

Strengthening the Financial Independence of Independent Media Organisations

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Question

What approaches or interventions have been proposed or utilised to strengthen the financial independence or viability of independent media organisations, especially in developing countries?

Contents

1. Executive summary
2. Background
3. Aid flows for independent media
4. Private funding for independent media
5. Revenue models for independent media
6. References

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1. Executive summary

This report is a review of the literature on interventions and business models which can help independent media organisations to become financially sustainable. The overall finding is that independent media in developing countries are primarily reliant on grant funding. Some independent media organisations in Asia, Latin America and the Middle East are generating revenue from advertising, sponsorship or complimentary activities such as consulting services, public relations and book sales. However, it is too early to determine if these revenue models are sustainable.

The literature on business models for media organisations is limited and Cook (2016) notes that it is a neglected area in academic scholarship on the media. The sparse grey literature and blogs on business models for independent media focuses on developed countries, although some examples from low and middle income countries are mentioned. The evidence is mainly based on case studies or qualitative research with independent media organisations. This literature review concentrates on interventions and business models which enhance the financial sustainability of independent media organisations in developing countries. However, some reference is made to funding trends in developed countries since media outlets across the world are affected by digitisation and social media.

The literature was obtained using keyword searches for independent media, media funding, media financing, media business models and media revenue models. Two peer reviewed articles in academic journals, reports by media support organisations, policy reports and a few blog posts were used in this review. In addition, literature recommended by independent experts was incorporated.

A cross-cutting theme in the literature on business models for media in developed countries is that the traditional revenue model which was based on generating income from advertising is in serious decline (Cook, 2016; Nelson & Susman-Pena, 2012). Several scholars and media analysts question the viability of the commercial media model, and argue that the media is a public good which should be funded by the government, possibly through taxes levied on electronic devices or grants (Peters, 2010; Živković, 2016).

The narrow stream of research on financial models for independent media organisations in the developing world observes that it is more difficult for these organisations to survive using the commercial model because of hostile economic and political conditions (Cook, 2016; Deane, 2016). The market for advertising is small, and businesses do not want to be associated with media which are critical of the government (IREX, 2018). However, there are a few case studies of independent media start-ups in India which are sustained by a combination of grant funding and advertising revenue as well as use of native advertising and affiliate marketing (Sen & Nielsen, 2016). Likewise, some independent media outlets in Latin America are utilising new business models such as memberships or subscriptions (Breiner, 2014). However, commercial models can have perverse incentives when independent media collaborate with rather than critique the government (Cook, 2016; Deane, 2016).

The key findings of the literature review with regard to international donor assistance and private funding for independent media are as follows:

- The United States and Germany are the largest contributors of international media assistance (Myers & Juma, 2018);

- China is emerging as a large donor for media and communications infrastructure projects although it is less interested in freedom of the media (Myers & Juma, 2018);
- Most aid agencies are not willing to provide long term support which can incubate independent media until they become financially self-sufficient (World Association of Newspapers, 2011);
- Donors acknowledge that in some regions the market does not provide adequate incentives for private media to become financially independent (Peters, 2010);
- The majority of independent media start-ups in developing countries obtain most of their funding from grants from private foundations (Cook, 2016).
- The Media Development Loan Fund (MDLF) is a revolving loan fund which provides low or no interest loans, leases or equity to independent media, especially in developing and former Soviet bloc countries (Weiss, 2010). B29, The Mail & Guardian and Malaysiakini.com are examples of sustainable independent media which were initially financed by MDLF (World Association of Newspapers, 2011);
- There are models for using guarantees to support independent media such as USAID's Development Credit Authority, but adaptation is necessary and the risks are not fully known (World Association of Newspapers, 2011), and
- There are very few examples of accelerators. The Open Society Foundation sponsors the JamLab accelerator in South Africa (Tshabalala, 2018).

Sustainability is a serious threat to independent media in the developing world (Cook, 2016). Consumers of independent media in developing countries are generally reluctant to pay for access (Cook, 2016; Sen & Nielsen, 2016). The main findings with regard to business models for independent media models are:

- The sales model of revenue generation is in peril across the world. There are a few examples of independent media outlets which generate revenue from memberships, subscriptions and sponsorships in Latin America and the Middle East (Breiner, 2014);
- The advertising model is generally in decline and there is no consensus regarding the viability of this model for independent media in developing countries (Cook, 2016; Nelson & Susman-Pena, 2012; Sen & Nielsen, 2016);
- The Quint and The Scroll are examples of successful independent media start-ups in India which earn revenue from advertising (Sen & Nielsen, 2016). In addition there are a few examples of independent news websites in developing countries which earn revenue from native advertising, banner ads and affiliate marketing (Breiner, 2014);
- Mixed revenue models or cross-subsidising of media businesses with complimentary for-profit business activities is growing in developing countries (Breiner, 2014; Ladeas, 2015);
- Crowdfunding has been used by a few media outlets in Europe and Latin America (Breiner, 2014; Živković, 2016);
- Donations have a poor record for raising revenue in developing countries (Cook, 2016), and
- Not for profit media are growing in developing countries, such as The Wire and Khabar Lahariya in India. However, limited case study evidence indicates that they have not yet found a sustainable business model (Sen & Nielsen, 2016).

There is no reference to gender or disability in the literature on funding or business models for independent media.

2. Background

According to US non-governmental organisation, Freedom House, press freedom across the world declined to its lowest level in the last 12 years in 2015 and only 13% of the world population enjoys a free press (Deane, 2016). In developed countries journalism is facing new challenges: digital distribution has reduced the scope for charging for content and an appropriate model for monetising digital content has not yet emerged (Živković, 2016). Newspapers, which are the bedrock of professional and independent journalism, are disappearing rapidly resulting in the retrenchment of journalists (Peters, 2010: 270).¹ To some extent the gap in news is being filled by bloggers and citizen journalists but they lack the resources needed for investigative journalism which provides adequate scrutiny of those in power (Peters, 2010).

The dominant model for funding the print and broadcast media in developed countries has been advertising (Peters, 2010). Print media in particular are under threat from the rise of the internet, which has led to a decrease in revenue from sales of publications and advertising (Živković, 2016).² The growth in digital advertising has largely benefited the big players such as Google and Facebook at the expense of smaller commercial media outlets (UNESCO, 2018). The decline of the commercial model has prompted scholars and media policy makers to propose that media is a public good which should receive funding from the government indirectly through tax exemptions or directly via grants funded by taxes on devices (Peters, 2010; Živković, 2016).

In the developing world, independent media organisations are generally dependent on grant income from donor organisations, which poses a risk for their sustainability (Myers & Juma, 2018). Longstanding media outlets like Short Wave Radio Zimbabwe and Uznews.Net in Uzbekistan closed down in 2014 because of funding shortages (Cook, 2016). It is therefore imperative to develop sustainable funding models for these outlets. However, given that the advertising model is no longer functioning adequately in developed countries, Peters (2010) cautions that the promotion of privately owned media funded through sales and advertising revenue in developing countries may not be a viable option. Other options such as not-for-profit news services or the community radio model in Africa, which is non-profit driven and utilises a mix of professional journalists and volunteers to produce content, may be more sustainable (Peters, 2010). Moreover, in fragile states the potential for a financially stable independent media is even less tenable because of the poor commercial climate, risk of political co-option of the media, as well as the destabilisation of traditional media revenue models (Deane, 2016: 8).

¹ The decline of the commercial media model predates the rise of the internet since it began in the 1980s but did not draw attention because media companies continued to make large profits by reducing investigative reporting and replacing it with cheaper alternatives, such as news based on press releases or sensationalism (Peter, 2010).

² The World Association of Newspapers notes that sales of newspapers declined by 20% from 2010 to 2014 and advertising revenue shrunk by 8.2% from 2013 to 2014.

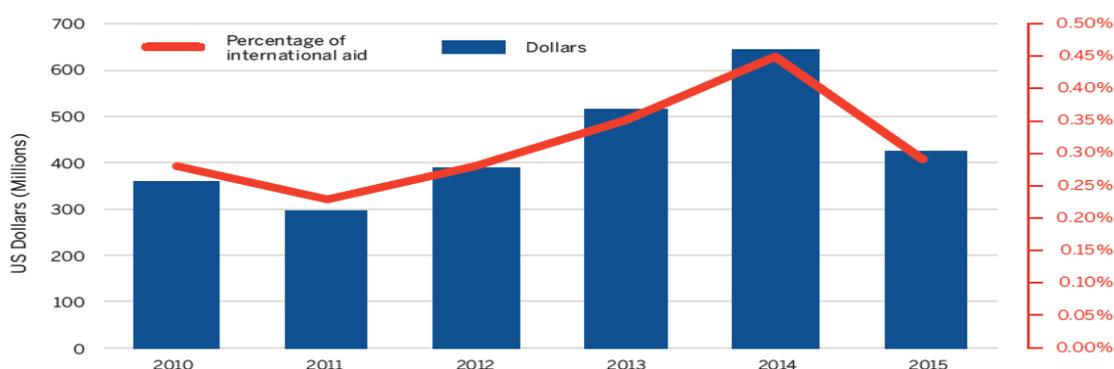
3. Aid flows for independent media

International development aid to news media commenced after the United Nations conference on freedom of information in 1948 (Cook, 2016). Donors recognise that support for the media is integral to promote democracy and good governance. In the 1990s media assistance was concentrated in the former Soviet Union and later expanded to Asia, Africa and Latin America (Peters, 2010: 269). Moreover, supporting independent media has gained prominence within the United Nations Good Governance agenda. The allocation of aid is influenced by the commercial and political self-interest of donor countries (Kaplan, 2012). Geopolitical, strategic and security considerations generally outweigh developmental motives, although donor priorities are constantly shifting (Cook, 2016: 516).

The evidence on aid for media development comes from policy reports produced mainly by the Centre for International Media Assistance (CIMA) and other organisations such as BBC Media Action and UNESCO. These reports rely on a combination of quantitative data regarding aid spending on media development and some qualitative research with key stakeholders. The reports provide strong evidence on the scale of the funding spent on media development but little evidence of the impact and effectiveness of media development activities, especially with regard to enhancing the financial sustainability of independent media organisations.

The OECD and the US National Endowment for Democracy (NED) estimated that just over USD1.7 billion was allocated by bilateral and multilateral agencies to support governance and peace in developing countries but less than 2% of this amount was spent on support for media (Deane, 2016). It is estimated that USD454 million per year of official development aid is devoted to the media sector (Myers & Juma, 2018: 1). However, it is difficult to conclusively determine how much money is spent on media support as it is often included in the general democracy and governance assistance support and is therefore not reported on separately (Cook, 2016).

Figure 1: Donor flows allocated to Media Support, 2010 – 2015



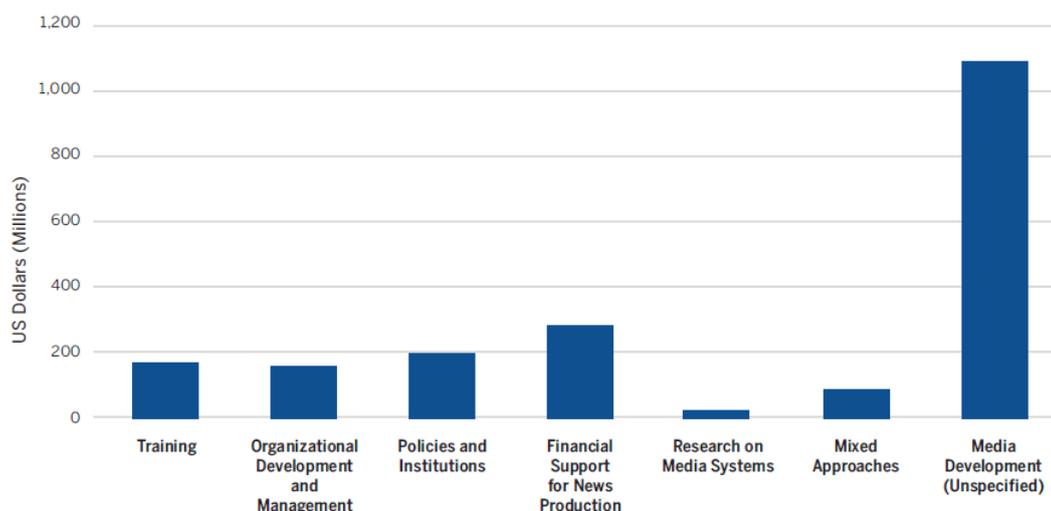
SOURCE: Data on official development assistance commitments provided to the OECD, plus additional data on Brazil, India, and the Gulf Cooperation Council collected by AidData. Percentages were calculated based only on data from DAC participants, comparing media development flows to total sector allocable ODA.

Source: Myers & Juma, 2018: 7³

³ The data was obtained from AidData, version 3. This dataset standardises the official project level commitment data on development flows from bilateral, multilateral and private donors (Myers & Juma, 2018: 35).

Figure 1 depicts the annual total international donor support for media development from 2010 to 2015. The percentage of total official development assistance allocated to media is also indicated by the red line. Media support increased steadily from 2011 to 2014 but declined in 2015. The majority of media development support was provided by bilateral donors. Myers and Juma (2018: 8) found that 87% of support was given as overseas development aid (ODA) grants while only 8% was given as ODA and only 4% was equity investment.

Figure 2: Distribution of Donor Flows to Media Support, 2010 – 2015

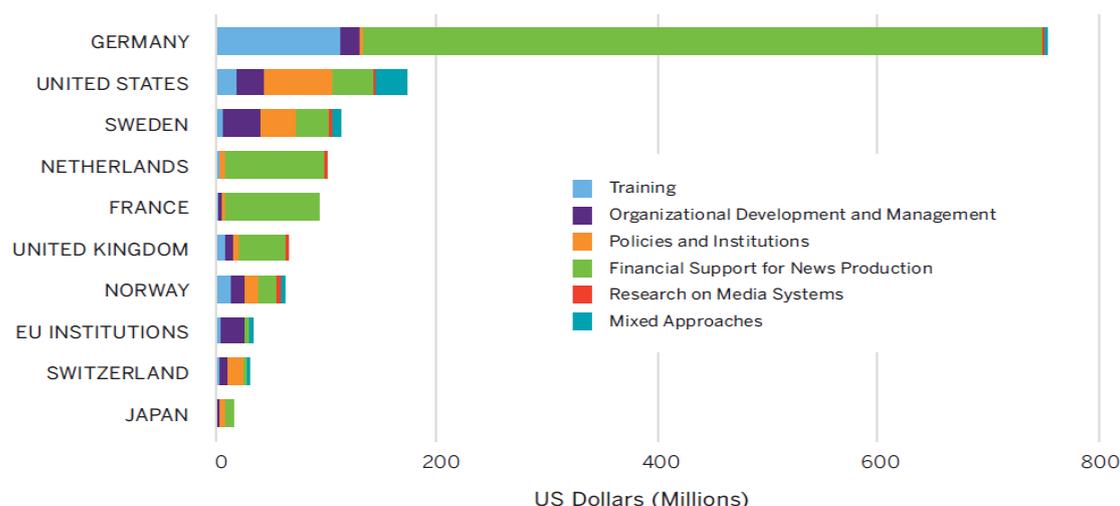


Source: Myers & Juma, 2018:13

The data in Figure 2 indicates that donors are supporting the full range of media support activities in a relatively balanced way. Funds are allocated fairly evenly to training, organisational development, policies and institutions. Financial support for newsroom production is the largest area of funding while very little is spent on research and mixed approaches. However, a large percentage of funding is not specified. It is also noted that some countries like Netherlands and Germany include funding to their public broadcasters as part of the international media assistance budget (Myers & Juma, 2018).

The biggest provider of development cooperation for media assistance was Germany which contributed USD 893 million, followed by the United States (USD 440 million), Japan (USD 196 million) and the United Kingdom (USD 173 million). These figures are somewhat misleading because the German government includes core funding provided to its international broadcaster, Deutsche Welle, as part of its media support budget. Therefore, the United States is the largest contributor of international media assistance (Kaplan, 2012). China is emerging as a donor in the media sector. There are USD2.1 billion worth of China financed projects in the media sector in developing countries (Myers & Juma, 2018). China supports the development of ICT infrastructure rather than freedom of the press. They do not promote values of pluralism, independence and democratic dialogue (Myers & Juma, 2018).

Figure 3: Approaches to Media Support from the top 10 Donors, 2010 – 2015



Source: Myers & Juma, 2018: 22

Figure 3 indicates that while the United States and Sweden allocate money fairly evenly across different categories media support, Germany, the Netherlands, France and the United Kingdom concentrate their funding on news production. The largest beneficiary region was Asia, followed by Africa (Cook, 2016). Media assistance from the United States and the United Kingdom is disproportionately allocated to Iraq and Afghanistan.

There is consensus in the literature that sustainability is a serious challenge for independent media and many donor supported media outlets close when the funding ends (Kaplan, 2012; Cook, 2016; Myers & Juma, 2018). However, few projects focus on the business aspects of independent media (Myers & Juma, 2018). Moreover, donors including the World Bank are unwilling to make the long term commitments which are necessary to incubate independent media until they can become financially independent (World Association of Newspapers, 2011).

The following challenges and limitations for donor support were mentioned in the literature:

- There are no coordination mechanisms at the country level which are capable of providing strategic or coherent support for independent media (Deane, 2016). Consequently, there may be duplication in some places (Kaplan, 2012).
- There is a shift towards **country ownership** which gives governments more scope to determine their development priorities which seldom includes an independent media (Deane, 2016).
- It is **politically sensitive** to support independent media in weak regimes and fragile states. Governments argue that dissent in the media is counter-productive. Some countries refuse to allow donor involvement in their domestic media sectors (Myers & Juma, 2018).
- Donors are not investing enough in the national and regional coalitions needed to sustain bottom up long term strategies for ensuring vibrant and independent media (Deane, 2016).

The following negative developments make it imperative for donors to support independent media (Myers & Juma, 2018).

- Rising authoritarianism and the culture of animosity towards journalists;
- Capture of the media by wealthy individuals linked to political parties or politicians;
- Disinformation campaigns which use digital media; and
- The decline in trust in the media and democratic institutions.

4. Private funding for independent media

Grant income and philanthropy

The Open Society Foundation (OSF) is the largest private grant organisation in the media sector and spends USD40-50 million on media development and USD10 million on freedom of expression (Cook, 2016). The Bill & Melinda Gates Foundation contributed more than USD11 million to international media support between 2010 and 2015 (Myers & Juma, 2018). There are few collaborations between the foundations and the development agencies. The Ford Foundation, McArthur Foundation, Knight Foundation, Omidyar Foundation, Friedrich Ebert Stiftung, Friedrich Naumann Stiftung, Konrad Adenauer Stiftung, US Institute for Peace and the National Endowment for Democracy have supported media development (Peters, 2010; World Association of Newspapers, 2011). These organisations do not provide publically available data on the details of how the grants are allocated, what portion of the grant is devoted to financial sustainability and how effective the media support has been.

Most media start-ups obtain the majority of their funding from grants which are not sustainable (Breiner, 2014). Independent media which operate in countries where there is less freedom depend heavily on grant income in most cases (Cook, 2016). Grants are especially important for launching new media (Weiss, 2010). Donors are more likely to give grants to media organisations which emphasise accounting and strategic planning. The Al Jazeera satellite TV network is an example of a successful independent news enterprise which emerged from grant funding. The network was started in 1996 with a grant of around USD150 million from the Emir of Qatar (Myers, 2009).

Donors recognise that in some regions the market does not provide adequate incentives for investigative journalism. For example, the Foundation for Public Interest Journalism in Australia supports not-for-profit news projects (Peters, 2010). However, there is a risk that media outlets can become dependent on grants. Several independent media outlets in developing countries are reliant on grant income, although they recognise that they need to diversify their income streams and to experiment with alternative funding models (Cook, 2016).

Loans, guarantees or equity

The literature mentions three organisations which provide loans or equity for independent media: the Media Development Loan Fund (MDLF), the Southern African Development Fund and the Western Africa Media Development Loan Fund (World Association of Newspapers, 2011; Peters, 2010; Weiss, 2010). The literature focuses on MDLF and describes the successful projects initiated by this organisation, but does not provide details regarding its losses or negative experiences.

MDLF is a revolving loan fund which provides low or no interest loans and leases or equity to independent private media companies in developing countries (World Association of

Newspapers, 2011). From 1996 to 2000 MDLF provided loans and grants valued at USD95 million to 72 independent media companies in 24 countries (Peters, 2010). Some of the recipients such as KBR68H in Indonesia provide news but also support advocacy work and function as NGOs which provide training (Peters, 2010). MDLF successfully partnered with private banks such as Vontobel in Switzerland to raise capital for its investment projects (Weiss, 2010). In 2006 the Vconcert responsAbility Media Development Basket was launched by MDLF, Vontobel and responsAbility Social Investments AG (World Association of Newspapers, 2011). This was a structured product which combined bond-like investment with a loan. The annual return was 2.8% over four years and the fund was valued at four million Swiss francs. The Swiss Agency for Development and Cooperation was the guarantor (World Association of Newspapers, 2011).

MDLF have enjoyed some notable successes by funding independent media ventures which became financially sustainable. For example:

- B29, a student underground radio station in Belgrade which grew into an internationally and acclaimed media enterprise with radio and TV stations as well as a publishing house.
- The Mail & Guardian, an independent newspaper in South Africa, which repaid most of the funding it received from MDLF and became financially sustainable by growing its sales by 17% per annum (Weiss, 2010).
- Malaysiakini.com, a news website in Malaysia became sustainable by generating income from a paywall (World Association of Newspapers, 2011).

A report commissioned by the Swiss Agency for Development and Cooperation considers whether there is scope for further collaboration between media loan funds and banks. It concludes that the interest rates might be too high for independent media outlets. Furthermore, without critical mass local and regional banks would not be interested in catering for this sector (World Association of Newspapers, 2011). USAID uses the Development Credit Authority which enables it to offer **partial credit guarantees** to organisations involved in agriculture or health. Such risk sharing guarantees cover up to half of the loss on loans made by banks and have been successfully used in several development initiatives. The report proposes that this model may be adapted to provide financial support for the independent media sector (World Association of Newspapers, 2011).

Accelerators

OSF funds JamLab, a media accelerator in South Africa which provides funding and training for media start-ups (Tshabalala, 2018). JamLab provides an inventory of other accelerators that it has located in developed and developing countries.⁴ MDLF funded an accelerator, Media Factory, in Argentina (Peters, 2010). No information on the effectiveness of these accelerators was found.

⁴ <https://medium.com/jamlab/journalism-and-media-accelerator-programmes-around-the-world-3839397889a3>

5. Revenue models for independent media

There is limited literature on financial or revenue models for independent media organisations. According to Cook (2016: 515): “The economic aspect of oppositional media is poorly developed as a scholarly research area”. The available literature on revenue models for independent media focuses mainly on developed countries. The literature on independent media in developing countries is mainly concerned with capacity building, media ethics, trust in the media and the political challenges faced by independent media. Although financial stability is recognised as a critical weakness there is little discussion of alternative business models which can make the independent media more viable in developing countries. The limited literature on business models for independent media is based on case studies or examples. Such evidence tends to focus on the positive cases and does not give details about negative cases. In addition, there are very few examples of revenue models in developing countries and the literature does not indicate how effective these models are. It is therefore difficult to draw conclusions regarding which revenue models work best in developing countries.

Cook (2016: 518) distinguishes between two core models of media funding: market or public interest models although she observes that they are not mutually exclusive. Breiner (2014) lists 12 revenue models which have been adopted by independent media organisations mainly in the United States, Europe and Latin America. Ladeas (2015) identifies several new models used in developed and a few developing countries. Sen & Neilsen (2016) discuss four case studies of new independent media outlets in India. From a synthesis of these articles the following revenue models for independent media were identified:

Sales

The traditional sales model generated revenue through the sale of publications or content. However, as noted previously, content has become increasingly digitised and it is difficult for media outlets to charge for access to digital content. Gicheru (2014) contends that pay walls may yield revenue for independent media outlets in sub Saharan Africa.

Breiner (2014) and Ladeas (2015) list some examples of alternative sales models used by independent media outlets in Latin America and the Middle East:

Memberships - are more effective than pay walls because they can offer additional benefits such as connecting to a community of other members (Breiner, 2014).

LASillaVacía is a Colombian investigative journalism website which had 550 members who contributed USD32,000 in 2013. They appeal to a small group of people who wish to support independent journalism and raise enough money to finance their operations.

Subscriptions – Mada Masr, an English-language publication in Beirut, derives revenue from subscriptions as well as hardcopy sales through newsstands (Ladeas, 2015).

However, digital news may compete with other low-cost media in some developing countries. For example, in India the cost of a hardcopy newspaper is very low (USD0.07-0.15) while a basic pay television package may cost as little as USD1.5 per month therefore, it is difficult to encourage audiences to pay for access to digital news (Sen & Nielsen, 2016).

Advertising

Advertising is the traditional business model for media organisations. The literature is divided on the extent to which advertising is a viable revenue model for independent media outlets in developing countries. Deane (2016) notes that small economies offer limited prospects for advertising and that advertisers are reluctant to associate their brands or companies with media outlets which are critical of the government. Likewise, a study on media sustainability in Sri Lanka found that media organisations were on the brink of survival and their day-to-day operations were at risk (IREX, 2016). Most of the media outlets generate their income from advertising but revenues have been falling. Tamil language media outlets, with the exception of one newspaper, Uthayan, have not been profitable and are increasingly funded by donations from the diaspora (IREX, 2016). In addition, journalists were susceptible to bribes from the powerful business sector as well as the government. Moreover, some broadcast independent media claim that their content is so brief that it would not appeal to advertisers (Cook, 2016).

Cook's research (2016) highlights three operational challenges for utilising the advertising model for independent media in developing countries:

- There were operational difficulties in earning income from advertising, such as persuading advertisers to pay on time.
- Language was a challenge and restricted opportunities for selling content to mainstream media.
- There were human resources challenges as independent media organisations were more likely to employ people who have backgrounds in journalism or human rights as opposed to business.

In contrast, other analysts see strong potential for increasing the use of advertising as a source of revenue for independent media in developing countries (Nelson & Susman-Pena, 2016; Weiss, 2010). According to Nelson & Susman-Pena (2016: 20): "Our work suggests that developing country media still have significant room for growth by increasing advertising to become a major part of the revenue mix. Advertising is growing rapidly in many emerging market economies and is predicted to expand even more quickly in the coming five years."

In India several for-profit content-based start-ups emerged which have built sustainable business models using editorial content, digital distribution and a combination of advertising and other commercial revenue models (Sen & Nielsen, 2016). Two examples are described below:

- The Quint is a news and entertainment website which was launched in March 2015 by two well-established Indian journalists (Sen & Nielsen, 2016). The target market are younger audiences who are more likely to prefer accessing media through mobile devices or social media. By early 2016 it had employed 150 people and partnerships with Da Vinci Media GMBh and Facebook. In the same year it established a 10 year joint-venture with Bloomberg in order to launch a cobranded television news channel and website. The Quint has generated approximately 5 million page views a month, 3.1 million fans on Facebook, 85,000 followers on Twitter and 53,000 followers on Instagram (Sen & Nielsen, 2016). The business strategy was based on the assumption that the audience would grow rapidly so that reach and volume would make advertising on the site attractive. They have attracted advertising from big brands such as Microsoft, Coke, Audi and Motorola. The Quint earns revenue from traditional display advertising as well as partnerships involving editorial content.

- The Scroll was established in 2014 with funding from the Media Development Investment Fund and the Omidyar Network (Sen & Nielsen, 2016). The aim of The Scroll was to establish an upmarket brand that would appeal to advertisers. The site is very light on advertising but intends to make greater use of native advertising and sponsored content in the future. According to the founder of The Scroll: “The next step is not going to be Google ads but magazine quality advertisement on the Internet.” (Sen & Nielsen, 2016:21).

In addition, content aggregation start-ups (such as Inshorts and DailyHunt) have emerged in India. These sites earn revenue through commissions for repurposing content (Sen & Nielsen, 2016).

- In 2015 Inshorts employed 15 people and produced 120 stories daily. It had 20,000 readers, and by February 2016 achieved 3 million downloads across multiple platforms (Sen & Nielsen, 2016). They also earn revenue through e-commerce platforms like Flipkart, makemyTrip and BookMyShow which pay them a commission for any transaction which was linked to from the Inshorts website.
- DailyHunt has over 90 million users and 2.3 billion page views per month (Sen & Nielsen, 2016). It offers access to over a 100,000 articles daily from over 200 publications across 12 languages. The DailyHunt obtains access to content through partnerships with several other news media and publishers and employs over 200 people. The site earns revenue from advertising and sales of e-books (Sen & Nielsen, 2016). It experimented with other business ideas, such as creating a job portal, but this was unsuccessful. The DailyHunt believes that its success lies in offering content in many languages.

Some independent media websites use **banner advertising** to earn revenue (Breiner, 2014). A new option is an advertising network which works by pooling media sites into one large advertising network that uses standard advertising formats and sizes thus creating broader reach for the advertisers (Breiner, 2014). The network works on a revenue share basis and independent media outlets can earn up to 70% of the revenue that is generated (Breiner, 2014). Banner advertising is an attractive source of revenue for independent news sites which have high levels of traffic. Some independent media outlets utilise **native advertising** (Cook, 2016).⁵ For example, digital and social media outlets like CairoScene rely heavily on mobile traffic and generate 60-70% of their revenue from native advertising. The site has 142, 590 Facebook followers and produces up to 35 pieces of content per day (Ladeas, 2015). Revenue can also be generated through affiliate marketing such as Amazon affiliates. The host site receives a small amount of sales placed as a result of direct traffic (Ladeas, 2015).

Sponsorships

A few independent media outlets in Latin America have successfully used sponsorships. For example, BetaZeta in Chile has a monthly audience of 10 million users and raises 40% of its revenue from sponsorship. The co-founder of BetaZeta, Leo Prieto, prefers sponsorship over

⁵ Native advertising is a form of advertising which matches the content of a website so that it appears natural. For example, in the case of news websites in developing countries advertisements for CNN or the Washington Post could be considered as native advertising.

advertising because the latter is cyclical and is increasingly being absorbed by big players such as Google, Amazon, Microsoft, Apple and Facebook (Breiner, 2014).

Mixed revenue models

Oppositional media struggle to earn income from content and are more likely to earn revenue from side-line businesses which complement the media activities (Cook, 2016). **Cross subsidies** and partnership revenue can be generated from an umbrella or sister for profit company. For example, a not-for-profit media outlet can be combined with a communications consultancy firm. Revenue from the commercial entity can be transferred to the not-for-profit media entity via grant funding (Cook, 2016). Some examples from Latin America and the Middle East are:

- BetaZeta generates 10% of its revenue from creating editorial content for brands which advertise on its site (Breiner, 2014);
- Mi Voz in Chile earns USD2 million per year from consulting services.
- EL Faro, an investigative journalism website in El Salvador, earns revenue from online sales of books that it produces as well as music and other artistic products (Breiner, 2014);
- Capitalis, a financial news website for Central America, offers a premium instant information service to subscribers and also creates bespoke information packages for clients. The cost can reach USD25,000 per year for the service (Breiner, 2014);
- Inkyfada from Tunis is a longform editorial and journalistic website which raises income from training workshops which target aspiring journalists, hosting events and receipt of philanthropic funds from grants (Ladeas, 2015), and
- TechRasa in Iran earns revenue by providing consulting services to start-ups by helping them develop public relations and communication strategies (Ladeas, 2015).

The aforementioned examples of mixed revenue models in developing countries comes from blogs written by media analysts and does not provide enough detail to determine the extent to which these models are sustainable.

There is concern that advertising can deter from the **credibility** of independent media. As Cook (2016: 527) notes: "One Syrian journalist said: 'We will lose credibility if we earn income. They are listening to us exactly because we're struggling and not-for-profit. If they felt we were making money out of it they would lose faith.'" In addition, commercial models can have perverse incentives in countries where close ties to the government can be lucrative. For example, private media companies which started out as independent media funded by external donors in the former Soviet Union have become business ventures which focus on profits and maintaining good relations with the government (Peters, 2010).

Crowdfunding

Crowdfunding works by running a fundraising campaign which raises large sums from relatively small individual donations and has the potential to overcome funding gaps (Cook, 2016). Often a kickstart video is produced and distributed for free in the hope that it will go viral and stimulate interest as well as funding (Ladeas, 2015). According to Ladeas (2015) crowdfunding appears to be a rare form of funding in the media landscape although some success has been achieved by media outlets in European cities. Crowdfunding for media which focuses on the developing world

tends to be successful when it is associated with a specific project or activity and utilises international funding sites (Cook, 2016). Crowdfunding projects generally succeed by narrow margins or fail by large amounts. Although crowdfunding for media occurs mostly in the developed world there are a few examples in Argentina and Brazil (Breiner, 2014):

- Ajudeumreporter a for-profit crowdfunded platform in Brazil (CarvajalGarcía-Avilés, & González, 2012).
- There are a few crowdfunded platforms for content creation which can be used by journalists such as Bananacash.com in Argentina and Movere.me in Brazil (Carvajal et al., 2012).
- There are not-for-profit crowdfunded platforms like Catarse.me, Multidao.art.br and Benefeitoria.com in Brazil and Ideame.com in Argentina (Breiner, 2014).

Donations

Cook (2016) found that some independent media organisations working in developing or fragile countries had limited success in terms of raising funds from donations from private individuals. The donations that were raised ranged from USD100 to USD10, 000 (Cook, 2016). Apathy and poverty emerged as the main obstacles against using donations as a stable form of income. Even requests for micro-donations are not effective. As Cook (2016: 528) states: “One Uzbek outlet recalled: ‘We appealed to the community that it was an SOS message and USD 113 is all we got despite there being a huge need for our website. It is a very passive attitude. People are not very politically active and take everything for granted. Even the most loyal audiences who download every day are not prepared to pay. Engagement in general is very low’”. Similarly, a Zimbabwean media outlet interviewed by Cook (2016: 529) stated: “We have sent letters to universities and associations asking for subscriptions and donations as a gift, or appeals to the diaspora asking for gift subscriptions for family back home – they were all a flop.” Cook (2016) concludes that it is unrealistic to expect donations to be an effective revenue stream in developing countries. The target audience is more willing to donate money to humanitarian rather than media organisations. Moreover, there are **logistical challenges** relating to banking in the collection of money. For example, in Zimbabwe the Eco-Cash mobile payment system was used to send donations (Cook, 2016).

Not for profit media

In line with the view that the media is a public good (Peters, 2010; Cook, 2016) not-for-profit media have emerged in developed and developing countries (Breiner, 2014). Two examples from India are The Wire and Khabar Lahariya (Sen & Nielsen, 2016). Both outlets are relatively new and have not found sustainable business models yet.

- The Wire was established in 2015 by a former editor of a major Indian newspaper, who states: “The founding premise of the wire is this: if good journalism is to survive and thrive, it can only do so by being both editorially and financially independent. This means relying principally on contributions from readers and concerned citizens who have no interest other than to sustain a space for quality journalism” (Sen & Nielsen, 2016: 33). The Wire was launched with investment from its founders but is looking for support from foundations and venture capitalists. It did not initially have a newsroom but focused on publishing commentary and opinion pieces as well as curated material from news agencies. By challenging the factual content used in a prominent talk show on the Times

New television channel on Twitter, The Wire generated so much traffic that its website crashed. The Wire intends to develop a business model based on grants and donations. It does not have a distinct business plan but does not intend to become a for-profit venture (Sen & Nielsen, 2016).

- Khabar Lahariya is an independent publication which is run by a cooperative of women and succeeds an older biweekly community newspaper in Uttar Pradesh (Sen & Nielsen, 2016). Therefore, it continues to maintain a regional orientation. Khabar Lahariya consists of several newspapers which are written and edited and published by rural women in local languages or dialects. It often covers issues which are overlooked by other publications. In 2013 the digital platform was developed but the print publication remains critical given the focus on poor, rural readers. Khabar Lahariya relies on support from major donors such as the Doorabjee Tata Trust (which has supported the publication for over 10 years) and the United Nations Democracy and Equity Fund (Sen & Nielsen, 2016). However, this publication is considering advertising as an additional source of revenue. Khabar Lahariya is planning to produce videos which may include advertising.

Non-monetary exchange

Some independent media organisations are able to attract unpaid volunteers and consequently save on the cost of labour (Cook, 2016).

Subsidies

Due to the disruption of traditional advertising models, commercial media are increasingly dependent on government subsidies (UNESCO, 2018). Some governments in Europe support the media through indirect subsidies such as tax deductions, state advertising and reduced value added tax (VAT) rates. However, in Croatia decreases in VAT did not lead to reduction in newspaper prices while sales and advertising revenue continued to decline (Živković, 2016). Picard (2013) maintains that subsidies are not effective because they only influence the variable costs and not the fixed costs of media production.

Sweden, Norway, Austria and France offer direct media subsidies valued at 53 million euro, 44 million euro, 11 million euro and 615 million euro, respectively in 2013 (Živković, 2016). Such direct subsidies were effective in terms of curbing the reduction in the number of publications. Sweden and France also provides developmental support to help fund the production of digital content. However, neither direct subsidies nor development support can stem the general move from print to digital content. European governments also provide subsidies to private media which cater for regional markets (Peters, 2010). This review did not find evidence of direct or indirect subsidies in developing countries.

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Key websites

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