

FINANCIAL TRANSPARENCY OF MEDIA 2017

FINAL REPORT



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Introduction

The intent behind the present study is to explore the financial revenues of media organizations as well as to probe the practice of allocating public funds for advertisement and dissemination of information in media outlets.

The study mainly rests on the analysis of documents which included documentation accessible in the electronic database of state procurement agency and the National Communications Commission, also additional data requested from public entities and information available in the public domain. Moreover, a qualitative analysis of media content was carried out by applying the principle of random selection and based on the contracts entered into by and between administrative bodies and media outlets.

The first part of the report discusses problems concerning the financial transparency of broadcast media, also the data on the revenues of broadcasters, which are publicly available at the time of writing this report; the second reviews the distribution of budgetary funds among TV channels to ensure the dissemination of advertisements and information; the third part explores whether the budgetary contracts imply the interference into editorial independence of media outlets and whether the media outlets observe professional standards that require the separation of financed materials from editorial content; the fourth part provides examples evidencing whether media outlets observed the professional standard of separating financed materials from editorial content during the 2017 local election campaign.

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Key findings

The study has revealed the following trends:

- Revenues of largest TV market players - Imedi TV, Rustavi 2, Studio Maestro and GDS - for the first three quarters of 2017 are still unknown to public as the Georgian National Communications Commission (GNCC) has not published the relevant data for almost a year;
- The GNCC published the revenues of other broadcasters, save the abovementioned four TV companies, in early November only after the Media Development Foundation (MDF) filed a relevant complaint with the court;
- Revenues of broadcasters, with the exception of four TV companies,¹ made up GEL 50 591 081 for the first three quarters; the largest share (GEL 32 825 661) of the amount accounted for the Georgian Public Broadcaster (GPB);
- In 2017, much like in previous years, Obieqtivi TV company received most of its revenues in the form of **contributions** which comprised 81% (GEL 768 035) of total revenues. GEL 130 900 of these contributions came from the owner of the broadcaster while the remaining GEL 637 135 came from other persons;
- In 2017,² budgetary organizations awarded GEL 6 800 535 worth contracts on the delivery of advertising and information services to media outlets. This amount was distributed as follows: 56% (GEL 3 800 606) was allocated to TV channels with nationwide and mixed coverage, 13% (GEL 864 964) was paid to regional TV channels, 21% (GEL 1 441 128) went to online media, 6% (GEL 403 980) was allocated to print media, 1% (GEL 60 209) was disbursed to radio, and 3% (GEL 229 648) was spent on mixed contracts;
- The largest budget contracts were awarded to Imedi TV from nationwide broadcasters (GEL 2 449 383), Kvemo Kartli TV (GEL 185 522) from regional broadcasters, Fortuna Holding (GEL 11 240) from radio channels, the online news agencies falling within Palitra Media Holding (GEL 341 829) from online media, and the Rezonansi newspaper (GEL 76 626) from print media;
- Several budget organizations continued to finance media outlets that are notorious for their anti-Western editorial policy and hate speech;
- Contracts between public institutions and TV companies contained obligations that, in essence, imply the interference into the editorial independence of broadcasters as the content of a report as well as the time and frequency of its airing is determined by an administrative body or a budget institution;
- Contractual obligations implying the interference into editorial independence of online media outlets included conducting journalistic investigation to be commissioned by an administrative

¹ Imedi TV, Rustavi 2, Studio Maestro and GDS.

² As of 15 November.

body, covering the activity of administrative body, taking interviews from representatives of administrative body, prioritizing materials about an administrative body as a main topic;

- Standards of separating promotional and financed materials from the editorial content were not clearly and consistently observed by either online or print media, with the exception of few outlets;
- Several media outlets neglected the standard of clear separation of promotional articles from the editorial content even in placing paid political advertisements during the local election campaign.

I. Financial transparency of broadcast media

As of 15 December 2017, a problem concerning the transparency of financial revenues of largest market players (Imedi TV, Rustavi 2, Studio Maestro and GDS) remained unsolved. Over the period of first 10 months in 2017, the GNCC did not publish the data on financial revenues of any one of broadcasters on its webpage. The GNCC published the information about revenues of broadcasters with the exception of the above mentioned largest four TV companies only after the MDF filed a complaint with the court; however, the published data does not provide a comprehensive picture of the financial environment of media because the 2017 data on the largest market players remains unknown.

On 17 October, the MDF published a report, *Pre-Election Financial Media Environment 2017*,³ noting that the GNCC failed to fulfill its legal obligation of publishing quarterly financial reports of broadcasters. The GNCC cited mistakes made by broadcasters in reporting as a reason of its failure to publish the data. However, it was not until 3 October that Rustavi 2 TV company was notified about mistakes in its reporting although, according to the GNCC, the inquiry into these mistakes was launched on 29 March 2017.

On October 31, 2017, the Media Development Foundation (MDF) filed a lawsuit in Tbilisi City Court against the Georgian National Communications Commission (GNCC). The lawsuit claims that the Commission does not release the information about the revenues of broadcasters in the first and second quarters of 2017 (January-June), thus neglecting the financial transparency standard envisaged by legislation.

According to Article 70/4 of the Law of Georgia on Broadcasting, a broadcaster shall submit the reporting forms to the Commission within 15 days after the end of each quarter, while the Commission shall publish the reporting forms within seven days after receiving them (Article 70/4¹ of the Law on Broadcasting). Accordingly, the Commission should have posted the data for the first quarter of 2017 on its analytical website no later than April 22 and the second quarter data – no later than July 22.

After the MDF had filed a complaint with the court, the GNCC, on 6 November, published the data of part of broadcasters (low-income TV companies) alone whereas revenues of Imedi TV, Rustavi 2, Studio Maestro and GDS remained unknown to public. In its response to the MDF's complaint, which the GNCC presented to the court, the GNCC cited "trending deviation" from the previous year data as a reason for not making the 2017 revenues of the named broadcasters public.⁴ In particular, in its response the GNCC noted that since 2017, the Imedi TV and Rustavi 2 Broadcasting Company

³ http://www.mdfgeorgia.ge/eng/view_research/139

⁴ The response of GNCC to the MDF's case N3/7305-17; 16.11.2017;

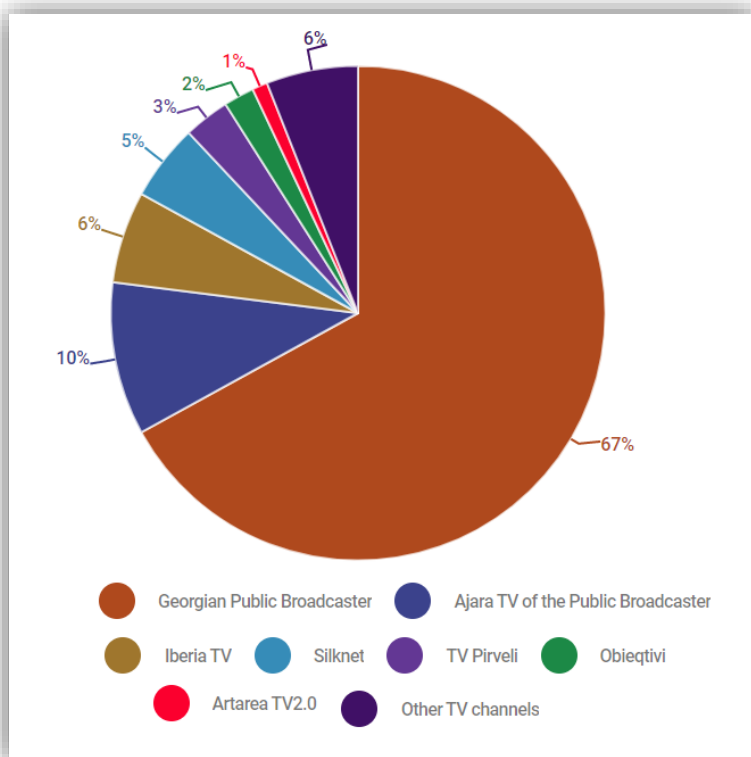
allocated their advertising time exclusively via Intermedia LLC. The response also cited Imedi TV as saying that the contract with Intermedia caused the change in the revenue structure of the company. The GNCC further explained that since 80% of the broadcasting market is accounted for the above mentioned two TV companies (with corresponding channels: Imedi, GDS, Maestro, Rustavi 2, Comedy, Marao), the GNCC suspended the publication of data.

Based on the MDF report the problem of financial transparency of media in the pre-election period was also discussed in the Statement of the NDI International Observation Mission to Georgia's October 21, 2017 Local Government Elections.⁵

Declared revenues of broadcast media

According to the incomplete data published by the GNCC,⁶ which does not provide a full picture about the operation of the market, the revenues of broadcasters with the exception of four TV companies⁷ made up GEL 50 591 081 for the first three quarters of 2017. The largest share (GEL 32 825 661) of this amount is accounted for by the Georgian Public Broadcaster which is followed by Ajara TV of the Public Broadcaster (GEL 4 792 698), Iberia TV (GEL 2 702 593), Silknet (GEL 2 293 985), TV Pirveli (GEL 1 423 880), Obieqtivi (GEL 949 771) and Artarea TV2.0 (GEL 605 617). The revenues of other lower-income TV channels with the annual revenues not exceeding GEL 500 000 made up GEL 3 115 952 in total.

Figure 1.1. Revenues of nationwide and mixed coverage broadcasters in the first three quarters of 2017, by media outlets



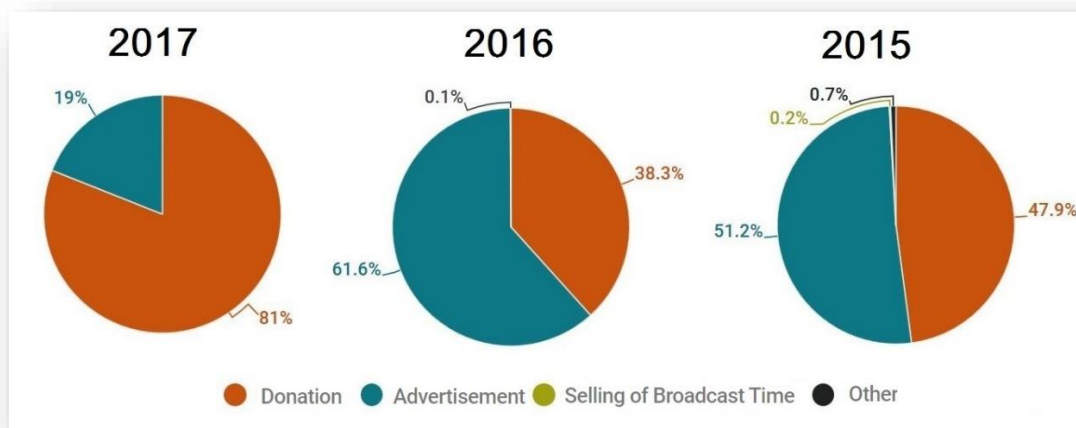
⁵https://www.ndi.org/sites/default/files/NDI%20Election%20Day%20Preliminary%20Statement%202017_Final_Eng.pdf

⁶ Last accessed 13 December 2017.

⁷ Imedi TV, Rustavi 2, Studio Maestro and GDS.

In 2017, much like in previous years, Obieqtivi TV company received most of its revenues in the form of contributions which comprised 81% (GEL 768 035) of total revenues. GEL 130 900 of these contributions came from the owner of the broadcaster while the remaining GEL 637 135 came from other persons.

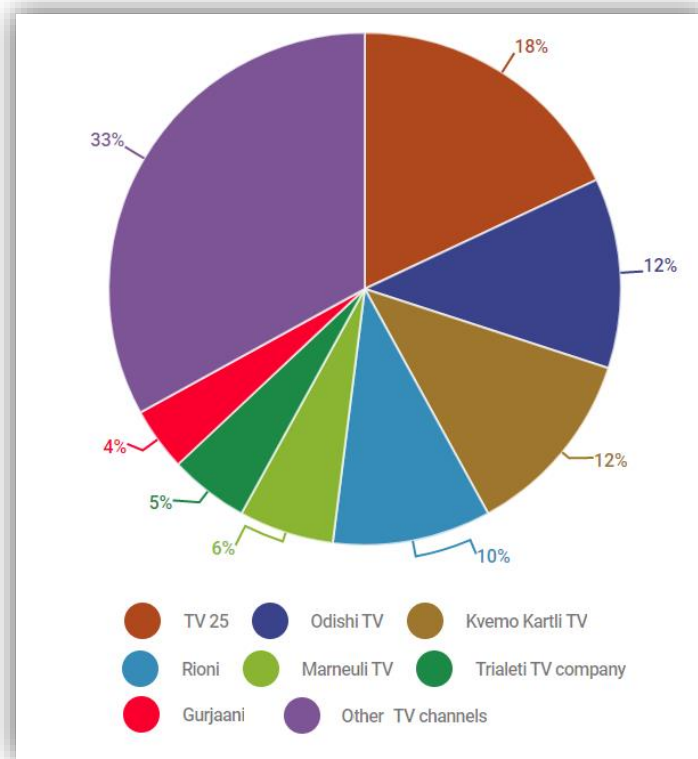
Figure 1.2. Sources of revenues of Media Union Obieqtivi in the first three quarters of 2017, in 2016 and 2015



In the first three quarters of 2017, the regional broadcasters received GEL 1 880 925 in revenues.⁸ The leader by revenues among them is TV 25 (GEL 347 327), followed by Odishi TV company (GEL 222 289), Kvemo Kartli (GEL 221 515), Rioni (GEL 183 110), Marneuli TV (GEL 109 719), Trialeti TV company (GEL 91 375) and Gurjaani (GEL 71 588). The revenues of other lower-income regional broadcasters with the annual revenues not exceeding GEL 70 000 made up GEL 634 001 in total.

Figure 1.3. Revenues of regional broadcasters in the first three quarters of 2017, by media outlets

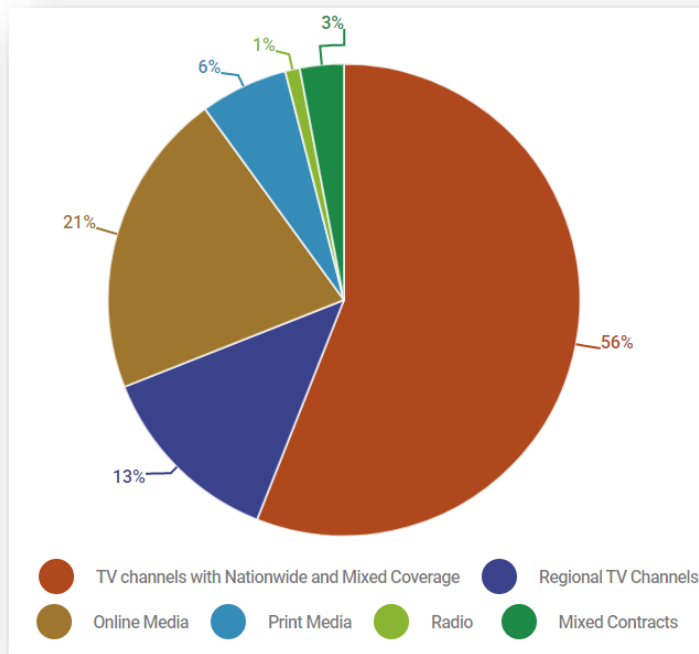
⁸ The information center Kolkheti 89 LLC did not submit its financial data for the third quarter of 2017.



II. Practice of allocating public funds among media outlets for the dissemination of information and advertisement

Unified data: In 2017(as of November 15), budgetary organizations for the purpose of advertising and information services signed with the media 6 800 535 GEL worth of service contracts. Of the forementioned amount 56% (3 800 606) went to national and mixed coverage television, 13% (864 964) – to the regional channels, 21% (1 441 128) – on Online media, 6% - in print media (403 980), 1% (60 209) - on the radio; 3% (229 648) – was distributed on mixed contracts, which includes various types of media outlets. As it is impossible for some contracts to identify exactly which type of media the money was given to, we have allocated this data in a separate category "mixed contracts".

Figure 2.1. Distribution of budget contracts by types of media, 2017



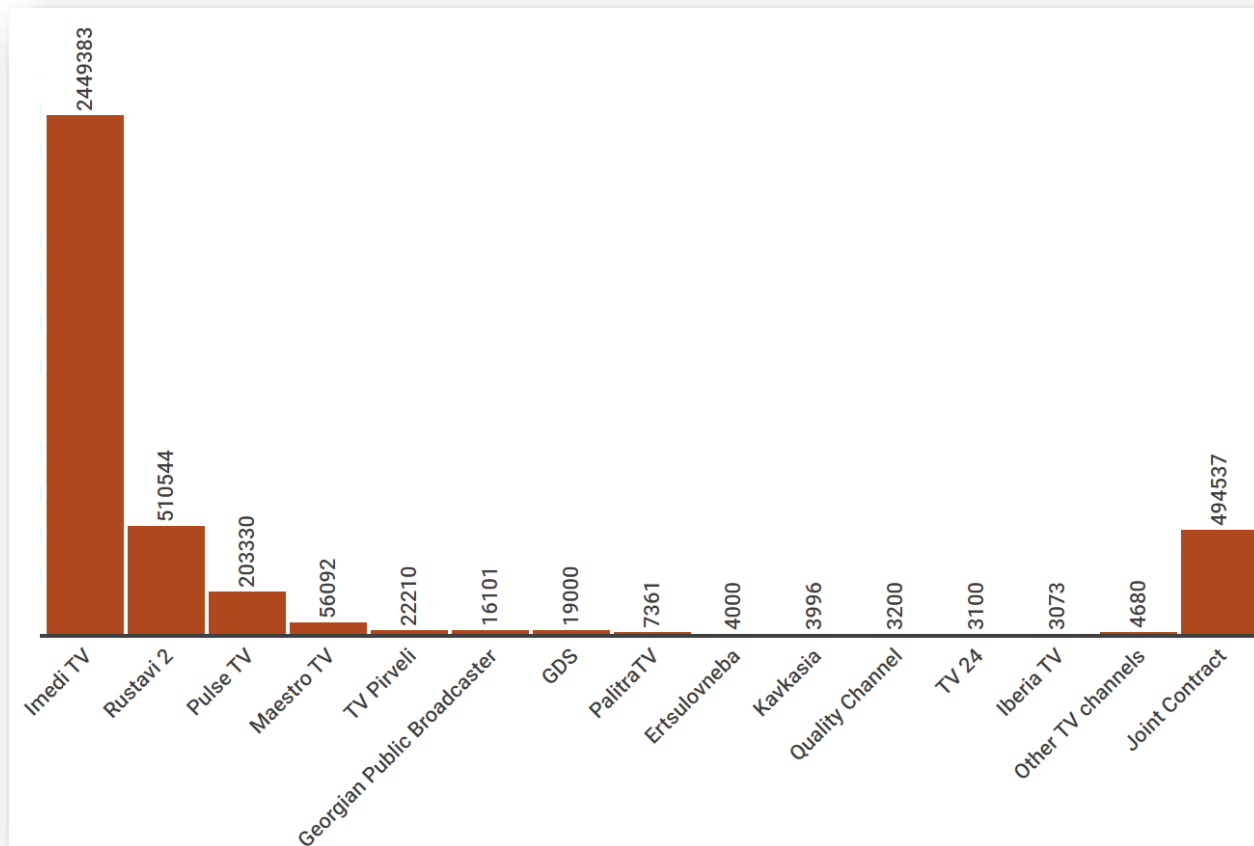
2.1. Broadcasters

TV broadcasters. In 2017, (as of November 15) budgetary organizations concluded contracts with television broadcasters with total value of 4 665 570. The majority of them - 3 800 606 GEL, went to national and mixed television coverage, other - 864 964 GEL for regional broadcasters.

The largest share of television advertisement contracts for 2 449 383 GEL were signed with 'Imedi', followed by 'Rustavi 2' with 510 544 GEL and 'Pulsi' (203 330); A contract with the lowest value was awarded to Starvisia (GEL 845).

Some budget contracts did not allow to identify how the money was distributed among media outlets and therefore, this amount falls under the category of "shared contracts" (the total value of the contracts comprises GEL 494 537). Some 69% of this amount, that is GEL 341 376 (a contract between the Ministry of Justice of Georgia and Bravo Media LLC), was distributed among Imedi TV, Rustavi 2 and Maestro TV; 19% (GEL 91 736) was allocated to Imedi TV and Rustavi 2; as regards the remaining 12% (GEL 61 425), the contract did not specify broadcasters receiving it.

Figure 2.1. Budget allocations for advertising to national and mixed coverage broadcasters, 2017

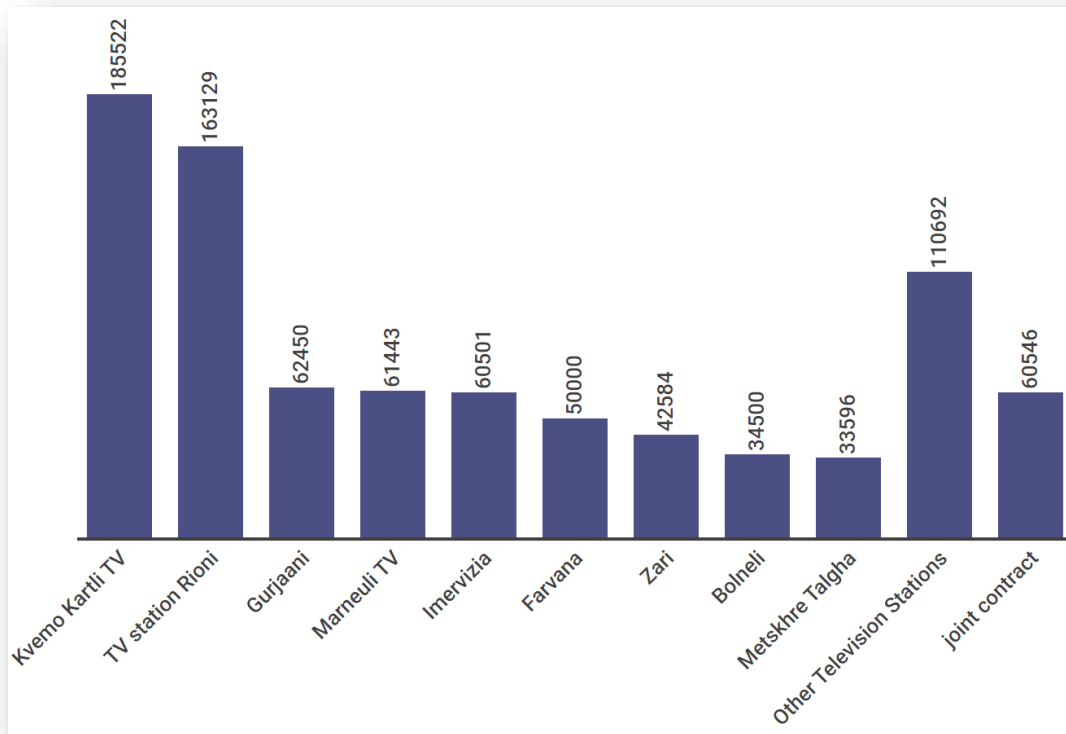


Regional TV. 75% of contracts (total value -1 325 943 GEL) with regional television news and advertising are assigned by local municipalities and organizations under their supervision.

From Regional broadcasters the most money, in line with the 2016 practice, is still received by Qvemo Kartli TV (185 522 GEL). Following Kvemo Kartli TV, is TV station Rioni (Imereti) (163 129) and "Gurjaani" - - 62 450; Other regional television stations the following situation comes to the fore: Marneuli local television (61 443), "Imervizia" - 60 501, "Farvana" - 50 000, „Zari“- 42 584, "Bolneli" - – 34 500; "Metskhre Talgha"-33 596, Other television stations („Odishi“, „Trialeti“, "Argo" , Egrisi"; „TV 25“ „ATV 12“, "Kolkheti 89"; "Mega TV", „Dia“, "Borjomi"), „Metskhre Arkhi“, „Guria TV“, "Jikha", „Tanamgzavri“, „Kakheti“ received a total of 110 692 worth of advertising contracts. Joint contracts (several companies) by the amount of 60 546 GEL were designated to provide the services.

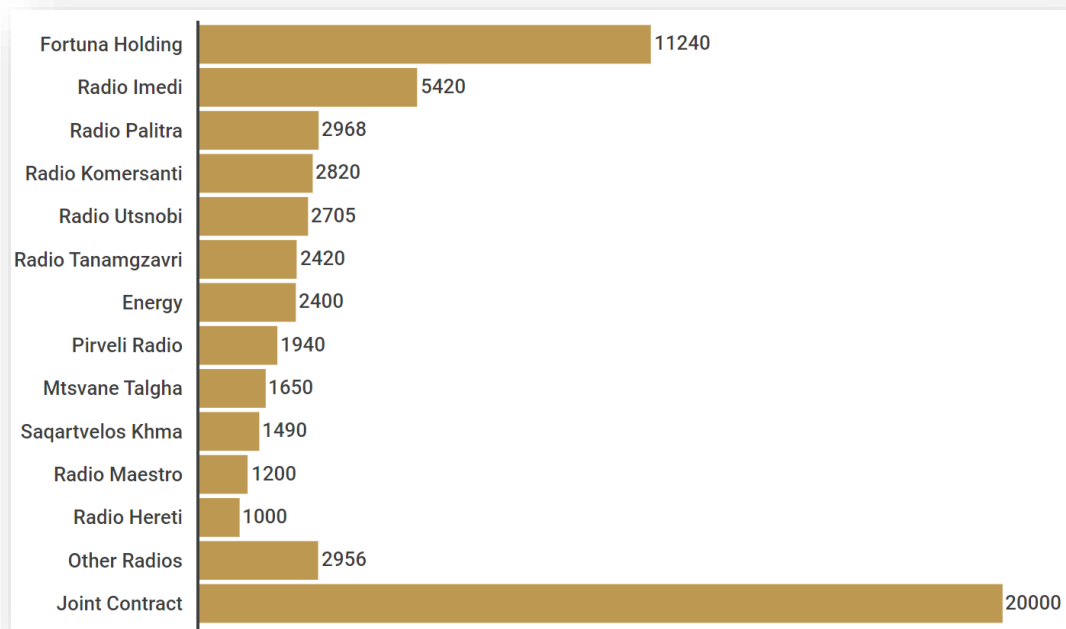
As many as 58% of these are contracts awarded by budget organizations to Other Channel of Regional Broadcasters LLC.

Figure 2.2. Budget allocations for advertising to regional broadcasters, 2017



Radio Stations. Among radio stations, the largest budget contract was awarded to Fortuna Holding (Fortuna, Fortuna +, Ar Daidardo, Avto Radio) (GEL 11 240); the second by the size of amount was Radio Imedi (GEL 5 420). The smallest contract was awarded to Radio Trialeti (GEL 240); Services worth GEL 20 000 were purchased from several radio stations through a joint contract.

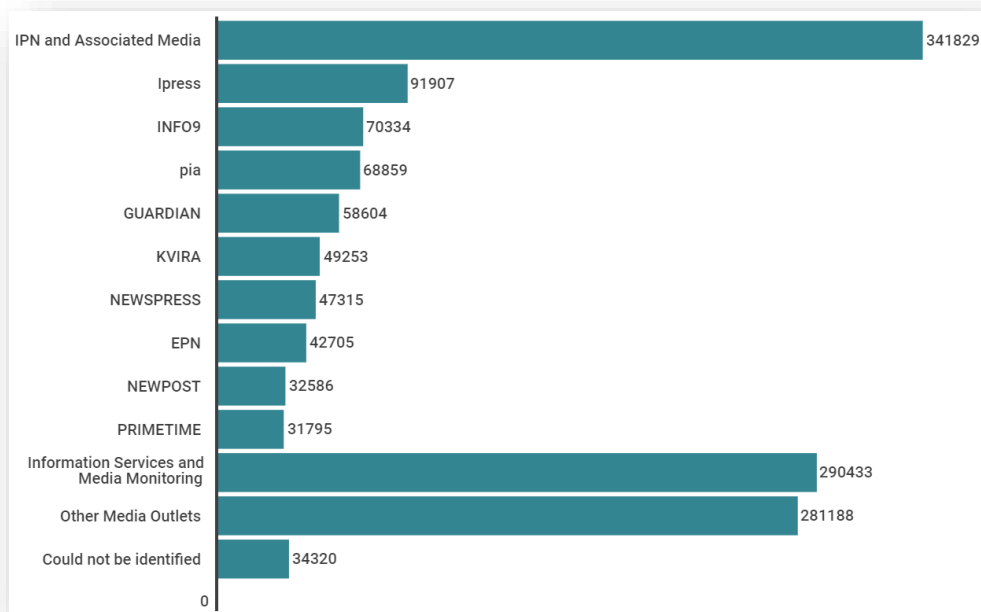
Figure 2.3. Distribution of budget amounts among radio channels



2.2. Online media

According to the available data, the total of GEL 1 441 128 was distributed among online media outlets for the release of information and advertising. The largest share of this amount (GEL 341 829) was allocated to the online media outlets falling within Palitra Media Holding (IPN, PalitraTV.ge, Kvirispalitra.ge, Bpn.ge, Ambebi.ge, Allnews.ge); this is followed by Ipress.ge and news agencies that are affiliated with it (ibusiness.ge; iregions.ge; imtavroba.ge) – GEL 91 907; Info 9 – GEL 70 334; PIA and its affiliated news agency (Daijesti.ge) – GEL 68 859; Guardian.ge - GEL 58 604; Newspress.ge and NSP.ge - GEL 49 253; Expressnews and media outlets affiliated with it (Argumenti.ge; Economic.ge; 1news.ge) - GEL 42 705; Newposts.ge - GEL 32 586; Primetime.ge - GEL 31 795. Other media outlets with budget contracts worth less than GEL 30 000 each, were awarded the contract with the total value of GEL 281 188. The contracts with the total value of GEL 34 319 did not allow for identifying concrete news agencies which received this amount. Several budget organizations cooperate with news agencies via intermediary companies; this makes it difficult to identify contracted media outlets as well as amounts transferred to them. We placed such contracts under the category of shared contracts. In 2017, such contracts were signed with PR Consulting LLC, Clip-Art LLC, IPM Research LLC. The administration of the government of Georgia entered into a GEL 115 185 worth contract on the delivery of media monitoring and information services with PR Consulting LLC; however, the contract does not specify the manner of distributing the amount between the media monitoring service and the service of disseminating information; nor does it specify the media outlets that provided the service of disseminating information. In a similar way, the Tbilisi Mayor's Office awarded GEL 43 340 contract on the provision of media monitoring and dissemination of information to IPM Research company. A contract between the Zugdidi municipality and PR Consulting group, with the value of GEL 13 563, does not specify either which media outlets were contracted to publish information about the activities of the municipality. The total value of such contracts awarded in 2017 comprised GEL 290 433, including five contracts with the total value of GEL 251 932 (four contracts with IPM Research and one contract with PR Consulting), which also envisaged the delivery of monitoring service.

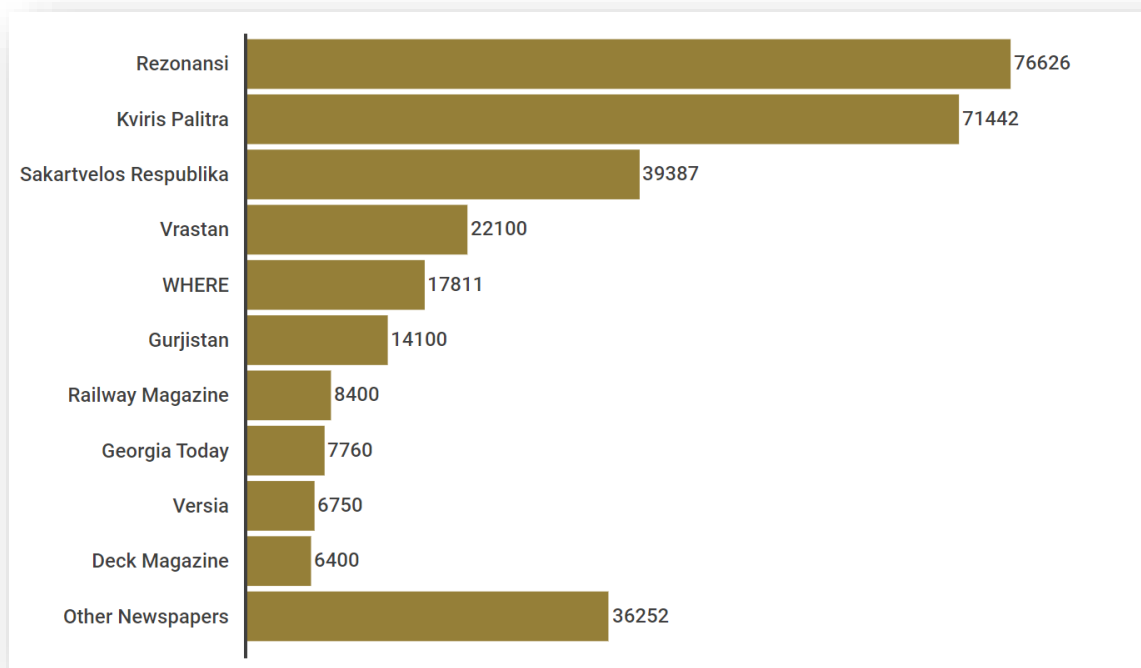
Figure 2.4. Distribution of budget advertisement and information service in online media, 2017



2.4. Print media

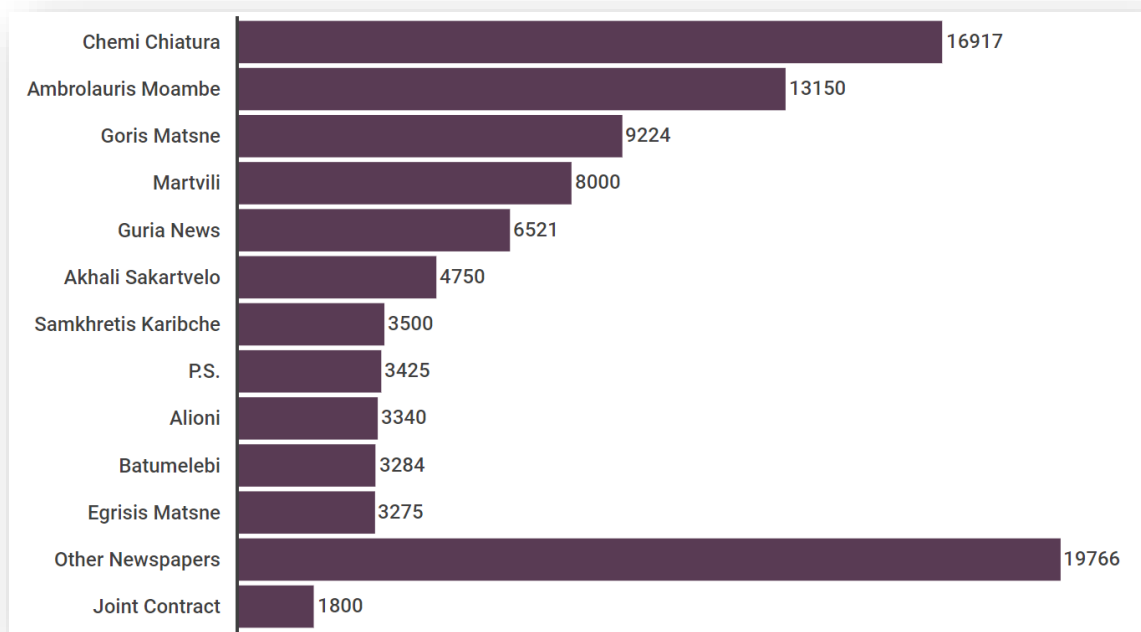
The largest contract among print media outlets was awarded to Rezonansi (GEL 76 626), followed by Kviris Palitra (GEL 71 442), Sakartvelos Respublika (GEL 39 387), Vrastan (GEL 22 100), WHERE (GEL 17 811), Gurjistan (GEL 14 100), Railway Magazine (GEL 8 400), Georgia Today (GEL 7 760), Versia (GEL 6 750), Deck Magazine (GEL 6 400), World in 2017 (GEL 5 400), Economist (GEL 4 748). The category “Other” includes those newspapers that got contracts worth up to GEL 6 000 each (World in 2017, Economist, OK, Interior, GEORGIA TO SEE, Professional +, Alia, The Georgian 2017, Royal Journal, Georgian Word, Akhali Taoba, Kronika +, Steps, Sarke, Hello, Science and Energy), making up GEL 36 252 in total.

Figure 2.5. Distribution of budget advertisements among newspapers, 2017



The largest amount among regional print outlets was received by Chemi Chiatura (GEL 16 917), followed by Ambrolauris Moambe (GEL 13 150), Goris Matsne (GEL 9 224), Martvili (GEL 8 000), Guria News (GEL 6 521), Akhali Sakartvelo (GEL 4 750), Samkhretis Karibche (GEL 3 500), P.S. (GEL 3 425), Alioni (GEL 3 340), Batumelebi (GEL 3 284), Egrisis Matsne (GEL 3 275). Other newspapers were awarded the total of GEL 19 766 worth contracts. The value of the joint contract awarded by the National Wine Agency (by two companies) comprised GEL 1 800.

Figure 2.6. Distribution of budget advertisements among regional newspapers, 2017



2.5. Budget contracts with media outlets using hate speech, fanning anti-Western sentiments and promoting Russian propaganda

Summarizing paragraph: In line with the 2014-2016 practice, the budget organizations continued to sign contracts with the aim of disseminating advertisement and information with those media outlets that incite hate speech and promote anti-Western sentiments. In 2017, budgetary contracts were signed with openly pro-Russian editions, as well. Moreover, the list of winners in the Government's consolidated tender includes TV Obiektivi, associated with the Alliance of Patriots. Central Election Commission has also signed a contract with Quality Channel which has a pro-Russian editorial policy. The Ministry of Corrections, just like in 2016, signed the contract on information dissemination with an openly pro-Russian edition Tbilisi 24 affiliated with the Centrists Party, which expressed an initiative to legalize Russian military bases in Georgia. Tbilisi 24 frequently publishes fake stories containing disinformation about the West,⁹ also, it reveres Stalin.¹⁰

The table below includes those media outlets that especially stood out with hate speech and anti-Western editorial policy and received budgetary service contracts in 2017: Detailed information on editorial policies of media outlets is available in previous studies by MDF.

⁹ "Profitable business of trading in children and their organs," <http://bit.ly/2BCeC3z>; "The EU has weakened, this is the beginning of the end," <http://bit.ly/2zZXgKu>; "Ketevan Zarnadze: The truth about vaccination," <http://bit.ly/2AB5JDj>; The Austrian Prime Minister puts forward an initiative to build refugee camps in Georgia", <http://bit.ly/2oxuwsI>; Georgian mercenaries return from Ukraine to Georgia because of non-payment of wages," <http://bit.ly/2kyDZbD>; Trump hands over 300 billion worth receipt for NATO services to Merkel," <http://bit.ly/2keI1XL>.

¹⁰ "Russia, Putin, Stalin, Soviet Union...", <http://bit.ly/2CytbSy>; "Lavrenti, you won't be forgiven, you will be killed!"

Table 1. Budgetary contracts signed in 2017 with the media outlets that incite hate speech, anti-Western sentiments and disseminate Russian propaganda

Media Outlet	Service Contract Amount	Budgetary Organization
Newspress.ge, nsp	52 375	Ministry of Corrections of Georgia; Apparatus of the Minister of Autonomous Republic of Abkhazia in Confidence Building and Reconciliation; LEPL Financial-Analytical Service; National Agency of Non-Custodial Sentences and Corrections; Laboratory of the Ministry of Agriculture of Georgia; Service Agency of the Ministry of Economy of Georgia; LEPL National Center for Education Quality Enhancement; LTD Saqaeronavigacia; Administration of Didube, Tbilisi and other subagency or local government representatives.
Republic of Georgia (Newspaper)	38 827	Municipal Development Fund of Georgia; Ministry of Finances and Economy of the Autonomous Republic of Adjara; Roads Department of Georgia at the Ministry of Regional Development and Infrastructure; National Bank of Georgia; Science Academy of Agriculture of Georgia; Sub-agency Institution of the Government of Abkhazia – Administrative-Economic Directorate and other sub-agency or local government representatives.
Alia.ge	20 000 (Total cost of the contract together with other media outlets)	Ministry of Corrections
Tbilisi 24	3 387	Ministry of Corrections
LTD Quality Channel	3200	Central Election Commission of Georgia
Marshallpress Agency	3 000	Keda Municipality; Chkhorotsku Municipality; Akhmeta Municipality;
Alia Newspaper	2 400	Central Election Commission of Georgia
Obiektivi	1855 (Contract signed in the framework of the consolidated tender NCON170000044)	Central Election Commission of Georgia

In 2017, in addition to direct contracts with various budget organizations, the newspaper Sakartvelos Respublika, which is notorious for its anti-Western editorial policy and hate speech, received a budget allocation from LEPL National Environmental Agency via the Kviris Palitra newspaper which won the tender announced by the Agency.

მიღება-ჩაბარების აქტი
№GT-123002/46

ქ. თბილისი 27.11.17 წ.

წინამდებარე აქტი შედგენილია მასზედ, რომ საქართველოს გარემოსა და ბუნებრივი რესურსების დაცვის სამინისტროს სსიპ „გარემოს ეროვნული სააგენტო“-სა („შემსყიდველი“) და შპს „კვირის პალიტრა“ -ს გამომცემელს („მიმწოდებელი“) შორის 2016 წლის 30 დეკემბერს გაფორმებული „სახელმწიფო შესყიდვის შესახებ“ № GT-123002 ხელშეკრულებისა და სატენდერო დოკუმენტაციის (SPA1 60030649) შესაბამისად მიმწოდებელმა შემსყიდველს გაუწია შემდეგი სახის მომსახურება: ბეჭდურ პრესაში (გაზეთი „საქართველოს რესპუბლიკა“) განცხადებების გამოქვეყნება, კერძოდ:

2017 წლის 25 ნოემბრის გაზეთში ფართით 6 000 სმ² X 0,1256 = 753,6 (შვიდას ორმოცდაცამეტი ლარი და სამოცი თეთრი) დღგ-ს გარეშე.

მომსახურების საერთო ღირებულება შეადგენს ფართით 6 000 სმ² X 0,1256 = 753,6 (შვიდას ორმოცდაცამეტი ლარი და სამოცი თეთრი) დღგ-ს გარეშე.

ჩაბარა:

შპს „კვირის პალიტრა“-ს
დირექტორი: ნიკოლოზ გაბელაია



მიიღო:

სსიპ „გარემოს ეროვნული სააგენტო“-ს
ლიცენზირების დეპარტამენტის უფროსი ირაკლი გელაშვილი

III. Formalizing interference in editorial independence in contracts of budget organizations and forms of dissemination of materials

The research revealed several contracts with budget organizations, which contained the conditions that formalized interference of administrative bodies or other budget organizations in editorial independence. Under such conditions, a party to the contract, represented by a budget organization, defines topics to be covered by a media outlet, forms of coverage and priority of placement of materials. In case of TV channels, the law prohibits administrative bodies to finance TV products; as regards print media, instances were detected of several media outlets failing to make it clear that published content did to belong to editorial board but was financed, or to signpost it as advertisement, thus making it difficult to perceive the material as advertisement. The failure to separate commercial materials from editorial materials, which was also detected in online media, is a breach of journalistic standards as it misleads consumers.

3.1. Financed programs/reports in nationwide and mixed coverage broadcasters

The research has revealed such contracts, which do not directly envisage sponsorship, but indirectly represent the means of financing programs or stories that also represents violation of the Law on Broadcasting.

Paragraph 1 of Article 661 of the Law on Broadcasting (Inadmissibility to finance broadcasters) prohibits the financing of broadcasters and procurement of services from broadcasters and direct or indirect financing and co-financing of broadcasters' programs by administrative bodies, political parties, officials and public servants, save certain exceptions.

According to paragraph 3 of the same article, electoral administration may procure a broadcaster's service only for the preparation and/or broadcasting of information provided for by electoral legislation. Paragraph 2 of the same article applies to the following cases: "Administrative bodies may procure a broadcaster's service only for placing a social advertisement and disseminating important information to the public and only provided that this is included in a separate clause in their budgets."

An exception clause was added to the law in 2013 and it contains certain controversy with respect to the inadmissibility of sponsored programs and financed stories. The clause, according to which "dissemination of important information to the public" may be an exception, can be interpreted as a justification for financed stories that will enable administrative bodies to cite the goals of performing their authorities as the reason behind their expenses. The contracts signed with regional media, providing transmission and transparency of local self-government's sessions rather than financing the preparation of various stories and invitation of guests to the program can be considered such a legitimate goal.

As seen in a table below, contracts entered into by and between public institutions and broadcasters contain such obligations that, in essence, represent the interference into editorial independence as the content, airing time and frequency of stories are determined by an administrative body or a budget organization:

Table 2. Programs and stories financed by administrative bodies on national televisions

Institution	Broadcaster	Service
The Tbilisi Kindergarten Management Agency	Palitra TV	Two voice-over stories per month, four reports per year, each item broadcast three times during a day.
LELP National Center for Disease Control and Public Health (NCDC)	Pulse TV	Coverage of working meetings in the educational-TV project about public health – twice a week (length: 26 minutes); involvement of NCDC experts in the preparation of section; the program starts with video clip featuring NCDC activities – "Putting out knowledge into service of public health."

Table 3. Programs and stories financed by public institutions¹¹ on national televisions

Institution	Broadcaster	Service
Center For Mental Health And Prevention Of Addiction LLC	Pulse TV	Production and broadcast of a report on a selected topic.
StartUp Georgia LLC	TV Pirveli	Production of 24 reports having the length of at least four minutes each; Placement of reports in a program on economic topics.

3.2. Financed programs/reports in regional broadcasters

The situation is identical in case of regional broadcasters which, in addition to producing reports and programs financed by administrative bodies, provide live broadcast of sittings of municipal councils which implies performing a function of neutral information conduit and promoting transparency of public institutions.

Table 4. Programs and stories financed by administrative bodies on regional televisions

Institution	Broadcaster	Service
Kutaisi Mayor's Office	Rioni	Filming and reporting cultural events organized with the support of Mayor's Office (nine events, 25 hours). Production of at least 90-minute program within the framework of Reporting to Population project and the broadcast of the program four times a month, invitation of citizens to participate in the program , production of a report concerning citizens' problems on each program. Production and broadcast of a series of documentary films, a cycle of TV programs on Famous Georgians Working in Kutaisi, famous sportsmen, Renowned Painters of Kutaisi. Production of the "TV Announcement" program – 52 informational programs (a concept to be agreed with the purchaser) about all cultural events to be held in Kutaisi (length 2-7 minutes), during six months in 2017.
Samtredia municipality	Zari	Broadcast of information necessary for the events planned by the municipality in 2017.

¹¹ An administrative body, as well as a legal person under private law with funding received from the state or local budget (Paragraph "a" of Article 27 of General Administrative Code of Georgia).

Chkhorotsk y municipality	Kolkheti 89	Dissemination of information about the progress of projects, construction and other works of national or local importance, which are underway in the territory of municipality, and statements and information provided by the city council and executive body of the municipality.
Sachkhere municipality	Imervizia	Selected topics – ensuring transparency of municipality: 120 minutes of broadcast time.
Zestaponi municipality	Argo	Communication of important information about the activities of city council and executive body of the municipality to local population.
Chiatura municipality	Imervizia	Communication of important information about sittings and activities of the city council of municipality, as well as activities of executive body of the municipality to the population.
Poti municipality	Metskhre Talgha	Communication of important information about activities of municipality.
LEPL Zurab Zhvania School of Public Administrati on	25th Channel, Metskhre Talgha, Odishi, Jikha, Egrisi, Zari, Rioni, Argo, Imervizia, Dia, Borjomi, 9 th Channel, ATV 12, Parvana, Gurjaani TV, Tanamgzavri, Kvemo Kartli, Marneuli, Bolnisi, Guria;	Production of 5-minute long reports (filming, editing) about events of the School and their broadcast in the TV newsreel “Mravalkutkhedi”.
LEPL National Wine Agency	Gurjaani TV, Tanamgzavri TV	Production and broadcast of reports agreed with the purchaser. Length of each report at least three minutes; the total of two reports in each broadcaster;
LEPL National Wine Agency	Radio Hereti	Production of one program agreed with the purchaser in the program Radiofarmer.

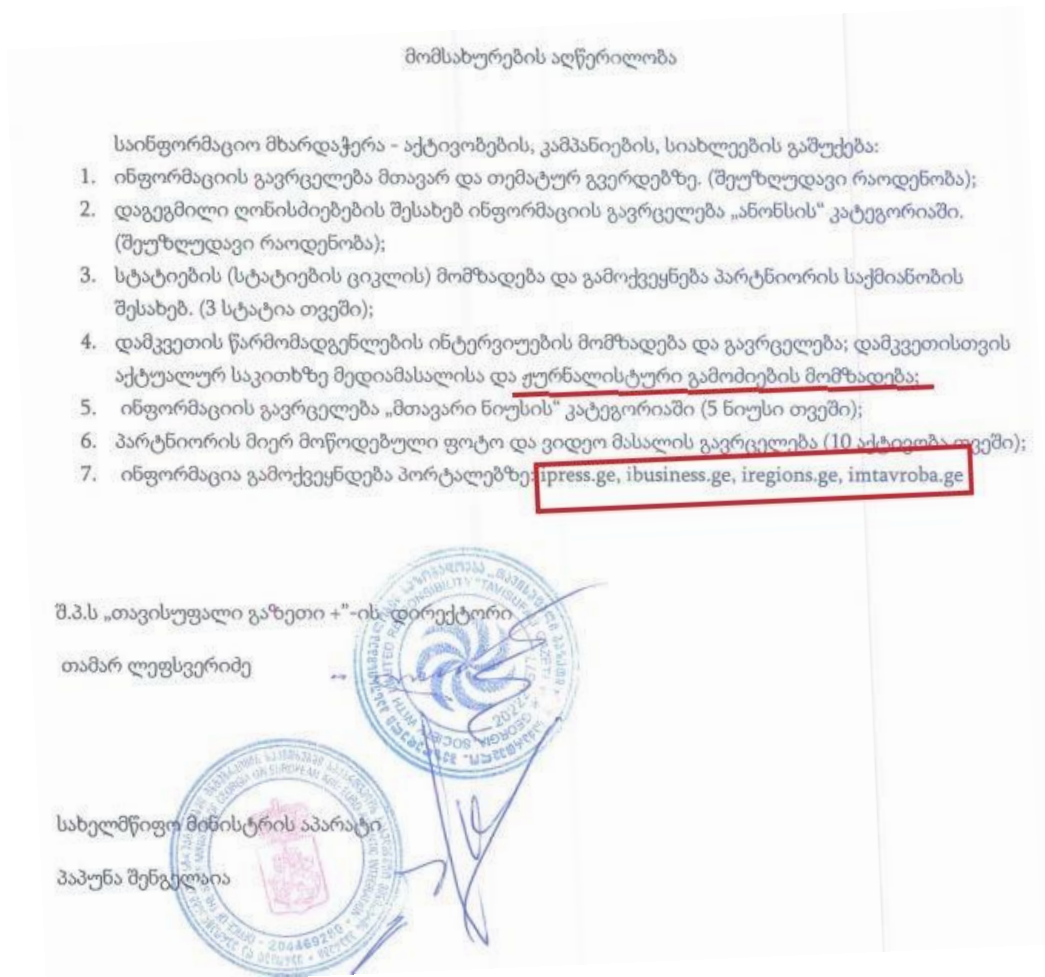
3.3. Financed programs/reports in online media

Online media outlets have contracts with budget organizations on the delivery of various services. In addition to releasing announcements, taking photos and providing various standard services, there are requirements that represent the interference in the editorial independence. These include the obligations to cover activities in accordance with the requirements of the purchase, take interviews as well as prioritize covered materials as main topics and to observe specified length of materials, something which is the autonomous discretion of a media outlet.

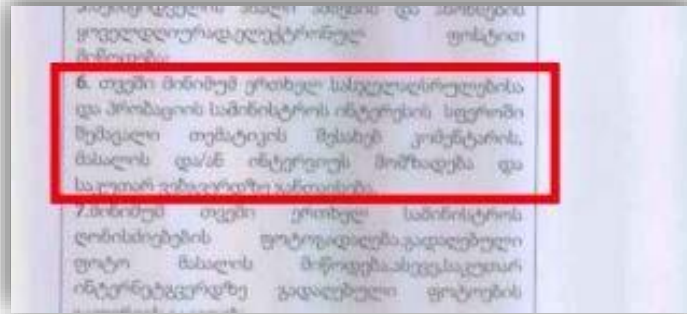
Examples:

- ❖ Contracts on the production of media materials and the conduct of journalistic investigation on pressing issues for the purchaser were awarded to Ipress.ge and affiliated outlets (ibusiness.ge; iregions.ge; imtavroba.ge) by the following administrative bodies: the Office of the State Minister on European and Euro-Atlantic Integration; the Ministry of Education, Culture and Sport of Autonomous Republic of Ajara; LEPL Emergency Management Agency of the Ministry of Internal Affairs and local self-government bodies (executive body of Tbilisi's Nadzaladevi district, municipalities of Gori, Khobi, Kharagauli, Dmanisi, Poti, Senaki, Lagodekhi, Tskaltubo, Abasha and Lanchkhuti).

Annex: Annex to the contract between the Office of the State Minister on European and Euro-Atlantic Integration and Tavisupali Gazeti + LLC (ipress.ge).



- ❖ Production and dissemination of materials on topics the purchaser (the Ministry of Corrections and Probation; the Constitutional Court) is interested in, as well as interviews and comments (IPN).



- ❖ A contract between the Chief Prosecutor's Office of Georgia and Pirveli LLC envisages the publication of news, comments and interviews by the following news agencies: pia.ge; reportiori.ge; info9.ge; primetimenews.ge; frontnews.ge; daijesti.ge; ipn.ge; kvira.ge; for.ge.
- ❖ Production of three materials per month upon the order of the National Center for Teacher Professional Development and the placement of each material on the main slider of main page of kvirispalitra.ge throughout a day; placement of information and photo materials of the Academy of Finance Ministry on the main page and section page of the webpage of gbc.ge.
- ❖ Preparation and dissemination of information about the activities of the purchaser, in accordance with the purchaser's¹² requirement, by the following news agencies: IPN; pia.ge; daijesti.ge; pulse.ge; kvira.ge; Info 9; GHN, guardian.ge; expressnews.ge, epn.ge, ipress.ge; ibusiness.ge; iregions.ge; imtavroba.ge, primetime.ge; for.ge; edu.aris.ge; businesscontract.ge, regionistribuna.ge, funtime.ge.
- ❖ Preparation and dissemination of interviews with the purchaser¹³ (etanews.ge; etatv.ge; ipress.ge; ibusiness.ge; iregions.ge; imtavroba.ge); multiple placement of interviews with high officials of municipality¹⁴ on webpages (guardian.ge); preparation and placement of interviews/articles on the activity of the institution¹⁵ (pia.ge; daijesti.ge; pulse.ge; kvira.ge; primetime.ge; funtime.ge); dissemination of comments of persons desirable for the purchaser in the form of standard news (newspress.ge).

Much like the studies of previous years, the 2017 study also revealed contracts containing a condition envisaging the purchase of public opinion polls from online agencies by an administrative body. The obligation of the conduct of such polls was made between the following institutions and news agencies:

¹² Ministry of Corrections and Probation, Ministry of Culture and Monument Protection, Office of the State Minister on European and Euro-Atlantic Integration, Ministries of Finance and Economy, Agriculture, Regional Development and Infrastructure of the Autonomous Republic of Ajara, Road Department of Georgia, Supreme and Constitutional Courts of Georgia, self-government bodies (Lagodekhi, Tskaltubo, Abasha, Ozurgeti, Gori, Khobi, Kharagauli, Dmanisi, Poti municipalities and executive body of Nadzaladevi district.

¹³ Ministry of Sport and Youth Affairs, Office of the State Minister on European and Euro-Atlantic Integration, Ministries of Finance and Economy, Agriculture, Regional Development and Infrastructure of the Autonomous Republic of Ajara, self-government bodies (Tianeti, Dedoplistskaro, Kareli, Ambroaluri, Senaki, Lanchkhuti municipalities and executive body of Nadzaladevi district.

¹⁴ Tkibuli, Dusheti, Ninotsminda, Adigheni municipalities.

¹⁵ Tbilisi Mayor's Office, Public broadcaster, International Center for Education.

News conducting opinion poll	agency public	Purchasing public institution
lpn		1. Constitutional Court 2. Foreign Affairs Ministry
Newspress.ge		1. Laboratory of the Ministry of Agriculture of Georgia 2. Ninotsminda municipality
Info 9		1. LELP L. Sakvarelidze National Center for Disease Control and Public Health
lpn City.kvira Info9 Pia		1. Tbilisi Mayor's Office

Forms of placement of financed information in online media

During the study, by applying the principle of random selection, we monitored: 1) what were the volumes and topics of financed materials in online media; 2) whether consumers could separate financed materials from editorial content; 3) how budget contracts affected the content of coverage.

As the study revealed, the online media fails to observe in a clear and consistent way the standard requiring the separation of promotional and financed materials from the editorial content. Only three news agencies, namely, IPN, PIA and EPN applied the symbol NS (News from subscriber) to signpost the materials provided by subscribers. The most consistent in this regard was EPN while IPN and PIA did not apply this symbol to every relevant material. As the table below shows, other news agencies such as Tbilisi 24, NSP, Newspress, Ipress and the online edition of Prime-Time did not signpost financed content in any form.

Financed material	lpn	lpress	Newsp ress	Pia	Prime- time	EPN	Nsp	Tbili si 24
Giorgi Kvirikashvili discusses implemented projects and future plans with the EBRD Vice President	NS		-	NS				
Giorgi Kvirikashvili – government of Georgia continuously implements reforms to facilitate the creation of more economic opportunities	-							
Dimitri Kumsishvili – compared to corresponding period of the previous year, export increased by 29.4% in January-October	-	-	-			NS		
Kaladze participates in the conference “Ethics and Transparency on the Local Level: Strategy and Mechanisms” (Pia) Tbilisi Mayor: Georgia’s progress towards responsible governance is observed	NS	-	-	NS		NS		
On the instruction of Tbilisi Mayor Tsurtsumia street was surfaced with asphalt	NS	-		NS		NS		
Convicts to be distributed among cells by crime categories	NS	-	-	-	-	NS		-

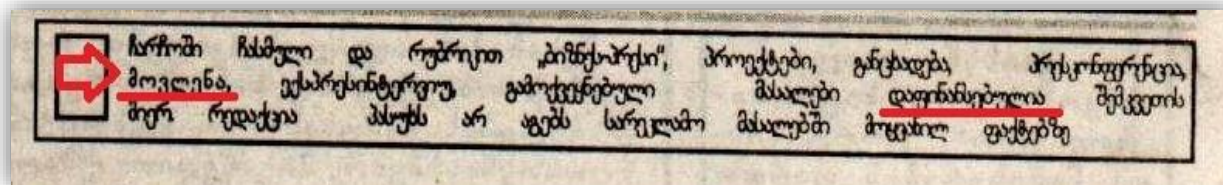
Ministry of Refugees to purchase houses for additional 80 families	NS	-	-	-	-	NS	-	
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3.4. Financed budget advertising/information materials in newspapers. Forms of placement

Clear separation of materials financed by administrative bodies from the editorial content is not practiced in print media save few exceptions.

The symbol R denoting advertisement is applied only by the newspaper Kviris Palitra; the newspaper Versia is inconsistent in the application of this symbol and on certain occasions, places the materials specified in the delivery-acceptance acts with administrative bodies under editorial sections; titles of promotional sections of the Rezonansi newspaper do not allow for easy identification of materials as advertisement; the newspaper Prime-Time does not apply the symbol denoting advertisement at all.

Rezonansi newspaper. The highest number of financed articles was published in Rezonansi which is in the lead among the newspapers by budget revenues (GEL 76 626). Rezonansi provides notes about advertising materials on the last page, in a box with small-size font, above the section of jokes, while the titles of the sections are misleading as they do not allow for separating advertising materials from the editorial materials. For example, it is difficult for readers to perceive the sections such as Business-press, Projects, News conference, Event, Express-interview as financed materials.



As the table below shows, in 2017, Rezonansi published articles with positive content, which were financed by administrative bodies, under the section Business-press. The title of this section makes it difficult to perceive a material as a promotion and misleads readers who may take offered materials for editorial content.

Administrative body	Titles of Rezonansi newspaper
The Tbilisi Kindergarten Management Agency	Tbilisi kindergartens three years ago and today, 2 November
	New educational year in Tbilisi kindergartens – what was the legacy received by Davit Narmania in Tbilisi kindergartens in 2014 and what he inherits to a future Mayor today?! 15 September

The Ministry of Internally Displaced Persons from the Occupied Territories, Accommodation and Refugees of Georgia	<p>After 24 years, heroes of our time were buried with respect and dignity,</p> <p>Sozer Subari: “All of them showed examples of heroism and loyalty to homeland;” The tragedy turned into painful happiness, 18 October</p>
	<p>A new life began for 429 internally displaced families, up to 500 families will receive flats in the near future, while over the period from three to five years all refugees will be satisfied with flats, 19 September</p>
Ministry of Agriculture	<p>Almost half of tangerine harvest will be exported – the state is fully prepared, no problems will emerge in accepting non-standard tangerines, 22 November</p>
	<p>Non-subsidized grape harvest is underway without impediments in Kakheti – Levan Davitashvili: “Such volume of wine has not been exported from country in the past 30 years,” 20 September.</p>
National Wine Agency	<p>“One can hardly find a farmer who may be unhappy!” Grape harvest 2017 proved the most successful and best organized, 27 October.</p>

Prime-Time newspaper carried no indication that would help readers separate financed materials from the editorial content.



Versia newspaper did not signpost several advertising materials specified in the delivery-acceptance acts as paid advertisement.



IV. Forms of placement of pre-election political advertisements in various media

During the local election campaign in 2017, frequent instances were detected in the print media of placing promotional articles of the ruling party Georgian Dream in various forms. For example, on 6 September 2017

The *Rezonansi* newspaper placed a pre-election promotional article about Georgian Dream candidates, “Seven directions for the city full of life,” under the section “Even;” according to the note on the last page of the newspaper, the article was financed but it was misleading because the article itself was not signposted as a paid material. The material with identical title, content and identical photos were published by the *Versia* newspaper (N85) and the newspaper *Kviris Palitra* (N41) and both clearly signposted it as promotional material with the former clearly indicating that it was “Paid political advertisement” and the letter signposting it with R, the symbol of advertisement.

Rezonansi





Kviris Palitra (N42) also used symbol R to signpost a political advertisement of Kaladze – *Yet another advertising material of Kakha Kaladze “Promoting healthy life, education and cultural potential of the city.”* Rezonansi newspaper, as seen from the table below, published promotional articles of the ruling party under the section “Event.”

Political subject	Title
Single-seat candidate for Isani district from the Georgian Dream	Nino Latsabidze: "I will continuously control projects planned in Isani district" – candidate from Georgian Dream-Democratic Georgia is ready for any challenge, 20 October
Candidate for Tbilisi Mayor from the Georgian Dream	"All Tbilisi citizens must sense the capital city in their own districts!"- the largest sports and recreation center will be built in Mukhiani, 11 October
Candidate for Tbilisi Mayor from the Georgian Dream	City economy will operate uninterruptedly, around-the-clock – Kakha Kaladze: We have ambition to make Tbilisi the most distinguished city in the region, 5 October
Candidate for Tbilisi Mayor from the Georgian Dream	Ecology must achieve highest standards in Tbilisi – Kakha Kaladze: Up to 1400 squares and all the 12 large parks will be rehabilitated, 26 September
Advertisement of candidate for Tbilisi Mayor from the Georgian Dream	Seven directions for the city full of life, Kakha Kaladze: Tbilisi citizens will themselves take decisions on the development of their districts, 6 September
Candidate for Tbilisi Mayor from the Georgian Dream	Dedication and love of Tbilisi - 25 candidates were united by one trait "These are people distinguished for their reputation, professionalism and honesty," 4 September