



Media Receiving Funding from the State Budget
Unequal Competition among News Agencies (online media)

Preliminary results

Introduction

The Media Development Foundation (MDF) conducts monitoring of budget amounts spent on the release of information. The monitoring is aimed at studying how and why the budgetary funds are allocated to separate media outlets.

On the first stage of the research, the MDF applied to 19 ministries and the State Chancellery of Georgia asking for the information on the amounts these state entities transferred to media outlets for the latter to release information and render advertising and other services, and the nature of services delivered by media outlets in 2013-2014.

Of these 20 public institutions only one – the Ministry of Internal Affairs – failed to supply the requested information within the terms established by the law. An administrative complaint was filed against this violation.

This preliminary report reflects amounts allocated from budgets of the ministries to news agencies for the preparation and release of information as well as the delivery of other similar services and does not reflect similar services delivered to legal entities in public law subordinated to these ministries.

We will analyze the distribution of advertising among other types of media outlets, including instances of surreptitious advertising and programs sponsored by state entities, in the next research.

Method

The research involved the analysis of the information obtained from public entities. In particular, the following information was requested:

1. The aggregate amount transferred to media outlets in 2013-2014 as well as amounts transferred to individual media outlets by the ministries and State Chancellery;
2. Copies of contracts (2013-2014) requiring from media outlets to release information, advertise for and deliver other services to ministries and the State Chancellery;
3. Documents certifying the delivery and acceptance of services specified in the contracts (2013-2014).

Findings of research

- The Ministry of Culture and Monument Protection refers to Prime Minister's order (#727) as the basis for the contracts with four news agencies (IPN, PIA, GHN, medianews.ge) signed in the pre-election period, which provides the ground to assume that the subsidizing of news agencies from the budget is coordinated on the government level;
- The majority of ministries (11 ministries) and the State Chancellery of Georgia have contracts with Akhali Ambebi LLC – InterPressNews agency (IPN); the second by the number of awarded contracts is PirWeli LLC – news agency PIA (five ministries);
- The leader among news agencies by the size of budget funding in 2013-2014 is IPN (101,539.8 GEL), followed by GHN (48,690 GEL) and PIA (43,033.8 GEL). According to the available information, the total value of contracts signed with news agencies makes up 254,774.2 GEL over the same period. The highest number of contracts with news agencies is signed by the Ministry of Defense (eight news agencies);
- Criteria for the selection of news agencies are unclear, including the budgetary financing for such news outlets which publish homophobic materials on their websites (for example, PIA reprinted the article published in *Asaval-Dasavali* newspaper titled “Conchita Hosted at Avlabari Residence”);¹
- By financing eight news agencies from the budget and supplying them with information in advance, the state places other news agencies in unequal conditions, especially considering that it deals with the public information which must be equally available for everyone;
- The majority of these ministries (13 out of 18) and the State Chancellery pay the news agencies for such services which include the coverage of activities in accordance with the requirements of these state entities and the release of information supplied by them, which is the infringement of editorial independence of media outlets;
- The contracts of the Ministry of Culture and Monument Protection with three news agencies (PIA, GHN, medianews.ge) contain additional requirements according to which the ministry determines the newsworthiness of supplied information (obliging news agencies to publish supplied information as special, or second and third category news) and the speed of publication of supplied information (within 30 minutes and, in special cases, within 10 minutes of receiving information); also, the ministry obliges the news agencies to send ministry's short text announcements to editors and producers of other media outlets, which represents a responsibility of entity's press

¹http://pia.ge/show_press_daijest_news.php?id=10320.

service, and to promote its statuses, photo, video and other materials via social networks;

- Services procured by other ministries include: the attendance of events and news briefings by journalists; the coverage of events in accordance with the requirements of purchaser; the conduct of interviews on agreed topics; the selection of photos of the day, and other services that fall within the realm of journalistic autonomy;
- Those materials that are financed by purchaser do not represent artical or independent coverage. By essence, such materials are promotional publications and therefore, must be clearly separated from editorial materials and sign posted as advertisement, something that news agencies fail to do. Providing advertisement and editorial materials in the category of news misleads audience because it is not given an opportunity to distinguish between the materials financed by ministries and the materials produced independently by media outlets;
- Documents certifying the delivery and acceptance of services reflect the monthly amount of services provided by news agencies without specifying the types of services, which might be misused;
- Public opinion polls published on the website of IPN does not indicate who commissioned them, thereby making it difficult to establish which particular polls have been financed by the State Chancellery;
- From existing 18 ministries only five (those of Justice, Education and Science, Energy, Regional Development and Infrastructure, and Finance) do not procure the service of news agencies and some of them applies advertising in interaction with public.

The order #727 of Prime Minister of Georgia

On 30 April 2014, the Ministry of Culture and Monument Protection signed contracts with four news agencies - the InterPressNews (IPN), PirWeli (PIA), GHN and Medianews. All the four contracts refer to the order #727 of Prime Minister of Georgia, dated 23 April 2014, as the basis for the procurement of information service.

The mentioned order, signed by Prime Minister of Georgia Irakli Garibashvili, envisages the purchase of the service of news agencies with the total value of 19,720 GEL for ensuring the unimpeded conduct of events of state and public importance by the Ministry of Culture and Monument Protection within limited time frames.

#727	23 April 2014	Tbilisi
<p>On the Implementation of State Procurement through Simplified Procurement by the Ministry of Culture and Monument Protection</p>		
<p>In accordance with Subparagraph (D), Paragraph 3, Article 10' of the Law of Georgia on State Procurement, the Ministry of Culture and Monument Protection be allowed to purchase the service of news agencies for the total value of 19,720 GEL through simplified procurement, to ensure the unimpeded conduct of events of state and public importance within limited time frames.</p>		
Prime Minister	Irakli Garibashvili	

A subject of contract in the case of three news agencies (PIA, GHN, medianews.ge) is almost identical and include such obligations that infringe a journalistic autonomy and run counter to the principle of separation of advertisement from editorial materials:

- ✓ Service provider shall publish or/and if need be, produce and publish (announcements/information about the activity of and events conducted by the purchaser, photos, record interviews, et cetera) news supplied by the purchaser on a webpage....;
- ✓ Service provider shall release news supplied by the purchaser via various means of media;

- ✓ Service provider shall ensure the placement of information as the second and third category news in the amount as supplied by the purchaser;
- ✓ Service provider shall publish news of special importance in the place assigned for and on conditions of the first category news (the special importance of news is determined by the purchaser);
- ✓ After two hours, the first category information may be downgraded to the news of second and third categories;
- ✓ Service provider shall send short text messages of announcement to editors and producers of media outlets maximum four times per month;
- ✓ Service provider shall ensure the publication of materials supplied by the purchaser within 30 minutes, also in case of urgency, within the shortest possible time, but no later than within 10 minutes of receiving the news;
- ✓ Published information shall be available for the purchaser at any time (with or/and without relevant authorization).

According to the contracts, two agencies (**PIA, GHN**) are obliged to additionally promote the materials produced in agreement with the purchaser and about the purchaser in the form of photo album, video or Facebook status on the Facebook page of news agency.

PIA: “Service provider shall, upon prior agreement with the purchaser, place a paid advertisement conveying information about events and novelties of the ministry in various possible formats (photo album , video, status, et cetera) on the Facebook page of the service provider (862 GEL per month).”

In case of **GHN**, a monthly fee for advertising on Facebook comprises 300 GEL.

It is worth noting that on 4 November, on its own Facebook page, PIA news agency placed the information about Prime Minister firing Defense Minister as a form of such advertisement; on 5 November, the same Facebook page published the information of [Dajesti.pia.ge](http://dajesti.pia.ge)² about accusations of Chairman of Association of Human Rights Defenders Nikoloz Mzhavanadze against the former Defense Minister and a quote from the article titled “Alasania is having fun with his girlfriend in Paris on the account of money allocated for our soldiers,” as an advertisement.

²http://dajesti.pia.ge/show_internet_dajest_news.php?id=11175.

"ალასანია ჩვენი ჯარისკაცებისთვის გამოყოფილი ფულით მეგობარ ქალთან ერთად პარიზში დროს ატარებს"



"ალასანია ჩვენი ჯარისკაცებისთვის გამოყოფილი ფულით მეგობარ ქალთან ერთად პარიზში

"უფლებადამცველთა გაერთიანების" თავმჯდომარის ნიკოლოზ მყავანამის განცხადებით, თავდაცვის მინისტრი სამინისტროს თანხებს პირადი...

DAJESTI.PIA.GE



"pirWeli"
რეკლამა · 🌐

👍 გვერდის მოწონება

"მივიღე გადაწყვეტილება, თავდაცვის მინისტრის თანამდებობიდან გადაყენების შესახებ"



პრემიერ-მინისტრმა ირაკლი ალასანია
თანამდებობიდან გადააყენა

ამის შესახებ ირაკლი ღარიბაშვილმა საგანგებოდ გამართულ ბრიფინგზე
განაცხადა.

PIA.GE

Documents certifying the delivery and acceptance of services show costs of services rendered monthly without specifying those materials which the ministry paid for, thus making it difficult to examine whether contractual amounts were spent as intended.

A contract with InterPressNews (IPN) is different in that it also envisages the coverage of the activity of the purchaser:

- ✓ Service provider shall ensure the preparation of announcements/information about - and the coverage of - the activities of the purchaser and events held by it, also to communicate this information to other media outlets, maximum 10 times a month. Service provider shall ensure photographing of events maximum twice a month.

That 19,720 GEL allocated on the basis of Prime Minister's order was distributed among news agencies in the following way:

Agency	Amount
PIA	9 436,80
GHN	5 520
IPN	3 560
medianews.ge	1 200
Total:	19 716,80

All the four contracts are entered into for the term from between 1 May 2014 and 31 December 2014. It is worth noting that both the issuance of the order of the government (23 April) and signing of the contracts (30 April) took place in the run up to local elections held on 15 June, which might be evaluated as the use of administrative resources.

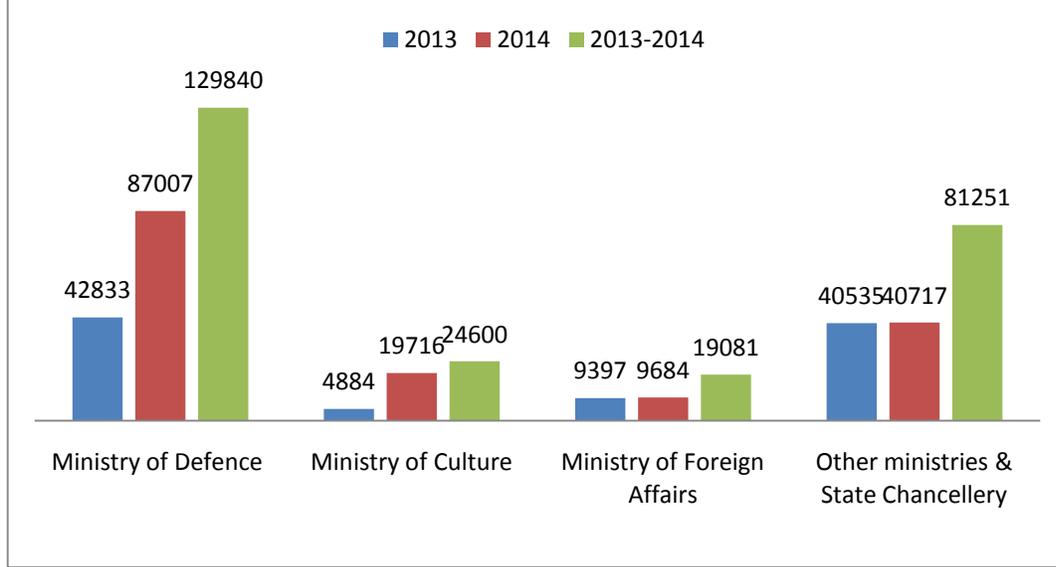
Distribution of amounts by ministries

The procurement of services of news agencies, which mainly involves the coverage of ministries' activities by agencies, is practiced in 13 ministries out of existing 18 ministries (we lack the data from the Ministry of Internal Affairs at this stage). However, in contrast to the Ministry of Culture, other contracts do not refer to the order of the Prime Minister as the basis of contracts.

The majority of ministries (11 in total) and the State Chancellery have contracts with InterPressNews (101,539.8 GEL); the second by the number of signed contracts (with five ministries) is GHN (48,690 GEL).

Defense Ministry has contracts with eight news agencies with the total value comprising 129,840 GEL in 2013-2014.

Distribution of amounts by ministries



According to contracts signed with news agencies for 2013 and 2014, amounts were distributed in the following way:

#	Ministry	Funding 2013	Funding 2014	Total 2013-2014
1	Ministry of Defence	42 833	87 007	129 840
2	Ministry of Culture and Monument Protection	4 884	19 716, 80	24 600,8
3	Ministry of Foreign Affairs	9397,6	9684	19 081,6
4	Office of the State minister on European and Euro-Atlantic Integration	5 523	3 000	8 523
5	Ministry of Sport & Youth Affairs	4 885, 20	4 885, 20	9 770,40
6	Ministry of Corrections	4 885, 20	3 825	8 710,20

7	Ministry of Labour, Health and Social Affairs	4 884	4 884	9 768
8	Ministry of Agriculture	4 477	4 884	9 361
9	Ministry of Economy and Sustainable Development	4 884	4 884	9 768
10	Office of the State Minister for Reconciliation and Civic Equality	2 206,60	4 884	7 090,60
11	Office of the State Minister for Diaspora	-	4 475, 60	4 475, 60
12	Ministry of Internally Displaced Persons from the Occupied Territories, Accommodation and Refugees	5 550	-	5 550
13	Ministry of Environment and Natural Resources Protection	3 240	-	3 240
14	State Chancellery	-	4 995	4 995
Total		97 649,6	157 124, 6	254 774,2

Subject of contracts

Apart from services specified in contracts awarded by the Ministry of Culture and Monument Protection, the contracts of other ministries envisage the following types of services:

- ✓ Attendance of journalists on events/news conferences and coverage thereof (Ministry of agriculture and IPN; the Ministry of Internally Displaced Persons from the Occupied Territories, Accommodation and Refugees of Georgia and GHN, PIA);

- ✓ Attendance of events by media outlets and the release of purchaser's information by them(the State Ministry for Euro-Atlantic Integration and IPN);
- ✓ Comments on topical issues for the aim of popularizing a person or an organization: interview on preliminarily agreed issues (Ministry of Agriculture and IPN); preparation of interviews and comments about topics important and interesting for the Ministry (Ministry of Labor, Health and Social Affairs; the Ministry of Corrections and Legal Assistance; the State Ministry for Euro-Atlantic Integration and IPN; Ministry of Defense and GHN);
- ✓ Service provider shall cover novelties at the purchaser's will by means of agencies InterPressNews/For.ge/Medianews / ExpressNews / Caucasuspess (Defense Ministry);
- ✓ In accordance with the requirement, shall ensure the communication to broad masses and the coverage of presentations, events, news briefings, conferences that are important for the purchaser (Ministry of Economy and Sustainable Development; the Ministry of Corrections and Legal Assistance; the State Ministry for Euro-Atlantic Integration; Ministry of Sport and Youth Affairs; the State Ministry on Diaspora Issues and IPN);
- ✓ Service provider, according to the requirement of persons assigned in contracts (persons assigned by the head of department for public affairs, persons assigned by the head of department for public procurements), shall publish on its webpage: press releases, announcements, comments, including in English language: according to the requirement, ensures the purchaser with analytical materials (Defense Ministry and GHN);
- ✓ Placement of supplied photos as photos of the day (in unlimited amount) (Defense Ministry and GHN);
- ✓ Upon the agreement with employees of the Ministry, shall prepare analytical letters about the defense sphere, an interview shall be prepared with a representative of the Defense Ministry once a month (Defense Ministry and For.ge).

According to a contract, the State Chancellery of Georgia has purchased a VIP service from the news agency IPN, the annual cost of which totals 4,995 GEL. The contract envisages the communication with other media outlets as well as, upon the requirement of the purchaser, the preparation of journalistic materials and opinion polls.

- ✓ Upon the requirement, the preparation/coverage of announcement and information about the activity of the purchaser and events conducted thereof, also the release of that material for other media outlets (maximum 15 times a month);

- ✓ The invitation of media outlets to events... preparation of press release and corresponding photo material and release thereof for media outlets.
- ✓ Organizing and planning interaction with media;
- ✓ Sociological survey (two telephone surveys a year);
- ✓ Upon the requirement of a purchaser, preparation and release of interviews and comments on important and interesting topics (maximum twice a month);
- ✓ The conduct of opinion poll on an agreed topic through the website of IPN (maximum once a month).

There is only one survey, conducted by IPN jointly with Kviris Palitra,³ available in the section of opinion polls on the webpage of InterPressNews ("The majority of respondents favor the continuation of Abashidze-Karasin talks⁴). This poll does not indicate the methodology of the poll nor does it provide such important details as who commissioned and financed the poll; all this information, however, is an essential standard for the coverage of sociological surveys in media and serves the aim of providing comprehensive information to society about the objectives of the survey.

Nor do other surveys conducted by *Kviris Palitra* newspaper, published on the webpage of InterPressNews, indicate who commissioned them (for example, "The majority of respondents view Irakli Garibashvili as the most successful minister today,"⁵ "The majority of respondents name Irakli Garibashvili as the most influential politician,"⁶ "Most of respondents believe that the level of crime remains the same, though the media coverage of crime increased,"⁷ "The majority of readers positively assess the toughening of police control,"⁸ "More readers evaluate the activity of police positively than negatively",⁹ "The

³InterPressNews agency and Kviris Palitra newspaper fall under the Palitra Media holding.

⁴<http://www.interpressnews.ge/geo/sociologiuri-kvlevebi/302411-responentthta-umravlesoba-abashidze-karasinis-molaparakebebis-gagrdzelebis-momkhrea.html>

⁵<http://www.interpressnews.ge/geo/sociologiuri-kvlevebi/298849-gamokithkhultha-umravlesobis-azrith-dghes-yvelaze-tsarmatebuli-ministri-irakli-gharibashvilia.html>

⁶<http://www.interpressnews.ge/geo/sociologiuri-kvlevebi/297988-gamokithkhvis-monatsiletha-umravlesoba-yvelaze-gavlenian-politikur-figurad-irakli-gharibashvils-miichnevs.html>

⁷<http://www.interpressnews.ge/geo/sociologiuri-kvlevebi/303389-responentthta-azrith-kriminalis-done-ucvlelia-thumca-imata-kriminalis-gashuqebam.html>

⁸<http://www.interpressnews.ge/geo/sociologiuri-kvlevebi/297989-mkithkhveltha-umetesoba-sapolicio-kontrolis-gamkacreas-dadebithad-afasebs.html>

⁹<http://www.interpressnews.ge/geo/sociologiuri-kvlevebi/296218-mkithkhveltha-umravlesoba-sapatrulo-policis-mushaobas-ufro-dadebithad-afasebs-vidre-uariyofithad.html>

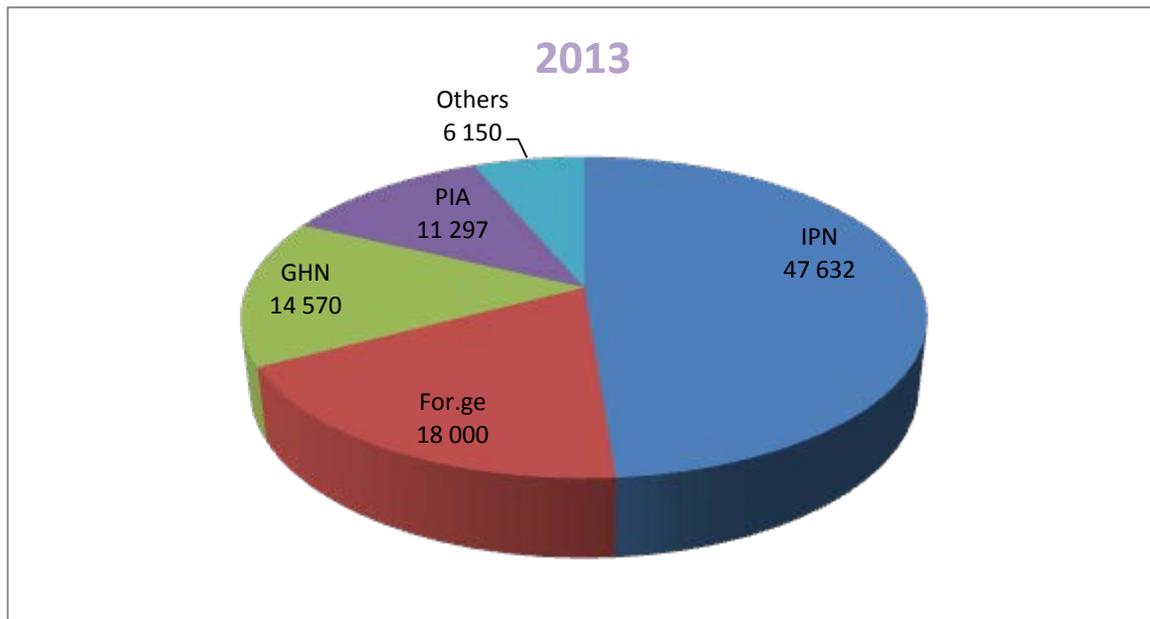
majority of readers assess the situation with the rule of law as satisfactory,¹⁰ "The majority of readers consider the availability of health care as the biggest achievement"¹¹).

Thus, according to the results of surveys published on the webpage, it is difficult to establish which of them was financed by the State Chancellery from the budget.

Distribution of amounts by news agencies

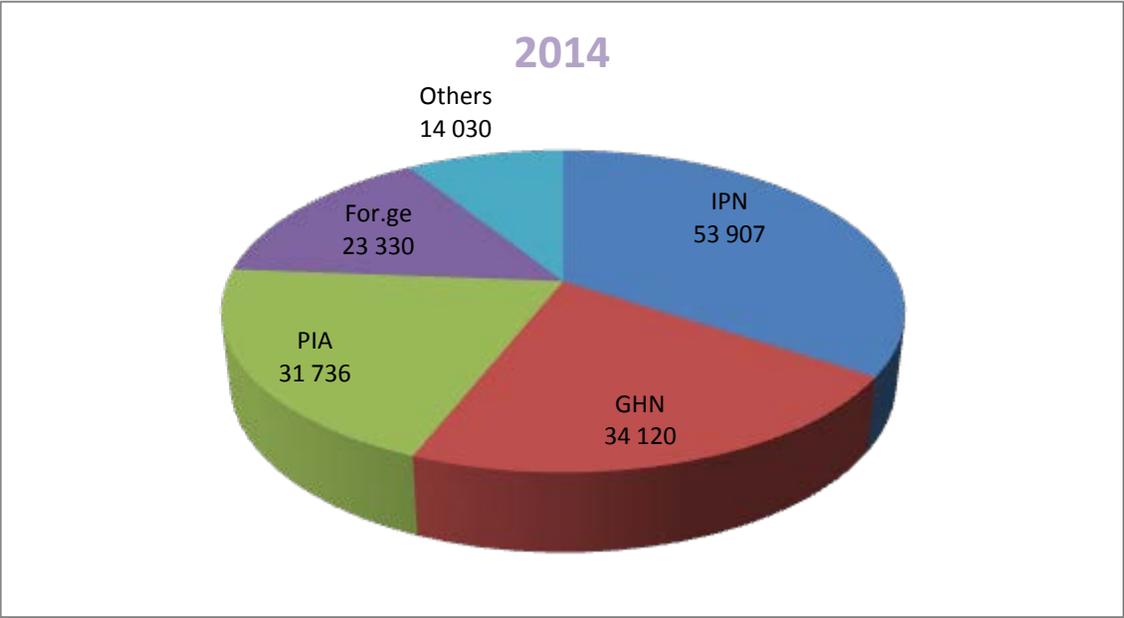
According to available information, in 2013-2014, the largest budget financing among the new agencies has been received by **IPN** (101,539.8 GEL), which is followed by **GHN** at 48,690 GEL, **PIA** at 43,033.8 GEL, and **For.ge** at 41,330 GEL. A relatively smaller financing has been allocated to **News.ge** at 6,580 GEL, **ExpressNews** at 6,200 GEL, **Medianews.ge** at 4,300 GEL, **Caucasuspress.ge** at 3,100 GEL. The total value of contracts awarded to news agencies by ministries (except Ministry of Internal Affairs) and the State Chancellery in 2013-2014 comprises 254,774.2 GEL.

The distribution of amounts among news agencies by years looks as following:



¹⁰<http://www.interpressnews.ge/geo/sociologiuri-kvlevebi/297107-mkithkhveltha-umravlesoba-kanonis-uzenaesobis-kuthkhith-mdgomareobas-damakmayofileblad-afasebs.html>

¹¹ <http://www.interpressnews.ge/geo/sociologiuri-kvlevebi/296216-responentthta-umravlesobas-khelisuflebis-yvelaze-did-tsarmatebad-jandacvis-khelimisatsvdomoba-miachnia.html>



Recommendations

To the Georgian government:

- To review the existing practice of funding news agencies, which impedes the free competition and equal availability of public information for all media outlets;
- To adequately consider the suitability of imposing such contractual obligations on media outlets, that constitute the interference in the editorial autonomy on the account of state budget;
- To develop criteria for selecting those organizations which are financed from the state budget for the aim of conducting information campaign, and to make this process transparent in order to avoid any impression that the use of budget amounts serves the aim of subsidizing this or that media outlets rather than informing the public;
- To make documentation about delivered services transparent and detailed in order to rule out the use of budget means for the coverage of internal political confrontations or the attacks on concrete individuals;
- Ministries and other public entities must publish on their web-pages the information concerning their annual promotional budgets for conducting information campaigns and detailed spending of these budgets.

To news agencies:

- Observe professional standards and clearly separate editorial and promotional materials in order to avoid the misleading of audience and to make expenditures of government transparent;
- There is a conflict of interests between journalistic activity and the provision of PR service to outside organizations; it is therefore important for media outlets to clearly separate such services;
- When covering sociological surveys conducted by news agencies or other organization, to observe standards established for the coverage of such surveys; in particular, to indicate such details as the organization that commissioned and financed the poll, the method of selecting respondents, et cetera.