



# Georgia

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A World Association of Newspapers and News Publishers project

# Financially Viable Media in Emerging and Developing Markets

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## Country Report

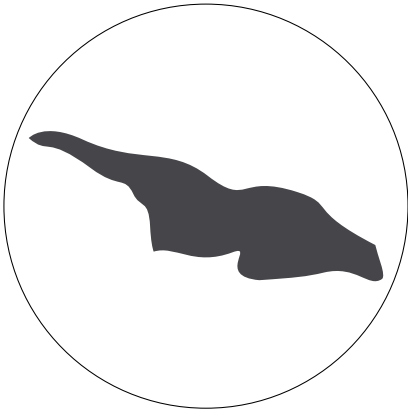


Table 6: Georgia Country Data

Data type	2010 (e)
Population	4.4 million
Literacy rate	100%
Per capita GDP	US\$4,400
Urban/rural population	53/47%
Official language	Georgian
Landline telephone connections	15%
Mobile phone connections	3.9 million
Internet penetration in %	28.5%

Sources: World Bank Development Indicators and other World Bank statistics, UN Population Information Network, Budde Communications Inc.

## Executive Summary

Georgia spent much of the twentieth century as a small and captive but relatively prosperous Soviet republic. The 1990s brought both independence and turmoil. Although the country has a high literacy rate and easy access to media, ongoing economic instability has shattered the national media market. Recent conflicts have led to a variety of measures to block the news, driving the country's elite to the Internet to access and communicate news; in some cases, even government agencies resorted to blogging to communicate with the public. Internation-

al media assistance has been a mixed blessing. Intended as a lifeline, it often serves as a life-support system for media organizations with few strategies and little hope for devising a business model. The Georgian model offers the donor community a cautionary tale about the culture of dependency. It also illustrates how censorship of new technologies can be imposed or compounded from the exterior (in this case, by hackers who are believed to have been directed or influenced by the Russian government).

## Country Indices: Georgia



### Political & Regulatory

Extended periods of political unrest and conflict.

Constitution guarantees freedom of expression; media legislation progressive but poorly implemented

Media ownership lacks transparency

Government indirectly controls or exerts influence over the major independent television stations

Regulatory authority controversial (head of GNCC held shareholder position in one of the major advertising agencies, before that he had held the position of the director of the most popular TV company)

Advertising market subject to political manipulation

Government does not restrict access to Internet content



### Economy & Market

Lower-middle income economy, GDP per capita US\$4,400

Georgia abandoned the Soviet model of a command economy in 1991 – unprepared for laissez-faire economy, domestic product shrank by 75% between 1990 and 1994; total daily newspaper circulation plummeted

Most newspapers privately owned. No laws explicitly prohibiting or allowing foreign ownership of the media

No circulation audit mechanisms; low readership and circulation figures – 5.5 newspapers per 1,000 people; magazine publishing on the rise

Distribution infrastructure operates without accountable distribution mechanisms, postal system collapsed during the 1990s; Low quality of printing presses; newsprint costs increased

No easy access to bank-loans and/or credits

Print newspaper advertising share below 1%



### Social

Small and aging and shrinking population; literacy rate estimated at 100%

Ethnically and linguistically diverse population

An estimated 31% of the population lives below the national poverty line

Unemployment rate 17% (2009 estimate)

Large income gap between rich and poor

Low level of civic engagement

Media content – prevalence of infotainments and entertainment shows over investigative reporting



### Media & New Technologies

90 mobile phones per 100 people, with SMS gaining popularity

20 landlines per 100 people; very few landlines in rural areas

Internet penetration 30.5%; internet users live mostly in urban areas; Internet quite expensive

Main Internet service providers are locally and privately owned

Facebook principal news source for many

# 1. Political Overview

Georgia is a country of some 4.4 million inhabitants in the heart of the Caucasus. It won independence from the Soviet Union in 1991, only months before the collapse of Soviet communism. Former Soviet Foreign Minister Eduard Shevardnadze came to power in 1992, and over his eleven years in office (1992–2003), his regime began to establish democratic institutions but also bred increasing public frustration at the country's persistent poverty, corruption, and crime.

The 2003 parliamentary elections were followed by mass marches protesting Shevardnadze's regime. The flawed elections sparked a popular revolt and served as an underlying cause for a bloodless coup known as the "Rose Revolution." The process was led by the popular opposition trio headed by Mikheil Saakashvili and joined by leading civil society organizations and Kmara, the powerful youth movement. The revolution was strongly supported by the only independent broadcaster at the time with national coverage, TV Rustavi 2.

The new leadership, supported by the West and particularly the United States, established efficient government institutions, reformed the economy, and guided the country through a period of the fastest economic growth in its history. While many of the reforms appeared democratic on the surface, they were accompanied by human-rights violations, disrespect for property rights, and abuses of press freedom. Judicial reforms continue but only under clouds of corruption and distrust.

Georgia has experienced many varieties of turmoil in recent years, and the news media often find themselves in the line of fire. The country faced its most serious constitutional crisis in October 2007, when the president declared a 15-day state of emergency after security units used tear gas to forcibly disperse antigovernment protesters outside parliament and took an opposition TV station off air. The Georgian government said these actions were necessary to avoid a coup d'état supported by Russian intelligence and Badri Patarkatsishvili, founder and owner of the Imedi broadcasting company, who financed the opposition. The government declared a state of emergency and suspended broadcasting. Cut off from their usual sources of information, many Georgian citizens turned to the Internet for internationally produced updates.

In August 2008, Georgia engaged in an armed conflict with Russia and separatist groups from South Ossetia and Abkhazia. In the aftermath of the conflict, Russia recognized the Georgian regions of South Ossetia and Abkhazia as independent states; the parliament of Georgia passed a resolution declaring Abkhazia and South Ossetia "Russian-occupied territories."

According to the Committee to Protect Journalists (CPJ), five journalists were killed during the conflict and at least nine were injured (CPJ, 2008). According to one veteran journalist, "The government was controlling the news in broadcast media on one hand, [and] journalists were not well prepared for work in the conflict situ-

ations on another. The result was that we knew almost nothing about what was happening around us."<sup>2</sup>

Once again, citizens turned to international media outlets and the Internet for news. However, they were impeded by Russian hackers who attacked Georgian government sites, including those of President Saakashvili and the foreign ministry, which moved to a commercial blogging site.

Many Georgian online news outlets were also blocked, including Rustavi 2, Civil.ge, Media.ge, and Interpressnews.ge (Reporters Sans Frontières [RSF], 2008). Journalists contacted Google, which denied an accusation that it had removed data about Georgia (Swabey, 2008). Russian hackers also attacked Day.az and ANS.az, two regional news portals based in Azerbaijan. Georgian authorities decided on August 11 to "combat disinformation" by cutting all access to Russian television broadcasts. Georgia's leading Internet service provider (ISP), Caucasus Online, blocked access to the main Russian-language news websites by filtering the Russian domain name "ru." RSF condemned the many violations of online freedom of information: "With newspapers and radio and TV stations putting out very little independent news, the Internet is a vital tool for the public, so these attacks must stop at once" (RSF, 2008).

<sup>2</sup> The names of some of the interview subjects have been withheld to protect them from possible retaliation.



Photos are courtesy of Agence France-Presse (AFP)

## 2. The Georgia Economy and Newspaper Conditions

When Georgia broke away from the USSR in 1991, it abandoned the Soviet model of a command economy as well. Georgia undertook major reforms to introduce a free market, but it was unprepared for the structural challenges of a *laissez-faire* economy. As a result, the country faced a severe economic downturn that was accelerated by simmering civil unrest, ethnic disputes, and wars. Most ex-Soviet states suffered economic reversals over this period, but Georgia's domestic product shrank by a staggering 75 percent in just four years (1990–1994) – the largest collapse among the CIS economies (Milnikov, Papiashvili & Rodonaia, 2008). In 1993, a business secretary working for a private company earned the equivalent of US\$30 per month, while a state university professor made the equivalent of US\$4 per month.

At the same time, the breakup of the Soviet Union opened a space for the establishment of private and independent media in Georgia, and some 600 newspapers were registered in the country between 1990 and 2000. But there was a brutal weeding-out process: most newspa-

pers that were previously owned and subsidized by the state ceased to exist, and the severe economic downturn left little disposable income for readers to buy newly established independent newspapers. This led to a drastic decrease in the number of regularly available titles and a drop in average daily circulation figures. During the Communist regime, the highest circulating newspapers were *Comunisti*, with a reported 700,000 copies a day, and *Soplis Tskhovreba* (Rural Life), with 240,000. In 1981, the total number of daily newspapers in circulation was an average 4 million copies, but at almost one copy per inhabitant daily, the number of copies in circulation had no relation to actual consumption. In the mid-1990s, total daily newspaper circulation plummeted to 35,000 copies (Bokeria, Targamadze & Ramshvili, 1997). With the collapse of the economy and citizens' purchasing power, the newly born independent newspaper industry of Georgia was doomed to failure.

Between 1996 and 2000, the Georgian economy made a strong recovery, but the economic reforms failed to create the conditions for equitable

and sustainable growth. Poverty indices kept rising throughout the late 1990s to 51.8 percent in 2000, indicating that more than half of the population lived below the national poverty line. Fifteen years later the economy is still struggling, and the newspaper industry has never recovered.

The World Bank currently designates Georgia a lower-middle-income economy (World Bank & International Finance Corporation, 2011). Economic growth slowed to 4 percent in 2009 (compared to 12 percent in 2007) due to the world economic crisis and the war. Georgia's independence cost it the access to cheap energy it enjoyed during the Soviet period, and the country must import almost all of its natural gas and oil. The largest share of Georgia's GDP is produced by trade and services (at 62 percent), followed by manufacturing (26 percent) and agriculture (12 percent). However, 55.6 percent of the labor force works in agriculture, compared to 8.9 percent in industry and 35.5 percent in services. These figures reflect the gaps between the urban and rural (rich and poor) populations (CIA, 2011). Unemployment was offi-

cially estimated at 17 percent in 2009 (National Statistics Office of Georgia, 2009). Credit continues to be in short supply; the interest rate charged for loans remains high, and many potential borrowers cannot meet the high criteria to get a loan (CIA, 2011). The commercial bank prime-lending rate is 16 percent.

All of these factors have taken their

toll on the Georgian media. The 2008 war and the subsequent economic crisis have significantly curtailed the advertising budgets of companies operating in Georgia. "We were able to become a profitable business before the war and world economic crisis, but now we are again dependent on our donors," said Ia Bobokhidze, owner of the regional newspaper Akhali Gazeti (The New Newspaper).

The limited advertising market and political pressure on businesses have combined to create a weak base for the development of the media business in Georgia. Over the past two years, surveyed Georgian media organizations recorded an overall decrease in advertising revenue and financial sustainability, whereas their overall costs have increased.

### 3. Socio-demographic Overview

Georgia's media market is ethnically and linguistically diverse. Some 1.2 million of the population of 4.4 million live in the capital city, Tbilisi (National Statistics Office of Georgia, 2010). About 84 percent of the population is Georgian, 6.5 percent Azeri, 5.7 percent Armenian, and 1.5 percent Russian (National Statistics Office of Georgia, 2002). The largest and the most influential religious group is Orthodox Christian with 83.9 percent, followed by Muslims at 9.9 percent (National Statistics

Office of Georgia, 2002). Georgian, the official language, is spoken by 71 percent of the population, followed by Russian at 9 percent, with the remainder divided between Armenian, Azeri, and smaller minority languages (CIA, 2011). The literacy rate is estimated at 100 percent. Georgia's population is rapidly aging, with 16.1 percent under 15 and 16.5 percent over 65, and the population is shrinking at an annual rate of 0.325 percent (CIA, 2011).

### 4. Media Legal and Regulatory Environment

The Georgian Constitution guarantees freedom of expression and prohibits censorship. The country has abolished criminal prosecution for defamation and libel and has ratified numerous international and regional human-rights instruments. The 2008 IREX Media Sustainability Index described Georgian media legislation as "liberal and progressive, yet poorly applied." The media in the conflicted regions of South Ossetia and Abkhazia remains tightly controlled by the de facto authorities, and researchers have no access to reliable information on local conditions.

#### *Regulatory systems*

The Georgian government has gone through the motions of creating regulatory organizations for media outlets, but these organizations have achieved little stature. Georgian television and radio broadcasting is over-

seen by the Georgian National Communications Commission (GNCC), established in 2000, whose five members are appointed by the president for six-year terms. The GNCC has made several controversial decisions over the past few years that have cast doubt on its competence and impartiality. Opposition politicians and journalists have criticized the Georgian Public Broadcaster (GPB) from the day it was established for failing to fulfill its mandate to serve the public as a source of objective information.

In March 2009, the GNCC ratified the Code of Conduct for Broadcasters, which requires broadcasters to create mechanisms of self-regulation, but these mechanisms have not been implemented yet. In December 2009, journalists and media experts signed the Charter of Ethics for Georgian Journalists.



### Who owns the media?



The ownership of Georgian media outlets is often shadowy, and the lack of transparency is a significant hindrance to the development of free media in Georgia (IREX, 2009). Anyone can apply for a broadcasting license as long as the person or legal entity resides within the country. The organization responsible for monitoring media ownership, the GNCC, lacks the mandate to establish the identities of the actual owners of television stations as opposed to proxy owners (Transparency International Georgia, 2009). There are no laws that define the rules related to foreign ownership of the media. Individuals who seek to anonymously control private television stations have taken advantage of this liberal regulation and established off-shore post boxes in tax havens such as the British Virgin Islands, where Degson Limited (the dominant co-owner of Georgia's most

influential channel, Rustavi 2), and of Mze (another national channel) are registered (Transparency International Georgia, 2009). The representative of international investment company Rakeen, that was registered as Imedi Owner, denies having any shares in Imedi TV company.

Amendments to the Law on Broadcasting passed by the Parliament of Georgia in 2011 require full ban to off-shore zones and oblige the broadcasters to make information about their ownership and funding publicly available before January 2012.

Georgia does not require print media to acquire licenses. The process of launching a newspaper or a magazine is very easy; any individual or group can start publishing as soon as they register the publication and get a registration number, a process that can be completed in a couple of days.

## 5. Portrait of the National Media

To an outsider, the Georgian media scene appears to be rich and diverse: newsstands display a variety of titles, and numerous television and radio stations produce many hours of news and current-affairs programs daily. However, the absence of fact-based investigative reporting, surprisingly low readership figures for the press, and the dominance of the "infotainment" format for television news and current affairs present a bleak outlook for professional journalism. The majority of Georgian media are merely followers of the official agenda, transmitting what is said and done by the political and social elite. "We have better debate on Facebook than on television channels," claims Shorenna Shaverdashvili, editor and publisher of the Georgian weekly *Liberali*.

Journalists' low salaries and their profession's lack of prestige make it difficult for Georgian newspapers

to maintain capable and professional staff. Therefore, most newspapers hire young and inexperienced journalists who often work without full-time contracts. Regional journalists are threatened on a regular basis, and some risk their safety when investigating issues related to local authorities and police wrongdoings. Access to information of public importance is limited.

Over the past four years, authorities have pressured and sometimes even shut down independent television and radio stations that broadcast nationwide while they have tolerated those that have fragmented audiences and limited influence. Individual journalists, especially in rural areas, are occasionally subject to pressure, and constitutional and legal provisions for free access to information are frequently violated.

Many Georgians feel that authorities do not hesitate to penalize me-

dia outlets and individual journalists for negative coverage. This perception keeps many journalists from engaging in overt criticism of the government, investigating government corruption, and reporting in depth on controversial political issues. International media organizations characterize the Georgian media as self-censored.

Media executives often justify their poor content with complaints of their limited revenues and the weak advertising market. It seems that the strategy of the media outlets in Georgia is to diminish the presentation of alternate views, especially on television, and to emphasize entertainment over news and talk shows.

### Broadcast media

Electronic media dominate the media scene, with television playing the key role: 88 percent of citizens report that television is their primary source

of news. There are eight privately owned television stations in Tbilisi and one public station, Channel 1. Four of the Tbilisi-based stations, Channel 1, Rustavi-2, Imedi, and Adjara, have nationwide coverage. After the transfer of ownership of two independent national television stations, Rustavi 2 (in 2004) and Imedi (during 2008), all major television stations in Georgia are controlled or directly influenced by the government.

However, some regional newspapers and radio stations, and in isolated cases regional televisions, have successfully deflected the government's attempts to contain them, continuing to expose corruption and human-rights violations and to cover issues of national importance. There has also been progress in the self-organization of the media on professional and industry levels. Although the national television association collapsed, associations of regional newspapers and regional TV stations continue to increase their support to members. (This is also true of the national newspaper association, though to a lesser extent.)

Journalists report that the Georgian government does not in general restrict access to Internet content. Even in periods of conflict, users have circumvented restrictions on content fairly easily, particularly during the 2008 conflict with Russia. Many state employees and even the official press services of governmental bodies switched to free blogging platforms to publish their points of view as well as official announcements.

### Newspaper market

Almost all of Georgia's print media outlets are privately owned. Of the 502 newspapers registered with the Department of Statistics, most are published on an irregular basis. It is estimated that around 28 Tbilisi and 61 regional newspapers are reasonably active, but that only ten dailies have significant circulation and readership. Tbilisi-based dailies Resonance and 24 Hours lead the list of the so-called serious press. Kviris Palitra is

the most popular weekly. Other popular national newspapers, Alia, Akhali Taoba, and Asaval-Dasavali, have less rigorous ethical standards. Weekly regional newspapers include Batumelebi, Akhali Gazeti, Guria News, Kakhetis Khma, and Samkhretis Karibche. Other newspapers are published in the minority languages of Russian, Armenian, and Azerbaijani (Mikashavidze, 2010).

Over the past few years, magazine publishing has been on the rise. Although magazines offer mostly a mix of gossip about show business and politics, their low cover prices and entertaining content contribute to their circulation, which is higher than that of the newspapers. The weekly magazines Liberali and Tabula respond to the demand for serious reporting and analysis. Tskheli Shokoladi (Hot Chocolate) focuses on culture and social issues. These three magazines are the most popular quality glossies (Mikashavidze, 2010).

### Readership

Georgia is a literate society, yet Georgians display mistrust toward their own press and read it occasionally. Eighty-six percent of Georgians claim they sometimes read daily newspapers, while 80 percent say they read news magazines at least once a month (Gutbrod and Turmanidze, 2009). However, only one quarter of the population names newspapers as the primary source of political news, compared to some 9 percent from magazines (Mikashavidze, 2010). Many Georgian citizens say that in order to get objective information, they watch news on every available television station and read several newspapers in the belief no single television channel or newspaper would deliver factual and objective information (Gutbrod and Turmanidze, 2009).

### Circulation

The Georgian newspaper industry does not audit circulation. Major newspapers' own estimates can range from 5,000 to 12,000 copies sold dai-

ly. Media experts estimate that the average circulation of Tbilisi dailies is 4,500 to 5,000 per issue. Regional newspapers have lower circulations, at about 2,000 to 3,000.

With an estimated 5.5 newspapers sold per 1,000 people, Georgia now has one of the lowest ratios of circulation/readership per capita in the world. The average price of the newspaper copy is EUR30¢ to 50¢ (US40¢ to 66¢). The sale of Georgian newspapers and magazines has decreased by approximately 50 percent over the last two years.

### Production costs

The quality of printing presses remains low, while newsprint costs have increased due to inflation, suspended trade between Russia and Georgia, and Russian economic sanctions. Elevated printing and newsprint costs have prompted additional increases in newspaper prices and subscription rates, discouraging an already scarce readership.

### Newspaper distribution

Publishers see distribution as one of the major problems of newspapers in Georgia. Distributing companies operate without transparent procedures or accountable distribution mechanisms and do not allow for any intervention and control of the number of newspapers distributed to different locations. Media managers in Georgia claim that political interference with distribution infrastructure is apparent. Ninety-five percent of newspapers are sold in the streets, of which 65 percent are sold through exclusive newspaper stands that are allocated without fair and transparent procedures. Georgia does not have a system of postal mailboxes. The postal system collapsed during the 1990s, rendering subscription an ineffective delivery mechanism. Distribution networks are awarded exclusive locations for newspaper stands in Tbilisi and other cities, creating fears that these could monopolize the market and lower sales for the independent press.

## Advertising market

Television is the dominant medium in Georgia, far more vibrant than the weak newspaper industry. An estimated 80 percent of all advertising in Georgia ends up in the hands of television marketers, with only 1 percent going to newspapers. Of a national advertising market of around US\$60 million, only US\$500,000 is spent on print advertising. Advertisers are even more reluctant to buy advertising from independent newspapers than they are from official publications. For example, the ruling party, the “best political customer,” spent GEL10.13 million (approximately US\$5.75 million) on TV ads, while only GEL493,800 (approximately US\$280,000) was spent on print media, ads, and billboards combined (Civil Georgia, 2010). On the other hand, the press does not have well-developed marketing and advertising services. Media owners (both broadcast and print) maintain a critical attitude toward the government and believe that officials pressure businesses not to advertise in their media outlets (Civil Georgia, 2008).

The advertising market in Georgia is not only depressed, it is also subject to political manipulation. Owners and publishers of independent media outlets in Georgia are unified in their belief that advertising is politically controlled, claiming that businesses are unwilling to place advertisements in media that contain content critical of individuals

or agencies of the government. One of the alleged tools is tax inspection, which one editor describes as selective and used in a punitive manner against government critics. Others point to Media House, an advertising company with a monopoly on advertising sales to the key advertising agencies and major clients. One major shareholder of Media House was Irakli Chiqovani, who is also head of the governmental agency, the Georgian National Communication Committee (GNCC).

Many Georgians believe that independent print media have no ability to compete in the advertising market with the television companies, closely aligned with the ruling party, regulatory authorities, and advertising tycoons. “The Ministry of Economics only publishes information about official tenders in the newspaper 24 Saati [24 Hours], which is seen as loyal to the ruling party,” says one editor, who claims that this is one way the state channels money toward loyal newspapers while discriminating against others.

Although some of these beliefs about market “fixing” are grounded in hard facts (such as the involvement of highly prominent political figures in the advertising sphere), they also neglect some essentials of the media business and promote the illusion that market mechanisms should be inherently fair and that advertising spending must in some way be equitable. Competing with large television audience ratings and low prices

is a reality of the print media business around the world.

In such a murky political and economic environment, this situation is often used as an excuse to ignore the fact that most independent media have no infrastructure that can demonstrate value to advertisers, including products, demographics, and purchasing mechanisms. The donor community may play a role in this failure: many independent Georgian media owners are accustomed to applying for foreign donor grants, playing the political card as a way of avoiding the harsh economic truth. If these managers lack a clear and effective business model, their companies may not be viable under any circumstances.

The lack of serious research on newspaper circulation, readership, and audiences has limited the understanding of audience needs and perceptions. The only newspaper audience research to date was funded a few years ago by the Open Society Georgia Foundation for four regional newspapers.

The Georgian television market is better understood, and, like television in most other countries, it offers a low price relative to its audience compared to print. The Georgian television industry has also received structured assistance. AGB Nielsen Media Research, in partnership with the USAID-funded IREX Media Innovations Project and the Institute for Polling and Marketing (IPM), is one of the

Table 7: Share of Advertising by Medium in Georgia and the World

Medium	Share in % Georgia 2008	Share in % Globally 2008
TV	77.6	37
Newspapers	5.1	25
Magazines	4.6	12
Internet	0.2	10
Outdoor	5.9	7
Radio	6.7	8

(WAN-IFRA, 2009)

companies that measure TV ratings. The Georgian television industry also benefits from donor-initiated television audience data, whereas most print media have no access to any data whatsoever.

### *Taxation: a reward and a punishment*

Tax policies may be another way the Georgian government rewards its friends and punishes its critics. In 2010, the Georgian parliament approved a tax amnesty for any television station that had unpaid taxes, amounting to some GEL36 million, or US\$20 million. But media watchdog organizations found that the regional TV stations altogether owed about GEL 3 million, Georgian Public broadcaster owed GEL 9 million - meaning that the remaining GEL 24 million went toward subsidizing the pro-government television stations Rustavi 2 and Imedi (Liberali, 2010).

### *New technologies*

Digital platforms are making inroads in the Georgian market, but so far their impact on journalism has been limited. According to 2010 estimates, more people in Georgia use mobile telephones, 90 per 100, than landline phones, 20 per 100 in cities and 4 per hundred in rural areas (Business Wire, 2011).

Georgia's Internet penetration rate is 30.5 percent, with most Internet users living or working in urban areas

(Freedom House, 2011). Internet penetration has significantly increased over the last few years, but it is still quite expensive. Caucasus Online, a leader in the market, emerged from three smaller companies and has been dictating market and price conditions.

Mobile platforms are emerging as an important force in commercial communications but are less significant for other content; SMS is gaining in popularity.

Georgia's Internet providers are locally owned; the largest ones are Caucasus Online and Silknet; the latter is actively engaged in developing Silk TV, a digital television service based on IP. Almost none of the traditional media organizations use online and mobile platforms to their full power and features. Facebook has become a principal news source for many young Georgians, who trust their network of friends to post an update if an interesting event emerges on other news channels.

Most of print and broadcast media have websites, which usually replicate their traditional content. None of the country's media outlets has any mobile applications for smartphones, tablets, or other devices, nor is it usual for them to have cell phone versions of their content. The web-only outlets are: Netgazeti.ge - supported by the Media Development Loan Fund, and Civil Georgia (Civil.ge) - an independent quality daily online

news service published in three languages (Georgian, English, and Russian). It receives support from USAID as well as Germany's Friedrich Ebert Foundation.

According to media scholar Anna Keshelashvili, several outlets have been experimenting with newsroom convergence, including the media holding company Palitra House and Liberali, whose journalists write articles for the print outlet as well as posting briefs, blogs, additional video, and audio podcasts on the Liberali website. A Batumi-based newspaper, with the assistance of the Media Development Loan Fund (MDLF), has launched an online edition based in Tbilisi in order to improve the flow of news between the capital and the region.

### *Citizen journalism and legacy media*

Most Georgian bloggers, including the most active and famous, blog chiefly about their personal lives; a small exception post on specific topics that deal with social taboos, such as issues relating to sexual orientation. In periods of political turmoil and other major news developments, these bloggers usually respond, comment, and participate in the events, receiving hundreds and even thousands of comments and visitors. They rarely challenge the status quo but rather react to circumstances, keeping topics alive.

Table 8: Georgia Internet Usage

	2000	2006	2009	2010 (e)
Users	20,000	332,000	1,024,000	1,300,000
Penetration (in %)	0.5%	7.6%	22.2%	28.3%

## 6. International Aid to Georgian Media

There have been several waves of media assistance in Georgia, beginning with its independence but then waning after 2003, when international development agencies presumed that the media sphere had improved and that there was no need for further support. Between 2004 and 2007, development assistance was focused mainly on supporting the state and government institutions and infrastructure. However, over the last three years it became clear that the media field in Georgia still faces various challenges, and the international community is again increasing its engagement in media and civil society. Newspapers such as *Batumelebi*, *Akhali Taoba*, *Guria News*, *Samkhretis Karibche* and the magazine *Liberali* are still in business in large part because of international donors, who are seen as guarantors of their financial independence and stability.

The international community has been the most important player in supporting the Georgian media market during 2010. Most organizations complain that donors generally support only specific media projects without covering the basic operating costs that are essential for survival. Many donors will say that it is against their policies to cover operational costs – in fact, covering programmatic activities, i.e., specific media projects (and not operational costs) is a common donor strategy to support production of independent news in transitional societies. However, editors and owners of independent media seek flexible and needs-oriented international support. They cite direct assistance; trainings in the implementation of new media technologies and newsroom convergence; the development of media as a business, taking into consideration the existing polit-

ical and economic climates; and the introduction of alternative projects that can bring income to media outlets. Finally, there is a critical need to train not only journalists but also editors and managers. As the editor of *Liberali* noted, “It is easier to implement changes top down than bottom up.”

This does not come as a surprise given the fact that the majority of participants consider the political climate as one that has created one of the two major external obstacles to both the media’s editorial independence and business operations. The political situation is not the only threat to business growth. It is closely followed by economic trends, which are considered the number one obstacle to the editorial independence of Georgian media.

### Business performance and media industry in Georgia

All surveyed outlets in Georgia rely on their print editions to earn revenue. Even though they record a small income from Internet advertising, subscriptions, and new media platforms, none of these income sources generates more than 10 percent of the total revenue.

Though government is seen as a dominant player in the Georgian media market, according to most respondents it is the least-desired source of external support to media. In fact, none of the respondents considers national government support as offering any benefits to their media.

Georgian media organizations have invested in many areas of operation in order to increase revenue generation and efficiencies in the past, but they consider these investments to be of varying return-to-investment ratios (low, moderate, and high). Likewise, the majority of Georgian media see many opportunities for revenue generation and efficiencies in the next one to three years: promotional activities to generate audiences, investment in journalists’ skills and the skills of people in sales and commercial departments, new technology and multimedia operations, and audience market research, to name a few.

Most Georgian media organizations have received external support in the past two years. Donor support mostly targeted journalists’ reporting skills, financial and business-management skills, new technology and multimedia operations, and design and layout development. This support is seen to be of moderate benefit to media operation by most respondents. The most trusted sources of support are international nongovernmental aid and foreign for-profit company investment.

