

An Imperative to Innovate

Sustainable Journalism Training
in Central and Eastern Europe

Final Report to the Knight Foundation



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Key Findings

1. Democratization will fail unless bolstered by strong independent media.
2. Training is a necessary but insufficient element of building media. Training needs are highly context-driven and often best performed in the workplace itself.
3. Media training centers, funded mainly by foreign grants, played an important role in the early transition period of Central and Eastern Europe.
4. Under current conditions, it makes little sense to fund media training center endowments, non-program related activities, or permanent centers.
5. Innovative, sustainable, market-driven journalism training is found in all four countries of Central and Eastern Europe we examined: Czech Republic, Slovakia, Hungary and Romania.
6. Successful strategies for sustainable journalism training in Eastern Europe include:
 - generating local income from fee-based training and media-related activities;
 - cross-subsidizing local training with revenue from international training;
 - focusing on niche reporting.

7. Donor coordination in media development is weak. Innovative new approaches could a) reduce administrative burdens on donor staff, and b) significantly increase responsiveness to small grant seekers.
8. There are viable functioning models for pooling public and private European and U.S. donor resources for regranting and lending to support innovation in training and transformational change of media in Eastern Europe. These models include: the Media Development Loan Fund and the Balkan Trust for Democracy.
9. The greatest missed opportunity for improved donor cooperation is between Anglo-Saxon donors and North European donors. Since many of the aid organizations based in these countries do not have a dedicated department for media development, a private foundation could provide the necessary permanent contact for all interested in supporting media development projects.
10. Private foundations have an opportunity to serve as a transformational catalyst for the construction of a large multilateral public-private re-granting or lending vehicle for support of journalism development in Central and Eastern Europe.



The International Center for Journalists environmental reporting workshop in Georgia

Introduction

Serious efforts at media development have been underway since the fall of the Berlin Wall in 1989, and in some cases even earlier. USAID, for example, opened its first radio station in Liberia in 1985. Despite these long-running efforts, today there is still a great need for media development assistance. **Efforts at democratization will fail unless bolstered by strong, independent media.** Although conditions are difficult, there are many opportunities for moving forward.

Call to Action

In its 2007 report on *Freedom in the World*, Freedom House noted a decline in freedom of expression and freedom of the press as one of the main characteristics of the worldwide trend of “freedom stagnation and pushback against democracy.”¹ This trend affected both democracies and non-democratic regimes, particularly those seeking to eliminate or marginalize independent voices. No region of the globe was spared; there were crackdowns in Venezuela, Sri Lanka, China, Iran, Zimbabwe and Russia. These governments use a variety of tactics to pressure the media:

- Discouraging businesses from advertising in certain media
- Denying licenses
- Imposing state takeovers
- Complicating access to paper and other production supply
- And, filing criminal libel charges against journalists.

¹ Arch Puddington, “Freedom in the World 2007: Freedom Stagnation Amid Pushback Against Democracy,” presentation at Johns Hopkins University, January 17, 2007.

Along with corruption and efforts to undermine the rule of law, efforts to squash the press are among the main impediments to promoting democracy.

In the past, media developers claimed success in helping to overthrow dictators. Growing glasnost in the former Soviet Union helped bring down that authoritarian regime.² In recent years, media activists have contributed to removing corrupt and authoritarian regimes in Serbia, Georgia, and Ukraine.³ Earlier successes include press victories in undermining the PRI one-party monopoly in Mexico.

Incumbent authoritarian leaders have noticed these patterns and have sought to limit the role of the press in their societies. Russia has been one of the largest recipients of media development aid,⁴ but President Vladimir Putin rolled back many of the gains achieved in the 1990s with actions specifically aimed at limiting the range of motion for international media development support. Non-democratic Central Asian leaders have drawn similar lessons.

Iraq represents the low point of international work for independent media development. Against the broader backdrop of the failure of U.S. efforts to promote democracy in Iraq, there is a backlash in many Iraqi communities against any U.S.-funded project work. U.S. efforts at media development have been no exception. In particular, the scandal around the Lincoln Group's efforts to plant stories in the Iraqi media, making them look like local content, has caused problems for media development professionals working in Iraq. Iraqi citizens saw that the Lincoln Group's efforts were sponsored by the U.S. government and are now increasingly suspicious of all U.S. government-backed activity in media development.⁵

² Krishna Kumar, *Promoting Independent Media: Strategies for Democracy Assistance*, Boulder: Lynne Rienner Publishers, 2006, p. 5.

³ David Anable, "Role of Georgia's Media - and Western Aid - in the Rose Revolution," Joan Shorenstein Center on the Press, Politics, and Public Policy, 2006-#3, p. 27.

⁴ Russia has had more money pumped into media development than any other country in the world. Interview with Peter Graves.

⁵ Interview with a credible informed source.

Window of Opportunity

Despite these setbacks and problems, there is a window of opportunity for media development aid now because many countries in Africa and Asia can no longer afford to subsidize the media, even if that means losing control of the media. In Vietnam, for example, The Minister of Information recently reported that he has six hundred newspapers to fund and he can no longer bear the cost.⁶ The political leaders in Vietnam want to maintain control of the media, but realize that it is too expensive for them to do so. As a result, they want to set the media up as businesses, but, the Minister pleaded, “we are afraid, we don’t know what to do.” This environment might provide excellent conditions for innovative media development professionals to work. Africa is also ripe for change as many of the governments there can no longer afford to support their state media and must look at new models.

Unlike many other forms of democracy assistance, new media organizations have the potential to be self-supporting

At the same time, historical efforts at media development in Eastern Europe are just beginning to blossom into locally self-sustaining initiatives – offering models for learning and replication in more troubled countries. Even with the numerous challenges involved, media development is one of the most promising areas in the field of democracy building. Most importantly, unlike many other forms of democracy assistance, new media organizations have the potential to be self-supporting.⁷

Time of Change

Unlike some aspects of international development, independent media development has only gained real momentum in the past 20 years. When the Cold War ended, media development providers began expansion in earnest, making up their approaches as they went, sometimes getting stuck in ruts of unquestioning repetition. There are still few international measures for the success of the various programs. Numerical measures tend to originate from the media development work in Central and Eastern Europe. Those efforts, such as IREX’s media sustainability

⁶ Interview with a credible informed source.

⁷ Interview with a credible informed source.

index, could be improved and expanded worldwide. In Europe and the United States, top-flight journalism schools and professional journalism organizations have existed for more than a century. In many parts of the world, those organizations are only now being started.

Media developers have faced a variety of conditions in the different regions where they work. In Central and Eastern Europe and the former Soviet Union, the physical equipment was in place for mass media to function and the population was educated. Yet journalists needed new values, knowledge and skills if they were to be independent. The task was to improve the level of journalism and free it from state or business group domination. In the Americas, there was also a physically-developed media, but the task again was to develop the ethic of journalism as the fair, accurate, contextual search for the truth, capable of inquiry independent of political or economic power. But in Africa and Asia, it was often necessary to establish media outlets from scratch. Of course, these characterizations only apply in a general sense and it is necessary to examine the situation in each individual country.

To focus our project, we looked in detail at four countries in Central and Eastern Europe: the Czech Republic, Slovakia, Hungary and Romania. These counties were chosen because Knight Foundation was active in them during the last 15 years.

This study aims to offer a modest contribution to the larger global effort to reflect upon and improve independent media development, to take account of initial experiences and act on innovative opportunities for moving forward.

Outline of the Report

Our analysis will proceed along the following lines. First, it will show how media development promotes market-based democracy. Second, it examines the particular role of Central and East European journalist training centers in media development. Third, we broaden the scope beyond fixed training centers and look at the full range of journalism training activities in Central and Eastern Europe. We then highlight several current models of sustainability for media training. Finally, we make suggestions for how donors might more effectively approach the environment in Central and Eastern Europe, and elsewhere.



Building Market Democracy Through Media Development

Effective media help build economically self-sustaining democracies by reducing a society's information transaction costs. Cheaper information means more information on more themes is accessible to more citizens. More informed decisions are, on balance, better decisions.⁸

From a government's point of view, there are three key sets of relations in any democratic or democratizing state: between government and private interests ("regulation"); between politicians and bureaucrats ("oversight"); and between citizens and government ("accountability").⁹ The key commodity in each of these transactions is information. Government needs information to understand the interests and activities of regulated industry. Politicians need information on the effectiveness and methods of bureaucrats in carrying out political objectives. Voters

⁸ World Bank Institute, *The Right to Tell*, Washington, DC: World Bank, 2002.

⁹ Adam Przeworski, "The State in a Market Economy," in Joan Nelson and Charles Tilly, eds. *Transforming Post-Communist Political Economies: Task Force on Economies in Transition*, National Academy Press, 1997, pp. 411-432.

need information to discover what their political leaders are doing and what alternatives exist to current leaders and policies. The free market itself inhales and exhales information, with consumers and shareholders using the constant flow of it to evaluate market conditions and make decisions on buying equity, goods, and services.

Without development of strong independent media, efforts to promote democratization will fail. Media serve as the engine for informing decision in free societies. When that engine breaks down, access to information for the average citizen fades to a smaller and smaller circle around

Without development of strong independent media, efforts to promote democratization will fail

the individual and decisions are no longer informed, while small circuits of political and economic monopolists will hoard information to advantage their own choices at the expense of others.¹⁰ In regulation, oversight, and accountability, governance becomes dominated by these closed information monopolies, at the

expense of the average citizen, who is less and less empowered with the tools of choice.

In transitioning countries, the demand for information is even higher than usual.¹¹ This is primarily because of the increased uncertainty in these environments, where the rules of the game governing the political and economic systems are in flux. Often, not only is the identity of future political leaders in question, but also the amount of power these leaders will wield and the relationships among political institutions. As such, the media plays an even more critical role in transition countries, as citizens struggle against political and economic groupings generally more interested in consolidating their grip on the new order, than in consolidating democracy.

¹⁰ Irina Olimpiewa, Oleg Pachenkov, and Lubov Ejova, with Eric Gordy, "Informal Economies of St. Petersburg: Ethnographic Findings of the Cross-Border Trade," Washington D.C.: Jefferson Institute, 2007.

¹¹ Katrin Voltmer and Rudiger Schmitt-Beck, "New Democracies without Citizens? Mass Media and Democratic Orientations - A Four Country Comparison," in Katrin Voltmer, ed., *Mass Media and Political Communication in New Democracies*, London and New York: Routledge, 2006, pp. 228-245.

Free Media Promote Democratization

It is well documented that democracy requires an independent and well-functioning media to ensure free and fair elections, a thriving civil society, and the maintenance of the rule of law. Unfortunately, scholars analyzing the processes of transition to democracy, in which societies move from authoritarian systems to ones that are more open and inclusive, have so far paid little attention to the role that independent journalists play.

Yet, research shows that access to larger amounts of information, combined with rising education levels, can change the way citizens think and behave.¹² Newspapers, physical and electronic, are much more effective mobilizers than television and one of the most robust findings in media theory is that newspaper reading is strongly associated with political engagement.¹³ Since reading a newspaper is a much more active process than watching television, newspapers tend to draw people into the political process in a way that television does not. However, even people who are not avid newspaper readers and are not interested in politics can learn passively through the enormous expansion of information sources and habitual exposure provided by living in a rich media environment.¹⁴

Media development promotes democratization because independent media:

- Inform and educate people
- Connect democratic forces in a society
- Articulate and debate grievances among the population
- Help political parties and other leaders define programs.

¹² Kenneth Newton, "Mass Media Effects: Mobilization or Media Malaise?" *British Journal of Political Science*, 29, 1999, 577-599. GET

¹³ Roderick P. Hart, "Citizen Discourse and Political Participation: A Survey" in W. Lance Bennet, and Robert M. Entman, *Mediated Politics: Communication in the Future of Democracy*, NY: Cambridge University Press, 2001.

¹⁴ Cliff Zukin and Robin Snyder, "Passive Learning: When the Media Environment is the Message," *Public Opinion Quarterly*, 48, 1984, pp. 630. GET

By playing these important social roles, independent media weaken authoritarian rule. There are many empirical cases to support this claim. Growing glasnost in the former Soviet Union helped bring down that authoritarian regime.¹⁵ Likewise, aggressive independent media played a significant role in replacing authoritarian leaders in Mexico, Serbia, Ukraine, and Georgia.

Access to larger amounts of information, combined with rising education levels, can change the way citizens think and behave

Given these successful experiences, much of the analysis of media development is now focused on promoting transitions from authoritarian to democratic rule. *Mapping Media Assistance* defines the types of media aid needed in four stages of transition (pre-transition, primary transition, secondary stage, late/mature stage).¹⁶ USAID's Krishna Kumar likewise proposes that future media aid focus on "closed and semi-democratic" regimes.¹⁷ But media developers in closed (and closing) regimes face increasingly difficult scenarios. Seeing what independent media can do to a regime in need of change, existing and emerging authoritarian governments will no longer welcome the arrival of media development assistance from outside the country.

There are times when media outlets are strong but the news itself is not independent. These conditions typically prevail when the state manages to maintain a controlling stake, or the ownership of the main media companies is concentrated in just a few private hands. In these conditions, the media often reflect the interests of their owners, rather than providing an objective assessment of and for society. In these conditions, a plurality of media sources becomes important, with each source offering a sliver of the story. Technologies that would rapidly bring such plurality should be encouraged.

¹⁵ Krishna Kumar, *Promoting Independent Media: Strategies for Democracy Assistance*, Boulder: Lynne Rienner Publishers, 2006, 5.

¹⁶ Monroe E. Price, Bethany Davis Knoll, and Daniel De Luce, *Mapping Media Assistance*, February 1, 2002, p. 3, <http://pcmlp.socleg.ox.ac.uk/archive/MappingMediaAssistance.pdf>.

¹⁷ Kumar, chap. 10.

Media Promote Accountability and Reduce Corruption

The role of an independent media in forcing down the levels of corruption is clear: More open information on markets (and correspondingly fewer opportunities for arbitrage with closed pools of information) and increased public accountability of bureaucrats and politicians yields reduced corruption. The World Bank sees the media as a crucial tool in promoting society's ability to hold governments accountable in order to reduce the level of corruption.¹⁸

Extensive academic research demonstrates that a free media is strongly correlated with less corruption.¹⁹ Brunetti and Weder show that a free press effectively deters corruption.²⁰ Not only is there a correlation between more press freedom and less corruption, this study shows that causality runs from press freedom to less corruption. Lederman, Loayza, and Reis-Soares likewise show that press freedom cuts corruption.²¹ Adsera, Boix, Payne show that the more newspapers there are per person, the less corruption there is.²²

Government aid dollars and private investment both grow in value as the societies receiving them become less corrupt and thus more efficient at grappling with difficult challenges.

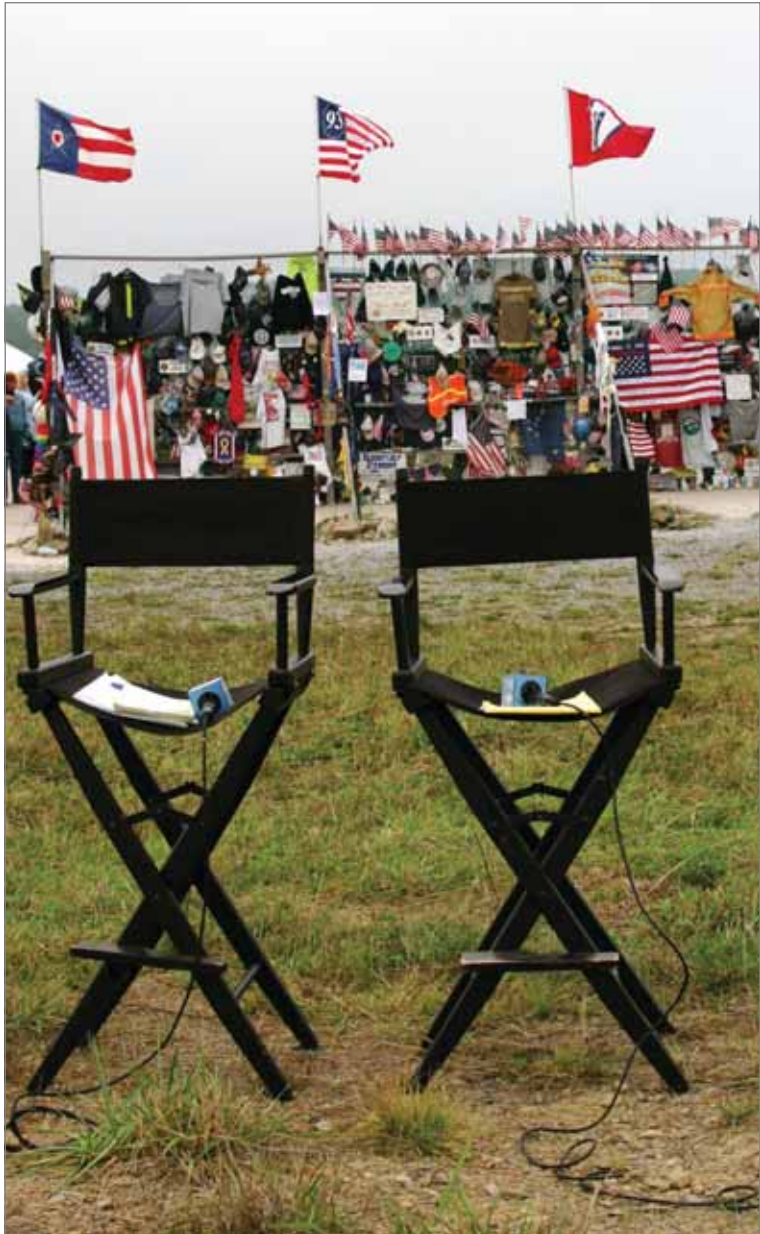
¹⁸ Strengthening Bank Group Engagement on Governance and Anticorruption, September 8, 2006.

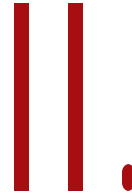
¹⁹ Johann Graf Lambsdorff, "Consequences and Causes of Corruption - What do we know from a cross-section of countries?," Diskussionsbeitrag Nr. V-34-05, http://www.wiwi.uni-passau.de/fileadmin/dokumente/lehrstuehle/lambsdorff/downloads/Corr_Review.pdf

²⁰ A. Brunetti and B. Weder, "A Free Press is Bad News for Corruption," *Journal of Public Economics*, 87:7-8, 2003, 1801-1824.

²¹ D. Lederman, N. Loayza, and R. Reis-Soares, "Accountability and Corruption. Political Institutions Matter," *World Bank Working Paper* no. 2708, 2001. Sung comes to a similar conclusion. See H.E. Sung, "A Convergence Approach to the Analysis of Political Corruption: A Cross-National Study," *Crime, Law, and Social Change*, 38: 2, 2002, 137-160.

²² A Adsera, C. Boix, M. Payne, "Are You Being Served? Political Accountability and Quality of Government," *Inter-American Development Bank Research Department*, Working Paper 438, Washington, 2000.





Journalism Training Centers in Media Development

Journalism training provided through donor-sponsored centers such as those established by the Independent Journalism Foundation in Central and Eastern Europe has played a key role in media development. By training tens of thousands of journalists in a variety of topics, journalism training made numerous contributions since the collapse of communism. These journalists now have training in the role of independent, accurate, contextual information in free markets and liberal democracies. By providing better information sources and increasing information flows, journalism training helped develop more robust civil societies.

But in 2007, nearly 20 years after the fall of the Berlin Wall, there is a question of whether it makes sense to continue funding such centers in Central and Eastern Europe, if they are not able to generate their own funds independently. This raises related questions of what the purpose of the centers should be, and the different ways such centers support themselves worldwide.

The following points highlight feedback from top U.S. and European donors, implementers and analysts in the field of independent media development.

Purposes of the Existing Centers

- Train journalists in the basic process of fact-based reporting.
- Set high media standards for social responsibility.
- Train media managers with the skills necessary to run a business effectively. (The success of a media outlet can depend more on the advertising department than the caliber of the journalists.)
- Educate the general public and the political leadership in the benefits of a consumer and legal environment that supports good independent journalism.
- Teach technical skills (operating cameras, etc.)
- Train staff how to best take advantage of the latest developments in Internet technology.
- Train journalists how to change traditional media to meet new needs.

Arguments for Maintaining Such Centers

- There is a constant demand for training to educate young people who are entering the field of journalism.
- Many universities in Eastern Europe are still teaching old methods and education reform within these institutions will be very slow in coming.
- To be done correctly, training must be organized locally.

Criticisms of Existing Centers

- Too often, only a small group of journalists are being trained, and it can be those who need it least -- namely, individuals who are better networked, speak English or other Western languages, etc.
- Programs are not long-term. A “parachute” approach of trainers coming through town rarely meets local needs.
- Doing is the best way to learn. Training works best when it involves material that will actually appear as news. Thus, the best trainers often are internal to news organizations. Indeed, many private media outlets have developed their own training programs.
- Journalism training alone is not really sufficient. A variety of political, market, and professional institutions must support independent journalism.
- There is duplication because of a lack of coordination in journalism training. Among donors, “fed up” was not an uncommon phrase.

Arguments for Ending Funding to Such Centers

- After years of core support, programs are not self-sustaining.
- It is better to support a diversity of approaches to journalism training and media development rather than centralize in one approach through one center.
- Long-term support creates complacency. Endowments were consistently critiqued by donors and implementers alike as eliminating the imperative to innovate.

Weak Environment for Endowments in Eastern Europe

With the exception of the Czech Republic, the use of endowments to provide sustainable investment income to NGOs is not common in the region. This is for a variety of reasons, which vary country by country, but they frequently include:

- High minimum values for establishing an endowment.
- Restrictions on investments outside of the country and to very low yield investments.
- Taxation of capital gains and exchange rate gains.
- Limitations prohibiting the contracting of professional financial institutions to handle investments and provide consulting services.
- Shallow and poorly regulated national financial markets for stocks and bonds.

In sum, we advise against providing funding for endowments or core operations of permanent centers at this time. In conditions where the needs of the journalist community are constantly changing, the priority should be on long-term sources of finance for innovative programming, not on funding permanent centers.

The priority should be on long-term sources of finance for innovative programming, not on funding permanent centers





Journalism Training Activities Currently Under Way

While the methodologies of media training in Central and Eastern Europe in the 1990s may have less utility today, there are few who would argue that the media in Central and Eastern Europe is in a finished state of development. Many problems persist, and while there is variation country by country, some of the recurrent themes are:

- Journalist communities are still relatively weak, characterised by a lack of middle-aged journalists, poor standards of journalism, and a low level of journalism training in the country's journalism schools and universities.
- Media outlets hire journalists without proper education. Years of theoretical studies at universities leave most young journalists unprepared for the practical aspects of the job. In addition, journalists change jobs very often.
- Professional and ethical standards are still low. This can lead to over-sensationalism of news. The “tabloidization” of the media is far more evident in the print sector, but the television news is often “tabloidized” too. In addition, journalists are not immune to, or fully prepared to resist, commercial or political pressures.
- Apart from a few exceptions, there is a general lack of enterprising investigative or explanatory journalism – instead of investigating the causes and roots of the problem, journalists prefer to hunt for scandals.

- Print and broadcast media markets are often relatively small, with advertising revenues concentrated in the capital. Media organizations often devote too much attention and too many resources to the political capital and fail to cover regional/local news effectively.
- Central and Eastern Europe has journalistic celebrities, but not elites capable of mentoring a next generation of journalists or mobilizing broader social energy for improved journalism.
- There is no organized, dispassionate way of evaluating independent media laws and independent media sustainability. Politicians tend to tackle media issues in “crisis mode.”

Clearly, the working conditions for journalists in Central and Eastern Europe remain difficult. Nevertheless, we identified a number of innovative journalist training programs currently underway. To survey the field, we looked at four countries: the Czech Republic, Slovakia, Hungary and Romania. In all four countries, the Knight Foundation was among the supporters of what were once four Centers for Independent Journalism. In two of the countries, the Czech Republic and Slovakia, the centers closed. The Romanian and Hungarian centers have decided to go on their own, splitting from their founding group, the Independent Journalism Foundation. At the same time, the hundreds of millions of dollars in “soft money” for Central and Eastern European independent media development, which for so many post-Soviet years poured in from USAID and European government sources, is now pointed elsewhere.

As we examined journalism training in these four countries, we considered which of their lessons might apply to the hundred or so similar independent journalism training centers worldwide.

A. Hungary

About 60 institutions provide either journalism education, media training or communication studies. Thirty are higher education institutions. Private ventures or professional associations generally own or control the other groups. Fee-based training is growing.

For example, the **Budapest School of Communication**, which had its first graduating class in 2005, has both undergraduate and graduate courses that predominantly focus on media relations, rather than on journalism. The school also hosts a third program, four-semester long, on professional training, currently geared towards TV journalism. The program is run in cooperation with the Hungarian public service TV station MTV. Students study sociology, media studies, law, economics and television production. The students are taught skills such as editing and TV journalism. They are gaining some of their experience in MTV's studios.

The Budapest-based **King Sigismund College**, a private institution, offers media classes, in addition to other subjects such as human resource management, business management, finance and accounting or political studies. The college offers BA degrees in media and communication. Its communication and media studies degree is a six-semester program, with specializations in business, and international and public communication. The curricula includes classes on psychology, sociology, political science, philosophy, linguistics, legal and economic studies, communication research, writing and presentation skills, IT, the press and other media, multimedia and network communication, public relations, etc.

The college also offers non-degree certificates in media and communication studies, which is a five-semester program aimed at preparing students to work with media, businesses and cultural institutions as media specialists.

Another model of media education in Hungary is the **Nepszabadsag/Ringier Journalism School**. This is a private school run by the Swiss publisher Ringier, which operates Hungary's Nepszabadsag daily. The school is an accredited one-year program focused more on hands-on training. The school prepares students to work for print media. The newspaper tries to keep the best students, but the print market is saturated and many graduates never work as journalists.

Communication and journalism in general are now popular college majors in Hungary. Many students do not intend to work as journalists. They are more interested in getting training and knowledge to work in marketing or public relations, where media jobs pay more. Still, some do hope to work as journalists. They say journalism carries a reputation of

a “highly intellectual” profession. Hungarian culture places a high value on intellectual pursuits – yielding substantial non-material income to young journalists who might otherwise find insufficient returns on the relatively meager wages.

The training provided by professional associations is not well regarded by journalists in Hungary. The oldest and best-known media training program in the country, the Bálint György Újságíró Iskola, run by the Association of Hungarian Journalists (MŰOSZ), is a private course for which trainees have to pay. But many journalists and media experts say that the level of this training is “very low”. The MŰOSZ is an “ossified” institution, many report, but it has the merit of promoting various training programs through its website, which boasts a large number of visitors.

The **Roma Press Center (RPC)** was founded in December 1995 with the aim of bettering the coverage of Roma-related news in the Hungarian media. The center has published over 2,000 news items and 500 features that were then transmitted to the Hungarian media for publishing. Almost 80 percent of these articles appeared in the mainstream Hungarian media.

The center recently became more active in training, but these training programs were carried out mostly by partner organizations. For example, the center has historically cooperated with the Budapest **Center for Independent Journalism (CIJ)** and, for the last two years, with the Prague-based TOL, with the financial support of the Open Society Institute. It launched in 1996 a media internship program with the CIJ through which every year some ten Roma with higher education were placed as interns in various radio and TV stations in Hungary. Many of them managed to become part of the staff after their internship was over. Such interns were employed by nationwide private TV stations such as RTL Klub, TV2, or the public service station MTV. The aim of TOL’s project is to improve the general reporting and writing skills of Roma journalists, as well as to train them to write for an international audience such as TOL’s.

B. Romania

In Romania, there is a very energetic field in media development with an active network of several established NGOs who have advocated since the mid-1990s for the freedom of the Romanian Press. Among these, a few offer a mix of services, including both advocacy for the media and training of the media. Romania also exhibits a very healthy fee-based market for quality journalism training.

Established in 1994, the **Center for Independent Journalism** is a highly respected media institute. Hundreds of journalists participated in courses and meetings organized by CIJ on a large array of subjects: news editing, interviewing techniques, specialized reporting, investigations, online journalism, radio journalism, and legislation. Many of the CIJ trainers are drawn from the **Romanian Centre for Investigative Journalism**, which gathers freelance journalists who can not publish their investigations anywhere else, so publish instead on the organization's website.

Freedom House's Guseth is betting on private funding or private matching funding.

CIJ also participated in cooperative advocacy campaigns on issues related directly to the media. Most prominently, CIJ and the **Romanian Media Monitoring Agency** advocated for the adoption of the freedom of information act and government transparency laws. The Media Monitoring Agency is a watchdog whose goal is to improve the quality of the Romanian media and Romanian democracy.

Freedom House Romania, an independent indigenous spin-off from the U.S.-based parent organization, is also very active in journalism training. FH projects in Romania have a very high reputation among Romanian journalists. Although the annual core financing from the United States has ended, Freedom House Romania has managed to organize local trainings with private or matching funds. Contributions from the U.S. embassy in Romania are matched by large corporations to cover some of the costs of the training, but FH Director Cristina Guseth also insists that participants pay a tuition fee for the courses she organizes. FH Romania has several private sector clients and the requests are frequent. Guseth is confident that the current demand for journalism training in Romania is greater than the supply.

Bradut Ulmanu, a trainer for **News In** and director of **Start Media**, agrees that the demand for journalism training is high. His company, Start Media, has contracts with several media outlets to provide training in-house on request and this seems to work very well. Recently they won a 300,000 Euro project for a consortium of local media to produce a Printing Style Guide for local editors. Regarding the news agency he says that NEWS IN is the only Romanian press agency with a training department but he admits that it lacks the resources to run as professionally as he would like.

Interestingly, media management in Romania is much more open to training that is offered as a technical service, rather than the training offered by organizations with strong advocacy roles. In general, this reflects an attitude about journalism training in many developed countries: that such training should be by journalists for journalists, and that people with stories to tell or advocacy to sell should come into the newsroom through the front door, not try coming in through the back.

Building on this pattern, Freedom House's Guseth is betting on private funding or private matching funding. She says that the media outlets in Romania will only be convinced to train journalists through a service market strategy and that pro bono continuous training is often received with skepticism by wary corporate actors. Guseth argues that to charge for the trainings provided is a matter of credibility and trust in your products:

It's not realistic to be dependent on foreign funding. A training center can be sustainable. Regarding the foreign funding, the best solution is the competitive grant. You get lazy if someone sponsors you continuously. I have a project from the U.S. Embassy in Bucharest in which I train journalists at the local level but I don't have a profit. Next time I'll organize the training on the participant's fees which will cover all the costs.

C. The Czech Republic

Very few organizations in the Czech Republic train professional journalists. Often, those doing the training at one organization are unaware of training at another organization. There is a general lack of publicity about training, a lack of cooperation among organizations, and an overall paucity of training. Unlike many other countries in Central and East-

ern Europe, there is no NGO exclusively oriented toward media issues such as training and professional development in the Czech Republic. Nevertheless, the Czech Republic has recently sparked some of the more exciting innovations in journalism training.

One of the most promising initiatives is the recently established **Institute of Regional Journalism**, a partnership between the Brno Department of Media Studies and Journalism (part of the Faculty of Social Studies) and the publisher Vltava-Labe-Press (VLP). VLP, a Czech company that owns over 100 regional publications, is, in turn, owned by Verlagsgruppe Passau, a German publisher of regional titles, and Rheinisch-Bergische Druckerei-und-Verlagsgesellschaft, another German publisher, which owns the Czech daily *Mladá fronta Dnes*. VLP funds the Institute, whose main mission is the systematic education of journalists in the local and regional newsrooms of VLP publications.

The Institute provides long-term training for VLP employees, fellowships for faculty to provide training in regional newsrooms, a student internship program at local and regional newsrooms, a regional press library, and support in journalism instruction at the Faculty of Social Studies. Under the fellowship program, instructors spend a week in local newsrooms, working with individual editors as well as the entire editorial team. The instructor then prepares a final report with recommendations for improvements. Four such fellowships took place in 2005, and two in 2006.

The Institute also runs two- and three-day “weekend” courses in Brno targeting certain groups of VLP employees:

- Editors-in-chief of local publications, on topics such as evaluating themes and events, agenda-setting, news value, organizing and running a newsroom, and time management (three courses in 2005 serving 39 editors);
- editors, on topics such as editing texts, layout, work with photos (six courses in 2006, 58 editors); and
- new employees who just joined the newsroom, on basic topics such as searching for and evaluating themes and events, work with sources, writing, taking photos (three courses in 2006, 36 participants).

Special events also occasionally take place. In January 2006, for example, a lecturer from Munich spoke at a two-day seminar for regional and local editors-in-chief on new newsroom methods in local journalism. The event was co-sponsored by the Konrad Adenauer Foundation. A conference in February 2007 looked at regional journalism in the European context, and brought many foreign guests. Importantly, the Institute of Regional Journalism does not train people outside of VLP.

Transitions Online²³ is an international publishing and media development organization based in Prague and registered as a Czech non-profit, non-governmental civic association. Its mission is to improve the professionalism, independence, and impact of the news media in the 28 post-communist countries of Central and Eastern Europe, the Balkans, and the former Soviet Union. While TOL is most widely known for its journalism, particularly its on-line magazine, training activities account for 80% of its organizational revenue.

TOL courses generate income by attracting paying students from around the globe

Historically, most of TOL's training work targeted journalists from the rest of Central and Eastern Europe and Central Asia. Regular workshops take place in Prague

on themes such as new media and covering EU integration, but only include a handful of Czechs each year. Since 1999, TOL has presented half a dozen training courses exclusively targeting Czechs, with funds from Prague-based embassies and the European Commission supporting initiatives on topics such as covering EU integration and investigative reporting/corruption. The Unidea Foundation of the Italian Unicredit group funded a week-long course in March 2007 for young journalists and journalism students on the future of the media, with a special emphasis on new media. Several Czech reporters have received on-the-job training as correspondents for TOL's Internet magazine. In addition, the organization runs a cross-regional training program for young Roma journalists, supported by the Network Media Program of the Open Society Institute. In its third year, the program has included several Czechs and offered an internship to one of them.

²³ Full disclosure requires us to note that Jeremy Druker, a member of the research team for this study, is the executive director of TOL.

TOL expanded its business model in 2005 - previously reliant on a combination of grants, subscriptions, advertising, article syndication, and product sales - to include for-pay journalism courses. Tapping into an unfilled niche in the university education market, these courses have generated significant income through attracting paying students from all corners of the globe. The target audience has been university-level students in North America and Western Europe, though TOL has also managed to attract both graduate students and working professionals. The price of the course has included tuition, housing, half-board, and cultural events. TOL has also been able to offer many scholarships for participants from its coverage region (both from separate grants and through half-scholarships effectively “subsidized” by the full tuitions), generating a much more international flavor and great value as a student exchange/networking experience. These activities generate surplus revenue that can then cross-subsidize training focused on local journalists.

People in Need (PIN) is a Czech organization that provides relief aid and development assistance, while working to defend human rights and democratic freedom. At home, People in Need administers social integration programs in the Czech Republic and Slovakia and provides informative and educational activities. PIN is one of the largest organizations of its kind in post-communist Europe, and has administered projects in 37 countries during the past 14 years.

PIN runs topic-based training for media representatives, covering issues important to the organization, such as development cooperation, migration issues, and the origins of poverty-stricken ghettos in the Czech Republic. For the most part, funding comes from various Czech government sources.

One of the most effective initiatives has been the PIN program to send up to six journalists a year to the developing world, to countries such as Kenya, Vietnam, and Malawi. Co-funded with the journalists’ media organizations, the program requires participants to produce at least three stories on development topics in their own media and one in another media. “Usually the journalists get really attracted to the theme after seeing it with their own eyes,” said PIN’s Jana Mračková. One participant ended up starting his own regular column called “Third World” in the country’s leading business newspaper.

Private or state schools organizing occasional training for professional journalists include the **Faculty of Social Sciences at Charles University** in Prague and the **Higher College of Journalism (VOŠP)**, also based in Prague. Czech Government funds finance these activities. Such instruction tends to be basic, and focused on building entry-level skills for the profession. Sometimes, higher education institutions organize training “ordered” by publishers. The **Czech Center for Media Studies** of the Charles University Media Department has done this, with the organizing company arranging participation of their journalists. From time to time, VLP has ordered training courses from the Center, usually for the northern “division” of VLP (Usti/Liberec) and usually for young journalists just hired by VLP who don’t have much, if any, experience (the focus is on basic news skills, working with sources, and ethics). Usually 12-16 participants take part in seminars that last two-and-a-half-days.

D. Slovakia

Of the four countries surveyed, Slovakia has the weakest environment of indigenous training for journalists. The last large media center in Slovakia, the Center for Independent Journalism (CIJ), was closed in March 2004. Established in 1993, the center played a critical role in the early period of transition to democracy. It offered at least two things not available at the state journalism faculty during those times – free access to the Internet and other technical equipment and experience (via a different program, the Knight International Journalism Fellowships) on how to conduct journalism in a democratic society. It also provided an opportunity for those journalists who lost their jobs to work as freelancers using the equipment and other facilities of the center.

Since CIJ closed, training has been predominantly organized and conducted by the media itself. According to a survey conducted in 2006 by the Slovak Syndicate of Journalists, there is a gradual decline in the percentage of journalists with a college education (especially among young journalists under the age of 30). Nevertheless, the survey reported that journalists of all age groups understand the importance of lifelong education and especially want to increase their knowledge in: the Slovak language, foreign languages (mainly English), and new technologies.

The private media most active in training are also those which are the most profitable, and those where readership is most sensitive to the quality and accuracy of reporting, such as business weeklies. Those working in the sphere of business and economy need precise and good information – and they are ready to pay for it. The business weekly **Trend** and the private news agency **SITA**, which generates most of its profits from a wire service focusing on business and the economy, are both very active in providing continuing professional training to their journalists.

Other examples of continuing local training in Slovakia include:

- The **Slovak Syndicate of Journalists** conducts sporadic trainings, focusing on improving language skills of journalists.
- **Academia Istropolitana NOVA**, a private school, organizes courses in journalism, the first program was launched in 1999, with most of its graduates entering marketing.
- **MEMO 98** is a specialist media institution, with a focus on media monitoring. Along with TOL and the Unicredit Foundation, Memo98 has organized a training program for journalists and advanced journalism students in Slovakia.
- The civic association **Fair-Play Alliance** has launched an investigative journalism training program for students of journalism. The program offers an overview of information tools, sources, public administration, legislative processes, access to information, and public control. At the same time, training participants are able to gain practical skills while investigating a story for a few months.
- The civic association **EsFem** conducts some training programs on women in the media.



The International Center for Journalists Seminar on Environmental Coverage in Azerbaijan

IV.

Models of Sustainable Journalism Training

Sustainability is a key challenge for all media training projects. No donor, public or private, wants to fund a specific project indefinitely. Local media needs local support, and so does local media training.

The United States itself is a bad example of this practice. Here, the news industry spends relatively little on the training of its own people – Knight Foundation studies say, at most, .7 percent of payroll goes to training, when other industries in the U.S. spend an average of 2.4 percent of payroll and knowledge-based industries spend as much as 7 percent. Training is expected to increase at news organizations that want to adapt to the digital revolution, but there is no projection by any organization watching the numbers that the news industry’s commitment to training in the U.S. will rise any time soon to even an average level. Nevertheless, journalists are fairly well educated – because of a combination of increasing education, leisure time for self-training and fellowships and other opportunities offered by private foundations.

Outside of the developed world, both educational systems and philanthropic traditions are weak. It can be difficult to get local donors to support projects that started with international support. Independent journalists are watchdogs over local government, and by definition

that eliminates at least some local leadership support. So the localism of journalism training is delayed using the excuse that the Central and Eastern European economy is simply too weak.

Yet empirical evidence from the field shows many self-sustaining training programs. They were not always prominent and came in many forms. But they did find places in the market. These programs were built in close and continuing cooperation and communication with the local and international media industry and are considered useful by both media managers and journalists.

While often small and at early stages in their development, these market-niche programs represent an exciting trend toward self-sufficiency in Central and East European journalism training. Moreover, they represent an opportunity for donors to support advancing the capacities of these local innovations for self-sustainability, and might come to yield lessons for supporting sustainable training in other regions as well.

While each country observed has its particular unique characteristics, a number of thematic patterns emerged that transcended geography. We found at least three innovative and consistently successful strategies for sustainability:

- generate local income from fee-based training and media-related activities;
- cross-subsidize local training with revenue from international training; and
- focus on niche reporting.

A. Generate Local Income from Fee-Based Training and Media-Related Activities

Freedom House Romania has embraced and excels at fee-based local training. They argue that charging a fee for training is the best way to evaluate the utility of the training delivered and to assure responsiveness to journalists' changing needs. Implicitly, this means that the substance and timing of the training delivered is demand-driven, rather than driven by donor interests or funding cycles. In Hungary, the Nepszabadsag/Ringier Journalism School, King Sigismund College, and Budapest School of Communications follow a similar pattern.

The Czech Institute of Regional Journalism is an interesting variation on this theme, whereby mature corporate actors establish and directly finance training capacity in-country to support their own staff development.

Successful fee-based training is also found outside the four countries of Knight's historical focus. In Bulgaria, the IREX spin-off is now a media training NGO called the **Broadcast Training Center** and operates under the leadership of Petko Georgiev. This institute is now basically sustainable with a little support from USAID money.²⁴

The keys to success here are:

- A dynamic leader at the head of office. Georgiev in Bulgaria and Guseth in Romania have extensive knowledge of their media community and are able to convince editors and journalists of the services that their organizations can provide. These leaders are generally very effective at diversifying their revenue sources with additional support from several international donors (generally EU Member country embassies in-country).²⁵
- The presence of successful media outlets with strong foreign direct investment (FDI). For example, Nepszabadsag/Ringier covers training costs in Hungary, Verlagsgruppe Passau, a German publisher of regional titles, and Rheinisch-Bergische and Druckerei- und Verlagsgesellschaft invest in training in the Czech Republic, while BTB, backed by Rupert Murdoch's News Corp., pays to have its journalists trained at the Bulgaria center.
- The competitive media market has weeded out the outlets that do not have a chance of survival
- A technical and needs-based focus to training, from technical skills of camera work to investigative reporting techniques.
- A hands-on practical approach to learning by doing – with training on the job or in new, but live settings.

²⁴ Interview with a credible informed source.

²⁵ Other examples of successful leaders are Ioana Avadani, the director of the Center for Independent Journalism in Romania, and Daud Kattob who has set up the Ammannet radio network in Jordan.

B. Cross-Subsidize Local Operations with Revenue from International Training

During the past few years, TOL has expanded its business model to include for-pay, journalism courses. Tapping into an unfilled niche in the university education market, these courses generate significant income by attracting paying students from all corners of the globe. The revenue generated from these courses is in excess of costs and can be used to cross-subsidize less easily financed local operations, including training of local journalists.

Self-sustaining training programs are not always prominent and come in many forms.

The target audience has been university-level students in North America and Western Europe, though TOL has also managed to attract both graduate students and working professionals. The most frequently run course has been one on international reporting,

whereby participants spend ten days learning how to be foreign correspondents, receiving practical training from people who work as foreign reporters for major U.S. and European media. The courses, which also have included writing exercises (“going on assignment” in Prague), have offered numerous tips on how to get started, gain freelance assignments, and stay safe in dangerous settings. This past winter, TOL cooperated with Dow Jones to offer a course on international financial reporting, led by a top Dow Jones editor. In the coming summer, TOL will once again offer the foreign correspondent course, but will be experimenting with two new courses: investigative reporting (led by the editorial director of the San Francisco-based Center for Investigative Reporting) and new media techniques (led by TOL’s new media director). In the near future, TOL plans to explore the possibility of paid, distance-learning courses.

An interesting value added of these offerings is their connection with a professional media institution, including access to TOL editors, trainers, and correspondents from around the region. The TOL on-line magazine - with its large, international audience - provides both a focal point for recruitment efforts and a showcase for the best work of student trainees. Course participants have a chance to work after their courses as interns at TOL or elsewhere in Central and Eastern Europe and to work on real stories with TOL correspondents. Following the completion of the summer 2005 course, for example, two participants traveled into the region (Serbia and Belarus) where they reported stories with the assistance of

TOL correspondents. These stories, as well as several of those written in Prague, were published on the TOL website. At the conclusion of the winter 2006 course, two participants, one from the UK and one from Macedonia, performed internships at TOL.

C. Focus on Niche Reporting

EsFem in Slovakia focuses its journalism training on women in the media while the Czech-based People in Need focuses training on media coverage of third world countries. These organizations are not devoted to media development per se, but rather are theme-centered organizations which recognize the value of journalism in improving the availability of information on their niche. There is a delicate balance between transferring technical skills and impartial topic knowledge to journalists so that they might more effectively cover a theme, and seeking to use journalists as a tool to tell a preconceived story or advocate on behalf of a theme. Nevertheless, these professional organizations understand the risk and recognize that, in order to be effective, their training must remain technical and informational in nature.

The Roma Press Center, in Hungary, is a slight variation on the niche approach in that it is a wholly media-centered organization. Like TOL, RPC produces journalism as well as runs training courses. Roma are the single largest ethnic minority in Europe, but rarely represent more than a small fraction of the population in any given country. This makes representation in the media extremely difficult, despite the Roma's overall quite significant demographic presence. In ten years, the center has published over 2,000 news items and 500 features. Almost eighty percent of these articles appeared in the mainstream Hungarian media.

This trend of success in niche areas has also caught the attention of some international implementing organizations. Internews has begun to look at niches as a way of generating more money to support media development, particularly in the area of health journalism training. The Gates Foundation and USAID have been interested in this approach. These funding resources are usually negotiated through pools of financing reserved for health, rather than as media aid per se. This path is not always the easiest, because health providers often want to "use" media to carry their direct education messages rather than to support the education of and development of independent media itself.

Anti-corruption is another niche that could provide significant funding for media development programs. For example, the recently-established Millennium Challenge Corporation is funding journalists in Ukraine to focus on this issue.





Recommended Action/Promoting Transformational Change

Independent media is in its own right essential for democratization. Media training is a critical element of media development, and across many countries, there are innovative models for locally sustainable, demand-driven journalism training. Donors can still play a critical role. Most of these local innovations and innovators need seed money to aid their pilot projects, or to help them move from pilots to full-fledged productions. Private “angel capital” is rarely available for enterprises driven by social value, while media development organizations rarely have the collateral to support bank loan capital. Donors fill that gap with their investment in causes that have social value. But their investments can create dependence, not independence. So the question remains: given what we know about media development in Central and Eastern Europe, how can donors act most effectively?

One of the most critical areas for media development is improved coordination of donors. Donor coordination in media development has been a problem since the outset of the subfield. There is effectively no coordination at the higher level. Officials working in organizations like USAID have their own interests and must follow political directives from above. This makes it very difficult for them to coordinate effectively with other organizations.

Moreover, there is even very little coordination within the various divisions of the State Department and USAID. It is easy to see why this is so just by listing the departments involved in media development. The key media developers within State are:

- Bureau of Democracy, Human Rights, and Labor (DRL)
- Office of the Coordinator of U.S. Assistance to Europe and Eurasia (EUR/ACE)
- Bureau of Educational and Cultural Affairs (ECA)
- Bureau of International Information Programs (IIP)
- Middle East Partnership Initiative (MEPI)
- U.S. Embassy public affairs sections
- Regional bureaus

The key media developers within USAID are:

- Bureau for Democracy, Conflict, and Humanitarian Assistance (DCHA)
- Office of Democracy and Governance (DG)
- Office of Transition Initiatives (OTI)
- Bureau for Europe and Eurasia (E&E)
- USAID overseas missions.²⁶

Internationally, a part of this failure to cooperate lies in the perception of differing goals. For example, European donors favor public broadcast functions, while American donors support development of the commercial media sector.

These perceptions of incompatible goals are fueled by a striking paucity of information exchange between actors. This is largely an organizational problem. Most bi-lateral donors do not have an independent media development pillar within their organization. Media projects fall under a Department for Human Rights, or are scattered across many different departments and country missions. Different bi-lateral sections fail to share their best practices or lessons learned. Because media develop-

²⁶ U.S. Government Accountability Office, "Independent Media Development Abroad: Challenges Exist in Implementing U.S. Efforts and Measuring Results," July 2005.

ment is not a central pillar of activity, these agencies do not conduct larger analysis to evaluate what is being done in other countries or the relative contribution of media to democratization. With each unit working independently, there is no larger context for development staff training programs.

The fractured nature of independent media development programming in bi-lateral offices and frequent rotations in personnel has also greatly complicated professional networking across the field. It remains up to the organizations that focus solely on media development to do the hard and repetitive work of maintaining professional associations across the shifting organizational sands of major donors.

The main current effort to coordinate donor and implementing groups internationally is the Global Forum for Media Development (GFMD). The first meeting of the various participants was held in Jordan in 2005. There are currently 500 organizations and 100 countries involved. Internews has taken primary responsibility for organizing the leadership of the GFMD. Currently there are a variety of regional forums planned. The main funding for GFMD is from the Loadstar Foundation, the National Endowment for Democracy, and the Knight Foundation.

The GFMD is practitioner-led and has found it hard to establish a sustainable funding model. As a general rule, donors prefer to support projects rather than events, so grant resources for this kind of networking are hard to find.

We found that the reaction to GFMD is generally positive, but those not directly involved with it have not heard of it.

There are a handful of other efforts at coordination. These include "Drum Beats" from Canada, a web site sponsored by a variety of funders and containing reports of their own projects, news from the field, and discussions among practitioners. IFEX, also from Canada, operates a similar platform on freedom of expression issues. Another effort is IJ-Net, a project of the International Center for Journalists, which seeks to network individual journalists with resources for developing personal skills, as well as tools for larger activities. And News University, on the

web at newsu.org, which places free journalism training modules in e-learning form on the web site run by the Poynter Institute, the most well regarded training organization among American journalists.

The National Endowment for Democracy's Center for International Media Assistance is just beginning a series of activities aimed at knowledge sharing between media development actors. They plan a series of theme based working groups and commissioned discussion papers with the aim of fostering more systematic reflection on the field of media development, and to highlight successful and innovative methods.

Efforts to coordinate donors at the country level are generally much more effective. Within individual countries, the community of actors is quite small, there are regular social events facilitating easy informal communication, and there are immediate, shared interests and understandings of priorities. On the other hand, this coordination often depends on personalities and can easily fade as new representatives in the local embassies and country donor missions cycle through.²⁷

With all of the organizational, geographic, and personal obstacles, as a general rule, donor communication may appear to be the maximum achievable aim. But we see it more as a first-step. We encountered several efforts that may offer models for more active programmatic collaboration among U.S. and European public and private donors.

Opportunity in a Challenge

Almost all donors face pressures to increase grant effectiveness. Demands for administrative efficiency generally prevail, even when programmatically, it would be smarter for the money to go out in smaller amounts. Thus, the rise of re-granting projects.

These re-granting vehicles are ideally suited to serve as cooperative meeting grounds for pooling public and private, European and North American resources. In the last part of this section, we review two excellent examples: the Balkan Trust for Democracy, and the Media Development Loan Fund.

²⁷ For example, Macedonia benefited from a short lived, but successful effort at bilateral coordination at the country level.

A. Grant Capital: Balkan Trust for Democracy²⁸

The Balkan Trust for Democracy (BTD), established in 2003, is a special \$30 million, 10-year sinking endowment within the German Marshall Fund,²⁹ aimed at re-granting to support local efforts toward democratization in Southeast Europe.³⁰ BTD is a public private partnership, pooling the resources of U.S. and European governments and U.S. private foundations. It is viewed by many U.S. and European public and private donor actors as an excellent model of Trans-Atlantic collaboration among donors.³¹

The BTD model has many advantages as donors seek to both reduce administrative costs and increase responsiveness to small grant seekers. BTD is staffed by locals and physically located in the Balkans, keeping it highly responsive to local micro needs, while BTD's thin but professional administrative structure makes it very efficient at micro-granting.

One of the most critical areas for media development is improved coordination of donors

Interestingly, the BTD mandate specifically excluded support of media development project work. As such, BTD presents not only a model for cooperation, it highlights the empty space of donor cooperation on media development.

²⁸ Full disclosure requires us to note that the Jefferson Institute has received two small grants from the Balkan Trust for Democracy.

²⁹ The German Marshall Fund contributed \$10 million in cash and \$2 million in-kind administrative services. USAID contributed \$11,230,000. The CS Mott foundation contributed \$5 million; the Greek government \$950,000; Swedish Sida \$900,000; the Kingdom of the Netherlands \$650,000; the Rockefeller Brothers Fund \$150,000; the Italian Foundation Compagnia di San Paolo €200,000, and the Bulgaria Tipping Point Foundation \$25,000.

³⁰ The 10 year timeframe on the diminishing endowment is an effort at balancing between programming to match the long-term development processes while allowing for shifting donor priorities over time.

³¹ BTD received the 2005 Global Development Alliance Excellence Award, and is very highly regarded in USAID as a model of cooperation with private and European partner donors.

To assure its proximity to grant recipients, the BTD field office is headquartered in Belgrade, Serbia. The office is led by a director with a small support staff of six, all of local origin. Grant recipients are located in both rural and urban areas and a strong emphasis is placed on recipients from outside the region's capital cities.

Grants range from about \$5,000 to \$75,000, and over \$8 million was distributed by July of 2006. Review and approval of grants under \$25,000 is performed by a committee of GMF staff and representatives of the donor organization. Grants over \$25,000 go to the full GMF board. As a practical matter, this means that most grants fall under the \$25,000 mark.

Clearly, BTD does not act as the only player in the sphere of grant making in support of democratization for Southeast Europe. Each of those who contributed to establishing the BTD endowment continue making other grants in the region. As such, fears of creating a single monopolist umbrella donor through which all projects are channeled are unfounded. Instead, BTD acts as a complimentary vehicle for large donors to issue smaller grants with lower administrative costs. Donors are then freed to focus on transformational grant opportunities that they are better suited to meet.

An important challenge in making a fund like BTD in support of media development for Eastern Europe would be to assure its professional management. GMF played this role for BTD.

Another important challenge would be to assure that European and American actors feel a joint ownership over the exercise. Given the strong participation of the North European countries in BTD, there might be exciting opportunities to take a project of this nature as an opening for improved cooperation with those countries in media development.

B. Loan Capital: Media Development Loan Fund

Another model of public-private trans-Atlantic donor cooperation is the Media Development Loan Fund (MDLF). Since inception, this Group funded 145 projects of 61 clients in 20 countries, extending a bit more than \$60 million in loans and other forms of financing. Currently, MDLF extends approximately \$12-13 million in loans annually (planned for 2007). While most loans are between \$200,000 to \$800,000, MDLF has given loans as small as \$20,000 and as big as \$3.5 million.

Usually the money is for buying new equipment, running a marketing campaign or other activities designed to increase the outlet's profitability. MDLF works intensively with each of its clients to build up their business management skills. The operation usually offers loans where banks are unwilling to work, with the aim of making its partners bankable.

Currently the MDLF is working with local groups that hand out micro-loans in Russia and Indonesia. MDLF lends the groups the capital for loans and works with them to develop a set of criteria for making the loans. The local groups then decide on the recipients and make the loans themselves. The local groups are driven by the local needs of their members as well as a strong sense of which local organizations are most reliable and likely to pay back the loans. In Russia, MDLF works with the Association of Independent Regional Publishers, an organization that requested this kind of support. In Indonesia the local partner is Radio 68H, one of MDLF's early customers. It now has built a network of 400 stations and broadcasts 18 hours a day. Radio 68H uses the capital to make loans to their member stations. These loans are very small, often for making a modest purchase, such as acquiring a computer. MDLF considers this project an excellent way of pushing things down to the local level.

MDLF has funding from OSI, the Swedish Development Agency (Sida), the Swiss Development Agency, the CS Mott Foundation, the MacArthur Foundation, the Dutch government, and the U.S. Department of State Bureau of Democracy, Human Rights and Labor.

In a fascinating innovation, MDLF is just beginning to tap into socially-conscious private capital markets. MDLF executives are most excited about their new relationship with the Vontoble Swiss Commercial Bank.³² The bank issued a Social Investment Bond allowing MDLF to borrow money at a one percent interest rate. The Swiss government has guaranteed the loan.

On a similar path, the Calvert Foundation (set up by the Calvert Fund) issued Community Investment Notes to help finance MDLF activities.

Re-granting vehicles are ideally suited to serve as cooperative meeting grounds for pooling public and private, European and North American resources

Usually such notes finance things like low-income housing, micro-lending institutions, and other non-profit activities. MDLF issued “Free Press Investment Notes.”³³ Through these notes, individuals and small companies can loan the group money. With this kind of social investing, investors could provide

a minimum of \$1,000 over a period of 1-10 years at 0-3 percent interest. Since there is a finite amount of money available in the non-profit world, these types of activities help to expand the pool of sources available.

While MDLF has not quite achieved self-sustainability itself, it has success in promoting the sustainability of the clients it works with.³⁴ Very few clients default and many of them pay off their original loans and return for a second or third loan, ultimately graduating to bankable organizations.

While most views of MDLF’s are positive, some have pointed out the limitations of its work. It is a very small player and would have to be much bigger to have a big impact on the media situation. Private funding would probably be better mobilized if MDLF could demonstrate larger scale.

³² Joanna Chung, “‘Social’ bank will benefit emerging free press,” *Financial Times*, May 3, 2006.

³³ Term sheets can be found here: www.mdlf.org/en/mdlf/57/829/

³⁴ MDLF management expects to achieve self-sustainability in 2008.

Conclusions:

Private foundations have an opportunity to serve as a transformational catalyst for the construction of a large multilateral public-private re-granting or lending vehicle for support of journalism development in Eastern Europe. The Knight Foundation could bring together the main players in the media development field and start the process through which they will be able to pool resources to support innovative, locally-driven media development projects.

To be successful, any such effort must:

- Base itself on a practical model that works;
- Recognize the real pressures of bi-lateral donors for professional management;
- Leverage the untapped potential of improved cooperation with Northern European donors;
- Assure a genuine sense of mutual ownership among the contributing donors.



List of Interviews:

Czech Republic

Jana Hecová

Project Coordinator, Forum 2000

Jan Jrák.

Vice-dean of the department of media studies, Charles University

Karolína Kuncová

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