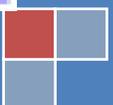


WEG

FINANCIAL STATE OF MEDIA ORGANIZATIONS



General Assessment of the current media environment

Media has a vital role in the process of democratization of the country. Transparency International Georgia¹ assesses the 2016-2020 period media situation in Georgia. TV media is the major source of information in Georgia, second position is held by the Internet, other media (including newspapers) influences are insignificant. The most popular TV stations include Imedi, Mtavari Arkhi, Rustavi-2, TV Pirveli, the Public Broadcaster, Palitraneews, Formula and the Ajaria Public Broadcaster.

The media environment in the country is observed to be pluralistic but at the same time very polarised. Political parties are using TV media as their instruments. Media environment and political environment is highly correlated in Georgia. The antipathy between the government (and government supporter media) and oppositional media is clearly visible in their speeches and reportages. It has become a usual thing from the members of the ruling party to refuse participation in opposition media (aka critical media) shows, also insulting their journalists and avoiding answering them, even during the pre-election period.

Regarding financial sustainability, the situation in Georgia is very challenging. Later research has shown that there are not enough financial resources for media outlets to sustain themselves. Especially in the Covid-19 pandemic period, when the country's economy is very damaged and fragile, an already small advertising market has dramatically decreased even further. This of course was reflected on the financial state of the media companies.

According to Transparency International Georgia, Russian propaganda stays one of the major problems in the country's media environment. Mostly these were through Facebook pages spreading pro-Russian and anti-western fake news. Alongside with international (mostly Russian) propaganda, domestic disinformation is also a huge issue for Georgian media environment. The reason for the disinformation was discreditation of political opponents. Recently Facebook has blocked a lot of accounts considered to be fakes or bots owned by both, the ruling party and opposition side as well.

Transparency International Georgia also says that nowadays even though the legislation about the media independence and work of journalists are adequate, in fact some signs of restricting the critical views are shown. It questions the independence of Georgian National Communications Commission (GNCC) as well, being influenced by the current government. The reason behind these thoughts is that most activities, legislative proposals and statements are to discredit the critical attitude towards the government.

¹ <https://bit.ly/38gD4G3>



UNDP ²has a partnership with several CSOs, such as, The Georgian Charter of Journalistic Ethics, Internews Georgia and CRRC-Georgia, in order to monitor the media coverage of 2020 parliamentary elections in Georgia. Alongside with the election news, media monitoring is also concentrated on foreign or TV media influence on electoral processes. According to the CRRC-Georgia report, coverage of all political actors is a deep problem for the press, newspapers have the issue of the quality or accuracy as they often rely on sources that are not verified or trustworthy. However digital media has higher standards and also covers the wider range of readers, mostly they are neutral and talking about real facts, but in some cases there are media outlets associated with political parties or individual politicians. Radio is observed to be the most neutral source of media but it is least influential. Generally all media sources cover a very diverse segment of people, which ensures a wide spectrum of reachability. It should be mentioned that these media organizations are mostly free from abusive language or all kind of discrimination. However they are lacking analytical reporting of electoral programs full of economic or social issues. Attention towards non-political shows, reports, programs during the election or pre-election period remains rare.

According to the USAID program Media Sustainability Index 2019 by Irex³, Georgia's country score for 2019 has fallen from 2.31 to 2.25 compared to 2018 result. There were lower scores in freedom of speech, professionalism, plurality of news and business management. On the other hand there was a slight improvement in supporting institutions, which means that there is significant activity from civil society in order to promote the interests of the media.

² <https://bit.ly/2KI8LA0>

³ <https://bit.ly/3p3MA5T>

Legal Framework

Freedom of expression, as a guarantee of receiving and disseminating the information, is protected by international and national legal acts on human rights and freedoms. These include the 1950 European Convention for the Protection of Human Rights and Fundamental Freedoms and the 1966 UN Covenant on Civil and Political Rights.

The Constitution of Georgia is the supreme law of the state, which is considered to be one of the most important guarantees of freedom of expression. The basic regulations on access to information are set out in the General Administrative Code of Georgia. According to Georgian law, the Broadcaster's self-regulatory body, the Georgian National Communications Commission, and the court are authorized to assess the legal aspects of media work, apply sanctions and make other relevant decisions.

The Georgian Charter of Journalistic Ethics is an independent association of journalists whose mission is to increase the public responsibility of the media by maintaining professional and ethical standards and creating mechanisms for self-regulation. There are 360 journalists signing the Charter at the moment. The number of cases reviewed by the Charter in 2019 reached 100⁴.

The Constitution of Georgia ensures and guarantees the freedom of work of the media. However the violation of above mentioned is not a rare occasion for the journalist in his or her work. Moreover the state or the government who must be the protector of media rights, in some cases avoid or do not react to violent acts against the media or journalists, which sometimes leads to more violence and strengthens signs of censor.

In 2019 June 20, so called “Gavrilov Night”, during a clash between lawmen and protesters 40 media representatives were injured, even though it may not be on purpose, still the number is extremely high. Moreover there is no investigation to find t guilty for either forceful or careless act. Three journalists have addressed the Strasbourg Court and were scheduled for hearing.

One of the most influential and well known french watchdog Reporters Without Borders (RSF)⁵ says that Georgian parliament passed the government initiative to assign the “special manager” to every radio or TV channel, despite being a public or private organization, which also is an operator on the market. “Special manager” is a person who is authorised to take full control of the organization which either cannot or does not comply with the decisions of the National Communications Commission, and remains in the controlling position until the media organization fulfills the commission decisions. The “special manager” has an authority to hire or fire company’s executives or break any existing contract or relationship with other entities

⁴ <https://bit.ly/3r7Q6y1>

⁵ <https://bit.ly/34o04So>



signed during the previous year. Later the powers of those managers have increased to surveillance and censorship. Above mentioned changes were protested by NGOs and media, seeing this as a risk of independent media and freedom of speech. This was assessed as direct negative influence on media and communication operators and indirect influence on all media companies.

Legal state or disputes for different organizations⁶

Georgian Public Broadcaster

In the period of the previous director, a mysterious law has been approved by the parliament, allowing this TV channel to get huge extra money from the budget. Even though there were plenty of protests from NGOs, other media organizations and even the president veto, parliament passed the law.

Adjara TV Public Broadcaster

The Advisory Board had decided to dismiss the director of the television before her contract expiry, ignoring public criticism and protests. Moreover, the board (mostly staffed by the ruling party) assigned a new director, who since his first day, illegally sacked, harassed or blackmailed the journalists. Some of them were dismissed, others left protesting the events and some went to the court.

Rustavi 2

There was one of the most well known media disputes regarding Rustavi 2. Current owner of the TV channel claimed he was made to give the organization away during the previous government by force. Since that time Rustavi 2 was in the hands of the National Movement political party (they were a ruling party in 2004-2012 and remains the most powerful opposition party since 2012). In 2019 by Georgian and European courts the TV channel was returned to the previous owner. The National Movement supporting director of the TV channel created a new media organization Mtavari Arkhi remaining the radically oppositional TV outlet.

⁶ <https://bit.ly/3h2YsSQ>

Financial Viability of Media⁷

Financial state of media organizations remains a challenge yet to be overcome. The analysis of the advertising market shows⁸ that the received income is not enough for the media platforms operating in Georgia. Scarce resources seriously hinders the future growth of the media industry. In addition, the crisis due to COVID-19 pandemic seriously damaged the advertising market sector. With limited financial resources it is hard for Georgian media platforms to develop without assistance from the founders. The situation is even direr for regional media platforms.

Along with the media critical to the government, there are also some platforms which are believed to be pro-governmental. Among them is Imedi TV, which has a significant budget and audience share.

Georgian Public Broadcasting (GPB) is one of few state owned media. The television's budget consists of state funding and the other revenues, state funding being the main source. Other revenues may be the loans, revenue from equipment rental, revenue from advertisement and other revenues which are not prohibited by the law. The amount of state funding is written in the law of Georgia on broadcasting and is determined as at least 0.14% of gross domestic product (GDP) of the previous year.⁹ The state funding has been increasing steadily since 2014 and constituted up to 58.7 million GEL in 2019¹⁰. Despite the highest budget among the competitors, It should be mentioned that the audience share of GPB was only 5.11% in 2019.¹¹

The graph below shows the top three highest-income television companies for the 2017-2019 period.

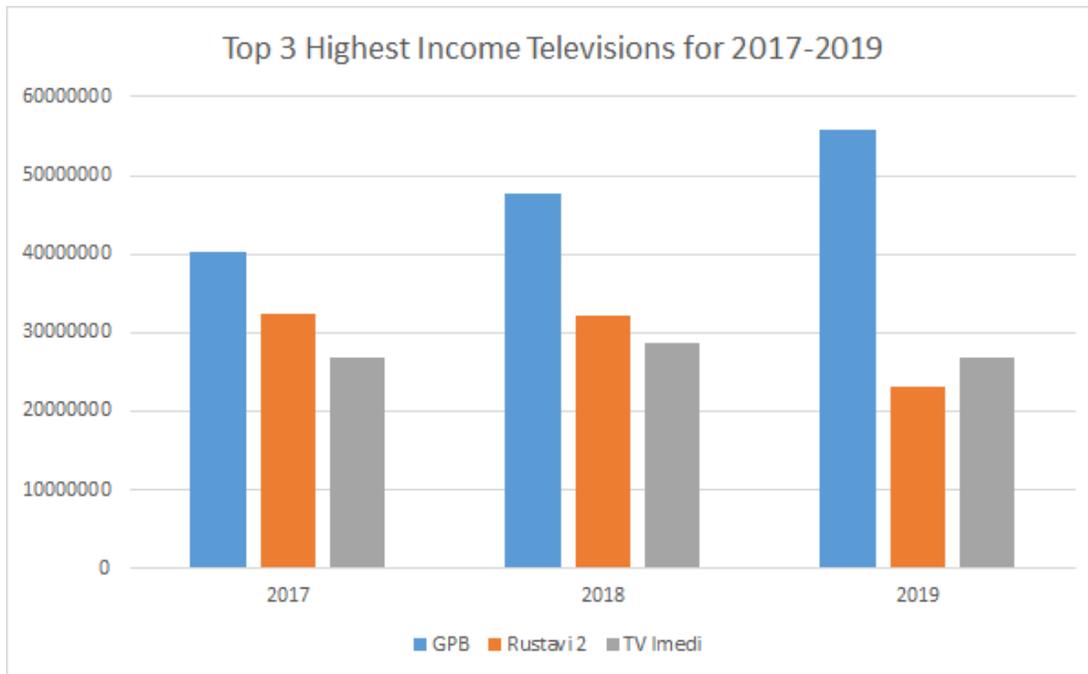
⁷ <https://bit.ly/2WpL5Tw>

⁸ <https://bit.ly/37wBtN9>

⁹ <https://bit.ly/2LExJAV> , Article 33

¹⁰ This also includes relatively small state funding for Adjara TV

¹¹ <https://bit.ly/3p6T2JC>



According to the Communications Commission, the revenue of all the television media platforms was 139 million GEL in 2019, which is 3 million GEL higher compared to 2018. The increase in overall revenue is due to the entering of 2 new broadcasters - Mtavari TV and Formula and their initial investments.

The largest share of the market was taken by GPB - 51 million GEL in 2019. It is 3.4 million GEL higher compared to the previous year. TV Imedi's revenue was the second largest - 26.7 million GEL, which is 2 million GEL less compared to 2018. Rustavi 2 made the third largest revenue in 2019 - 23.1 million GEL, which is 9.1 million less compared to 2018.¹² It should be noted that the changes in the ownership of Rustavi 2 was made by the decision of the European Court of Human Rights on July 18, 2019, and these figures represent the financial conditions created by different owners. After the ownership changes in Rustavi 2, the board decided to create a new tv stations - Formula TV and Mtavari TV. their budgets were 5.7 million GEL and 5.2 million GEL, respectively. The revenues of other television medias' are following: TV Pirveli - 4.2 million GEL, 0.9 million GEL rise compared to the previous year mostly due to advertisements; Silkneti - 3.2 million GEL; Obiektivi - 2.2 million GEL; GDS TV - 1.8 million GEL; Setanta Georgia - 1 million GEL. The revenues of other broadcasters not exceeding 0.7 million line sums up to 4.3 million GEL. POS TV, a pro governmental

¹² <https://bit.ly/3ao0XOp>

broadcaster, which is required to publish financial information since 2019, falls into the latter category, has revenue of 32 542 GEL in the third quarter of 2019.

Organizational Capacity of Georgian Media

The media environment has changed significantly in recent years in Georgia. New TV stations were founded (Mtavari Arkhi, Formula, TV Pirveli, etc.) and increased the number of online media platforms. Thus, the more people got engaged in journalism.

However, as it is indicated in the report published by Transparency International,¹³ There is no financial sustainability among Georgian televisions; mostly, they are financed by the owners and problems in owners' businesses are reflected on TV's budget too. The dependence of the media on other businesses creates an impression in the society that they are used as a tool by the owners to accomplish their own goals.

“Media companies can not develop due to financial issues. They have to attract financial resources somehow - mostly depend only on one source. Only one source of income of course is reflected in the content of the media”, says Nata Dzvelishvili, the former Executive Director of the Charter of Journalistic Ethics.¹⁴

Public Perception of Media

The survey conducted by National Democratic Institute (NDI) television is the most popular source of information in Georgia. Results show that 69% of the respondents report the television as a primary source of the information on Georgian politics and ongoing issues. Internet/Facebook was reported as a primary source by 24% of the respondents, while it is a secondary source for 25% of the respondents.¹⁵

IRI published a public opinion survey¹⁶ for Georgia for the period of June-July of 2020. The respondents were permanent residents of Georgia aged 18 or more. Among the questions about the ongoing pandemic and dire political situation, the questionnaire also included some questions about the media. In the question about the work of institutions and organizations, 71% of the respondents assessed the work of Georgian media as “Favorable”, while 26% of respondents

¹³ <https://bit.ly/2J2LPuJ>

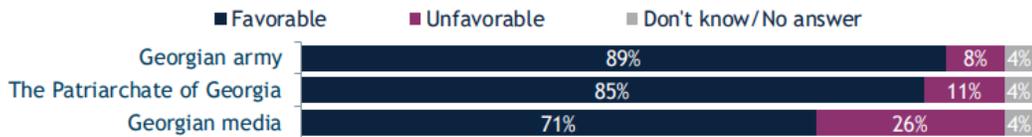
¹⁴ <https://bit.ly/38hrv18>

¹⁵ <https://bit.ly/2LQCUxt>

¹⁶ <https://bit.ly/3qYBywb>

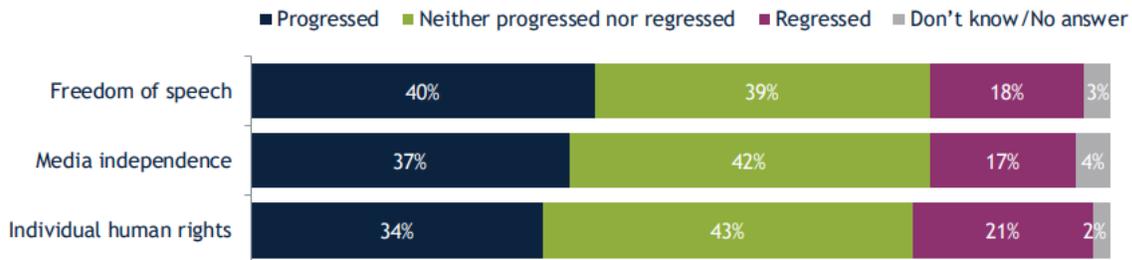
assessed it “Unfavorable”. Only 4% of the respondents did not know or had no answer.

Now I am going to read out the names of some Georgian institutions and organizations. Please tell me your opinion about the work of each of these institutions:



The questionnaire included questions about the progress made in past years for different issues. Freedom of speech, media independence and individual human rights were on the list. 37% of the respondents think that the media independence has progressed, while 42% believes that neither progress nor regress is present. 17% believe that the media independence has regressed, while 4% of the respondents had no answer or did not know.

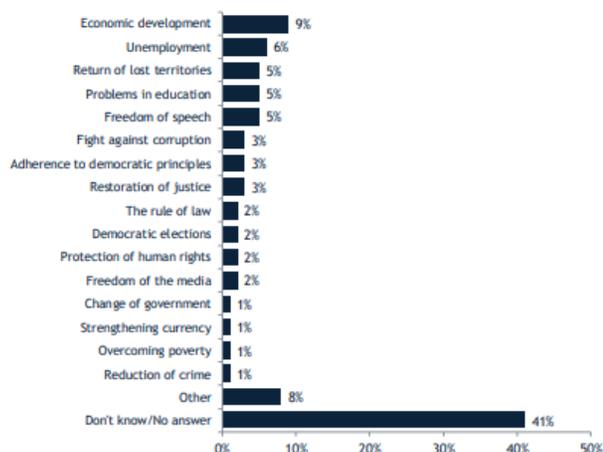
How do you feel about the direction of each of the following issues during the past year?



Respondents were also asked what they believe to be the biggest challenge for Georgia’s democratic future. Only the one spontaneous answer was allowed to be submitted. Among economic development (9%), unemployment (6%) and strengthening currency (1%), only 2% of the respondents believed that freedom of the media is the biggest challenge for Georgia in order to create a democratic future. Interestingly, in this question 41% of the respondents had no answer or did not answer the question.

What do you think is the biggest challenge for Georgia's democratic development/future?

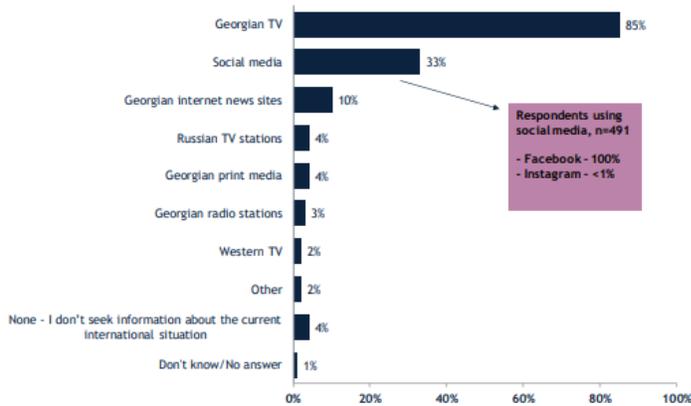
(Respondents permitted to supply one spontaneous answer)



The questionnaire asked respondents about the source they get the information from. Multiple responses were accepted from the respondents - they could name multiple sources. The source of information for 85% of respondents is georgian TV, while 33% of respondents get news from social media (almost 100% of the information comes from facebook). Internet news sites are used by 10%, while print media is popular among 4% of the respondents. It should be mentioned that russian media platforms are the source for 4% of respondents, while the western TV is only for 2% of respondents. 4% percent answered that they do not seek information about the current situation.

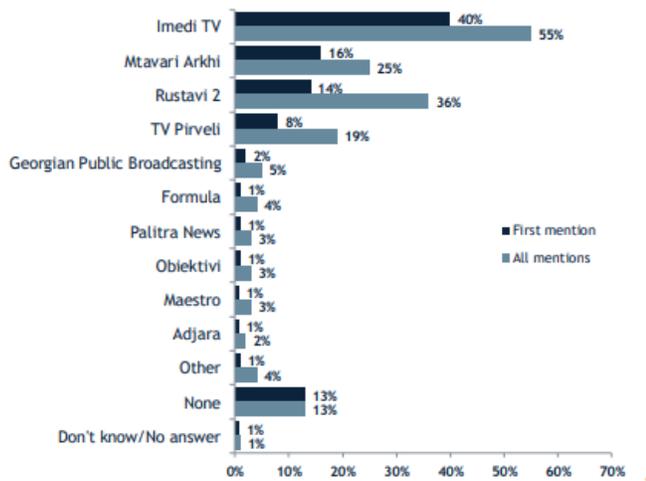
In parallel with NDI's survey there is another source that confirms the popularity of television. 85% of the respondents reported that georgian TV is among the sources which they use for getting the information about the current international situation. Social media was reported by 25% of the respondents, while the third most popular source is georgian internet news sites. Only 4% of the respondents reported that they do not seek the information about the current international situation.

Which sources of information do you use for information about the current international situation?
(Multiple responses accepted)



The survey also includes questions about the credibility of the Georgian media. The respondents were asked which Georgian TV stations they trust the most. 40% of the respondents named Imedi TV as the most trustworthy media source for the first mention, while 16% was for Mtavari Arkhi and 11% for Rustavi 2. 19% of the respondents answered that they do not trust none of them. 50% of the respondents had TV Imedi as a second choice for a trustworthy media source, while 24% had Mtavari Arkhi and 34% had Rustavi 2.

Which Georgian TV station's news and political information do you trust the most?
(Respondents permitted to supply two spontaneous answers)





Conclusion

Media and politics is highly correlated in Georgia. Despite the pluralization, polarization remains a challenge for the country, as politicians and political parties use the media as their lobbying tool. For further development and promotion of media, financial stability is an essential alongside with the increase in revenues gained from advertisements. Even though the income from advertisements was not enough for the media, recent Covid 19 had deepened the problem even further as advertisements are much less in pandemic period.

On the paper, media and journalists work is highly protected by the Law of Georgia, but reality shows the frequent violation of their rights.

While dispersing the mass protests in the streets, journalists are being injured, when they are doing their job. Also, fake news is not the rare thing in social media, anti-western pattern is observed in those fake news.

Policy Recommendations

- It is very important, representatives of the government to answer the questions of critical media and go to their talk shows. This will support the depolarization of media.
- All the political parties, which are prohibited to own the media outlets, should stop interfering in TV media activities to achieve their own editorial policy.
- Journalists should be given the possibility to work freely. They must not be obliged to take into account the interests of any political entity or business interests of their media owners.
- Any kind of physical injuries or illegal interference in journalists work should be investigated
- Political parties should not support spreading the disinformation and fake news.
- The working process and activities of the regulatory commission must be transparent and independent.