on quantity at the expense of quality. By offering journalists fees for bringing in advertisers, newspapers compromise their editorial independence. Some journalists also raise their take-home pay by bribing companies with threats of exposure of misconduct, whether or not such misconduct has taken place. Both salary reform and improved ethical standards are required to address this issue.

Newsprint is another major expense, which in recent years has grown by around 30 percent per year based on international paper prices. "We buy in 6-month blocks, but smaller papers can't do that," said an editor with a major HCMC-based newspaper. However, a second editor notes that "paper prices have been stable for the past five or six months." Seven out of 12 participants record an increase in newsprint price and 10 out of 12 respondents confirm increase in costs. Online newspapers also face rising costs in the form of broadband sub-

scription, although as this cost is associated with increased readership it is more easily borne. Distribution costs newspapers up to around one-quarter of their cover price.

Taxation

Newspapers are taxed at a flat rate of 25 percent corporate income tax, which is currently deducted before profit. They also pay a 10 percent value-added tax on advertising revenues. The industry enjoys no tax breaks, but as noted above, it is heavily subsidized in other ways. However, based on the argument that newspapers are not businesses and should not therefore be taxed as such, the Ministry of Finance has developed a proposal now before the prime minister that, if passed, will reduce newspapers' tax burden. The details of the proposal remain sketchy, but it is believed that it suggests newspapers be taxed after, not before, they make a profit. This allows them to offset substantial costs such as salaries.

Market research

Only very limited market research is conducted by or for the media sector regarding circulation, readership, or advertising to help newspapers gauge their audiences' needs and develop long-term strategies. Online newspapers track their "unique visitors" and "daily page hits" on Google Analytics, and some larger print newspapers

conduct their own market research. But senior editors have noted that it would be valuable to have independent research that provided more-detailed audience information such as age, sex, and profession, among other factors. A few try to gather this information in-house through research and development departments that send out surveys. Such research can be conducted through newspaper inserts or online and organized discussion groups and seminars. However, one editor describes these approaches as "not very professional," even though he himself had to rely on such methods.

A few foreign companies based in HCMC provide audience profiling, but their research targets major advertisers and is considered too expensive for most local media organizations. Some local companies are beginning to offer media research, but "it is still mostly PR-focused," said an editor in HCMC. He and others noted that because only a few major newspapers would purchase such research, the sector is unlikely to attract substantial private investment. Because most newspapers are state subsidized to some extent, they lack the profit motive and see no value in gathering market data. "Two or three of us may want it [data], but we alone cannot create a market," said one editor.

6. New Technologies and Citizen Journalism

The Vietnamese government understands that new technologies are necessary for economic growth, and it supports technology development. A series of recent economic development plans have promoted the expansion of the Internet into schools, public buildings, and rural areas. In cities, people without private or workplace access to the Internet can access the web at one of thousands of private Internet cafés. In the countryside, web access is growing mainly via state-run “culture houses,” although few rural residents are thought to use the Internet yet. E-government (information and online services) is slowly taking root within some ministries and provincial authorities, and the MIC hopes that by 2020 Vietnam will be among the world’s top 60 countries in terms of web penetration.

However, the government is aware of the impact of the Internet on information flow and is now engaged in a delicate balancing act to promote technology for businesses, but it also prevents its use in uncontrolled information-sharing. Internet access is provided by a small number of state-affiliated and private companies that are compelled by law to control access to certain sites and monitor Internet user activity. The government allows the publication of online newspapers, of which there are now four that publish exclusively online. Dozens of others offer online editions of a print newspaper.

Although still low compared to print readership, online news readership is growing. Of over 2,000 people surveyed by Kantar Media in 2009, 87 percent said that they use the Internet to access news. This growing audience will, over time, allow newspapers to capitalize on online advertising. Indeed, some exclusively online newspapers already finance operations using online revenues alone, although print newspapers with online editions still gain the bulk of their advertising revenues from print adver-

tising. “We provide news faster, and our audience is growing fast. Advertisers know that,” said the editor-in-chief of one online paper.

Most newspapers use their web edition simply to reproduce print content, but some news organizations use it to test editorial controls by publishing stories on the Internet that may later be rejected by Vietnam’s “retroactive censors.” If a story is rejected and the news organization is told to withdraw it from the site, editors can be confident that it has entered the blogosphere and will continue to circulate via blogs.

Blogs and social media are an increasingly important form of communication in Vietnam. Given the country’s extremely young demographics, blogs and social media will become even more important over time. A survey of over 1,000 people found that 74 percent of Vietnamese bloggers are younger than 24, and 33 percent blog at least once a day. Most of them blog about uncontroversial social issues, friendship, fashion, and other topics. However, a small but influential minority is often drawn from within the media. This minority blogs about politics, religion, corruption, and other sensitive issues. Thus until recently, when the controls limiting reporting were extended to blogs, the blogosphere offered jour-

nalists an avenue for breaking stories they could not cover in the state-owned press.

Despite the arrest and harassment of prominent bloggers in 2009 and 2010, some bloggers continue to break news and push issues into the public domain. In this way they oblige the state-owned media to pursue stories they would otherwise have avoided. In addition, citizen journalists provide the media with a system of checks and balances that the state system lacks. This is forcing prominent news organizations to reconsider their editorial strategies.

“Before, a few professional journalists provided news for passive readers. Now the number of people providing news is greater than the number of those passively receiving it. Our readers have huge resources with which to check our accuracy and objectivity, so we’re no longer competing with our colleagues, which include other newspapers. Instead, we are competing with our readers. We must collaborate with them [and] develop tools that allow them to become part of content creation,” said an editor-in-chief.

Other new technologies are also impacting the news media in Vietnam, mobile phones in particular. Subscriptions have grown from 815,000 in

Table 16: Vietnam: mobile phone subscriptions (Paul Budde Communications, 2011)

Data type	1990	2000	2010 (e)
Mobile phone subscriptions	23,000 (1995)	815,000	127 million

2000 to an estimated 127 million in 2010, and mobile phones are now being used as a platform for news distribution. This trend is new, with the first mobile news service launched only in late 2009. This came after the introduction of third-generation, or 3G, telephony earlier that year. Four mobile phone operators are now licensed to offer 3G mobile services: Viettel, Vinaphone, Mobifone, and EVN Telecom/Hanoi Telecom.

With seven operators, the Vietnamese mobile phone market is one of the top five most competitive markets in the region. Vietnam's mobile connections grew 58 percent in 2009, and penetration reached 127 percent. However, recent operator comments suggest that 50 percent of these connections are inactive and as much as 70 percent of the connections added in 2009 were multi-SIM users.

On the broadband front, the Vietnamese market has seen growth of over 60 percent in the past four years. A subscriber base of 2.1 million in 2008 gave the nation a household broadband penetration rate of 11.9 percent.

A number of online newspapers, notably VietnamNet, VnExpress, and the state news agency's online service VietnamPlus, offer mobile news applications and services but do not

yet generate significant financial returns. Most existing mobile news applications appear to be losing money or just breaking even. However, their creators anticipate myriad ways in which their mobile services will raise revenue in the future.

One online newspaper anticipates the development and sale of applications for smart phones and iPads, with each application selling for very little: "When you have a big audience, then small revenues can become big revenues." VietnamPlus is already offering such an application, which its editor-in-chief and application creator believes is globally groundbreaking: "My application runs over 500 types of phones and with both 2G and 3G," he said.

VnExpress and VietnamNet are both developing social networking services that will be packaged with their online newspapers and will add new revenue sources. "We think it'll be big business in the future. We'll have more audience and from that greater advertising revenues," said the editor-in-chief of one.

While financial returns may take time to materialize, the cream of Vietnam's newspaper sector will continue to innovate with new media. However, its second-tier newspapers are not expected to do so because of tight

Vietnam Plus

VietnamPlus is an innovative online newspaper produced by the state-owned Vietnam News Agency, one of Vietnam's five main propaganda organizations. Despite its parent organization's editorial and financial links to the state, VietnamPlus has developed new ways to increase the appeal of its product and develop new systems of data-sharing.

VietnamPlus's website offers news in Vietnamese, English, French, and Spanish. Its news is relayed to mobile subscribers via an application that works on over 500 different types of telephones, unlike those produced by many Western newspapers, which are tailored to a particular device such as a BlackBerry or an iPhone. "We have 500,000 mobile subscribers and another 200 more each day," said VietnamPlus's editor-in-chief, Le Quoc Minh. He said he decided to develop this versatile application because Vietnam's mobile market is extremely diverse, unlike those in many more-developed countries in which a small number of telephone makers dominate the market.

Mobile and online content are now both free, but VietnamPlus plans to begin charging soon for premium content such as audio files. Revenues are generated through advertising.

political constraints that bind them and a lack of financial incentives. These organizations are likely to leapfrog over technologies such as SMS headline alert services, from which customers in comparable developing countries might expect to benefit. Executives interviewed for this research believed Vietnam's high Internet and telecom penetration rates means that there is little demand for such "outdated" services.

Vietnam's communications infrastructure, particularly telecoms, is well developed: As of 2010, 78 percent of all Vietnamese households had fixed-line telephone access in 2010, a 10 percent growth over the previous year. Broadband Internet access has grown from 15 to 20 percent of all households, and mobile phone penetration rose from 130 to 140 percent over the same period.

Facts and Figures

According to the Committee to Protect Journalists' Shawn Crispin, "Vietnam's government actively promotes Internet usage to modernize the economy but at the same time cracks down on bloggers who post views critical of the government and its policies."

From the Vietnamese news consumer's perspective, the danger lies less in accessing prescribed sites than in the later repercussions. One Vietnamese Internet consumer with family ties to the government reports that

the government monitors both home computers and accounts used in public spaces to see who is accessing the critical sites over time and then takes action. "They follow your usage over a period of time, and then the police show up at the door," he said. However, the government pays little attention to day-to-day international news coverage; its principal concern is criticism of the Vietnamese government, especially that which originates in exile groups in the United States and Europe.

7. International Aid to Vietnam Media

As noted earlier, Vietnamese law prohibits foreign ownership of media production of news-related content, and no change to the law is expected soon. In other areas, limits on foreign media activity are dictated by the Domestic Investment Law, with restrictions on "radio or television broadcasting" and "establishment of telecommunication network infrastructure. This could also affect signal transmission and emission, provisions of Internet, or telecommunications services." However, there are tentative signs that foreign activity in the media sector is increasing, albeit in the non-news media for now. A bilateral trade agreement with the United States in 2001 and Vietnam's entry agreement with the World Trade Organization in 2007 facilitated limited foreign access to areas such as ad-

vertising, film production, and distribution. There is even more potential for the opening of the news media in the recent licensing of foreign publications such as *Cosmopolitan* and *OK! Magazine*. These publications' Vietnamese incarnations contain stories translated from English as well as locally produced content.

Foreign development assistance to Vietnamese media has been dominated by Sweden, which has offered training to thousands of journalists and attempted dialogue with the government regarding legal and policy reforms that might benefit the media. Other foreign donors, particularly the French and the British governments, have provided training for media professionals and foundations and universities. Still other foreign players have offered smaller capacity-

building initiatives. However, the Vietnamese government fears that significant donor assistance will impact the state's ability to control its media. This has heavily influenced the kinds of projects developed. To date there has been little focus on organizational capacity building; most emphasis has been placed on individual training.

While these projects have had significant impact on the media professionals involved, many trainees have noted that it has been difficult to put their new knowledge to use while senior management practices and expectations remain unchanged. International instructors and recipients of training alike consider management training as a key area of need into the future.



Appendix

Survey Questionnaire

1. Your area of work and responsibilities (please check only one box):

- ☐ Top management position holding BOTH EDITORIAL AND BUSINESS responsibilities (such as: chairman, president, senior executive director and editor, and similar)
- ☐ Editorial management position holding PRIMARILY EDITORIAL responsibilities (such as: editor-in-chief, content director, and similar)
- ☐ Commercial/business management position holding PRIMARILY BUSINESS responsibilities (such as: advertising director, marketing manager, executive director, sales director, and similar)
- ☐ Other media professional. Please specify: _____

2. Who owns majority share or otherwise exercises the most control or power over your PRIMARY newspaper/publication? (please check only one box)

- ☐ Journalist(s) / employee(s)
- ☐ Government or political system-controlled or related individual, agency or company
- ☐ Local individual / family / trust
- ☐ Local private company
- ☐ Foreign individual / company
- ☐ Not applicable or other. Please specify: _____

3. Which of the following present MAJOR CHALLENGES TO THE BUSINESS DEVELOPMENT of newspapers/publications? (please check up to 2 boxes)

- ☐ Political situation
- ☐ Economic climate
- ☐ Legal or regulatory environment
- ☐ Social trends affecting readership
- ☐ (purchasing power, literacy level, etc.)
- ☐ New technologies (application or trends)
- ☐ Other challenges external to your newspaper/publication? Please specify: _____

4. Which of the following present MAJOR CHALLENGES to your primary newspaper/publication's EDITORIAL INDEPENDENCE? (please check up to 2 boxes)

- ☐ Political pressures
- ☐ Economic pressures
- ☐ Regulatory or judicial pressures
- ☐ Audience pressures
- ☐ New technology stakeholders
- ☐ None, there are no such challenges
- ☐ Other challenges external to your newspaper/publication operation? Please specify:
-

5. Are there institutions or other entities that audit or otherwise monitor following activities? (please check one box per each row)

	No	Yes	Yes, but entity is NOT recognized by media industry	Not sure
Circulation	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Readership	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Advertising	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Activities of media operating Internet (Web), mobile or other new media platforms	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Application of media ownership regulation (media mergers and acquisition, media concentration)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Compliance with journalistic code of conduct (industry "court of honor" professional bodies, press councils, etc.)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Violation of media freedoms	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

6. Please rate the power or influence of the following players with regards to the newspaper market in your country. (please check one box per each row)

	Dominant	Moderate	Low or none	Not sure / Not applicable
Advertising, media buying agencies	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Printing, paper suppliers	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Distributors of print newspapers	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Newspaper/publication companies, owners	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
New-technology players	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Investors, financial institutions	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Government	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Other powerful players? Please specify:

7. Which of following editions does your PRIMARY newspaper/publication operate? (please check only one box)

- ☐ Only PRINT edition
- ☐ Both PRINT and Internet (Web)-based edition
- ☐ Only Internet (Web)-based edition

8. Does your primary newspaper/publication operate APPLICATION/S specifically designed for handheld devices such as cellphones, smartphones, iPad, etc.? (please check only one box that applies)

- ☐ Yes
- ☐ No
- ☐ No, but it uses mobile or other technologies to communicate with readership (such as SMS/texting)

Please indicate here if there are OTHER channels of communication in use (e.g. fax-based newspapers):

9. Please provide current data for your PRIMARY newspaper/publication.
(please enter data for each row / where not applicable please enter n/a)

Title name:	
Country of operation:	
Style of the publication (general, business, sports, etc.):	
Frequency of publishing (daily, weekly, etc.):	
Coverage (local, regional, national, etc.):	
Average circulation per issue in 2010:	
Number of unique website visitors (per month):	
Percent (%) of retained users (mobile application):	
Number of employees:	

10. Please approximate the level of following revenue types as a PERCENTAGE (%) OF TOTAL REVENUE of your primary newspaper/publication (revenue from all businesses, all editions). (please check one box per each row)

	None / N/A	1 to 10%	11 to 25%	26 to 50%	51 to 75%	Over 75%
PRINT-edition advertising revenue:	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
PRINT-edition circulation revenue (sale, subscription):	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Internet(WEB)-edition advertising revenue:	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Internet(WEB)-edition subscription revenue:	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Revenue from other new media platforms:	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Other revenue:	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

11. Please indicate where there have been an OVERALL INCREASE or DECREASE in the following business segments in the last 2 years. (please check one box per each row)

	Increase	Decrease	No change	Not sure / N/A
Price (for paid-for models):		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Sale and subscription revenue:	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Advertising revenue:	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Reach (circulation, readership, number of unique users):	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Costs:	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Content quality:	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Financial sustainability:	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Has any other important segment changed? Please specify:

12. What areas did your PRIMARY newspaper/publication invest in over the past two years? Please rank the choices from low to high benefit for your revenue generation and efficiencies in the past. (please check one box per each row)

	Low benefit	Medium benefit	High benefit	Not sure / N/A
Skills of people in commercial departments (advertising and sales)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Journalists' skills	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Financial and business management skills	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Improving distribution operations	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Improving printing operation	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
New technology and multimedia operations	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
New product development	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Content / format development	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Design and layout development	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Promotion activities to generate audience/readership	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Audience market-research	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Other? Please specify: _____

13. Where do you see the most OPPORTUNITIES to develop revenue-generation activities and efficiencies in the future (1 to 3 years)? (please check all that apply)

- ☐ Skills of people in commercial departments (advertising and sales)
- ☐ Journalists' skills
- ☐ Financial and business management skills
- ☐ Improving distribution operations
- ☐ Improving printing operation
- ☐ New technology and multimedia operations
- ☐ New product development
- ☐ Content / format development
- ☐ Design and layout development
- ☐ Promotion activities to generate audience/readership
- ☐ Audience market-research
- ☐ None / not applicable
- ☐ Other. Please specify: _____

14. Has your company received external financial or non-financial aid/support for the purpose of enhancing economic sustainability, business development or business operation of your PRIMARY newspaper/publication over the current and past two years? (please check all that apply)

- ☐ Financial support for implementation of media projects that required reporting on the project results and budget spending to a donor/support provider
- ☐ Loans or credits provided by media development organizations
- ☐ Government/state aid
- ☐ Non-financial support such as training, strategic advice and similar financed by external sources (sources other than company's financial resources)
- ☐ No, my company did not receive any such external financial or non-financial aid/support
- ☐ Other. Please specify: _____

If you answered "no" to question 14, please skip question 15 and go to question 16.

If you answered “no” to the question 14, please skip question 15 and go to the question 16.

15. Please specify whether any of the following areas have been targeted by the received external aid/support. Please rate its overall benefit to your PRIMARY newspaper business operation and financial sustainability. (please check one box per each row)

	Yes, received support highly beneficial	Yes, received support moderately beneficial	Yes, received support but has no or low benefit	No, support not recived	Not sure/Not applicable
Skills of people in commercial departments (advertising and sales)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Journalists' skills	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Financial and business management skills	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Improving distribution operations	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Improving printing operation	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
New technology and multimedia operations	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
New product development	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Content / format development	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Design and layout development	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Promotion activities to generate audience/ readership	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Audience market-research	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Other. Please specify: _____

16. If you were to receive assistance in the following types of external aid/support, please indicate up to three BUSINESS OPERATION areas where your PRIMARY newspaper/publication would benefit the most.

Affordable loans/credits:

All other financial support (e.g. project funding):

Non-financial support (training, technical assistance, etc.):

17. Which of the following would be the most beneficial or trusted external source of support? (please check all that apply)

	National, local	Foreign, one country	International, multi-national
Government	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Non-government, non-profit	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
For-profit, private	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

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