

ASSESSMENT

Economic vitality and sustainability of the audiovisual
media industry in the digital environment
North Macedonia



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Protecting freedom of expression and of
the media in North Macedonia – PRO FREX

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Economic vitality and sustainability of the audiovisual media industry in the digital environment
– North Macedonia

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Protecting freedom of expression and of the media in North Macedonia – PRO-FREX

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LIST OF ACRONYMS

AEM	The Electronic Media Agency
Agcom	The Italian communications regulator
AVM	Audiovisual Media
AVMSD	EU Audiovisual Media Services Directive
BAI	Broadcasting Authority of Ireland
BBC	The British Broadcasting Corporation.
BiH	Bosnia and Herzegovina
CTA	Community Television Association
DMA	Digital Market Act
DSA	Digital Service Act
DTT	Digital Terrestrial Television
DW	Deutsche Welle (German Radio and TV Station)
EBDS	European Board for Digital Services
EC	European Commission
ECHR	European Convention on Human Rights
EU	European Union
FOME	Forum Media and Development
GMDF	Global Media Defence Fund
HAVC	The Croatian Audiovisual Centre
IAB	Interactive Advertising Bureau
IFPMI	International Fund for Public interest Media
IMMI	Icelandic Modern Media Initiative
IPDC	UNESCO's International Programme for the Development of Communication
JUFREX 2	Freedom of Expression and Freedom of the Media in North Macedonia
LGBTQIA	an inclusive term that includes people of all genders and sexualities, such as lesbian, gay, bisexual, transgender, questioning, queer, intersex, asexual, pansexual, and allies.
MAAP	EU Media and Audiovisual Action Plan
MKD	Macedonian denar
MVI(s)	Media Viability Indicator(s)
MSI-RES	Committee of Experts on Increasing Resilience of Media
NEMA	Nordic Eco Media Alliance

NGO	Non-governmental Organisation
OECD	Organisation for Economic Co-operation and Development
OIF	International organisation of Francophonie (Organisation internationale de la Francophonie)
OTT	Over-the-top
PSB	Public Service Broadcasting (radio and television)
PSM	Public Service Media
RAI	Radiotelevisione italiana
RFI	Radio France Internationale
RSF	Reporters Without Borders
SVOD	Subscription Video on Demand
The Agency	The Agency for Audio and Audiovisual Media Services
TV	Television
UK	United Kingdom
UN	United Nations
UNESCO	United Nations Educational, Scientific and Cultural Organization
USA	United States of America
VAT	Value-added tax
VAF	The Flanders Audiovisual Fund
VLOP(s)	Very Large Online Platform(s)
VoD(s)	Video on Demand(s)
VRT	the public broadcaster of the Flemish Community in Belgium
VSP	Video-Sharing Platforms
SDG(s)	Strategic Development Goal(s)
SEE	Southeastern Europe
ZDF	Zweites Deutsches Fernsehen

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EXECUTIVE SUMMARY

The media have a particular democratic, cultural, social and economic importance in every society, which is why the adoption, and the appropriate implementation of media public policy bears crucial relevance. This assessment addresses the viability and sustainability of the audiovisual media sector and considers the related challenges from the global perspective, with focus on the Republic of North Macedonia.

Besides the short introduction in chapter 1, this assessment is divided in 5 additional chapters:

2. Context of media viability and sustainability in the contemporary media ecosystems

✚ This chapter points at the need of adopting and implementing sound media public policies, which fully recognise that the media sector in general (and audiovisual media in particular) is an important economic sector, as well as the driver of important cultural and political rights of citizens. Domestic and international legal provisions which guarantee the right to freedom of expression of the media, as well as of the public, coupled with the need to guarantee and respect media independence, are reiterated, as the way these freedoms are exercised in societies directly shapes media viability and sustainability. Beside this, and to effectively tackle the issues of media sustainability, it is important to identify the present global challenges exacerbated by information disorder, populist-fuelled agendas, proliferation of online platforms and services, dire economic circumstances, etc.

✚ Media viability and sustainability as concepts are without a uniform definition. There is not a single or uniform approach to dealing with the revitalisation of the media landscape, especially as complex, vertically, and horizontally integrated business models present globally today. The Chapter offers a review of several related notions and relevant documents at the level of the United Nations, the Council of Europe, and the European Union, to provide a wide pool of resources which are the guiding principles in the elaboration and implementation of the public media policies in this respect. Examples of (international) donors' strategies tackling media sustainability are presented, which are a useful tool for the media wishing to benefit from donor's funds, in order not only to revitalise their services, but also to adopt new and innovative approaches.

3. Legal and regulatory framework related to media sustainability and media freedoms – a selection of examples

✚ This chapter provides examples of practices which show, on one hand, the innovative ways of reinforcing the positive role of the media in a society, and on the other hand, various approaches to tackling the vulnerable media's state of affairs. The need for

media to reinvent and transform themselves to better serve their audience is being acknowledged, especially in relation to the generations of Millennials and GenZers, who are increasingly moving away from traditional media. In that respect, the assessment provides several best practices of legal and regulatory frameworks and policies which are chosen based on the proximity of market size to that of North Macedonia.

4. Media support schemes – examples

This chapter provides examples of practices of media support schemes i.e., a set of policies in the facilitation of the financing, production, dissemination, and distribution of audiovisual creation. These are inclusive of media support schemes and support measures for investigative journalism, played out in various forms, from State aid schemes to financial support systems for audiovisual production, as well as tax incentives to encourage investment in audiovisual production.

5. Assessment of the legal framework and media market in North Macedonia

✚ This chapter deals with the state of the media market in North Macedonia. Presenting in more detail the economic performance of the audiovisual industry in the last five years, it reveals serious challenges for the local media brought about by technological convergence in the past decades, requiring new business strategies and large investments in order for audiovisual media to retain audiences and to compete with new types of competitors in the market. This chapter also includes findings from the interviews with various stakeholders.

6. Conclusions and recommendations

✚ From the identified need for adaptation of both public media policies and practices of the audiovisual media, while considering the current trends both globally — but also specifically in North Macedonia — this assessment offers a number of suggestions and recommendations in order to reinforce the vital role of audiovisual media in the society and embrace and execute the conversion to new market realities. In that sense the recommendations relate to the need to:

- follow the trends from the European Union and adapt the relevant legal instruments to the 2018 revised Audiovisual Media Service Directive, whilst also maintaining a close watch on the developments stemming from the recently adopted Digital Service Act.
- form an inter-institutional and inter-disciplinary media sustainability network, with a wide participatory approach of relevant stakeholders, in order to address all media related issues, in a transparent, open and inclusive manner, following the principles of the right to freedom of expression.
- enable efforts for the preparation and adoption of a national action plan for the development of the audiovisual sector. Such plan would be the result of a collaboration of all relevant actors in the media field, and would identify all areas in need of intervention: legislative reforms to media support schemes,

promotion of investment, collaborative initiatives, infrastructure considerations, training programmes, etc.

- provide conditions for the consolidation of TV broadcasting to ensure quality and diverse content. This consolidation could be encouraged through various regulatory measures or support schemes.

Finally, a guide to media practitioners, with elements to consider to be able to adapt to present market realities is included as an appendix, offering:

- + What is of paramount importance is for audiovisual media to vigorously strive towards, and abide by, the highest journalistic professional standards, while investing in strategising their business models to reflect the contemporary trends in the industry and, in turn, attract more commercial revenues.
- + The audiovisual media need to know and be able to reach their audience, while not compromising on the quality and diversity of their offer. The audiovisual media must not be afraid to look into the future, armed with new tools and business models.

1 INTRODUCTION

The Action “Freedom of Expression and Freedom of the Media in North Macedonia” (JUFREX 2) is part of the “Horizontal Facility for the Western Balkans and Turkey 2019-2022”, a joint programme of the Council of Europe and the European Union aiming at promoting compliance with European Standards in the Western Balkan Region and Turkey. The project supports beneficiaries in North Macedonia, including the Agency for Audio and Audiovisual Media Services, to promote the effective application of European standards in the field of media regulation and the requirements of the reviewed EU Audiovisual Media Services Directive (AVMSD).

In that context, and at the request of the Agency for Audio and Audiovisual Media Services of North Macedonia, this assessment has been produced as a guiding tool in advancing the national discussion and activities related to the sustainable development of the media sector in this country.

In addition to the international instruments provided for in the assessment, here is a non-exhaustive list of related Council of Europe instruments, including:

- [Recommendation](#) CM/Rec(2001)8 of the Committee of Ministers to member States on self-regulation concerning cyber content
- [Recommendation](#) CM/Rec(2007)16 of the Committee of Ministers to member States on measures to promote the public service value of the Internet
- [Recommendation](#) CM/Rec(2007)2 of the Committee of Ministers to member States on media pluralism and diversity of media content
- [Recommendation](#) CM/Rec(2007)3 of the Committee of Ministers to member States on the remit of public service media in the information society
- [Recommendation](#) CM/Rec(2011)7 of the Committee of Ministers to member States on a new notion of media
- [Recommendation](#) CM/Rec(2012)4 of the Committee of Ministers to member States on the protection of human rights with regard to social networking services
- [Recommendation](#) CM/Rec(2014)6 of the Committee of Ministers to member States on a Guide to human rights for Internet users
- [Recommendation](#) CM/Rec(2016)1 of the Committee of Ministers to member States on protecting and promoting the right to freedom of expression and the right to private life with regard to network neutrality
- [Recommendation](#) CM/Rec(2016)5 of the Committee of Ministers to member States on Internet freedom
- [Recommendation](#) CM/Rec(2018)1 of the Committee of Ministers to member States on media pluralism and transparency of media ownership
- [Recommendation](#) CM/Rec(2018)2 of the Committee of Ministers to member States on the roles and responsibilities of internet intermediaries
- [Recommendation](#) CM/Rec(2020)1 of the Committee of Ministers to member States on the human rights impacts of algorithmic systems

- [Recommendation](#) CM/Rec(2022)4 of the Committee of Ministers to member States on promoting a favourable environment for quality journalism in the digital age,
- [Recommendation](#) CM/Rec(2022)11 of the Committee of Ministers to member States on principles for media and communication governance
- [Declaration](#) of the Committee of Ministers on the role of community media in promotion social cohesion and intercultural dialogue (11 February 2009)
- [Declaration](#) of the Committee of Ministers on Internet governance principles (21 September 2011)
- [Declaration](#) of the Committee of Ministers on the manipulative capabilities of algorithmic processes (13 February 2019)

2 CONTEXT OF MEDIA VIABILITY AND SUSTAINABILITY IN THE CONTEMPORARY MEDIA ECOSYSTEM

*"Market failure is to the media sector what climate change is to politics"*¹

2.1 Back to the future – media public policies and media viability

The media have a particular democratic, cultural, social, and economic importance in every society, which is why the adoption, and the appropriate implementation of media public policy bears crucial relevance. The media sector in general, and audiovisual media in particular, is not only an important economic sector and a vector of innovation, but it also nourishes and influences our worldview, our values and beliefs. Therefore, the media are not and cannot be regarded as just another economic sector. It is a sector around which public policies derive from the international human rights law, a sector which guarantees the right to freedom of expression. Article 10, paragraph 1. of the European Convention for the Protection of Human Rights and Fundamental Freedoms (ECHR) stipulates that *"Everyone has the right to freedom of expression. This right shall include freedom to hold opinions and to receive and impart information and ideas without interference by public authority and regardless of frontiers. This Article shall not prevent States from requiring the licensing of broadcasting, television or cinema enterprises"*². In this regard, the media policy of every State is inextricably linked to human rights and must be based on the reaffirmation of freedom of expression and information, bearing in mind that such freedom is necessary for the social, economic, cultural, and political development of every human being. Furthermore, it constitutes a condition for the harmonious progress of social and cultural groups, States, and even the international community, to the extent that electronic communication networks give a potential for global audiences.

¹ Deutsche Welle Akademie 2020 discussion paper: "Measuring Beyond Money: The Media Viability Indicators (MVIs), <https://www.dw.com/downloads/53435462/dw-akademimedia-viability-indicators.pdf>.

² https://www.echr.coe.int/documents/convention_eng.pdf.

NOTE: Same and similar provisions are found in other International human rights law instruments, e.g., Article 19 of the Universal Declaration of Human Rights (<https://www.un.org/en/about-us/universal-declaration-of-human-rights>), Article 19 of the International Covenant on Civil and Political Rights (<https://www.ohchr.org/en/professionalinterest/pages/ccpr.aspx>), Article 11 of the Charter of Fundamental Rights of the European Union (<https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX:12012P/TXT>).

From that perspective, public media policies provide for the rights of the media sector, but also for the media's duties and obligations, deriving from their actual right to freedom of expression. The Article 10, in its paragraph 2. from the ECHR determines that the right to freedom of expression is not an absolute right and can be derogated *"since it carries with it duties and responsibilities, may be subject to such formalities, conditions, restrictions or penalties as are prescribed by law and are necessary in a democratic society, in the interests of national security, territorial integrity or public safety, for the prevention of disorder or crime, for the protection of health or morals, for the protection of the reputation or rights of others, for preventing the disclosure of information received in confidence, or for maintaining the authority and impartiality of the judiciary."*³

The way media freedoms and their independence deriving from national laws based on the international law of human rights are played out in societies directly shapes their viability and sustainability. If media are not free and independent from any influence, whether political, religious, economic and suchlike, the public's access to information is dangerously jeopardised and the citizens are unable to make responsible and informed choices and/or decisions on important aspects of societal engagement. Further, the lack of effective media independence leads to their distorted function of the public watchdog that keeps elected officials accountable on issues such as public spending, corruption, crime etc.

Quality news and current affairs reporting, especially investigative journalism which exposes wrongdoings — but also the educational and entertainment aspect of media productions — are essential in democratic societies, without which the very democratic fabric of societies is put at risk. This needs to be observed together with present global challenges, exacerbated by the market dominance of online platforms which has enabled the abundant presence of disinformation/misinformation/malinformation; spreading of populist-fuelled agendas pushed by both politicians and media; the absence of constructive dialogue based on objectivity and facts; hate speech etc. All of this is made possible by the business models of online platforms, which are simple models, those of: *"economies of scale which often lead to market monopolies and barriers to entry, acquisition of emerging competing services, capitalisation on the personal data of users and "monetization" of market dominance by charging users and/or advertisers, leading to continued and enormous profits and growth...with the use of algorithms."*⁴

³ Ibid.

⁴ EPRA paper "Reconciling regulatory and market approaches: Understanding key market trends: Introductory document", available at:

https://cdn.epra.org/attachments/files/3672/original/Understanding_market_trends_introduutory_paper.pdf?1589806403.

To achieve a sustainable media environment, it is necessary to ensure a continued independence of media and media freedoms. A culture of independence must be nourished. This refers to a social and political climate in which the stakeholders have established understanding and respect for independence and regard it as a needed and reasonable part of the institutional and legislative framework. The need for stakeholders to recognise the importance of legal guarantees for a strong and vibrant media industry, as well as for independent self-regulatory, co-regulatory, and regulatory autonomous oversight, is extremely important, as the politically (or otherwise) influenced and controlled media and oversight structures just serve the benefits of the political elites.

Another layer of consideration, which will be further detailed below, has to do with the fact that audiovisual media services, in comparison to print or online media, have a more extensive legal and regulatory tier of obligations, and are subject to the regulatory enforcement of rules, inclusive of sanctioning penalties for non-abidance. Historically speaking, this has to do with media public policies, which were closely linked to the development of the radio and television sectors, both in terms of technological developments and in terms of changes in consumption patterns. At the origin of these policies, there were fundamentally two aspects:

1. **technological aspects** (the need for the State to organise the use of frequency spectrum) and
2. **democratic aspect** (the nature of the broadcast audiovisual media and its potential to reach the entire population).

These two aspects shaped not only the laws, but also the practices of the economic actors involved. Thus, in most democratic countries, and at least in European countries, the audiovisual sector had initially been deployed in a context of public monopoly justified by the fact that frequencies were a scarce public resource and by the fact, particularly in the aftermath of the Second World War, that these mass media had a significant influence on the formation of opinions and could therefore be used to weaken or even destroy democracy.

The process of liberalisation, which began in the United Kingdom in the aftermath of the Second World War, spread to most Western democracies in the 1980s, and then onto the countries of Central and Eastern Europe after the fall of the Berlin Wall in the 1990s. This process involved particularly commercial broadcasting and the transformation of State broadcasting into public service broadcasting. The scarcity of frequencies is still a relevant issue, but not a predominant one. The radio sector still relies on analogue or digital use of radio frequencies, that is no longer exclusively the case for the television sector, following the development of satellite and cable networks (coaxial and bifilar) in the 1980s and the spread

of "over-the-top" consumption in the 2000s. Therefore, broadcasting has gradually become democratised, diversified, privatised and also, owing to satellite and then the Internet, internationalised.

The democratic aspect remains relevant and is even (re)intensified due to the technological development and proliferation of online media services, bringing the old concerns *vis-à-vis* the media policies high on the agenda of national, supra-national and international institutions. It is precisely the adaptability of these policies that allow them to maintain their relevance: *"As soon as the media evolve, their regulation is transformed in concert, not by pure 'regulatory determinism', but for what bases it in the light of the challenges posed by new techniques, the content they allow to convey and the modes of consumption they entail. As there is no technical aim of communication, there can be no "regulatorist" conception of broadcasting control policies that would regulate in order to regulate. They too are, in a way, a function of the needs of society and the market."*⁵

Media around the world are faced with what can be called an "existential (economic) threat". In addition to challenges posed by online platforms and the demand expressed by each user (who can now decide what content to consume, when, where and on what type of device), it has become evident that the business models according to which the media operated have become obsolete. Occurrences such as the Covid-19 pandemic only contributed to their further deterioration. New and innovative solutions are needed as part of comprehensive public media policies that shall respond to the growing need for sustainable economic models, as well as to the policies' objectives to guarantee pluralism and diversity, protection of children, respect for human dignity, fight against hate speech, promotion of national audiovisual works, etc.

The traditional audiovisual media service providers will also need to adapt to these changes and challenges. This need stems from the mere fact that those which do not adapt to this new context will quickly lose all relevance and legitimacy, especially when they continue to work in silos, instead of being part of a broader policy devoted to the regulation of electronic communications networks and services.

1. The main impact of these technological and consumption developments on public media policies lies in **the abandonment of the public monopoly and supervision in favour of the (ideological and economic) liberalisation of the audiovisual sector.**

This does not mean that the sector is fully liberalised. It remains subject to relatively

⁵ Mr HANOT, S. PAÏMAN and V. STRAETMANS, "Material competence in the legal test of the reality of audiovisual models and practices réglementaires", in *Auteurs&Médias*, n°6/2007, *The New Frontiers of Broadcasting*, p. 537.

detailed regulations designed to continue to ensure a number of public interest objectives, which have been mentioned before.

2. The second direction in which the creation of the public media policies should go is **keeping the public service, while abandoning the public monopoly**. As the Committee of Ministers and the Parliamentary Assembly of the Council of Europe have expressed in numerous decisions and recommendations, and in particular in the Recommendation on the mission of public service media in the information society, even in a liberalised and competitive environment, there remains a specific role for the public service media, *"which is to promote the values of democratic societies, in particular respect for human rights, cultures and political pluralism; and considering its aim, which is to offer a wide range of programmes and services to all categories of the public, to promote social cohesion, cultural diversity and pluralistic communication accessible to all."*⁶ In the same Recommendation, the Council of Europe remains *"convinced that, although market and competition issues must be taken into account, the common interest requires that public service media be given the necessary means to fulfil the public service mission entrusted to them."*

3. The third major direction taken by public media policies in democratic countries is **to put in place a range of legal, financial/fiscal measures to facilitate the financing, production, dissemination, and distribution of audiovisual creation**. These can be measures as varied as the development of a legal framework to protect the rights of authors and creators (up to the regulation of their relationship with producers and broadcasters); direct support for audiovisual and cinematographic production through funds dedicated specifically to this redistribution mission (financed by the State, the public or market players); the imposition of quotas for the production or broadcasting or promotion of national or European works for broadcasters; tax incentives to facilitate national audiovisual creation or attract international investment, etc. A selection of such measures is detailed in Chapter 4.

4. The fourth important direction of public media policies lies in the **awareness that the abovementioned developments imply the need for the public authorities to make subtle trade-offs between freedoms that are in tension** (freedom of expression and respect for the rights of others; the freedom to undertake respect for consumers' rights against certain abusive commercial practices; editorial freedom and child protection;

⁶ Recommendation CM/Rec(2007)3 of the Committee of Ministers to member states on the mission of public service media in the information society (adopted by the Committee of Ministers on 31 January 2007, at 985^e meeting of the Ministers' Deputies).

https://search.coe.int/cm/Pages/result_details.aspx?ObjectId=09000016805afce7

free trade and the promotion of cultural diversity or a national audiovisual production industry; freedom of information and the guarantee of pluralism in the expression of opinions, etc.). It also implies **ensuring conditions of fair competition among this plurality of actors**, which inevitably touches upon the issue of viability and sustainability of media players, especially against the enormous wealth and powerful position of a few select online players, search engines and social networks — the so-called web giants — originating in the USA, but working and harnessing revenues and services globally.

2.2 New media landscape – concepts of media viability and sustainability

The concepts of media viability and sustainability are open to a variety of interpretations, without concise and uniform definitions. Invariably, this leads to a number of defining notions and indicators in national and international policy-based instruments. This is visible in the media ecosystem as well, where the media landscape paradigm has now completely changed, because of the proliferation of online platforms and services, transforming the cultural and media industry, with the platformisation of services on a mass scale.⁷

Important notions in this context include funding and competition, with vertical and horizontal integrations of business models and a consolidation of certain segments of the media market, i.e., of audiovisual media service providers and distributors (like telecom operators and the provision of non-linear media and Video on Demand services), but also with regard to the production of content, driven by private production groups and their subsidiaries, as well as public service broadcasters, etc.

It is important to recognise that independent journalism and media services as a sector is in a huge crisis in the contemporary state of affairs reflecting global, regional, and local crises (economic, health, political, or cultural). Committed efforts to uphold their sustainability are needed more than ever, especially in developing nations. In place even before the Covid-19 pandemic, but especially exacerbated since, (audiovisual) media are rapidly losing advertising and other sources of revenue, as well as losing “eye-balls” to online content, while the demand

⁷ Poell, T., Nieborg, D. and Van Dijck, J. (2019), ‘Platformisation’, Policy Review, 8, pp. 4–6, November, https://www.researchgate.net/publication/337717560_Platformisation.

for quality content is at its peak, since people tend to turn to public service media and reputable private media in times of crisis, looking for reliable sources of information.⁸

EXAMPLE: The efforts media were making early in the pandemics, under extreme circumstances, is very commendable. For example: an initiative facilitated by the European Broadcasting Union for Public Broadcasters to share information to serve the European audience better — by providing accurate and balanced information in relation to Covid-19 pandemic and hence fight against information disorder — led to the 2021 launch of “A European Perspective”⁹, as a response to a surging demand for trusted news against the backdrop of conspiracy-fuelled disinformation campaigns and populist rhetoric.

However, some “players” in this market are not affected as significantly, especially those whose business models are primarily based on paid TV and public funding, as opposed to “players” who rely predominantly on advertising revenue. In fact, the 2021 data from the report “Top players in the European AV industry, ownership and concentration”, published by the European Audiovisual Observatory, suggest that the Subscription Video on Demand (SVOD) has been thriving, with: “cumulated revenues of the pure SVOD players (Netflix, Amazon and DAZN) among the top 100 audiovisual companies quadrupled over the five-year period, comprising 7% of cumulated revenues for the top 100 at the end of 2020.”¹⁰ Regarding the non-European “players” in this market, the report indicates that SVOD “players” originate mostly from the USA. Paid TV is predominantly a European-driven business, and the audience share in the TV market is well on the side of European “players”, with the US groups covering a large range of thematic channels and catalogues all over Europe.¹¹

This integrated, predominantly private *top-to-bottom* media market, reasonably raises red flags in terms of maintaining media pluralism and diversity. Reaffirming the significance of ensuring a thriving market for both public and private market “players” is additionally accentuated, in terms of the European policy orientation towards the dualism of media markets, with both private and public (service) media.

⁸ For example: Mosey, Roger, “The coronavirus crisis has shown why the BBC is so crucial to protect”, March 2020, New Statesman. Available at:

<https://www.newstatesman.com/culture/tv-radio/2020/03/coronavirus-bbc-corporation-boris-johnson-protect>

⁹ EBU, “New content-sharing initiative strikes chord with audiences across Europe”, 2021,

<https://www.ebu.ch/news/2021/12/new-content-sharing-initiative-strikes-chord-with-audiences-across-europe>.

¹⁰ <https://rm.coe.int/top-players-in-the-european-av-industry-2021-edition/1680a523e9>.

¹¹ Ibid.

The relevance and importance of the public service remit, but also independent quality journalism from private players, are to be regarded from the aspect of their purpose: the audience. This leads to the issues of trust and trustworthiness, the basic premise of the audience-media relationship. However, if audience attention is shifting towards online, SVOD-driven content, and if we add into the equation the issues of findability, discoverability, and the prominence of content online, it becomes clear that trusted and trustworthy content should follow or wait for the audience there. The legal definition of the remit of public service media should recognise their right to expand their services online, to attract "Millennials" and "Gen Zers", as well a wider audience. Funding comes into play here, especially for public service media, with the traditional licence fees paid by the citizens, but also some other schemes such as State-budget funding. In cases of State-budget funding of PSMs, the aforementioned notions of independence of services become especially relevant, in addition to securing mechanisms which will disable political interference in the work of PSMs. Ultimately, when deliberating and deciding on these and all other issues *vis-à-vis* public media policies, it comes down to political will.

These cooperative arrangements of PSMs in providing news and current affairs is an excellent example of joining forces to fulfil the public mission of providing accurate and trustworthy news. Yet, the economic aspect of collaboration should also not be neglected, as shared expenses and joint talent/human resources can harness excellent results, not only in the news genre. The example of the cooperation of Nordic PSBs in the exchange of programmes, the development and co-production of television programmes, helping relatively limited-funded organisations to provide quality programming is a great source of inspiration.¹² Namely, the Nordic PSBs are internationally recognised in producing outstanding Nordic drama and other genre productions, offered on all platforms and for all audiences.¹³ Reducing costs (in the production and technical aspects) and pooling from a wider network of content-producing talent, while ensuring sustainable public funding, could be the way to go for PSBs, in addition to securing its findability and prominence in the digital arena and to fulfil its public interest role.

In troubling and dangerous times, the independent and viable media market needs help, not only financially, but in ensuring lasting sustainable media policies. Media viability and sustainability do not relate only to media outlets' financial or economic viability, which is often considered to be the case. Any attempt to ensure the viability and sustainability of this sector

¹² "Public Service Media from a Nordic Horizon" 2013, Edited by Ulla Carlsson, available at: <https://www.diva-portal.org/smash/get/diva2:1534796/FULLTEXT01.pdf>.

¹³ EBU News, "Nordic EBU members pledge enhanced drama collaboration", 2017. Available at: <https://www.ebu.ch/news/2017/10/nordic-ebu-members-pledge-enhanced-drama-collaboration>.

requires the involvement and effort of various stakeholders in shaping the media public policies. If left to the media themselves, the sector would turn into just another economic industry, risking unwarranted influence over all important public societal matters (e.g., democratic elections, public health, etc.) and thus endangering democratic processes.

To respond comprehensively to these challenges, policies and interventions must be based on trustworthy and accurate media market data analyses, featuring parameters of the whole media industry market, but also to the different types of media (print, broadcasting, online) including the individual media outlets in their diversity. It is particularly important to ensure a regular update of these data, using a uniform methodology, specifically designed for this purpose. Effectively, the analyses should be designed to discern patterns in the industry, financial revenues and their origin and movement, how the whole market is trending, what is (potentially) affecting it (from local, national, regional to global factors and circumstances), market tendencies, etc. This type of analysis also approximates probable future movement based on the collected data, conditioned upon the reliability of both data and subsequent analyses, which is why it is always recommended that such analyses are undertaken by reliable, independent, and trustworthy sources. An inspirational model can be found in the United Kingdom's communications regulator Ofcom and its annual statistical survey of developments in the communications sector, which also has an interactive data portal with all the major data, as well as the main findings.¹⁴

Ultimately, there needs to be a certain level of bridging between the two-sided nature of the media landscape, with the economic models of traditional media on one side, and those of digital offers on the other side, in combination with the increasingly visible need for a shared responsibility under the common denominators of the public interest, protection of democratic values and principles and human rights.

2.3 Media sustainability at (supra) international level

2.3.1 *United Nations*

From the perspective of the recent initiatives at the level of the United Nations, **the Sustainable Development Goals (SDGs)**¹⁵ are the first to be emphasised as the world's shared plan to end

¹⁴ Ofcom Communications Market Reports, <https://www.ofcom.org.uk/research-and-data/multi-sector-research/cmr>.

¹⁵ THE 17 GOALS | Sustainable Development (un.org), <https://sdgs.un.org/goals>

extreme poverty, reduce inequality, and protect the planet by 2030. SDGs were adopted by 193 countries in 2015, after the: *“most inclusive and comprehensive negotiations in UN history and have inspired people from across sectors, geographies, and cultures. Achieving the goals by 2030 will require heroic and imaginative effort, determination to learn about what works, and agility to adapt to new information and changing trends.”*¹⁶

Illustrated as follows, SDGs include 17 goals and calls for action, from ending poverty to improving health and education, and spurring economic growth with due regard to climate change. Goals 16 (peace, justice and strong institutions) and 17 (partnerships for the goals), are excellent indicators for donors to get engaged in helping the sustainability of independent media.¹⁷ In particular, SDG 16.10 affirms the need to: *“ensure public access to information and protect fundamental freedoms, in accordance with national legislation and international agreements”*¹⁸, while SDG 17 calls for strengthening the means of implementations and global partnership for sustainable development.¹⁹

In fact, all the goals set within this framework, can effectively be addressed only with the access to and support by independent media reporting and engagement. It is the independence of professional media, together with the effective environment for such media to strive, that can lead to survival and sustainable development of the media sector, as well as all sectors, goals and principles identified in SDGs.

Furthermore, **the Windhoek Declaration on Information**²⁰ as a public good: on the occasion of the World Press Freedom Day 2021, during the conference organised by UNESCO in Windhoek, Namibia, stressed that governments throughout the world are called to: *“commit to creating a positive enabling environment for freedom of expression and access to information, online and offline...; take effective steps to nurture a diversity of viable public, private and community media, and implement specific policies, along with relevant safeguards, to promote the production of independent, quality journalism, with the aim of ensuring people’s access to relevant, diverse and reliable information...; **ensure that flows of funding from public sources***

¹⁶ UN Foundation, “Sustainable development goals”, https://unfoundation.org/what-we-do/issues/sustainable-development-goals/?gclid=EAIaIQobChMIv9eq5saT9qIViOF3Ch2iiw_ZEAYASAAEgLCxvD_BwE.

¹⁷ UNDP, “Entry points for media development to support peaceful just and inclusive societies and Agenda 2030”, <https://www1.undp.org/content/oslo-governance-centre/en/home/library/entry-points-for-media-development-to-support-peaceful-just-and-.html>.

¹⁸ United Nations, the Sustainable Development Goals, Goal 16, <https://sdgs.un.org/goals/goal16>.

¹⁹ United Nations, the Sustainable Development Goals, Goal 17, <https://sdgs.un.org/goals/goal17>.

²⁰ Africa: Declaration of Windhoek - allAfrica.com, <https://allafrica.com/stories/201605031182.html#:~:text=The%20Declaration%20of%20Windhoek%20is%20a%20statement%20of.Namibia%2C%20from%2029%20April%20to%203%20May%201991>

to the media, including subsidies and advertising, are allocated fairly and overseen in an independent and transparent manner; and guarantee investment in journalism and jobs, while respecting gender equality and promoting decent working conditions...; allocate adequate human, financial and technical resources, including as part of development assistance support, to ensure the proper implementation of the steps and measures outlined in this Declaration.²¹

In addition to calls for each industry segment — media, online platforms, academia, and the civil sector — this Declaration also highlights the need for concerted efforts and cooperative effective arrangements for the improvement of the sector in achieving sustainable media developments in present market realities.

Another point of reference is the work under the umbrella of **UNESCO's International Programme for the Development of Communication (IPDC)**²², a multilateral forum designed to mobilise the international community to discuss and promote media development in developing countries. The report of the Free Press Unlimited, national consultations on solutions to promote media viability while preserving media independence, commissioned by IPDC relative to several countries', includes case studies of innovative ideas from a wide variety of news media companies, mostly in the developing world.²³ From the market perspective, the findings in this report can be applicable to the circumstances in the region of South-East Europe, indicating a number of global themes affecting media viability, such as that *"...the intersection between media and politics remains strong...a different political climate may benefit the financial conditions of a media outlet...the advertisement markets for media are...still controlled by a few large, more traditional media outlets...most revenue of online (media) advertisement is directed to big tech companies...The COVID-19 pandemic has challenged the global economy, including the media sector...The economic situation has a strong impact on media viability, social media algorithms disadvantage findability online of local and independent media...there is a lack of sustainable business models for media that can be applied..."*²⁴

2.3.2 Council of Europe

²¹ UNESCO Windhoek Declaration, <https://unesdoc.unesco.org/ark:/48223/pf0000378158>.

²² International Programme for the Development of Communication | UNESCO, <https://www.unesco.org/en/international-programme-development-communication>

²³ Free Press Unlimited, "National consultations on solutions to promote media viability while preserving media independence", https://www.unesco.org/sites/default/files/medias/files/2022/01/fpu_report_national_consultations_unesco_2.pdf.

²⁴ Ibid.

At the level of the Council of Europe, a whole array of mechanisms has been adopted in this regard, all with reference to wider policy matters related to media freedoms, independence of the media, etc., some of which can be found in the introductory part of this assessment. The highlighted policy challenges and responses to present market conditions can be found in, for example, the **Declaration by the Committee of Ministers of the Council of Europe on the financial sustainability of quality journalism in the digital age**²⁵ (13 February 2019). It highlights the importance of independent and pluralistic media as watchdogs of public affairs and political structures and processes, recalling Article 10 of ECHR, showing how: *“the technological evolution of the past decades has radically changed how news and other media content are produced, circulated and received”*, while: *“the digitisation process has, in turn, transformed the economic reality of journalism, compromising its traditional business model based on revenues from sales and/or advertising, and causing disruption in the media sector”*. While recognising that the sustainability of media outlets is at great risk, this Declaration affirms a favourable environment for freedom of expression and media freedom, presupposed with advantageous political, legal, social and economic conditions for quality journalism in the public interest and: *“alerts member States to the importance of promoting, through an enabling regulatory and policy framework that facilitates the operation of all media ranging from established to innovative forms, long-term financial sustainability of quality journalism produced in line with the editorial and ethical standards of the profession, while establishing effective safeguards for ensuring that such a framework does not constrain editorial and operational independence of the media”*. It stresses the need for adequate funding of public service broadcasters, as well as the adoption of measures to enhance production and distribution of journalistic content, such as beneficial tax regimes, support schemes for media sectors besides public service media, in particular smaller media outlets and community media, based on a variety of funding schemes including by private-public partnerships and donations. Further recommendations deal with the reality of contemporary media market considerations in relation to online platforms, calling for, *inter alia*, their growing responsibilities and co-operative arrangements, as well as the share in financial acquisitions of news access, acknowledging their role and impact on the visibility, accessibility and promotion of news, as influenced by the way online platforms operate.

Also, the Council of Europe’s **Recommendation on guiding principles for media and communication governance**²⁶, acknowledges that media and platforms are marked by similarities but also by differences, requiring a differentiated approach in their governance, calling for a graduated and proportionate approach, and reflecting differences in impact that

²⁵ Declaration by the Committee of Ministers on the manipulative capabilities of algorithmic processes, <https://rm.coe.int/CoERMPublicCommonSearchServices/DisplayDCTMContent?documentId=090000168092dd4b>

²⁶ Recommendation CM/Rec(2022)11 of the Committee of Ministers to member States on principles for media and communication governance, https://search.coe.int/cm/Pages/result_details.aspx?ObjectId=0900001680a61712.

private sector actors have depending on their size and market share. The recommendation consists of 15 principles, including the promotion of human rights and fundamental freedoms in communication, securing media freedom, promoting media pluralism and safeguarding the sustainability of journalism, ensuring transparency of content production and compliance with content obligations and professional standards, while ensuring functioning markets and protecting personal data in content dissemination, etc.

Council of Europe Information Documents SG/Inf (2020)19 “The impact of the sanitary crisis on freedom of expression and media freedom”²⁷ recognises, *inter alia*, that “One of the preconditions for media and journalists to be able to fulfil their role is financial sustainability of the media sector. The long-term weak financial situation of the sector has been exacerbated by the pandemic, resulting in a paradox of growing (digital) news consumption and further decline in revenue”. These and other issues pertaining to the freedom of media will be addressed at next year’s Conference of Ministers responsible for Media and Information Society.

The latest **Recommendation (2022)4 of the Committee of Ministers to member States on promoting a favourable environment for quality journalism in the digital age**²⁸, especially highlights all the matters discussed earlier in this assessment, emphasising the need for the adoption and reinforcement of principles for a sustainable media environment, including financial sustainability. The Recommendation provides a number of actions to be taken by states, the media and all other relevant stakeholders to ensure a favourable environment for sustainable quality journalism, including institutional and fiscal measures, State support schemes, balancing relations between online platforms and media organisations, working conditions of journalists, rebuilding and maintaining trust in quality journalism, data protection, enhancement of self and (co)regulation, etc.

Finally, the notions to look for are also contained in the work of the Council of Europe Committee of experts on increasing resilience in media (MSI-RES)²⁹, on the preparation of the guidelines on the use of digital tools including artificial intelligence for journalism/by journalists (impact assessment and guidance) and good practices for sustainable media financing, under the Terms of Reference valid from 1 January 2022 until 31 December 2023.

²⁷ The impact of the sanitary crisis on freedom of expression and media freedom, <https://rm.coe.int/16809ef1c7>.

²⁸ Recommendation CM/Rec(2022)4 of the Committee of Ministers to member States on promoting a favourable environment for quality journalism in the digital age, https://search.coe.int/cm/pages/result_details.aspx?objectid=0900001680a5ddd0.

²⁹ MSI-RES Committee of Experts on Increasing Resilience of Media, <https://www.coe.int/en/web/freedom-expression/msi-res>.

2.3.3 European Union

At the level of the European Union, many initiatives are currently taking place, including the latest intention to adopt the European Media Freedom Act. The European Commission has recently opened public consultations in relation to this initiative, which is intended to cover the following areas related to media markets:

- transparency and independence, inclusive of media market transactions, transparency of media ownership and audience measurement;
- conditions for healthy media functioning, like exposure of the public to a plurality of views;
- fair allocation of state resources, relating to the transparency and fair distribution of state advertising, independence of public service media, etc.³⁰

The **European Media Freedom Act** is planned for adoption in 2023, building on the Directive (EU) 2018/1808 of the European Parliament and of the Council of 14 November 2018 amending Directive 2010/13/EU on the coordination of certain provisions laid down by law, regulation or administrative action in Member States concerning the provision of audiovisual media services³¹ (hereinafter: revised **Audiovisual Media Services Directive/AVMSD**) in view of changing market realities. The AVMSD, in addition to bringing Video-Sharing Platforms (VSPs) partially within the scope of media regulation, also provides rules for the independence of media regulators, enhanced transparency of media ownership and the recognition of editorial decisions that should not be (politically) interfered with. It should not be forgotten that this legal instrument recognises that: *"Audiovisual media services are both cultural and economic services. Their growing importance for societies, democracy — in particular by guaranteeing freedom of information, diversity of opinion and media pluralism — education and culture justify the application of special rules to these services."*³²

The European Media Freedom Act, among other things, relates to and complements the **EU Media and Audiovisual Action Plan (MAAP)** on the viability, resilience, and digital transformation of the media sector. The principal purpose of MAAP is: "to boost European

³⁰ European Media Freedom Act: Commission launches public consultation, https://ec.europa.eu/commission/presscorner/detail/en/ip_22_85.

³¹ Directive (EU) 2018/1808 of the European Parliament and of the Council of 14 November 2018 amending Directive 2010/13/EU on the coordination of certain provisions laid down by law, regulation or administrative action in Member States concerning the provision of audiovisual media services (revised Audiovisual Media Services Directive), <https://eur-lex.europa.eu/eli/dir/2018/1808/oj>.

³² Ibid.

media and help maintain European cultural and technological autonomy in the Digital Decade". Aimed at printed and online press, radio and audiovisual services and the audiovisual entertainment sector (cinema, TV, video streaming, video games, virtual reality experiences), the MAAP identifies and builds around 3 themes and 10 actions, ranging from actions aimed at the recovery of the sector, to addressing the structural issues to help this industry make the necessary digital transformation and, etc. Many actions arising from this plan are ongoing and can be accessed and regularly followed at the dedicated web page.³³

The **Digital Service Act (DSA)**³⁴ is a new set of rules for online platforms, search engines, online marketplaces, and other significant providers of digital services, adopted on 19 October 2022. These rules, which are directly applicable across the EU, have been announced as a fundamental paradigm shift to hold technology platforms to account, to shape the future rulebook for digital services and address safety online, freedom of expression, fairness, and a level-playing field in the digital economy. It is still early to assess its effectiveness in the intention to right the many wrongs existing in the online world.

The DSA creates a set of obligations for tech companies which will force them to properly assess and mitigate the harms their products can cause. These assessments and mitigation measures will be assessed by independent auditors and external researchers. Also, the DSA is a data-gathering machine, because these companies will be subject to a number of new transparency obligations that are adapted to the type and nature of the service concerned. For instance, YouTube will face many more transparency obligations than a simple hosting service might. The DSA also updates and streamlines the existing notice and action system for illegal content. In particular, it creates a Europe-wide obligation to remove illegal content or to provide information about it if ordered by the authorities.

The DSA tries to establish an extra-territorial systemic approach to content regulation, transparency, risk-mitigating measures and accountability, along with the introduction of "trusted flaggers", the subjects whose "flagging" of issues should take precedence and importance, considering the sheer volume of services. Also, the DSA includes provisions related to the misuse of these regulations. The rules introduce a gradual, size-based approach to online platforms, introducing the concept of a "very large online platforms (VLOPs)", which become subjects to the full scope of the DSA and are expected to mitigate risks related to potentially harmful (though, not necessarily illegal) content such as disinformation. Especially attention-

³³ European Commission: Media and Audiovisual Action Plan: implementation updates, <https://digital-strategy.ec.europa.eu/en/policies/maap-implementation>.

³⁴ Regulation (EU) 2022/2065 of the European Parliament and of the Council of 19 October 2022 on a Single Market For Digital Services and amending Directive 2000/31/EC (Digital Services Act), <http://data.europa.eu/eli/reg/2022/2065/oj>

worthy is the proposed centralised regulatory oversight by the European Commission and national Digital Services Coordinators, with the role of the proposed European Board for Digital Services (EBDS) as advisory, excluding decentralised power of the EU Member States. It is envisaged that, in most cases, the national regulators will be involved in the enforcement, aided by the newly proposed European Board for Digital Services (EBDS) as an independent advisory group, while the sanctions at disposal include fines of up to 6% of global turnover and, in extreme cases, the restriction of access to platforms.

It is also important to consider how the adoption and implementation of the DSA, as well as the **Digital Market Act (DMA)**³⁵, which is related to the market aspect of online platforms and which establishes qualifying criteria for large online platforms as so-called “gatekeepers”, would interact with the implementation of the aforementioned revised AVMSD. The authorities in charge of implementation and enforcement of national legislation into which the AVMSD is being transposed, continue, in the vast majority of cases, to be national media and/or communications regulatory authorities. Regulatory mechanisms might overlap with the expectations of the DSA, which is why it is important to observe whether the national bodies in charge of dealing with the DSA issues are indeed the national regulatory authorities and how this process will unfold, affect their work, independence and, etc.

2.4 Media sustainability and (international) donors

The concepts of viability and sustainability, as put forward by the Organisation for Economic Co-operation and Development (OECD)³⁶ in relation to donor interventions onto the systems, inclusive of media, defines sustainability as *“the extent to which the net benefits of the intervention continue, or are likely to continue...including an examination of the financial, economic, social, environmental, and institutional capacities of the systems needed to sustain net benefits over time...with estimating the likelihood of net benefits continuing over the medium and long-term.”*³⁷

³⁵ Regulation (EU) 2022/1925 of the European Parliament and of the Council of 14 September 2022 on contestable and fair markets in the digital sector and amending Directives (EU) 2019/1937 and (EU) 2020/1828 (Digital Markets Act), <http://data.europa.eu/eli/reg/2022/1925/oj>. The DMA, inter alia, tries to provide for a fairer business environment for business users who depend on gatekeepers; opportunities for innovators and technology start-ups; better consumer services, without unfair practices, etc.

³⁶ Leroy, M. (2021). “Sustainability: Going Beyond The Buzzword”, <https://www.medas21.net/resources>.

³⁷ Organisation for Economic Co-operation and Development (OECD) Sustainability Evaluation Criteria, <https://www.oecd.org/dac/evaluation/daccriteriaforevaluatingdevelopmentassistance.htm>.

The report “Sustainability: Going Beyond the Buzzword”³⁸, which addresses these issues, highlights that sustainability is “*overquoted but still often neglected*” and that it is “*more of a process than an externally driven goal to be achieved*”. It further stresses that the donors have a role to play, particularly in respect of their coordination, especially since not all of them have a formal policy on media sustainability, and there are even fewer cases with a concerted strategy. It is emphasised that “*This is concerning because over the past three decades studies have shown that scattered, unrelated interventions have no effect or are even counterproductive.*”

Lack of coherent and coordinated donor policies and practices in the media sector can lead to a further fragmentation of it, such as a quick-fix influx of temporary resources which do not address nor impact long-term sustainable development. Especially the quality and investigative journalism, which requires time to develop, can get overlooked in such approach. It can also lead to a donor-driven mentality in media outlets, which concentrate on reaching any and all donor’s support, regardless of whether it suits the profile of their media outlet. Donor strategies also might follow the priority policies developed on global or broad regional levels, without having in mind the intricacies and needs of particular areas where the resources are being provided, leaving the needs of a specific area unaddressed.

Media outlets in small(er) markets, such as in North Macedonia, typically prefer the financial influx from donors, rather than the transfer of sustainability know-how *via* analyses and recommendations for legal, regulatory, economic, and rights-oriented development of public policies, training, studies (visits), etc. However, such approach ultimately leaves the media sector untenable, having failed to develop long-term sustainability models, when the donor’s support, for one reason or another, diminishes.

Therefore, donor support to media should be based on a flexible and pragmatic approach to a sustainable, diversified intervention methodologies, adjusted to the actual needs of the sector in a particular state, based on thorough analyses of the sector in its entirety and taking account of all local specificities. As explained in the report: “*For a long time, a very normative (and donor-centric) vision of sustainability tended to ignore local stakeholders, especially in advertising markets that are not yet considered sufficiently mature. However, as media action interventions increasingly focus on emerging markets, their methodology has evolved to favour loan funds or local subcontracts rather than rely solely on North-South capacity building. In doing so, this approach comes closer to a vision of media action that combines external interventions and internal processes of change*”.

³⁸ The report “Sustainability: Going Beyond the Buzzword”, https://www.skeyesmedia.org/documents/bo_filemanager/Media-Dev-Research-Reviews-3-Sustainability_1-1.pdf

SOME EXAMPLES

- MEDAS 21 post graduate programme on international media development assistance³⁹ and the Forum Media and Development (FOME)⁴⁰ provide many invaluable research and reference materials, informing practitioners and researchers about key debates, evidence and emerging issues in international media development. They provide concise analyses of current research, both academic and non-academic, and discuss its practical relevance for international media assistance.
- Some donor orientations to address this can be seen in, e.g., short-term relief “survival” donations, such as the “Rapid Response Fund” by Internews⁴¹, the European Journalism Centre’s European Journalism COVID-19 Support Fund⁴², etc. These funds are a valuable support, but long-term sustainability requires an all-encompassing strategic structure and collaboration of all relevant stakeholders⁴³, with an excellent example found in the International Fund for Public interest Media (IFPMI)⁴⁴. Initiated by the BBC Media Action⁴⁵ and the Luminate Foundation⁴⁶, and further facilitated by organisations such as the Global Forum for Media Development⁴⁷, the fund has been very recently put into motion, with the mission to: *“support the development, sustainability and independence of public interest media, especially in resource-poor and fragile settings”*⁴⁸, while prioritising support for public interest media, defined as: *“media that is free and independent, that exists to inform publics on the issues that shape their lives in ways which serve the public’s rather than any political, commercial or factional interest, to enable public debate and dialogue across society, and to hold those in power to account on behalf of the public interest. It implies a focus on ethical and credible media working in the interests of all people across all of society, not just those who have the power or money to pay for or influence media. Public interest media can be commercial, public service or community media and distributed online, broadcast, through print or other channels.”*⁴⁹
- A very interesting and recommended approach can be seen in the example of the Swiss-based Initiative for media innovation⁵⁰, a consortium of academic, public, and private partners which was created in January 2018 in an *“effort to stimulate innovation in the media*

³⁹ MEDAS 21 post graduate program on international media development assistance, <https://www.medas21.net/resources/>.

⁴⁰ Forum Media and Development FOME, <https://fome.info/research-reviews>.

⁴¹ Internews, Rapid Response Fund, <https://internews.org/covid-19/approach/information-saves-lives-rapid-response-fund/>.

⁴² European Journalism Centre’s European Journalism COVID-19 Support Fund, <https://europeanjournalism.fund/>.

⁴³ Center for International Media Assistance, “Donor support to independent media during the Covid-19 pandemic and beyond”, December 2020,

<https://www.cima.ned.org/blog/donor-support-to-independent-media-during-the-covid-19-pandemic-and-beyond/>.

⁴⁴ International Fund for Public interest Media, <https://luminategroup.com/ifpim>.

⁴⁵ BBC Media Action, <https://www.bbc.co.uk/mediaaction>.

⁴⁶ Luminate Foundation, <https://luminategroup.com/about>.

⁴⁷ Global Forum for Media Development, <https://gfmd.info/international-fund-for-public-interest-media-next-steps/>.

⁴⁸ [Ibid.](#)

⁴⁹ [Ibid.](#)

⁵⁰ Initiative for media innovation, Switzerland, <https://www.media-initiative.ch/about-us/>.

sector, both through information technology and in relation to human and social sciences"⁵¹, and which has an abundance of relevant research and innovation projects. The initiative maintains an innovation support fund with an annual budget of over €650,000 for "experimental, multidisciplinary and exploratory research projects", with some of their affiliated universities and partnerships with their media members. Among the wealth of resources available, there are also explorations of new business models for the media, which are a recommended way of adopting to and transiting into new modes of operation, based on a sound academic approach interconnected with that of media practitioners.

- With or without direct funding, international organisations have other means at their disposal to boost quality journalism and media. A good example in that respect can be found in providing (monetary) prizes for innovative quality journalism. Many such initiatives are present on local, regional, and global levels and are a good way of acknowledging and emphasising the media efforts in their work. This is illustrated through the example of the International organisation of Francophonie (Organisation internationale de la Francophonie, OIF) annual prize for innovation in the media, a joint partnership initiative of OIF, Radio France Internationale (RFI) and Reporters Without Borders (RSF)⁵². It is aimed at all media (radio, television, written press, and digital media) from the 54 member states of the Francophonie, taking into account new modes of consumption and access to information. It rewards innovations in content, in uses and in economic and organizational models that contribute to strengthening press freedom and the people's right to information.⁵³
- Thomson Reuters Foundation has recently been selected by the UK Government to set up, host and run a Secretariat function to support the Media Freedom Coalition (MFC)⁵⁴ – a partnership of 50 countries working together to advocate for media freedom and safety of journalists. It will receive up to £600,000 funding to advance the work of the MFC, for engagement in various activities and coordination among members. In addition to helping improve the safety of independent journalists, the network also works on identifying opportunities to support the Global Media Defence Fund (GMDF), UNESCO-based funding for projects that contribute to enhancing media freedom and bolstering journalists' legal protection, based on GMDF Outputs, inclusive of reinforcing protection mechanisms and supporting investigative journalism.⁵⁵
- Closer to home, there are numerous excellent regional initiatives. For example, the Thompson Foundation project "Supporting Greater Media Independence in the Western Balkans"⁵⁶ supports outlets to be more financially and structurally resilient, including improving gender equality in the workplace, and enabling them to produce more quality, relevant, gender-sensitive content that attracts and engages new audiences, including women, young people, and marginalized groups. The project aims to achieve a level of relationships and

⁵¹ Ibid.

⁵² International organisation of Francophonie (Organisation internationale de la Francophonie (OIF) annual prize for innovation in the media, <https://jeunesse.francophonie.org/item/1218-les-laureats-de-la-5e-edition-du-prix-francophone-de-l-innovation-dans-les-medias-ont-ete-devoiles-le-18-novembre-2020>.

⁵³ Ibid.

⁵⁴ Thomson Reuters Foundation Secretariat function to support the Media Freedom Coalition, <https://mediafreedomcoalition.org/about/objectives/coalition-objectives>.

⁵⁵ UNESCO-based funding "Global Media Defence Fund", <https://en.unesco.org/global-media-defence-fund>.

⁵⁶ Project, Thompson Foundation, "Supporting Greater Media Independence in the Western Balkans", <https://www.thomsonfoundation.org/latest/supporting-greater-media-independence-in-the-western-balkans/>.

standards in which media outlets and journalists report together with citizens, and not only about them. In North Macedonia, a new website for news —the portal Duma⁵⁷- was created. With a mobile-friendly website that is easier to use, the outlet is also reaching more readers on social media. Several media outlets in North Macedonia will be able to offer and charge for their content, goods, and services electronically through e-payments.

While tools and mechanisms for ensuring media viability might at first glance sound like a quest for the Holy Grail, the Deutsche Welle Akademie 2020 discussion paper *“Measuring Beyond Money: The Media Viability Indicators (MVIs)”*⁵⁸ might be as close as one can get in searching for reliable tips and tools on establishing indicators for the assessment of the viability of news media in the online media ecosystem (discussed further below). DW Akademie has developed a framework that allows media managers, media development experts and academics to assess individual media outlets or entire information ecosystems *“in a practical, solution-oriented, and tailor-made way”*, based on economics, politics, content and expertise, technology, and the community the media are serving. It takes a holistic perspective and defines media viability as *“the ability of media outlets and media landscapes to produce high-quality journalism in a sustainable way...going beyond the individual media outlet level and its revenue streams, taking into account the larger picture, including markets, networks, and individual outlets”*. It confirms that media viability goes far beyond the solvency and profitability of media outlets, and in highlighting this it is innovative, because business models alone cannot ensure viability.

Short exemplary reference: Media donations in Bosnia and Herzegovina

Bosnia and Herzegovina has received comprehensive international assistance in the years following the war: the legislative frameworks were thoroughly reformed; regulatory and self-regulatory mechanisms were introduced; the independent and commercial media sector received substantial support; and a public service broadcasting system was created. However, the results of these reforms and investments vary to a great extent, and the conditions on the media market, and media freedoms, have started to deteriorate once the donors and international actors reduced their involvement. There are many reasons for this, to be sought both on the side of donors and of domestic factors. In the aftermath of the war, the focus of media assistance was to contribute to the democratisation and pacification process, and many projects were implemented in a rush, without coherent, longer-term commitments or strategic orientation. For instance, one of the projects included the creation of an independent state-wide broadcaster OBN. The project failed due to irregular and insufficient funding, as well as

⁵⁷ News portal “Duma”, North Macedonia, <https://duma.mk/>.

⁵⁸ “Measuring Beyond Money: The Media Viability Indicators (MVIs), <https://kq.freepressunlimited.org/evidence/measuring-beyond-money-the-media-viability-indicators-mvis/>

the change of donor priorities, which suddenly shifted to PSB reform. In other words – the donors pulled out too quickly. The PSB reform illustrates another problem with media assistance in Bosnia and Herzegovina: the Western models that were used as a blueprint for reforms did not correspond with the local setting. The international community used the BBC model for the transformation of the PSB system but, failed to take into account the fierce resistance from local political elites. Twenty years after the reform, some of its crucial parts still have not been implemented. The Bosnian example also shows that any intervention should ensure the sustainability of the reforms in relation to the interests of local political elites, either by seeking not to significantly undermine their privileges or by ensuring prolonged international monitoring and scrutiny of government actions. Media reforms in BiH were generally met with resistance from local politicians, and many reforms were implemented using international and internationally backed powers and EU conditionality mechanisms. As a result, progress was slow and once the international attention shifted to other issues, sustainability of the reforms was hard to guarantee.

3 LEGAL AND REGULATORY FRAMEWORK RELATED TO MEDIA SUSTAINABILITY AND MEDIA FREEDOMS – A SELECTION OF EXAMPLES

The following chapter deals with a selection of national examples of policies for the sustainable development of audiovisual media sector, including the measures to ensure the protection of media freedoms and investigative reporting. The selection of examples is based on the proximity of market size to that of North Macedonia, with features pertaining to media sustainability efforts recognised as successful and/or promising in terms of policies and practices alike.

3.1 Ireland

Ireland's media market is relatively small, with 4.7 million people and with some features that can be reflected in the media market in South-East Europe, including that of North Macedonia, in terms of the influence of media neighbouring markets, where, just as in the SEE region, the UK's media influence on the Irish audiovisual sector is strong, but the influence does not flow in the opposite direction.⁵⁹

The transposition of the revised AVMSD, but also a comprehensive legal approach to new media market realities, can be found in the Irish draft Online Safety and Media Regulation Bill⁶⁰, bearing in mind the fact that Ireland is the EU Member-State which has jurisdiction over major VSPs offering services in Europe. The draft acknowledges benefits as well as challenges brought about by the platformisation of the media market, with the unfortunate presence of online abuses of the right to freedom of expression, from disinformation/misinformation/malinformation, to hate speech, availability of content not suitable for minors, etc. Mirroring the approach visible in European legal and regulatory frameworks, in a shift from self-regulatory and voluntary mechanisms to a direct *ex ante* regulatory and co-regulatory approach (in, e.g., the form of the revised AVMSD and the

⁵⁹ "Study on accessibility and competitiveness of European audiovisual works from small language environments", available at: https://www.film-center.si/media/news/2021/10/11/Wagner-Hatfield_study_for_SFC.pdf.

⁶⁰ Draft Online Safety and Media Regulation Bill, Ireland, <https://www.gov.ie/en/publication/88404-publication-of-the-online-safety-and-media-regulation-bill/>.

proposed Digital Services Package⁶¹), this draft also moves from self-regulation to *“an era of accountability in online safety.”*⁶²

The draft establishes a new regulator, a Media Commission, replacing the Broadcasting Authority of Ireland, which will be responsible for overseeing updated regulations for broadcasting and Video on Demand services and the new regulatory framework for online safety, including those at the EU level.

Many “hands-on” regulatory matters will be introduced by secondary legislations of this new Media Commission, with the intent to minimise the availability of harmful online content which will be included in the future Online Safety Codes. The draft provides for a legal base in defining harmful online content, reporting requirements for online services, extended media literacy role of the Media Commission, as well as backstops ensuring its independence and resourcing. As prescribed by the revised AVMSD, it provides for the obligations of online platforms to put in place appropriate measures applicable to programmes, user-generated videos, and audiovisual commercial communications for the purpose of the protection of minors and the general public from certain content (such as hate speech and content which may impair the physical, mental or moral development of minors), as well as obligations related to certain aspects of commercial communications. The draft also addresses issues such as, cyber-bullying, services promoting eating disorders, self-harm, or suicide, etc.

On the part of numerous activities of the present Broadcasting Authority of Ireland (BAI), an initiative from November 2020, in the form of *“Sustainability Roadmap for the Irish Broadcasting Sector”*⁶³ is noted here. It is a Roadmap document, which sets out a vision for a sustainable broadcasting sector in Ireland and offers a set of concrete action plans for it. It is intended as a guide for individual broadcasters to help in their sustainability, but also for the sector as a whole, with numerous references and information in this regard. A particularly inspiring example can be seen in the information provided *vis-à-vis* the Broadcasting Sustainability Network, which was established by BAI back in 2019, and represents a voluntary sector-wide sustainability network for Irish broadcasters and representatives of their supply chains, based on partnership and cooperation. The aim of this Network is to foster best practice, to support

⁶¹ The package is intended to be a single set of new rules applicable across the whole EU intended to shape the future rulebook for digital services and address safety online, freedom of expression, fairness and a level-playing field in the digital economy. More information on this is available [here](#).

⁶² Department of Tourism, Culture, Arts, Gaeltacht, Sport and Media Ireland, Publication of Online Safety and Media Regulation Bill, <https://www.gov.ie/en/speech/a175a-publication-of-online-safety-and-media-regulation-bill/>.

⁶³ Broadcasting Authority of Ireland, “Sustainability Roadmap for the Irish Broadcasting Sector”, November 2020, https://www.bai.ie/en/media/sites/2/dlm_uploads/2020/11/BAI-Sustainability-Roadmap-ENG-FINAL-WEB.pdf.

the sector in improving its sustainability performance and using its collective voice to inspire positive action across society. Rather than broadcasters' individual sustainability efforts, it is a complementary joint effort of the industry to additionally inspire and help broadcasters.

3.2 Nordic example

An inspiring example of innovative collaborative approaches to media sustainability can be found in the Nordic Eco Media Alliance (NEMA), a relatively new (2020) partnership of seven audiovisual sustainability experts from five different Nordic countries: Denmark, Finland, Iceland, Norway and Sweden. The aim of their work is dedicated to the concept that *"the storyline of film and TV productions has to change and turn into a more sustainable narrative."*⁶⁴ The activities of this partnership combine environmental and media sustainability, and are based on knowledge-sharing and community-building, while working towards building education possibilities within systematic, ecologically sustainable leadership of audiovisual media, advocating for public policies and political action for sustainable production. While one of the bases of this work is the aforementioned UN SDGs, it is also relying on the Nordic 2030 Vision, a strategic approach to achieve the goals of the *"Green Nordic Region... work towards carbon neutrality and a sustainable circular and bio-based economy; competitive Nordic Region... based on knowledge, innovation, mobility and digital integration; socially sustainable Nordic Region... inclusive, equal and interconnected region with shared values and strengthened cultural exchange and welfare."*⁶⁵

3.2.1 Denmark

An interesting notion, which can serve as a solid recommendation in the Macedonian context, can be found in the latest 2022 Danish government initiative in the form of a draft new Media Agreement. It includes, among other things, the strategic orientation towards the strengthening of the financial base of local and regional media, seen as an investment in democracy, together with the support for digital developments that can open new and more sustainable business models. The Danish government will propose a new model for media support that favours local and regional media, while contributing with funding for much-needed digital development and transformation. In that sense, a government proposal focuses on the redistribution of editorial production support from large national news media to local/regional news media. It further stipulates development support for local and regional

⁶⁴ Ibid.

⁶⁵ Nordic 2030 Vision, <https://www.norden.org/en/declaration/our-vision-2030>.

media to go digital and offer local content in a format that is relevant and accessible to more citizens, as well as a new pool for district and weekly newspapers to bring more local journalism to citizens. Finally, it is identified that a pool for cooperation projects on local journalism between public service media and local and regional media is needed.⁶⁶

3.2.2 Iceland

Iceland has taken an innovative approach to protecting and strengthening the freedom of expression and the free flow of information. In 2010, the Icelandic Parliament unanimously approved the Icelandic Modern Media Initiative (IMMI, a legislative package that aims to make Iceland a “safe haven” for investigative journalism and online media, by hand-picking the best laws for media freedom and free speech from around the world and combining them to make Iceland a stronghold for investigative journalists, internet publishers, transparency watchdogs and the public. The inspiration was drawn from Sweden’s laws on source protection, Norway and Estonia's progressive freedom of information laws, as well as the US state of New York’s law on preventing libel tourism.

In addition to source protection, freedom of information and libel tourism and other extrajudicial abuses, the IMMI addresses issues such as protection of intermediaries, statute of limitations on publishing liabilities, virtual limited liability companies, whistle-blower protections, source-journalist communications protection, limiting prior restraint, process protections, etc. Birgitta Jonsdottir, the Chief sponsor in parliament of the IMMI proposal said: *“Iceland will become the inverse of a tax haven; by offering journalists and publishers some of the most powerful protections for free speech and investigative journalism in the world. Tax havens aim is to make everything opaque. Our aim is to make everything transparent.”*⁶⁷

However, despite of these efforts, according to the 2021 World Press Freedom Index, the climate for journalists has been worsening for years: the 2008 economic crisis had a big impact on the media, undermining their economic viability and ability to resist pressure from lobbies. Iceland’s legislation protects journalists and freedom of expression, but a lack of funding continues to be the main problem for the media. A new law on media funding is being discussed.⁶⁸

⁶⁶ Bird & Bird LLP, “The government presented a new media proposal on 3 February 2022”, 8 February 8 2022, Lexology, <https://www.lexology.com/library/detail.aspx?g=94ce4cc8-16a3-40e9-8f87-5492b9c7323f>.

⁶⁷ Icelandic Modern Media Initiative, https://wiki.p2pfoundation.net/Icelandic_Modern_Media_Initiative.

⁶⁸ Reporters Without Borders, Iceland, <https://rsf.org/en/iceland>.

This example shows that, sound legislation alone is not enough to ensure, or rather sustain, media freedoms and investigative reporting. There are other issues at stake as well, most notably the independence from political and economic pressures, which in turn is connected to financial sustainability. It is precisely in this context that various support schemes can help to achieve media sustainability and viability.

4 MEDIA SUPPORT SCHEMES – A SELECTION OF EXAMPLES

Beyond the financing of a public audiovisual service to which the state assigns a certain number of missions of public interest in exchange for a public endowment, the other essential mode of State support for the audiovisual sector, is the implementation of a range of legal measures (financial or fiscal) to facilitate the financing, production, dissemination and distribution of audiovisual creation.

The general objective of these measures is to contribute to the development of a sustainable audiovisual ecosystem that allows all the professions involved in the value chain (from content producers to broadcasters and distributors) to create and offer to the public, a pluralistic, diversified and high-quality offer.

1. One of the prime examples of state aid is the **allocation provided for public (service) media**. It may also concern actors other than the public media, and sectors other than the production of audiovisual content, such as the state allocation of funds for digitalisation transition purposes, all of which, normally, falls within the scope of state aid-related legislation, in order to preserve competition and equal treatment between market participants. This must be implemented within a framework that ensures full fairness and transparency of the aid provided.
2. As we will see below, most of the media support mechanisms are those of **direct or indirect support for audiovisual production** (radio, audiovisual, cinematographic). This aid is generally provided to promote pluralism and diversity in the audiovisual offer. The funds may be either permanent or *ad hoc*, intended to support audiovisual production of any kind, or intended to encourage the production of certain types of content considered to be of public interest (e.g., programmes for national minorities, promoting the social integration of people with disabilities, preservation of nature, environment and health, highlighting culture, fight against discrimination, safeguarding of human rights, etc.). Again, the rules that govern these programmes must be clearly stated and their implementation carried out in a fair and transparent manner. These support mechanisms should also include the procedures envisaged to verify that the funds awarded have been spent appropriately, by imposing accountability obligations on recipients and possibilities for repayment in the event of misuse of funds.
3. The third major type of support mechanism are **various fiscal instruments designed to encourage investment in audiovisual production**, such as:
 - *tax shelters* which are designed to attract investments from wealthy individuals or high-income tax-intensive companies that are allowed, under certain conditions, to deduct from their tax obligations the investments they make in

- audiovisual or cinematographic productions while obtaining a share of any profits made by these productions;
- *tax rebates* which are determined by production expenditure rather than investment levels and consist of reimbursing producers for a percentage of their eligible production costs in accordance with a set of predefined rules and are financed directly from the state budget;
 - *tax credits* which are similar to rebates in that they are designed to reimburse a percentage of eligible production costs but which, rather than being paid from a specific fund, are taken into account when the producer submits his annual tax return;
 - *incentives for foreign investment* which bring together the various mechanisms put in place to attract international funding for the filming of audiovisual or cinematographic productions in the country and, sometimes,
 - *reducing the VAT rate on audiovisual goods and services.*

The following examples illustrate the importance of support for the audiovisual media (and not only, as is often the case elsewhere, support for the film industry), as well as a diversity of support programmes that can be developed according to the specificities of the market and the objectives pursued, including measures to make an attractive foreign investment territory in this sector.

4.1 Ireland

There are several support schemes for broadcasting and film sectors, reflecting the public policy oriented towards cultural goals of preservation and the further development of the Irish tradition, language, etc. while having in mind the proximity and influence of UK market players, as mentioned in Chapter 2.

The Broadcasting Authority of Ireland (BAI) has a statutory role in the development of the broadcasting and audiovisual sector in Ireland.⁶⁹ As is visible in its strategic approach, such as in. e.g., Strategy Statement 2021-2023, BAI continues to commit to facilitating learning and development in the broadcasting sector, to foster innovation, and to assist the sector to achieve financial sustainability. In particular, it sets themes and objectives to be met in this regard as follows:

“Strategic theme 5 – enhancing innovation and sectoral sustainability: • Strategic Objective 5.1: Enhance creativity and innovation as distinctive features of the Irish audio and audiovisual sectors. Outcome 5.1: Creativity and innovation are a focus of BAI’s sectoral support activities

⁶⁹Section 26 (2) of the Broadcasting Act 2009, available at: <https://www.irishstatutebook.ie/eli/2009/act/18/section/26/enacted/en/html>.

*(including the Broadcasting Funding Scheme and BAI Sectoral Development). • Strategic Objective 5.2: Support the achievement of enhanced financial sustainability for the Irish audio and audiovisual sectors. Outcome 5.2: The long-term viability of the Irish audio and audiovisual sectors has been enhanced by BAI initiatives in this area.*⁷⁰

Accordingly, BAI manages several funds for audiovisual media. The Sound and Vision Broadcasting Funding Scheme is one of the most comprehensive support packages for the production of high-quality programmes, with the objective to develop high quality programmes based on Irish culture, heritage and experience; to produce these programmes in the Irish language; to increase the availability of these programmes to the public; to represent the diversity of Irish culture and heritage; to record oral Irish heritage and aspects of Irish heritage that are threatened with extinction or have not previously been recorded; and to support community media. Themes which are addressed by this support scheme are: Irish culture, heritage and experience, media literacy, public awareness and understanding of global issues impacting Ireland. The fund is financed by 7% of the revenues collected from the television licence fee intended to finance Irish radio and television.

The latest allocation of these funds under the Sound and Vision 4 programme, published in May 2021⁷¹, include a community TV project, documentaries about the members of the Irish LGBTQIA+ community as well as Irish female artists, drama series aimed at young adults, and a collaborative music project promoting local communities.

Not only do the allocations reflect the scheme's objective, but they also show the importance of issues such as gender equality, with the Sound and Vision 4 programme supporting 9 out of 22 projects in which "women in a lead creative role" criteria were applied.⁷²

Other support schemes include:

- Sectoral Learning and Development⁷³: a programme based on a Sectoral learning and development strategy (latest revised version adopted in June 2021⁷⁴), designed to meet the development and growth needs of the sector by supporting training and learning activities, where BAI has developed a sustainable approach, focusing on developing and supporting relevant industry networks and the operation of funding schemes, which can in turn provide suitable and appropriate training and development initiatives for

⁷⁰ Broadcasting Authority of Ireland, Strategy Statement 2021-2023, <https://www.bai.ie/en/about-us/our-strategic-goals/>.

⁷¹ Broadcasting Authority of Ireland, Sound and Vision Broadcasting Funding Scheme <https://www.bai.ie/en/broadcasting/funding-development-3/sound-vision-4/#al-block-4>.

⁷² Ibid.

⁷³ Broadcasting Authority of Ireland, Sectoral Learning and Development scheme, <https://www.bai.ie/en/broadcasting/funding-development-3/sectoral-development/>.

⁷⁴ Broadcasting Authority of Ireland, 2021 revised Sectoral Learning and Development scheme, <https://www.bai.ie/en/download/136696/>.

their members. Every year, BAI provides funds for some of the related networks, the Community Radio Forum, Community Television Association (CTA), Creative Europe Desk Ireland, Screen Producers Ireland, etc.;

- Funding of professional associations (Network funding): funding programme of certain professional associations (such as associations of associative radios, associations of journalists, producers, authors, composers, etc.) to support various learning and development activities;
- Community media support scheme: a programme to improve the management and organisation of community radio and television stations;
- Media Research funding scheme: a programme for the academic and research sector to encourage research on current issues in the audiovisual sector;
- Sectoral needs analysis: a joint programme between the BAI and the Screen Ireland to develop a national strategy for skills development and training in the audiovisual industry to ensure continued growth and excellence;⁷⁵
- Temporary radio support scheme: a programme for financing training activities, and evaluation development.

In terms of financing audiovisual works, it should be mentioned that Ireland has a very competitive corporate tax (12.5%), allowing for a very favourable tax regime and tax credits. For example, it allows for a production company to deduct from their corporate tax, 32-37% of eligible production expenses (all cast and crew working in Ireland, all goods and services sourced in Ireland and post-production expenses), with a maximum of 80% of the whole production budget or 70 million € per project, whichever is lower, tax write-offs (e.g., for the intellectual property regime), and similar incentives.⁷⁶

4.2 Croatia

The Fund for the Promotion of Pluralism and Diversity of Electronic Media was established by the Law on Electronic Media⁷⁷, with financial resources stemming from the Law on Croatian

⁷⁵ Broadcasting Authority of Ireland and Screen Ireland Sectoral needs analysis, <https://www.screenireland.ie/>

⁷⁶ For more information on the Irish tax incentives, please consult: "Study on accessibility and competitiveness of European audiovisual works from small language environments", available at: https://www.film-center.si/media/news/2021/10/11/Wagner-Hatfield_study_for_SFC.pdf.

⁷⁷ Article 70 of the new Law on electronic media from October 2021, mirroring the provisions from previous versions of this law, available at: https://narodne-novine.nn.hr/clanci/sluzbeni/2021_10_111_1942.html.

Radio and Television (3% of the revenue collected from the television fee for Croatian radio and television, a public service broadcaster)⁷⁸.

The Fund is managed by the Croatian media regulator, the Electronic Media Agency – AEM⁷⁹. The rates are provided through an open procedure based on the criteria set out in the above-mentioned legislation, and based on the secondary legislation adopted by AEM, which details the administration and supervision of this fund. The main objectives of the fund are to support the promotion of the production and dissemination of content of public interest at local and regional level, which is important for citizens' right to information; the rights of national minorities; the promotion of audiovisual creation; and the development of education, science and the arts. The fund supports the production and broadcast of around one hundred programmes of public interest per year in local and regional radio and television channels and online media aimed at local communities, including those using local dialects.

In order to receive funding, programmes applying to the Fund must be of public interest and particularly relevant to the following areas:

- the exercise of citizens' right to information;
- the promotion of cultural creativity and the promotion of cultural heritage;
- the development of education, science and the arts;
- the promotion of works in dialects of the Croatian language;
- promotion of special cultural projects and events;
- respect for national minorities in Croatia;
- encouraging the development of awareness of gender equality and other values of the constitutional system;
- raising awareness of gender equality and sexual orientation;
- promotion of programmes for children and young people aimed at improving their well-being;
- raising public awareness of the situation of persons with disabilities and the promotion and respect for their rights and dignity, including combating stereotypes, prejudices and harmful practices against persons with disabilities;
- the historically accurate presentation of the Croatian War of Independence;
- the development and promotion of media literacy;
- environmental protection;
- promoting health and fostering a culture of health.

Beyond the targeted nature of the fund, which is intended to strengthen pluralism in general and the development of certain issues of public interest in particular, the Croatian case is also

⁷⁸ Article 35 of the said law, available at: <https://www.zakon.hr/z/392/Zakon-o-Hrvatskoj-radioteleviziji>.

⁷⁹ Electronic Media Agency Croatia, <https://www.aem.hr/>.

interesting because of some reports on the measured social impact of the fund. The analysis showed that the co-financing provided by the fund had a significant impact on increasing the diversity of media content and increased public interest in local and regional media. The analysis, which is based on 2018 data, shows that much of this content would not have been produced or disseminated without the assistance of the fund.⁸⁰

The latest allocation of funds from February 2022, was executed by allocating around 250.000,00 € of which around 90.000,00 € for non-profit producers of audiovisual and radio programmes. Out of 50 non-profit providers of electronic publications and 16 non-profit producers of audiovisual and radio programmes applying for the funds, 39 projects of non-profit providers of electronic publications and 15 projects of non-profit producers of audiovisual and radio programmes, were awarded. The awarded projects include investigative reporting, exercising the public's right to information, projects aimed at national minorities, socially engaged projects etc.⁸¹

In addition, other support mechanisms for the production and dissemination of audiovisual and cinematographic works have been established in Croatia. The Croatian Audiovisual Centre (HAVC) is the cornerstone of this system, which makes it possible to inject a dozen million euros per year into various audiovisual and cinematographic creation projects. The HAVC also acts as a certification body for the 25% tax rebate system (30% in case of filming in a region whose development is lagging behind) for film and television production, available to both international and national producers, for eligible expenses in Croatia⁸². This system has made it possible to attract to Croatia the production of several world-famous series, the main one being "Game of Thrones".

4.3 Belgium (Dutch speaking community of Flanders)

Flanders has a very vibrant and dynamic audiovisual production sector. It is especially known for its high-end television series that enjoy huge international success, as well as digital technologies and new creative media forms. This is the result of comprehensive reforms and

⁸⁰ UNESCO report "Fund for the Promotion of Pluralism and Diversity of Electronic Media", 2018, available at: <https://en.unesco.org/creativity/policy-monitoring-platform/fund-promotion-pluralism>

⁸¹ Electronic Media Agency Croatia, Decision on allocation of funds 2022, <https://www.aem.hr/wp-content/uploads/2022/02/Odluka-o-dodjeli-sredstava-Fonda-1-21.pdf>.

⁸² Filming in Croatia Incentive programme, http://filmingincroatia.hr/en/production_incentive/rebate_for_film_and_tv_production.

funding schemes introduced by the Flemish government, which has duly recognised the potential of the creative industry to boost economy and create jobs.

Besides film, public funds are designed to finance strategic areas identified by the Government as most promising: television and video games. The Flanders Audiovisual Fund (VAF), therefore, operates three distinctive funding mechanisms: the VAF/Film Fund, the VAF/Media Fund and the VAF/Game Fund. The VAF/Media Fund focuses on the co-financing of high-quality television series developed in coproduction with a Flemish TV broadcaster. This includes fiction, animation, documentary and cross-media developments of TV series. For applications concerning foreign series, at least 50% of the financing must be guaranteed, with at least 20% of funding coming from Flanders. It is also a requirement that a Flemish television broadcaster should be financially involved in the production of foreign series. Public money is allocated to the fund and it also receives contributions from the TV distributors (which have a choice between transferring their mandated contribution to the Media Fund or investing the amount in coproduction or pre-acquisition).

In addition to the "cultural" funds granted by the VAF, there is also an economic fund available. Screen Flanders is an economic measure run by the Ministry of Economic Affairs, in close cooperation with the Ministry of Culture, to support audiovisual productions that spend (part of) their budget within the Region of Flanders. It is open to Belgian-based independent producers, as well as to foreign producers that work with a Belgian co-producer, since it covers only the expenditure invoiced by a company whose operating headquarters are in Flanders. The support is awarded in the form of refundable advances on net receipts. From these net receipts, a percentage needs to be repaid corresponding to the proportion of total support awarded by Screen Flanders in the overall financing of the audiovisual work. Furthermore, a minimum of 250.000,00 € (VAT excluded) of eligible production costs must be incurred in Flanders. The regional fund offers economic benefits by demanding that the production expenditure is made in Flanders: in recent years, each euro invested by the fund generated 8,00 € of eligible expenditure in the region.

The public service media VRT is of crucial importance for the Flemish independent production sector. It cooperates with a large variety of domestic producers, most of which are medium-size and small production companies - for a lot of them, VRT is the only client. VRT is obliged to invest 18.25%, or a minimum of 500.000,00 € of its total income in external TV production, and this percentage is expected to grow to 20% by 2025. In addition, they need to invest resources amounting to 33% of the income from commercial communications. With the help of the Flemish Audiovisual Fund, the tax shelter scheme and foreign investors, the VRT can make high investments in the sector, increasing the budgets for fictional series.

Finally, Belgium offers a very competitive tax incentive (so-called Tax Shelter) which is open to Belgian productions as well as international co-productions with Belgium that meet certain

criteria, or foreign companies established in Belgium to invest in cinematographic and television works with a tax deduction by reducing taxable profits. All parties benefit from this system: the investors, the producers and the state. The investor pre-finances production and/or post-production costs in return for tax benefits and a possible return on investment. For the producers, this system can provide funding for a significant part of production costs, up to 40-45% of eligible costs in Belgium. Finally, the state benefits from increased economic activity and spending. It is also believed to have a positive impact on job creation within the industry, infrastructure development and service companies. Since the establishment of Tax Shelter, the number of co-productions filming in Belgium has grown exponentially.

4.4 Netflix tax

The revised AVMSD states that video-sharing platforms *"should, where practicable, promote the production and distribution of European works and thus contribute actively to the promotion of cultural diversity."*⁸³ In Article 13, it reinforces the promotion of European works for on-demand services, with the obligation *"that media service providers of on-demand audiovisual media services under their [EU member-states] jurisdiction secure at least a 30 per cent share of European works in their catalogues and ensure prominence of those works"* and *"Where Member States require media service providers under their jurisdiction to contribute financially to the production of European works, including via direct investment in content and contribution to national funds, they may also require media service providers targeting audiences in their territories, but established in other Member States to make such financial contributions, which shall be proportionate and non-discriminatory."*

The financial contribution *"shall be based only on the revenues earned in the targeted Member States. If the Member State where the provider is established imposes such a financial contribution, it shall consider any financial contributions imposed by targeted Member States. Any financial contribution shall comply with Union law, in particular with State aid rules."*

Some examples of the national legislations *vis-à-vis* the financial investment obligations are provided here.

The Dutch example referring to the Media Act amendment from 2020, with minimum harmonisation of Article 13 as it is stipulated by the revised AVMSD. On the other hand, the

⁸³ Recital 69 of the aforementioned revised AVMSD.

announced draft Bill on Investment Obligation for Dutch Cultural Audiovisual Product⁸⁴ envisages domestic investment obligations from services, such as Netflix, Disney+ and Discovery+ (being registered in the Netherlands). It remains to be seen whether the newly formed Government will take up this initiative in the forthcoming period.

The Spanish example referring to the General Law on Audiovisual Communication⁸⁵ envisages the obligation for all audiovisual media services and regional or state-level VoDs and those targeting Spain (with an income in the amount of 10 million € or more obtained in the Spanish audiovisual market in the previous year), to financially contribute to the European works, either via direct participation in the production of the works, the acquisition of the rights, or by contributing to the cinematography fund, managed by the Institute of Cinematography (Article 115, relative to the Article 19.3 of the Law 55/2007 on Cinema). The obligation of advance financing of European works will consider the EC Guidelines on the definition of video-sharing platform services and on obligations to promote European works⁸⁶, bearing in mind the definitions of micro, small and medium enterprises. The providers of the linear televisions and VoDs of state or autonomous community, whose income in the fiscal year is equal to or greater than 50 million €, will annually allocate 5% to the financing of European work or to the contribution to the Film Protection Fund, respecting the obligations to:

- Allocate a minimum of 70% to audiovisual works of independent producers;
- Allocate a minimum of 40% to films of independent producers of any genre in the official language of the State or in one of the official languages of the Autonomous communities.

Providers with an income smaller than indicated, will annually allocate 5% to the financing of European works, to the purchase of rights or to the contribution to the Film Protection Fund. The total of the provider's financing obligation must respect a minimum of 70% allocated to audiovisual works by independent producers. Also, exempt are the linear media providers and VoDs of state or regional scope, whose income in the fiscal year is less than 10 million € (Article 117).

⁸⁴ The Netherland's Parliamentary paper: <https://zoek.officielebekendmakingen.nl/kst-32827-232.html>.

⁸⁵ General Law on Audiovisual Communication, Spain, 2022, https://www.senado.es/legis14/publicaciones/pdf/senado/bocg/BOCG_D_14_356_3225.PDF.

⁸⁶ EC Guidelines on the definition of video-sharing platform services and on obligations to promote European works, https://ec.europa.eu/commission/presscorner/detail/en/QANDA_20_1208.

The Italian example referring to the Legislative Decree of 8 November 2021, No. 208⁸⁷ introduces investment quotas for linear AVM services (Article 54) which have editorial responsibility for content, targeting the audience in Italy, even if established in another Member State. Such responsibilities encompass:

- Obligation to invest not less than 12.5% of annual net revenues for pre-purchase, purchase or production of EU works by independent producers;
- Sub-quota of at least 50% for works of Italian original expression produced by independent producers in the last 5 years;
- Additional sub-quota for Italian independent cinematographic films of 3.5% of annual net revenues (75% of which for works produced in last 5 years);
- Public service broadcaster invests 17% in independent EU works, with a sub-quota of 4.2% for Italian independent films, 85% of which is reserved for co-production or pre-purchase. Furthermore, there is an additional sub-quota of 7% for independent works aimed at minors, of which at least 65% should be reserved for animated works.

Article 55 deals with the obligations for non-linear AVM services. The investment obligation for non-linear AVM services in European works produced by independent producers are calculated as a percentage of the annual net revenue gathered in Italy: 17% until 31 December 2022, 18% from 1 January 2023, 20% from 1 January 2024.

These investment quotas also apply to on-demand audiovisual media service providers which have the editorial responsibility for offers targeting the Italian audience, even if established in another Member State. Exceptions are the media service providers with small turnover or audience, and the threshold criteria shall be determined by the Italian communications regulator Agcom's regulation, as well as in cases where the obligations are impracticable or unjustified due to the nature or subject matter of the audiovisual media service. Agcom's regulation should also provide further specifications on quotas, as well as for the modalities of ensuring adequate prominence of European works in catalogues. Article 55 does not apply to linear AVMS providers who also offer VoD services, provided that at least 80% of their annual net income comes from linear services.

Having in mind that the obligations for foreign providers targeting the domestic market to financially contribute to audiovisual production have only recently been introduced, it is still too early to assess their potential contribution to the sustainability of each market. The

⁸⁷ Legislative Decree of 8 November 2021, Italy, https://www.gazzettaufficiale.it/atto/serie_generale/caricaDettaglioAtto/originario?atto.dataPubblicazioneGazzetta=2021-12-10&atto.codiceRedazionale=21G00231&elenco30giorni=true.

evidence gathered so far suggests that, in addition to issues pertaining to their enforceability, the contributions themselves are quite limited, giving some of the national regulations more of a symbolic character, rather than the chance to make a real impact on the production and intra-European circulation of EU audiovisual content⁸⁸. This, and the fact that the financial contribution is based only on revenues earned in the targeted market, suggests only that the potential of the “Netflix tax” to significantly impact the funding of audiovisual production in smaller (and poorer) markets is rather limited. In the context of North Macedonia and other countries in the region, the “Netflix tax” is therefore not likely to considerably add to the overall audiovisual investments in a way that would make a meaningful difference. There is, however, another potential offered by Netflix and similar platforms: their increasing collaboration with European producers and broadcasters and their investments in high-quality, original TV production. Therefore, instead of pinning one’s hopes on levying foreign platforms, other ways of reinforcing and attaining the sustainability of the audiovisual sector, as well as increasing the quality of domestic production, should be sought. Corresponding recommendations are provided for in the next chapters.

⁸⁸ Catalina Iordache, Tim Raats, and Karen Donders. (2022). The “Netflix Tax”: An Analysis of Investment Obligations for On-Demand Audiovisual Services in the European Union. *International Journal of Communication* 16, 545–565

5 ASSESSMENT OF THE LEGAL FRAMEWORK AND MEDIA MARKET IN NORTH MACEDONIA

5.1 Provisions in the national legislation relevant for media viability and sustainability

The *Constitution of the Republic of North Macedonia* guarantees the freedom of establishment of institutions for public information (Article 16)⁸⁹.

The *Law on Media*⁹⁰ (Article 2) contains a definition of *media* as "...means of providing public information i.e., any type of communication, such as: newspapers, magazines, radio and television programmes, teletext, and other forms of daily and periodical publication of edited programme content in a written form, as sound or picture in order to inform and satisfy cultural, educational and other needs of the general public." Next, in the same provision, a *media publisher* is defined as "a natural or legal person who publishes print media or transmits radio and television programmes (broadcasters)".

In Article 5, the *Law on Media* also determines the basic conditions under which a legal or natural person can establish a media outlet: the activity of publication of *print media* can be performed if the activity is registered in the Central Registry and its Head Office and Editorial Board are located in the Republic of North Macedonia (RNM); the activity of *broadcasting a radio or television* programme can be performed if the activity is registered in the Central Registry, its Head Office and Editorial Board are located in the Republic of North Macedonia, and if the legal entity or natural person has been granted a license for television or radio broadcasting.

⁸⁹ The Constitution of the Republic of North Macedonia. Available at: https://vlada.mk/sites/default/files/dokumenti/zakoni/the_constitution_of_the_republic_of_north_macedonia_containing_the_valid_constitutional_provisions_in_force_as_amended_by_constitutional_amendments_i-xxxvi.pdf

⁹⁰ Law on Media, Official Journal of the RNM No.184 26.12.2013 and No.13 23.01.2014. Available at: https://avmu.mk/wp-content/uploads/2017/05/LAW_ON_MEDIA_as_published_in_the_Official_Journal.pdf

In the general objectives set at the very beginning of *the Law on Audio and Audiovisual Media Services*⁹¹ (Article 2), several provisions are directly related to ensuring the economic viability of the providers of audiovisual services. Namely, the purpose of the Law is to provide, among other things, the following: (1) development of the audio and the audiovisual media services; ... (8) transparent, independent, efficient and accountable Public service broadcaster; ... (10) technological development of the audio and audiovisual media, convergence of electronic communications and services within the information society; (11) encouragement and development of competition among the media and the audiovisual media services and retransmitting of programme services through public electronic communication networks; and (12) development of the economy of the Republic of North Macedonia.

Article 5 provides that the audiovisual media regulator—the Agency for Audio and Audiovisual Media Services (the Agency)—while performing its activities, is responsible for achieving the objectives set in Article 2 of the Law. Among several key competencies defined in Article 6, the Agency is also obliged to take care of the protection and development of the pluralism of audio and audiovisual media services, as well as to encourage and support the existence of diverse and independent audio and audiovisual media services.

The Agency fulfils its obligation to work on the achievement of the regulatory policy goals related to the economic development and sustainability of the audiovisual sector (defined in Article 2 of the Law), by using the following key mechanisms:

- Collecting data on financial operations: The Agency collects data on the sources of financing, total revenues and expenditures of the broadcasters every year (the broadcasters are obliged to submit these data based on Article 15 of the Law on Media);
- Conducting audiovisual market analyses: every year, the Agency conducts detailed analyses of the economic operations of the broadcasters, relying on the legal competence established in Article 6 of the Law on Audio and Audiovisual Media Services;
- Strategic planning of activities: although the current Law does not explicitly give the regulator such authorization⁹², the Agency develops strategies for the development of the audiovisual sector, which contain a comprehensive assessment of the economic viability of the providers of audiovisual media services.

⁹¹ Law on Audio and Audiovisual Media Services, Official Journal of the RNM No.184 26.12.2013, No.44/2014, No.101/2014, No.132.2014, No.142/2016, No.132/2017, No.248/2018, No.27/2019, 172.2020 and No.77/2021. Available at: https://avmu.mk/wp-content/uploads/2017/05/Law_on_Audio_and_Audiovisual_Media_Services_as_published_in_Official_Journal.pdf

⁹² The previous Law on Broadcasting Activity from 2005 gave the regulator this authorization, and based on that, three strategies for development of the audiovisual sector were drafted so far: 2007-2012, 2013-2017 and 2019-2023.

In addition to these key competencies, the Agency has been given all the other legal authorisations necessary to shape media pluralism in the audiovisual sector:

- authorisation to adopt by-laws (Article 6, paragraph 1, line 6);
- authorisation to grant or revoke radio and television licences or approvals to providers of audiovisual media services (Article 6);
- authorisation to supervise the implementation of the provisions of the law (Article 6 paragraph 1, line 13, Articles 27-32);
- authorisation to monitor and prevent the unauthorised media concentration (Article 6 paragraph 1, line 8 and Articles 40-43);
- authorisation to undertake measures and impose sanctions (Article 6 paragraph 1, line 4 and Article 23).

5.2 Strategic approach and support schemes for the sustainability of the audiovisual sector

The issue of the economic sustainability of the audiovisual sector in North Macedonia was the subject of interest of the media regulator in all three strategies for the development of broadcasting, i.e., the audiovisual media activity in the country.

- In the first Strategy for the development of the broadcasting activity for the period 2007-2012, it was emphasised that the private sector operates with outdated business models and without well-planned business strategies⁹³.
- The second strategic document⁹⁴ of the regulator emphasised in particular the problem of competition in the context of new technologies and the need for enhanced cooperation with the competition regulator to protect competition in the broadcasting sector.
- The third (regulatory) strategy⁹⁵ of the Agency for Audio and Audiovisual Media Services adopted for the period 2019-2023 pays much more attention to the consequences of technological changes on the economic viability of the audiovisual sector and sets new strategic goals in terms of continuous monitoring of these issues and harmonising the regulatory policy accordingly. Based on this Strategy, the

⁹³ Broadcasting Council of the Republic of Macedonia, Strategy for Development of the Broadcasting Activity in the Republic of Macedonia 2007-2012. Available in Macedonian at: avmu.mk

⁹⁴ Agency for Audio and Audiovisual media Services, draft-Strategy for Development of Audio and Audiovisual Activity for the period 2013-2017. Available in Macedonian at: avmu.mk

⁹⁵ Agency for Audio and Audiovisual media Services, Regulatory Strategy for Development of Audio and Audiovisual Activity for the period 2019-2023. Available in Macedonian at: avmu.mk

regulator commissioned several significant studies that focused on pluralism of ownership in the digital media environment⁹⁶, the impact of new media on the operation of audiovisual media service providers⁹⁷ and the regulatory framework for the online media⁹⁸.

In 2013, a comprehensive measurement of the economic contribution of the audiovisual creative industries in the country was conducted, with the support of the UNESCO International Fund for Cultural Diversity.⁹⁹ This study highlighted the need for a comprehensive strategic approach that would cover various areas of the audiovisual industry (film, television and video games). The research findings suggested that the potential of the audiovisual industries is still not recognised in the activities of relevant state institutions that have the capacity and (already) developed measures to encourage entrepreneurship in different economic sectors. The study described a range of already available measures at a general level that can be also used by the audiovisual creative industries (support to cluster association, voucher system of counselling etc.). In addition, it proposed further measures for enhancing the production of domestic audiovisual content and encouraging the export of audiovisual works, video games and multimedia products, such as: fiscal measures, professional and institutional networking, direct funding through the existing support scheme of the Film Agency, support to education, training and professional development, etc.¹⁰⁰

What is particularly **lacking in the country is an initiative or a model to support the sustainability of regional and local media**. The idea of establishing a Media Development Fund has been discussed for several years among the regional and local broadcasters, but this initiative has never been thoroughly analysed and specified in terms of clearly defining the public goals to be achieved, the types of support desired, the criteria for allocation of funds, the sources of funding, etc. However, from the public discussions about this initiative and from the published analyses by civil society organisations, it can be concluded that such support is needed primarily to support journalism and the media at regional and local level in their role

⁹⁶ Council of Europe, Pluralism of Media Ownership in the New Media Environment, A Study for the Agency on Audio and Audiovisual media Services, May 2020. Available at: <https://rm.coe.int/hf37-study-media-ownership-eng/16809f0272>

⁹⁷ Agency for Audio and Audiovisual media Services, The Impact of the New media on the Formation of Public Opinion and on the Operation of Traditional Media, May 2020. Available in Macedonian at: avmu.mk

⁹⁸ Agency for Audio and Audiovisual media Services, Media Regulatory Framework and the Online Media – The Macedonian Case, August 2018. Available at: avmu.mk

⁹⁹ School of Journalism and Public Relations, Audiovisual creative industries in Macedonia: Film, Television, Video-Games (Аудиовизуелни креативни индустрии во Македонија: филм, телевизија, видео-игри), September 2013. Available in Macedonian at: <https://iks-edu-mk.b-cdn.net/wp-content/uploads/2020/01/Audiovizuelni-kreativni-industrii-vo-Makedonija-film-TV-video-igri-Analiza-i-nasoki.pdf>

¹⁰⁰ Summary of the discussion about the results of the study and the proposed measures were presented in the video available at: <https://www.youtube.com/watch?v=Z7XP6hHsltw>

to inform.¹⁰¹ In 2018, the Agency for Audio and Audiovisual Media Services conducted another study focused on the situation with regional and local broadcasting, which clearly recognised the need to introduce measures to support these broadcasting sectors. In the Regulatory Strategy 2019-2023, the Agency once again emphasised that it is necessary for the Government of the Republic of North Macedonia to adopt a strategic document and measures to support regional and local media, based on Recommendation CM/Rec (2018)1 of the Council of Europe on media pluralism and transparency of media ownership, which recommends that Member States should develop strategies and financial mechanisms to support professional news media and quality investigative journalism.

Another type of support scheme for the media is the financial support aimed toward encouraging new audiovisual features and documentary production. Such a support scheme was established with the first Broadcasting Law in the country¹⁰², and nowadays exists only as a form of support for the creation of domestic audiovisual content at the state Film Agency of RNM¹⁰³. The audiovisual media regulator, in its Regulatory Strategy, stated that there is a need to support the production of “domestic feature and documentary works, especially on deficient television forms and genres, such as children's programmes.”¹⁰⁴ The regulator also stressed that the Film Agency has so far supported only a few audiovisual works aimed for television (TV series), which is why the idea of establishing a special Fund to encourage television production should be considered. However, the way in which this support will be realised should be determined very carefully in advance to ensure that the desired public goals will be achieved: production of quality features, documentary and educational TV programmes.¹⁰⁵ Therefore, keeping in mind the previous experience with the existence of such support schemes in the country, it is necessary to take a strategic approach when designing the future media policy steps by taking into account the recommendations presented in the 2013 UNESCO study and the position and proposals of the audiovisual media regulator in its Regulatory Strategy.

¹⁰¹ Macedonian Institute for Media, Media and journalism subsidy mechanisms in Macedonia and the countries in Europe, 2018. Available at:

<https://mim.org.mk/attachments/article/1138/Media%20and%20journalism%20subsidy%20mechanisms.pdf>

¹⁰² Based on the 1998 Law on Broadcasting Activity, in the period from 1999 to 2005, there was a kind of financial support for the so-called ‘projects of public interest’ intended for financing new radio and television content produced by independent producers and commercial broadcasters. Based on a previously conducted tender procedure in which independent experts were involved to assess the quality of the proposed projects, the regulatory body proposed a list of projects of public interest which were then approved by the Government of the Republic of Macedonia.

¹⁰³ http://filmfund.gov.mk/?page_id=17834&lang=en

¹⁰⁴ Agency for Audio and Audiovisual media Services, Regulatory Strategy for Development of Audio and Audiovisual Activity for the period 2019-2023, p.32. Available in Macedonian at: avmu.mk

¹⁰⁵ Ibid.

Unlike the experiences in more developed countries (Ireland, the Nordic countries, etc.), presented in Chapter 2, **in RNM there were no significant examples of collaborative projects or partnerships between entities in the audiovisual sector in order to develop knowledge on new business models and practices.** The commercial TV stations are organised around their business associations at state and at regional level, but these associations function mainly on an *ad hoc* basis, when it is necessary to discuss and advocate for their mutual business interests in terms of specific issues. In the past several decades, however, private broadcasters and other private media outlets have received significant support from a number of international NGOs and donors aimed at developing their business strategies, production and technical capacities, training of journalists and other media professionals, etc.

There are no specific fiscal measures or tax regimes in the country aimed at supporting the audiovisual media industry or encouraging the production of domestic audiovisual content.

5.3 “Players” and value of the media market

5.3.1 Audiovisual media market

In March 2022, the public service broadcaster Macedonian Radio and Television (with 8 TV channels) and 44 commercial televisions were functioning on the *television market*, out of which 11 at the national level (5 DTT, 4 cable and 2 satellite), 18 at regional (6 DTT and 12 cable), and 15 at local level (all cable). The *radio market* is also very fragmented: in addition to public service broadcaster-Macedonian Radio and Television (with 3 radio services), radio programmes are broadcast by 62 commercial and 4 non-profit radio stations. In the commercial radio sector, there are 4 stations at national level, 16 at regional and 42 at local level.

Type of service	Name of the TV service	TV License	Programme Format	Language
Public service broadcasting Total: 6 DTT + 2 sat.	MRT 1	DTT/State	Generalist	Macedonian
	MRT 2	DTT/State	Generalist/Ethnic com.	Albanian
	MRT 3	DTT/State	Thematic/Sport	Macedonian
	MRT 4	DTT/State	Generalist/Ethnic communities	Turkish/Roma/Serbian /Bosnian/ Vlach

	MRT 5	DTT/State	Thematic/Children	Macedonian
	MRT Sat	Satellite/State	Generalist	Macedonian
	MRT Sat	Satellite/State	Generalist	Albanian
	MRT Parliamentary	DTT/State	Thematic/Parliamentary	Macedonian/Albanian
Commercial broadcasters (DTT/State) Total: 5	Alfa TV	DTT/State	predominantly entertainment general format	Macedonian
	Alsat M	DTT/State	predominantly entertaining general format	Albanian/Macedonian
	Kanal 5	DTT/State	predominantly entertaining general format	Macedonian
	Sitel	DTT/State	predominantly entertaining general format	Macedonian
	Telma	DTT/State	predominantly entertaining general format	Macedonian
Commercial broadcasters (Cable/State) Total: 4	21 TV	Cable/State	predominantly entertaining general format	Albanian and Macedonian
	TV Shenja	Cable/State	predominantly entertaining general format	Albanian/Turkish/Mac edonian
	Klan Macedonia	Cable/State	predominantly entertaining general format	Albanian/Macedonian
	TV Sonce	Cable/State	general format with all three media functions	Macedonian
Commercial broadcasters (Satellite/State) Total: 2	24 Vesti	Satellite/State	predominantly informative general format	Macedonian
	Nasha TV	Satellite/State	general format with all three media functions	Macedonian
Commercial broadcasters (DTT/Regional) Total: 6	TV Edo	DTT/regional	predominantly entertaining general format	Bosnian/Macedonian
	TV Era	DTT/regional	predominantly entertaining general format	Albanian/Turkish
	TV MTM	DTT/regional	predominantly entertaining general format	Macedonian
	TV Shutel	DTT/regional	predominantly entertaining general format	Roma/Macedonian
	KTV	DTT/regional	predominantly entertaining general format	Macedonian
	TV Koha	DTT/regional	predominantly entertaining general format	Albanian
Commercial broadcasters (Cable/Regional)	City TV	Cable/regional	predominantly entertaining general format	Macedonian
	Tera TV	Cable/regional	predominantly entertaining general format	Macedonian
	TV M	Cable/regional	predominantly entertaining general format	Macedonian
	TV Star	Cable/regional	predominantly entertaining general format	Macedonian

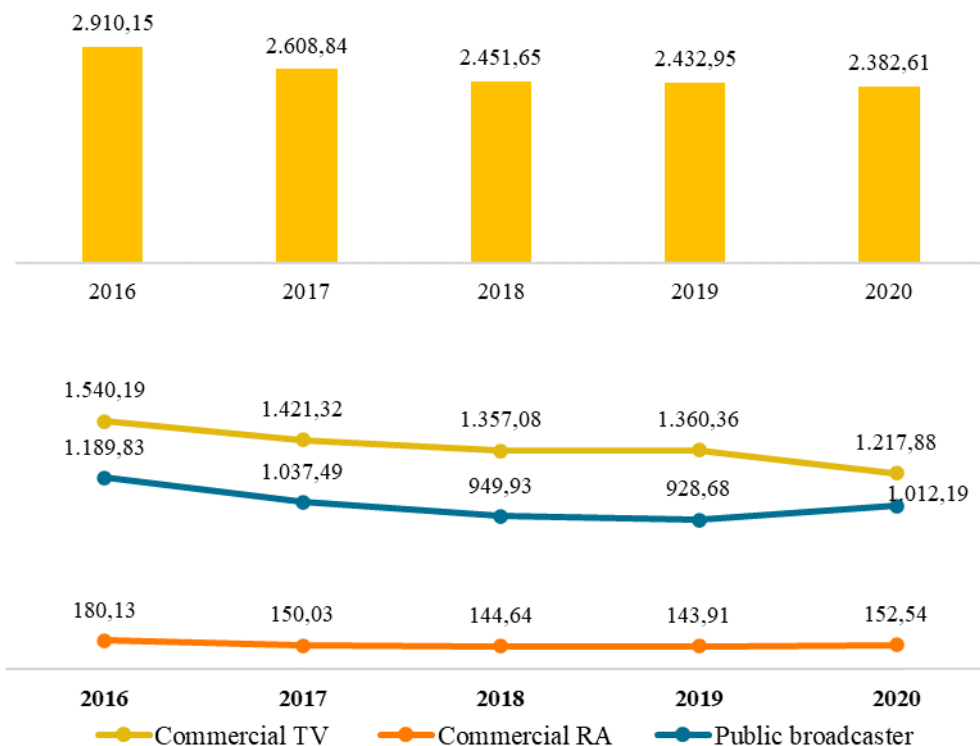
Total: 12	TV Kanal Vis	Cable/regional	predominantly general format	entertaining	Macedonian
	TV Iris	Cable/regional	predominantly general format	entertaining	Macedonian
	TV Kobra	Cable/regional	predominantly general format	entertaining	Macedonian
	TV Polog	Cable/regional	predominantly general format	entertaining	Albanian/Macedonian
	TV Top Estrada	Cable/regional	specialised format	with entertaining function	Albanian
	TV 3	Cable/regional	predominantly general format	entertaining	Macedonian/Albanian/Turkish
	TV K&M	Cable/regional	predominantly general format	entertaining	Macedonian
	TV M Net HD	Cable/regional	general format with all three media functions		Macedonian
Commercial broadcasters (Cable/Local) Total: 15	Kanal Festa, TV Kochani, TV Kanal 8, TV Protel, Kanal 21, TV Zdravkin, TV Svet, TV Kaltrina, TV Spektra, Dibra TV, TV Gurra, TV Due, G-TV, TV Plus, TV Uskana 13 TV stations - predominantly entertaining general format 2 TV stations - general format with all three media functions				Macedonian (7) Albanian (2) Albanian/Macedonian (4) Macedonian/Serbian (1) Albanian/Macedonian/Turkish (1)

Table 1: Overview of linear audiovisual media services (television) in March 2022¹⁰⁶

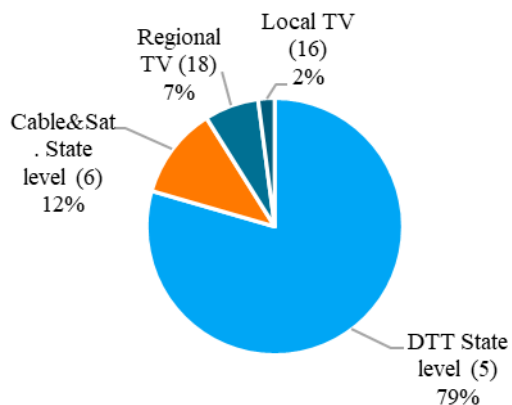
According to the data collected by the Agency for 2020, the total revenues of the entire audiovisual market were 2.382,610 million MKD, or approximately 38.58 million €. This amount includes the total revenues generated by the public service broadcaster and all commercial broadcasters. The data for the last five years show that the total revenues have been gradually decreasing each year, reaching their lowest value in 2020.

¹⁰⁶ Source: Registry of the Agency for Audio and Audiovisual media Services. Accessed on March 2022, available at: <https://avmu.mk/radiodifuzeri-mk/>

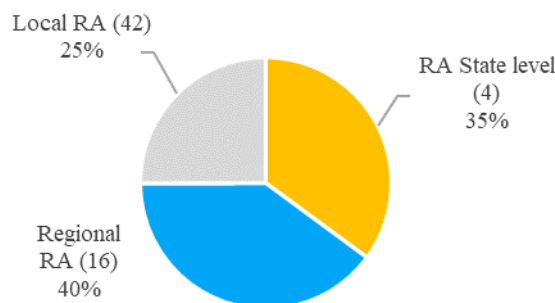
Total income in the audiovisual sector 2016 - 2020



The decline in revenues of commercial televisions continued in 2020, despite the measures of financial support introduced by the Government of the RNM and the media regulator in order to support the commercial TV sector in dealing with the consequences of the pandemic. In the commercial radio sector in 2020, there was a slight increase in revenues.



Distribution of total revenues in the **commercial TV** sector in 2020



Distribution of total revenues in the **commercial radio** sector in 2020

In the commercial TV sector, most of the revenues in 2020 were generated by the five commercial terrestrial televisions at the national level (79%), and significantly less by all the other commercial TV sectors. In the radio market, the distribution of revenues is more balanced between the state and regional commercial sectors: the largest percentage of revenues (40%) went to the 17 regional radio stations in Skopje, then to the four state-level radio stations (35%), and a quarter of total revenues (25%) to all 42 local radio stations.

5.3.2 "Players" in the print and online media markets

The Agency is legally authorised to maintain a register of print media and to exercise administrative supervision over the provisions of Article 14 paragraph 1 of the Law on Media regarding the obligation of print media publishers to publish certain data related to their ownership and operation. According to the data published in the Print Media Register¹⁰⁷, in March 2022, a total of 22 publishers were registered which published a total of 27 print media in the country, 5 of which were daily newspapers (3 in Macedonian and 2 in Albanian)¹⁰⁸.

There is also a large number of media in the online sector. The Council for Media Ethics and the Association of Journalists of Macedonia in 2019 established a Register of professional online media outlets¹⁰⁹, which by March 2022 included 152 members.

There is no official data on total revenues in the print and online media sectors.

5.3.3 Estimation of advertising expenditure in all media sectors

There is no official data on the total advertising expenditure, nor on the share of the various media sectors in the total value of the advertising market. The only data collected on the basis of a credible source are those collected and published by the Agency for advertising revenues in the audiovisual sector. Only estimates can be found for the revenues of other media sectors (print media, online sector and outdoor).

¹⁰⁷ Source: Registry of Print Media Publishers. Available at: <https://avmu.mk/pechateni-mediumi/>

¹⁰⁸ The daily newspapers "Nova Makedonija", "Sloboden Pecat" and "Vecer" are published in Macedonian, while "Koha" and "Lajm" (which is not published regularly) in Albanian language.

¹⁰⁹ Source: Registry of Professional Online Media "Promedia.MK". Available at: <https://www.promedia.mk/index.php?lang=mk>

In 2020, the Agency published a study¹¹⁰ in which, for the first time, an estimate was made of the total amount of advertising expenditure in the country and the shares of the various media sectors. The estimation was based on the data available for online media revenues provided by the Central Registry of Macedonia and a survey conducted among major marketing agencies. According to this estimate, the TV commercial sector generates up to 60% of the total advertising revenue, while the online sector accounts for about 20%, outdoor advertising about 15%, while radio and print media have an insignificant share in the total advertising budget.

Television	Advertising on domestic TV stations (≈56%)	1204 million MKD
Online	Advertising on domestic online media and news aggregators & advertising on Facebook and Google (≈21%)	420-460 million MKD
Outdoor	Outdoor advertising (≈16%)	310 – 350 million MKD
Radio	Advertising on domestic radio stations (≈5%)	108 million MKD
Print media	Advertising in domestic print media (≈2%)	30-50 million MKD

Estimation of advertising expenditure in various media sectors in 2018¹¹¹

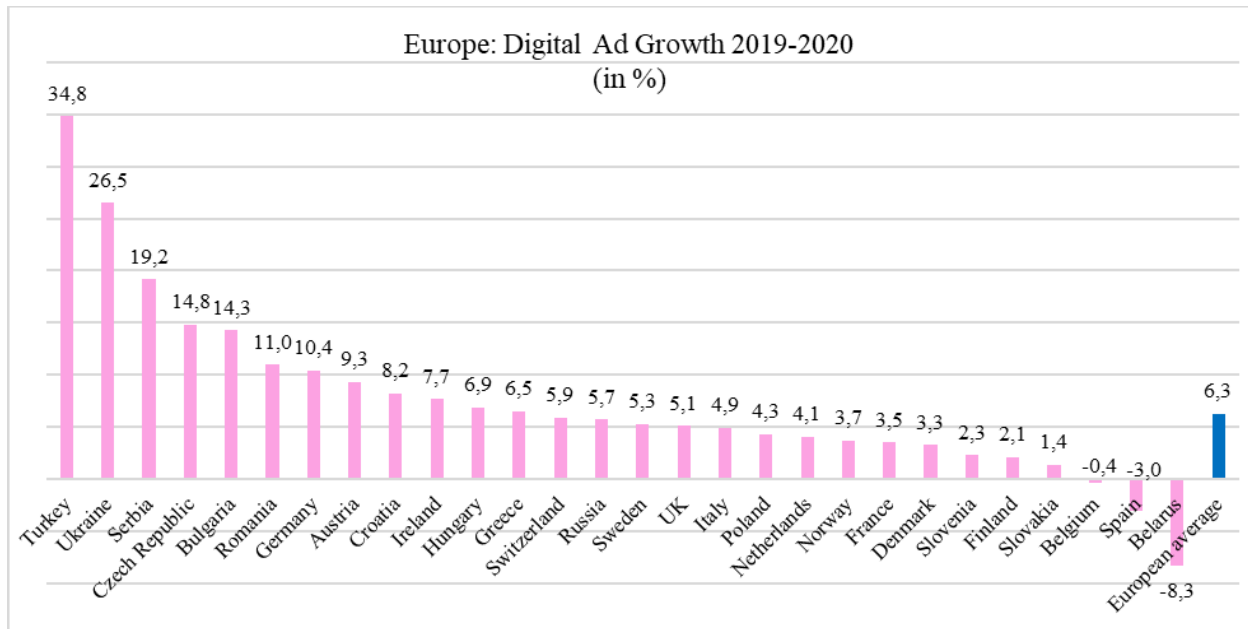
The authors of the same study further emphasise that the share of online advertising in the total advertising revenue in 2018 in the country was much lower compared to that in European countries and its further growth can be expected. Next, the study concludes that *"the growth of budgets in online advertising in the country, as in the case of other European markets is*

¹¹⁰ The Impact of New Media on the Public Opinion and on the Operation of Traditional media, Agency for Audio and Audiovisual Media Services, 2020. Available in Macedonian language at:

<https://resis.mk/attach/Vlijanieto-na-novite-mediumi-vrz-formiranjeto-na-javnoto-mislenje-2020.pdf>

¹¹¹ Ibid, p.23.

achieved mainly by obtaining new and unique online advertisers."¹¹² This means that the growth of online advertising does not happen at the expense of advertising revenue in traditional media, but that the online sector itself encourages the growth of the advertising industry.



Source: IAB Europe AdEx Benchmark 2020 Study¹¹³

The estimate made in 2018 shows that the total (net) advertising revenues in all media sectors in the country amounted to approximately 35.2 million €. It would be very difficult to make a similar estimation of the total advertising budget in all media sectors for 2020, because it is not possible to know if, and at what rate, the share of online advertising in total advertising revenues continued to grow, as well as how the pandemic affected other media sectors. What is known with certainty is that in 2020, advertising revenues in the TV sector decreased by 9%, and in the radio sector revenues increased by 5.5% compared to 2018. It should be noted that in 24 out of 28 European countries, digital advertising increased even in the pandemic 2020, and the average growth of digital advertising at the European level was 6.3%.

¹¹² Ibid, p.22.

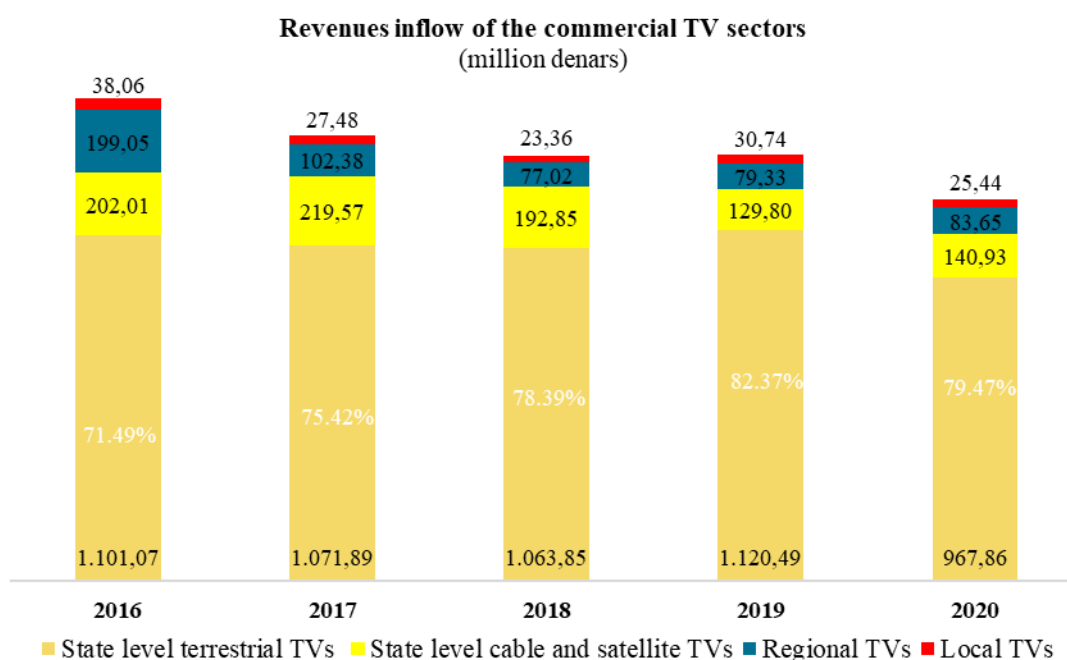
¹¹³ IAB Europe AdEx Benchmark 2020 Report (Presentation of Dr. Daniel Knapp Chief Economist, IAB Europe), 25 May 2021. Available at : <https://iabeurope.eu/knowledge-hub/iab-europe-adex-benchmark-2020-report/>

5.4 Commercial TV broadcasting sector

5.4.1 Sources of funding commercial TV sector

Commercial TV broadcasters are registered as trading broadcasting companies. Although the Law on Audio and Audiovisual Media Services does not explicitly state the sources from which commercial TV broadcasters can be financed, the provisions of this Law imply that they can generate different types of income from performing broadcasting as a primary activity and income from other related activities. The types of revenues from performing the broadcasting activity, according to the conditions determined in the Law on Audio and Audiovisual Media Services, include:

- revenues from the sale of airtime intended for commercial TV advertising and teleshopping;
- revenues from sponsorship and product placement;
- revenues from value added telephone services and televoting;
- revenues from the sale of airtime intended for political advertising;
- revenues from the sale of TV programmes and from neighbouring rights;
- other revenues.



From the overview of the income flow in the entire commercial TV sector, it can be noticed that the five terrestrial TV stations at the national level had the largest share of the total revenues (from 71% to 82%), followed by the satellite and cable TV stations at the national level (6 TV stations in 2020). The third segment of the TV market in terms of revenue share is the regional

TV sector (18 TV stations in 2020), and the last is the local TV sector (16 TV stations in 2020). The data indicate that, although the number of entities in the market is very large, most of the revenues in the past years were generated by the five TV stations at the national level. It is obvious that the level of coverage of the population, in combination with the format of the TV service and the type of programme offer, are the two most important factors that attract advertisers and advertising agencies.

5.4.2 National terrestrial TV stations

The data published by the audiovisual media regulator¹¹⁴ show that although the national terrestrial TV broadcasters generate the most revenues in the entire audiovisual sector, not all of them have been operating with a positive financial result. For example, TV Telma has been operating at a loss for all five years, and in 2020, the television stations that have achieved positive financial results in the past years have also been operating at a loss: Sitel, Kanal 5 and Alfa. The only TV station that has not shown a loss in the last five years is Alsat M, although it has also been operating on the edge of profitability.

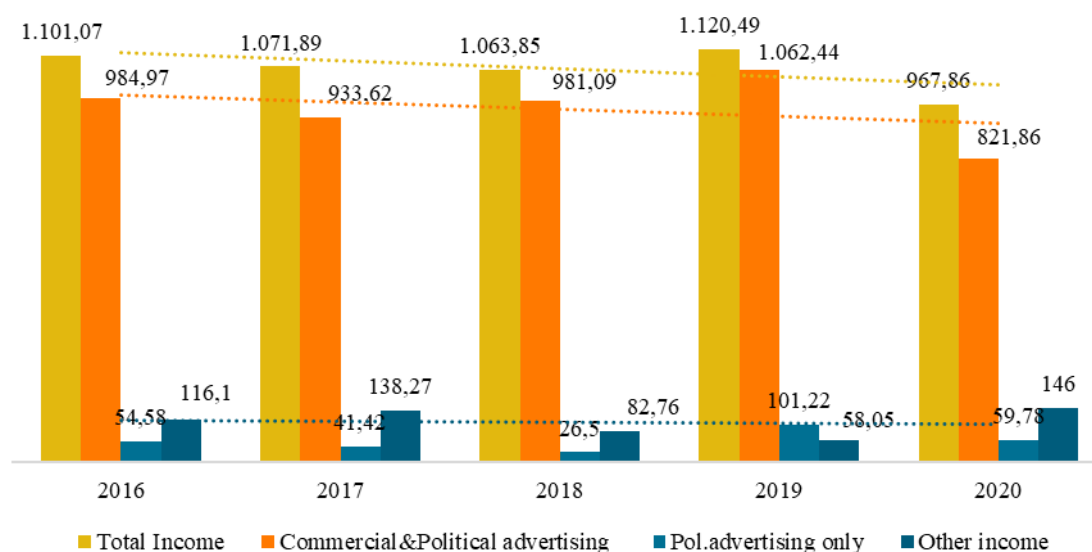
	2016	2017	2018	2019	2020
Alfa	-3.21	1.67	9.51	39.33	-8.85
Alsat-M	4.71	5.85	5.36	8.44	0.53
Kanal 5	0.89	0.86	0.28	1.5	-12.11
Sitel	32.38	46.85	18.68	28.45	-21.89
Telma	-20.11	-18.99	-21.48	-21.91	-17.47

Table 2: Financial results of the five terrestrial TV stations 2016-2020 (in million MKD)

It is obvious that the total revenues of the five terrestrial TV stations in 2020 decreased significantly (13.62%) when compared to the previous year due to the negative effects of the pandemic on the overall economy of the country. This decline would have been even greater without the financial support from the Government and the Agency which was allocated to all broadcasters during the pandemic year.

¹¹⁴ Analysis of the audio and audiovisual media services market for 2020, Agency for Audio and Audiovisual Media Services, 2021, p.27-30. Available at: <https://avmu.mk/en/economic-analyses/>

Revenues inflow of the DTTV broadcasters at national level (million denars)



There is a noticeable increase in the total advertising revenues in 2019 due to the increase in political advertising revenue in 2019 presidential election campaign. The increase in political advertising funds resulted from the amendments to the Electoral Code from 2018, according to which during the election campaign political parties can use funds from the state budget to broadcast paid political messages through the media.¹¹⁵ Most of these budget funds were spent on commercial terrestrial televisions at the national level.

The data also show that advertising revenues are the dominant source of income for this segment of the commercial TV sector. The share of commercial advertising (excluding political advertising) in the total revenues in the last five years ranged from 80-90%, except for 2020 when it fell below 80%. On the other hand, the revenues from political advertising during the election campaign increased the revenues from advertising in this TV sector by about 4-6%, except for 2019 when that percentage was 9% higher. In 2020, the share of other revenues was the highest in the last five years (15.1%), because this category includes the financial assistance from the Government and the audiovisual media regulator for dealing with the crisis caused by the pandemic.

¹¹⁵ Source: "In three years, the parties spent 8 million euros from the state budget for political propaganda in the media", Observatory for Media Reforms, November 2020. Available at: <https://mediaobservatorium.mk/za-tri-godini-za-politicka-propaganda-vo-mediumite-partiite-od-budhetot-na-drzhavata-potroshile-8-milioni-evra/>

Year	Total revenues	Share of commercial advertising	Share of commercial & political advertising	Share of other revenues
2016	1,101.07	84.50%	89.46%	10.54%
2017	1,071.89	83.24%	87.10%	12.90%
2018	1,063.85	89.73%	92.22%	7.78%
2019	1,120.49	85.79%	94.82%	5.18%
2020	967.86	78.74%	84.92%	15.08%

Table 3: Revenue structure of the five terrestrial TV stations 2016-2020

Types of costs	2016	2017	2018	2019	2020
Material costs	7.07%	7.30%	2.22%	1.72%	1.45%
Programme procurement	40.65%	33.86%	32.15%	34.62%	36.67%
Non-material costs (services)	4.08%	4.07%	6.52%	5.81%	4.83%
Salaries and other payments to staff directly involved with production of TV programme	20.62%	25.48%	25.22%	24.68%	27.36%
Direct cost for TV programme production	72.43%	70.72%	66.46%	66.83%	70.31%
Salaries and other payments to staff not directly involved with production of the TV programme	3.58%	3.28%	3.33%	2.49%	2.70%
Depreciation of equipment	7.11%	7.18%	6.53%	6.43%	5.16%
Depreciation of rights and licenses	0.22%	0.49%	0.20%	0.19%	0.18%
Rents and overhead expenses	3.58%	3.34%	2.29%	2.14%	2.33%
All other not mentioned expenses	12.13%	13.93%	21.01%	21.62%	18.81%
Total operating expenses	99.03%	98.93%	99.47%	99.70%	99.49%
Expenses for other activities	0.95%	1.11%	0.38%	0.26%	0.40%
Extraordinary expenses	0.01%	0.03%	0.16%	0.04%	0.12%
Total operating expenses	100.00%	100.00%	100.00%	100.00%	100.00%

Table 4: Costs structure of the five terrestrial TV stations 2016-2020¹¹⁶

¹¹⁶ Source: Analyses of the audio and audiovisual media services market for 2016 - 2020, Agency for Audio and Audiovisual Media Services. Available at: <https://avmu.mk/en/economic-analyses/>

The cost structure of the five terrestrial TV stations clearly shows that the direct costs for creating the programmes had the largest share over the years. The largest items in this category are the costs for programme procurement and the salaries of employees directly involved in the production of the programme. However, not all television stations have allocated the same percentage of funds for purchasing new programmes, which of course depends on the programme policy of the specific television station. In 2020, for example, the total amount spent for this purpose was 376.77 million MKD, but 52% of that amount were funds spent only by TV Sitel, and 25% by Kanal 5 television. TV Telma, TV Alfa and TV Alsat M spent significantly less funds for this purpose. Furthermore, the high salary costs of the employees who work directly on the production of the programme are understandable, because all five television stations have news departments that produce daily news and other current-information programmes, the creation of which requires an editorial staff composed of editors, journalists, reporters, cameramen and other production and technical staff.

5.4.3 Cable and satellite TV stations at national level

In this sector, in the year 2020, there were four television stations that had a license to broadcast programmes via cable network (Company 21-M, Shenja, Klan and Sonce) and two via satellite (24 Vesti and Nasha TV) which are also retransmitted through all cable networks in the country. But in the last five years there has been a lot of change in this market segment: several TV stations stopped working, and new ones appeared, some of which quickly went out of business, so the number fluctuated. In 2020 it was reduced to 6 TV stations.

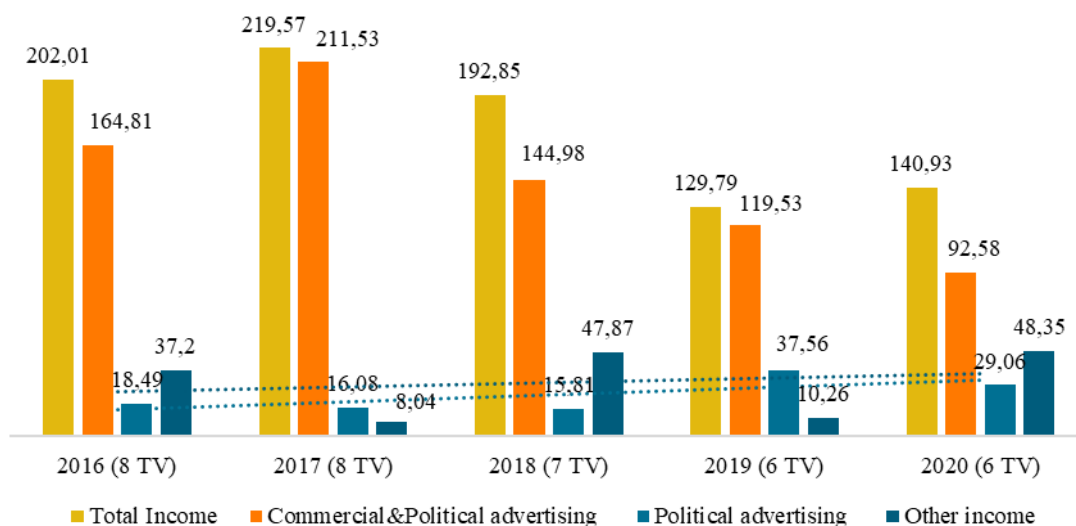
	2016	2017	2018	2019	2020
24 Vesti (Sat)	-9.61	-20.82	-2.44	-8.54	-1.55
Nasha TV (Sat)	6.87	-7.25	-11.44	-0.12	-5.80
Sitel 3 (Sat)	-3.6	/	/	/	/
Kanal 5+ (Sat)	-11.74	-5.76	/	/	/
TV Company 21-M (Cable)	-53.36	-60.40	-45.06	-31.74	-18.90
TV Shenja (Cable)	-5.76	-11.44	-2.68	1.61	-0.97
TV Klan (Cable)	/	-3.33	0.66	-11.52	-10.01
TV Sonce (Sat → Cable)	(S) -17.50	(S) -18.32	(S) -19.57	(C) -15.38	(C) -11.75
TV Nova (Cable)	-12.56	10.32	/	/	/
1TV (Cable)	/	/	1.55	/	/

Table 5: Financial results of the cable and satellite TV stations at national level 2016-2020 (in million MKD)

The table shows all TV stations that have operated in the market in the last five years and their financial results for each of the five years.

The income flow data in this segment of the TV market show that the total revenues were in a downward trend, although in 2020 there was some increase (140.93 million MKD), primarily due to the donation from the audiovisual media regulator (17.92 million MKD) and the support measures adopted by the Government to deal with the consequences of the pandemic.

**Income flow of the cable and satellite TV stations at national level
(million denars)**



It can be also noted that advertising revenues have fluctuated a lot over the years, which is probably due to the changing number of entities in the market. For example, this category of revenues reached a maximum in 2017, when half of the total revenues from advertising on all TV stations in that year was generated only by TV Nova (105.15 million MKD). The following year, when this television station ceased to operate, the total advertising revenue of this group of TV stations fell significantly.

Year	Total revenues	Share of commercial advertising	Share of commercial & political advertising	Share of other revenues
2016	202.01	72.79%	81.59%	18.41%
2017	219.57	89.01%	96.34%	3.66%
2018	192.85	66.98%	75.18%	24.82%
2019	129.79	63.16%	92.09%	7.91%
2020	140.93	45.07%	65.69%	34.31%

Table 6: Revenue structure of the cable and satellite TV stations at national level 2016-2020

Compared to the terrestrial TV stations at the national level, whose advertising revenues were over 80% of the total revenues (excluding 2020), in this segment of the television market this category of revenues was high only in 2017, due to the extremely high amount generated by TV Nova in that year. In 2018 and 2019, the share of advertising revenues dropped to about 67% and 63%, and in 2020 it reached the lowest value - even below 50% of total revenues. As with the TV stations at the national level, the share of other revenues increased in this market segment in 2020: it was the highest in the last five years (34.31%), because of the financial assistance from the Government and the audiovisual media regulator supporting the media in dealing with the crisis caused by the pandemic.

Types of costs	2016	2017	2018	2019	2020
Material costs	12.86%	4.79%	4.70%	4.79%	2.99%
Programme procurement	10.37%	12.06%	5.94%	6.66%	6.27%
Non-material costs (services)	1.82%	8.71%	14.39%	9.93%	3.87%
Salaries and other payments to staff directly involved with production of TV programme	45.49%	41.50%	33.56%	34.40%	30.80%
Direct costs for TV programme production	70.54%	67.24%	58.60%	55.78%	43.93%
Salaries and other payments to staff not directly involved with production of the TV programme	1.37%	6.52%	9.00%	3.96%	13.51%
Depreciation of equipment	11.19%	12.55%	18.85%	19.23%	14.48%
Depreciation of rights and licenses	1.26%	0.00%	0.00%	1.17%	1.27%
Rents and overhead expenses	5.31%	3.77%	6.79%	2.24%	5.47%
All other not mentioned expenses	9.83%	9.20%	6.53%	17.26%	21.11%
Total operating expenses	99.49%	99.29%	99.77%	99.64%	99.77%
Expenses for other activities	0.51%	0.53%	0.23%	0.03%	0.18%
Extraordinary expenses	0.00%	0.18%	0.00%	0.33%	0.05%
Total operating expenses	100.00%	100.00%	100.00%	100.00%	100.00%

Table 7: Costs structure of the cable TV stations at state level 2016-2020¹¹⁷¹¹⁷ Ibid.

Types of costs	2016	2017	2018	2019	2020
Material costs	4.92%	15.86%	23.52%	21.32%	3.50%
Programme procurement	6.88%	8.64%	7.68%	2.00%	8.42%
Non-material costs (services)	15.99%	3.43%	6.94%	8.82%	17.40%
Salaries and other payments to staff directly involved with production of TV programme	48.74%	38.28%	39.57%	51.24%	49.20%
Direct cost for TV programme production	76.53%	66.22%	77.72%	83.38%	78.52%
Salaries and other payments to staff not directly involved with production of the TV programme	1.31%	3.60%	1.82%	0.07%	0.06%
Depreciation of equipment	2.75%	3.77%	3.57%	2.64%	2.82%
Depreciation of rights and licenses	0.11%	0.12%	0.08%	0.13%	0.13%
Rents and overhead expenses	2.69%	1.78%	3.04%	2.50%	2.55%
All other not mentioned expenses	16.17%	20.39%	13.37%	10.69%	15.92%
Total operating expenses	99.56%	95.83%	99.60%	99.41%	100.00%
Expenses for other activities	0.43%	4.00%	0.10%	0.00%	0.00%
Extraordinary expenses	0.00%	0.17%	0.30%	0.59%	0.00%
Total operating expenses	100.00%	100.00%	100.00%	100.00%	100.00%

Table 8: Costs structure of the satellite TV stations at state level 2016-2020¹¹⁸

Compared to state-level terrestrial TV stations, in cable television at state level, it can be noticed that there is a notable decrease in the share of direct costs for programme production over the years - from 70.54% in 2016 to 43.93% in 2020. The decline is also visible in the cost of salaries and other payments to staff directly involved with the production of TV programmes. The higher salary costs are probably due to the fact that 24 Vesti has a daily newsroom, which is not the case with Nasha TV. But the most obvious difference is in the cost for purchasing TV programmes, as they are several times lower than those of state-level terrestrial TV stations. The high amounts of equipment depreciation costs can also be seen in this group of TV stations.

The two satellite televisions with a licence at the state level do not show a decrease in the direct costs for production of the programmes. These costs were at a lower level only in 2017, and their share in the total costs was slightly higher than those of the terrestrial TV stations at the state level. However, the costs for purchasing programmes are much lower than those of the

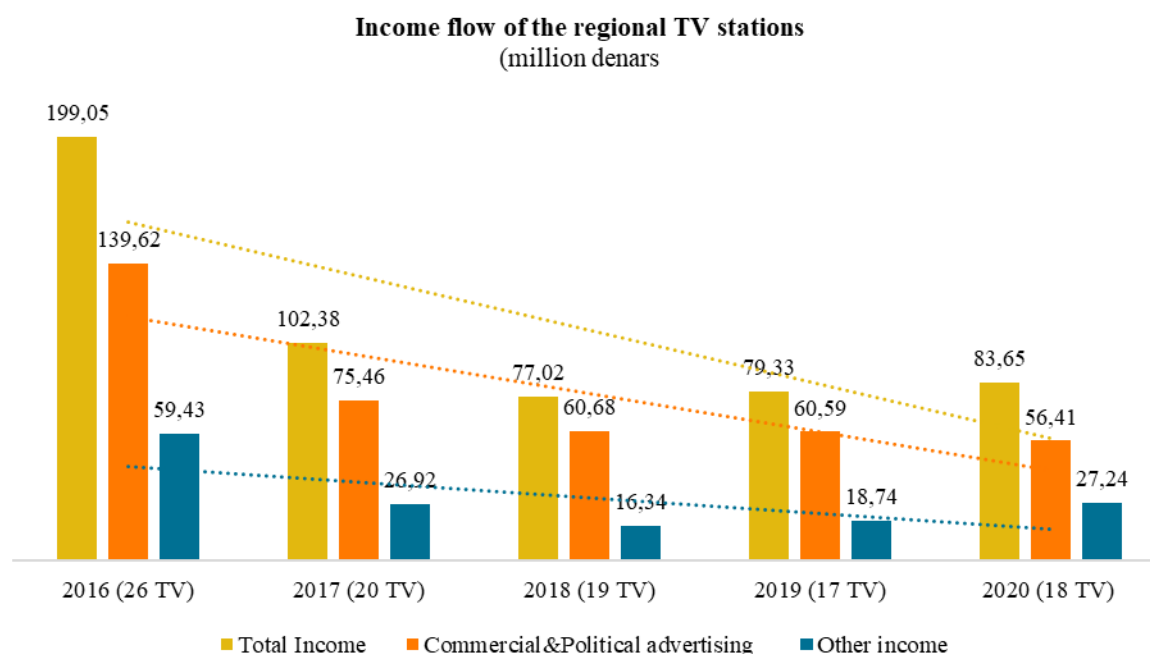
¹¹⁸ Source: Analyses of the audio and audiovisual media services market for 2016 - 2020, Agency for Audio and Audiovisual Media Services. Available in Macedonian at: <https://avmu.mk/analiza-na-pazar/>

state-level terrestrial TV sector, which is probably due to the programme format and editorial policy (both TV stations broadcast a small percentage of a feature programme or other entertainment programme from a foreign production).

5.4.4 TV stations at regional level

In the regional commercial TV sector in the last five years there have been many changes both in terms of the number of players and in terms of economic effects of their operations. Over a period of five years, the number of TV stations in the regional TV market has dropped from 26 to 18 TV stations, but the number of “players” is still quite large for such a small country. Out of a total of 18 regional TV stations, most (12) have a license for cable transmission, and only 6 broadcast their programmes through the DTT platform (5 in the biggest Skopje region and 1 in the Polog region).

The advertising revenues of this sector have been steadily declining over the years. Other revenues were also declining, with the exception being in 2019 (slight increase) and in 2020 when these categories of revenues increased to 27.2 million MKD, primarily due to the systemic financial interventions by the media regulator and the Government to reduce the effects of the economic crisis caused by the pandemic.

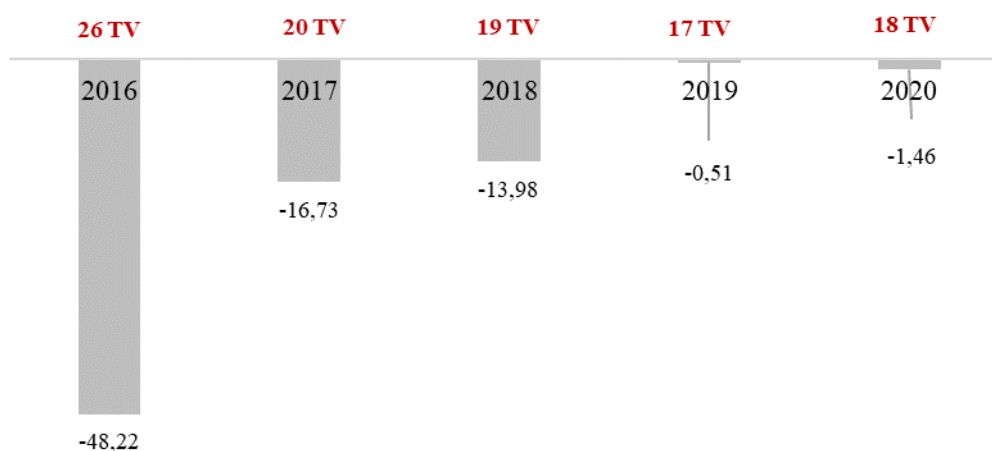


Year	Total revenues	Share of commercial advertising	Share of commercial & political advertising	Share of other revenues
2016	199.05	58.20%	70.14%	29.86%
2017	102.38	61.56%	73.71%	26.31%
2018	77.02	76.18%	78.78%	21.22%
2019	79.33	42.41%	76.38%	23.62%
2020	83.65	36.09%	67.44%	32.56%

Table 9: Revenue structure of the regional TV stations 2016-2020

What is specific about the regional TV sector is that the share of total advertising revenues (with political advertising) has been lower in all years, or around 70% of total revenues, except in 2018 when it reached a maximum percentage (78.78%). But if we look only at the income from commercial advertising, we will see that it is in a constant decline in this sector, reaching the lowest value in 2020 (36.09%). On the other hand, political advertising revenues fluctuated over the years and started increasing in 2019, which means that the budget funds that flowed into the regional TV sector through political advertising only mitigated and concealed its difficult economic situation. In addition, the share of other revenues typically ranged from one-fifth to one-third of total revenue in this sector.

Financial results of the regional TV stations 2016-2020
(in million denars)



The results of the financial operations confirm that the regional TV sector is, with rare exceptions, economically very weak, causing several TV stations to stop working and others to operate at a loss or on the verge of profitability. The *number of TV stations that have had a positive financial result over the years is as follows: in 2016, 11 TV stations, in 2017, only 6 TV stations, in 2018, 9 TV stations, in 2019, 11 TV stations and in 2020, 9 TV stations.* This TV sector is important for providing diversity of programme offer, especially for covering events at local and regional level, but it seems that the market was quite fragmented in this segment, and the inflow of advertising funds was insufficient to ensure economic sustainability of all players. It should also be kept in mind that North Macedonia is a small country, and the local and regional events are covered to certain extent by the public service and terrestrial TV stations at the national level. This means that the regional TV sector, even though there are many “players”, has been facing very big market competition from the large number of TV stations at national level: in 2020, in addition to the public service channels, there were 11 commercial TV stations operating at national level, of which 5 had a license for terrestrial broadcasting and 6 for cable or satellite broadcasting.

The direct costs for TV programme production have had the largest share over the years, with the lowest percentage in 2020. The largest items in this category are the costs for salaries of the employees who work directly on the production of the programmes, whose share has gradually increased over the years. In contrast, the share of the programme procurement costs is significantly lower compared to that of state-level terrestrial televisions and has decreased in the five years. The calculated costs for the depreciation of the equipment of these televisions have a significant share in the total costs, like state-level cable TV stations.

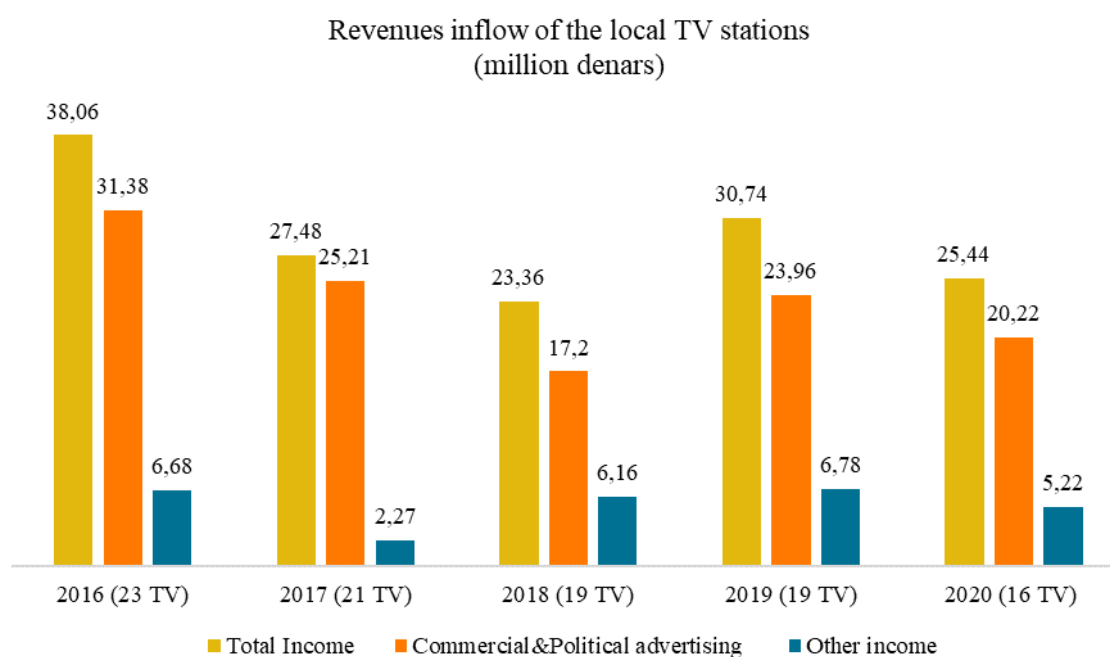
Types of costs	2016	2017	2018	2019	2020
Material costs	8.43%	8.28%	11.93%	10.18%	6.93%
Programme procurement	15.70%	9.10%	3.00%	3.86%	3.93%
Non-material costs (services)	9.21%	9.52%	9.82%	11.00%	6.66%
Salaries and other payments to staff directly involved with production of TV programme	35.26%	37.32%	42.33%	43.30%	46.37%
Direct cost for TV programme production	68.60%	64.22%	67.08%	68.34%	63.88%
Salaries and other payments to staff not directly involved with production of the TV programme	2.36%	2.81%	2.83%	0.00%	2.17%
Depreciation of equipment	13.79%	13.42%	6.09%	10.65%	9.95%
Depreciation of rights and licenses	1.65%	2.69%	5.35%	1.43%	1.39%

Rents and overhead expenses	0.68%	4.44%	1.15%	1.79%	6.44%
All other not mentioned expenses	11.28%	10.92%	14.79%	17.11%	15.80%
Total operating expenses	98.36%	98.52%	97.28%	99.32%	99.63%
Expenses for other activities	0.52%	1.24%	1.21%	0.34%	0.07%
Extraordinary expenses	1.12%	0.24%	1.51%	0.34%	0.32%
Total operating expenses	100.00%	100.00%	100.00%	100.00%	100.00%

Table 10: Costs structure of the regional TV stations 2016-2020¹¹⁹

5.4.5 TV stations at local level

Local commercial television is economically the weakest and the least sustainable sector in the TV market, attracting the least advertising revenue. *As a result, the number of local commercial television stations has dropped from 23 to 16 in 2020*, which is still a very big number for such a small and economically weak media market.



The share of revenues of this sector in the total revenues of the entire TV market is insignificant (about 2-3%). In the last five years, total revenues have been on a downward trend, even though in the last two years the amounts are higher due to the income from political

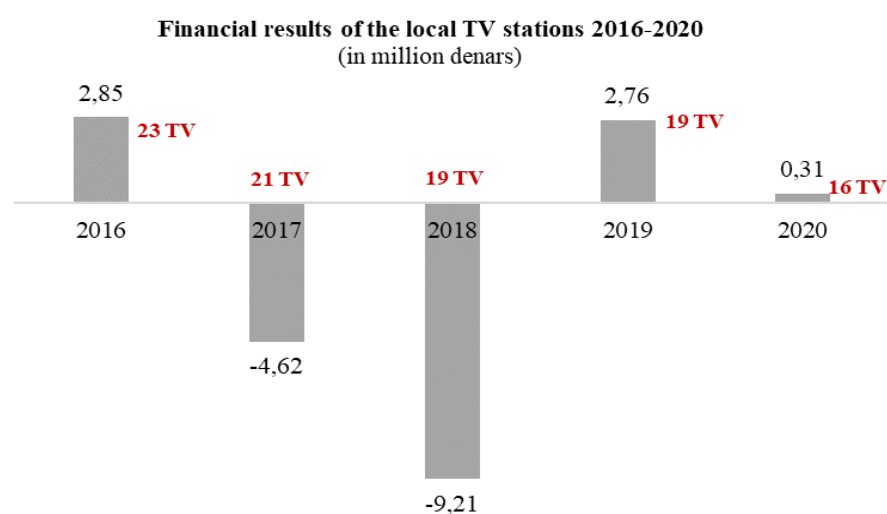
¹¹⁹ Ibid.

advertising (2019) and to financial intervention of the media regulator and the Government to mitigate the effects of the pandemic (2020). The data clearly show that without the budget funds allocated to local TV stations through political advertising and subsidies related to the economic crisis in 2020, this sector could hardly exist at all.

Year	Total revenues	Share of commercial advertising	Share of commercial & political advertising	Share of other revenues
2016	38.06	54.70%	82.45%	17.55%
2017	27.48	85.59%	91.74%	8.26%
2018	23.36	69.73%	73.63%	26.37%
2019	30.74	40.86%	77.94%	22.06%
2020	25.44	42.69%	79.48%	20.52%

Table 11: Revenue structure of the local TV stations 2016-2020

The results of the financial operations show even more clearly that the local commercial TV sector has barely survived in the past five years, showing in 2017 and 2018 a negative result of the operations. In the analysis and strategic documents, the regulator also emphasised that the operation of television stations at the local level is economically unsustainable, given the limited economic potential of the areas where they broadcast their programme services, as well as the high costs of television production itself. *The number of TV stations that have operated at a loss in the last five years is as follows: in 2016, 6 TV stations, in 2017, 15 TV stations, in 2018, 11 TV stations, in 2019, 9 TV stations, and in 2020, 6 TV stations.*



In the last five years, local TV stations have spent about half of their costs on salaries and allowances for programme production, but it should be emphasised that some TV stations reported minimal or zero costs in this category. In addition, only a few TV stations reported minimal costs for purchasing TV programmes.

Types of costs	2016	2017	2018	2019	2020
Material costs	13.97%	7.66%	5.04%	16.10%	16.01%
Programme procurement	2.43%	2.49%	0.30%	1.90%	1.12%
Non-material costs (services)	8.85%	8.75%	28.55%	17.03%	7.29%
Salaries and other payments to staff directly involved with production of TV programme	32.36%	45.56%	34.06%	40.30%	44.36%
Direct cost for TV programme production	57.61%	64.46%	67.95%	75.33%	68.78%
Salaries and other payments to staff not directly involved with production of the TV programme	9.08%	1.36%	1.85%	0.36%	6.17%
Depreciation of equipment	6.32%	6.20%	6.52%	6.31%	7.96%
Depreciation of rights and licenses	0.00%	0.58%	0.00%	0.72%	0.00%
Rents and overhead expenses	3.29%	3.73%	7.85%	3.55%	2.75%
All other not mentioned expenses	15.22%	20.44%	15.20%	8.39%	9.92%
Total operating expenses	91.53%	96.78%	99.38%	94.66%	95.58%
Expenses for other activities	5.61%	3.04%	0.31%	5.23%	0.00%
Extraordinary expenses	2.86%	0.18%	0.31%	0.11%	4.42%
Total operating expenses	100.00%	100.00%	100.00%	100.00%	100.00%

Table 12: Costs structure of the local TV stations 2016-2020¹²⁰

5.5 Market fragmentation and diversity of programme services

Even during the preparation of the first Broadcasting Strategy 2007-2012¹²¹, all stakeholders that participated in the public consultations on the state of the broadcast media market emphasised that "the market is very fragmented, and the number of entities is too large

¹²⁰ Source: Analyses of the audio and audiovisual media services market for 2016 - 2020, Agency for Audio and Audiovisual Media Services. Available in Macedonian at: <https://avmu.mk/analiza-na-pazar/>

¹²¹ Strategy for development of the broadcasting activity of the Republic of Macedonia (2017 – 2012), Broadcasting Council, 2007, p.45. Available in Macedonian at: https://avmu.mk/wp-content/uploads/2017/05/strategija_za_razvoj_na_radiodifuznata_dejnost_2007_2012.pdf

compared to the potential of the advertising industry."¹²² In the latest Regulatory strategy for the development of audio and audiovisual activity for the period 2019 – 2023¹²³, the Agency describes the market situation in a similar way:

*"...it is a small market, with very limited advertising resources, which have been continuously decreasing in recent years, ... the number of entities operating in the already small and unsustainable market is large, and at the same time there is significant competition from foreign channels that the audience receives through the operators of public electronic communication networks."*¹²⁴

The licenses of the private televisions are granted based on the programme concept submitted when applying for the license. Then, the programme concept becomes an integral part of the license and expresses the structure of the programme (type/genre and programme function) reflected in the so-called 'format' determined in the rulebook adopted by the Agency for Audio and Audiovisual Media Services.¹²⁵ The purpose of this Rulebook is to ensure the fulfilment of the general provision of Article 6 of the Law on Audio and Audiovisual Media Services for the protection and development of pluralism and encouraging and supporting the existence of various, independent and autonomous audio and audiovisual media services. From the data presented in Table 1 (page 48) it can be concluded that the most common format of TV services on the market is the 'predominantly entertainment general format'. Only three state-level televisions have services with a different general format: with all three media functions (TV Sonce, Nasha TV) or with a predominantly informative function (TV 24 Vesti). Out of 18 regional televisions, 16 had services with predominantly entertainment general format, one TV station had a general format programme service with all three media functions, and one had a specialized format service with an entertainment function.

In the Regulatory Strategy for the period 2019-2023, the regulator concluded that there is uniformity of the programme offer and identified the need for greater diversity of programme

¹²² Ibid.

¹²³ Regulatory strategy for development of audio and audiovisual activity for the period 2019 – 2023, Agency for Audio and Audiovisual Media Services, 2019, p.50. Available in Macedonian at: <https://avmu.mk/strategija-na-razvoj/>

¹²⁴ Ibid.

¹²⁵ Rulebook on the formats of the programme services of broadcasters, November 2014. Available at: https://avmu.mk/wpcontent/uploads/2017/05/ANG_Rulebook_on_the_formats_of_the_programme_services_of_broadcasters.pdf

formats of television programme services, at both, national and regional levels.¹²⁶ Furthermore, the regulator stressed the importance of encouraging media pluralism and diversity of genres as a strategic goal of the audiovisual regulatory policy, pointing to the Recommendation CM/Rec (2018)1 to member States on media pluralism and transparency of media ownership adopted by the Council of Europe in March 2018. This Recommendation explicitly emphasises that diversity of programme content is achieved at two levels: (1) through the existence of programme services with various formats; and (2) through the existence of programmes with different genre structure: news and current-affairs shows, but also other content and genres (cultural, educational and entertainment content, as well as content aimed at certain segments of the society, such as local content and content intended for vulnerable groups, minorities, and people with disabilities).¹²⁷

While analysing the reasons for the uniformity in the formats of programme services, the regulator explains that the main mechanism at its disposal to influence media pluralism and content diversity - the granting and revoking of licenses - could not be applied in previous years because most of the existing broadcasters' licenses were granted in the early 2000's and were later automatically renewed by the Law, without setting any criteria.¹²⁸ For example, most of the broadcast licenses expired in 2016, but the new Law on Audio and Audiovisual Media Services from 2013 did not envisage a separate authorisation of the Agency to renew the licenses based on clear criteria for broadcasters' contribution to the overall media pluralism and genre diversity. The regulator also pointed out the need to reconsider the current formula for estimating the license for various programme formats, because according to the existing legal provisions it is too high for some of the programme formats that are deficient on the market.¹²⁹

¹²⁶ Regulatory strategy for development of audio and audiovisual activity for the period 2019 – 2023, Agency for Audio and Audiovisual Media Services, 2019, p.8-9. Available in Macedonian at: <https://avmu.mk/strategija-na-razvoj/>

¹²⁷ Recommendation CM/Rec (2018)1[1] of the Committee of Ministers to member States on media pluralism and transparency of media ownership (Adopted by the Committee of Ministers on 7 March 2018 at the 1309th meeting of the Ministers' Deputies). Available at: https://search.coe.int/cm/Pages/result_details.aspx?ObjectId=0900001680790e13

¹²⁸ Regulatory strategy for development of audio and audiovisual activity for the period 2019 – 2023, Agency for Audio and Audiovisual Media Services, 2019, p.8-9. Available in Macedonian at: <https://avmu.mk/strategija-na-razvoj/>

¹²⁹ Ibid.

5.6 Broadcasters' experiences and views on achieving economic sustainability

In accordance with the analysed data regarding the economic performance of the broadcasters in varied segments of the television market, several conclusions were drawn which were afterwards checked through in-depth interviews with directors or owners of several national- and regional-level televisions.¹³⁰ The aim of these interviews was to analyse the experience, practices and plans of the private TV broadcasters which operate in this sector.

5.6.1 Income of the private TV stations

All licensed national televisions have their own website, YouTube channel, social network pages and can be watched through online streams. Based on the information given during the interviews, an insignificant amount of television income comes from online advertising. A frequent practice of television stations has been to offer the advertiser, besides advertising airtime on television, a certain number of adverts on the station's website (for a very low price or free of charge). However, some stations have realised that this is not the best practice and insist on separating the sales for TV commercials and online advertising in order to achieve additional income.

The financial support provided by the Government and the regulatory body in order to alleviate the consequences of the pandemic was temporary and cannot resolve the continuous shortage of funds which is a problem for the television stations and other broadcasters.¹³¹ This especially concerns those who strive to reach the minimal threshold of quality for their programme: to sustain a professional newsroom which regularly produces news and other informative programmes, to purchase quality documentary and film programmes and, what is especially important, to produce their own programme which they would sell to other broadcasters. It is a rare occurrence for a television station to achieve income from the sale of their in-house production.

¹³⁰ An invitation for an interview was sent to a total of 13 televisions, of which 7 with national and 5 with regional coverage. The representatives of only 5 televisions responded to the invitation: 1 at national and 4 at regional level.

¹³¹ In-depth interview with a representative of a terrestrial state-level television, conducted on April 18th, 2022.

The representatives of the regional television stations who were interviewed for the purposes of this analysis also note the fact that income from online advertising is minor compared to their whole income. All have their own websites and profiles on social media, but the advertisers are focused on the online news outlets, and they are not interested in providing additional funds for the television adverts on the TV stations' web portals.¹³² They have little to no income from the sales of their own programmes.

Concerning the financial support from the Government, they also indicate that it has helped them in concrete situations, but it has not resolved their economic unsustainability. The step taken by the Agency for Audio and Audiovisual Media Services which foresees an exemption from paying the license fee was especially beneficial for televisions from the Skopje region, because the cost of the license fee in Skopje is very high.¹³³

According to the representatives of the regional television stations, the income from political advertising during elections aided them in partially overcoming the hard economic situation, especially the television stations in the smaller regions. However, the total income from political advertising is much smaller for regional and local media compared to the income of national televisions. Hence, that is the reason why some of the interviewees¹³⁴ believe that political advertising *"causes great harm, because the means are dispensed in the worst possible way, only around 30% to the regional and local media...there are no criteria according to which the parties decide how much they will distribute to the regional and local media."*

5.6.2 Expenses of the private TV stations

The production of news and other in-house current-affairs programme is the greatest item in the expenditures of televisions with national coverage. This includes the daily news bulletins, and the current-affair debate programmes. However, according to the interviewed representatives of private media, there is a difference among commercial television stations: some have decided to build a high-quality and well-designed editorial policy which aims at elevating the quality and genre diversity of their programmes—and they incorporate that as a rule of thumb in both their in-house and purchased programme—while other stations have decided on a single-genre, uniform or mainly entertainment-based programme which attracts a lot of viewers.

¹³² In-depth interview with a representative of a terrestrial regional-level television (Polog region), conducted on April 11th, 2022.

¹³³ In-depth interview with a representative of a terrestrial regional-level television (Skopje), conducted on April 11th, 2022.

¹³⁴ Ibid.

In their editorial policy, the first group of television stations have decided on the production of a daily-informative programme and relevant current-affairs programmes which encompass regular debates on the most contemporary topics and public concerns, such as investigative informative programmes which delve into topics of corruption, organised crime and similar subjects. The interviewed media representatives claim that for these stations, the expenditure for production of these programmes is greater because they include a greater number of journalists and other media staff which contribute to the preparation and production of those shows. Furthermore, the aforementioned television stations strive to expand upon the amount and level of personal production in their other types of programmes: specialised health care shows, sport debate programmes, contact and entertainment shows. For these television stations the expenditure to produce an in-house programme is far greater and harder to cover with the advertising revenue. However, the primary concern of the other group of national television stations is to attract a greater number of viewers, very often at the expense of the quality of their programme, and consequently they only have a small number of informative productions and purchase the same genre of soap opera productions and entertainment programmes which would attract the largest audience and, consequently, advertisers.

Based on the experience of the representatives from the regional television stations, the production of news is the greatest expense, because it requires many employees in the newsroom. Hence, the continuous lack of income influences mostly the quality and amount of the news and current-affairs programmes.¹³⁵ For example, one of the larger regional television stations started with 25 employees in the newsroom, half of whom were journalists, but is now reduced to just 5 journalists and technical staff. A regional television should have a strong newsroom which will cover a variety of local topics, and which will broadcast both local news and debate shows covering issues of local interest to the citizens.¹³⁶ From there, the continuous shortage of income for the regional televisions reflects negatively on the citizens' right to be informed about local topics and events. This is important because national media scarcely cover local topics concerning the problems citizens face at local level, because their focus is mainly on events and politics at national level.

For the regional television stations, especially those in the Skopje region, a huge portion of their expenses is connected to the compensation for the broadcasting license. Despite the 30% drop, this compensation is still considerably huge, because according to the formula, the license fee for Skopje is in a continuous rise (the criteria are based on GDP and the number of

¹³⁵ In-depth interview with a representative of a terrestrial regional-level television (Skopje), conducted on April 11th, 2022.

¹³⁶ In-depth interview with a representative of a terrestrial regional-level television (South-East Region), conducted on April 11th, 2022.

citizens). Hence, regional television stations unanimously agree that the formula for the license fee needs to be reassessed. Moreover, the terrestrial regional television stations pay a large amount of compensation to the multiplex operators which broadcast their programmes. The situation for the terrestrial televisions in Skopje is notably worse where the compensation paid to the multiplex operator for the broadcast of their programme's costs around 12,000 euros annually.

5.6.3 The TV Audience Measurement System

The main reason for the low income of regional and local televisions is their low viewership rate, hence they are of no interest to the larger advertisers. The representatives of these television stations believe that this issue is largely due to the current system of TV audience measurement (based on peplemetres) which gives precise data only for the national television stations. The data from this system are used by advertising agencies while they conceptualise their media plans for the dispensation of adverts by the biggest advertisers. In order to help the regional and local television stations to obtain data about their viewers, the regulatory body commissions special measurements for the audience of the regional and local television stations. However, the measurement methodology is different and, as a result, the data from this system differs from those from the peplemetres. Therefore, this data is not used by the marketing agencies, which predominantly work with the large advertisers. Regional and local television stations are not part of the plans of the marketing agencies due to their low viewership rate.

5.6.4 Fund for Pluralism and Programme Diversity

A few years ago, regional television stations started an initiative for the establishment of a so-called Fund for Plurality. The primary idea for this Fund included the establishment of criteria for allocation of funds which would be based on the amount of pension and social insurance benefits paid by the media to employees. However, the representatives of the regional television stations during the interviews agreed that if such a Fund were to come into existence, these criteria would need to be complemented with programme-related criteria to motivate the regional television stations to create a more diverse programme, to increase the number of journalists employed and to improve the quality of their news programmes.

Regional television stations have an important role in catering for the needs of citizens on a local level that are not being addressed by the national television stations. In additions, citizens

have someone to contact in order for their problems to be resolved – this is already present on local level, but it needs to be improved. This is the way through which journalism can be strengthened on regional level. These television stations are important in connecting the local government and the citizens.

5.6.5 Organisation, Business Plans and Challenges for their Implementation

For a television station to thrive and improve its production and technical standards, it needs to invest in the professionalisation of all its organisational aspects. Only some of the national television stations have formally adopted rules for the internal organisation and plan of their professional work. A type of support from international donors which has been requested or received by some national television stations is the hiring of experts who would conduct training in varied segments, especially in the improvement of the techniques for programme planning, adapting the content for publication on different platforms, and different forms of training for all employees.

Regional television stations note that it is almost impossible to create business strategies and plans because the surrounding conditions are constantly changing. Each strategic planning exercise is actually narrowed down to “surviving and thinking up new ways and tools for attracting the clients.”¹³⁷ In conditions where there is no stable income, every development investment in either technical equipment or programming is incidental.

The biggest issue concerning state-level television stations which invest in improving the quality of their in-house programming is the lack of financial means. They invest considerably but receive only a small portion of the advertising cake. The media market logic functions in such a way that the price for advertising time depends on the viewership rate, however “...despite receiving the smaller portion of the cake, we will not make exemptions in our editorial policy”.¹³⁸ A big problem for national television stations which buy quality entertainment programmes are also the unresolved copyright issues. Despite reporting some violations of copyright to the relevant institutions, according to them, no action is taken, or the institutions claim it is not within their jurisdiction to undertake measures.¹³⁹

National television stations claim that the broadcast of campaigns which are of public interest and are financed from the State Budget should be allowed but supported by well-

¹³⁷ In-depth interview with a representative of a terrestrial regional-level television (Eastern Region), conducted on April 11th, 2022.

¹³⁸ In-depth interview with a representative of a terrestrial state-level television, conducted on April 18th, 2022.

¹³⁹ Ibid.

defined criteria for a campaign of public interest.¹⁴⁰ Thus, they believe that Article 102 of the Law on Audio and Audio-Visual Media Services needs to be redefined to allow “state advertising”, but to prevent misuse by establishing an ad-hoc body which will decide on the definition of a public interest campaign. According to one representative of a national television station, this issue is not precisely regulated in the current law, but such practice exists nonetheless, especially at the local level. As a result, it needs to be regulated by law in order to stop misuse and influence on editorial policy.

For **regional television stations**, the main problem is to ensure stable and continuous funding. However, a problem is that regional television stations are not equipped to follow the new trends. What had recently been happening to printed media, now concerns the regional media as well: the audience is increasingly more online, and mainly follows the programmes of national TV broadcasters as far as traditional media are concerned.

5.6.6 The current debates among the stakeholders about media policy

The experience from the past cycles of media policy development in RNM suggests that the entities in the private audiovisual sector have not sufficiently understood the strategic goals of media public policy in the audiovisual sector, especially the fact that media viability and sustainability do not relate to financial or economic viability alone. Public debates on key issues in media public policy, such as the debate on the negative effects of state advertising or political advertising on the independence of audiovisual media editorial policy, which is still ongoing in RNM, have shown that there is a great polarisation in views on whether the public or private interest should prevail.

On the one hand, journalists’ associations, NGOs and the expert community point out that links between private media and politics continue to be present as political parties’ advertising during elections is paid for from the state budget, and this glues the connections between media owners and politics and “turns private media into party-ideological institutions, which ultimately defends the commercial interest of the owners at the expense of public interest.”¹⁴¹ The data from this assessment confirm that, in the past few years, the audiovisual sector as a whole has received huge amounts from the State Budget for party-political advertising during

¹⁴⁰ Ibid.

¹⁴¹ S. Trpevska & I. Micevski, *Media Sector Hotspots in North Macedonia: Decisive Reforms Long Overdue*, ASPEN Institute Germany, December 2021, p.32. Available at: https://www.aspeninstitute.de/wp-content/uploads/2021_Aspen-Germany_Media-Freedom-in-the-Western-Balkans.pdf

election campaigns. However, most of these funds went into the budgets of the biggest television stations, and significantly less into the stations at the regional and local level.

On the other hand, the representatives of the national private television stations not only do not want to give up political advertising during the elections, but also believe that the legal ban for state advertising, i.e. for the so-called financing of the campaigns of public interest in the audiovisual media, should be lifted.¹⁴² Such an attitude was also advocated by the private regional and local TV broadcasters, which stated that the legal ban introduced in 2019 to protect their editorial independence, affected them negatively because they stopped receiving funds from the municipal budgets.¹⁴³

¹⁴² Z. Gadzovska Spasovska, "Government advertisements in the media - a step back to a captured state" (Владини реклами во медиуми – чекор назад кон заробена држава), Radio Free Europe (Радио Слободна Европа), March 1st, 2021. Available in Macedonian at: slobodnaevropa.mk.

¹⁴³ V. Apostolov, "Government campaigns one step back to the media" (Владини кампањи на чекор назад до медиумите), Prizma, May 5th, 2021. Available in Macedonian at: <https://prizma.mk/vladini-kampani-na-chekor-nazad-do-mediumite/>

6 RECOMMENDATIONS

In the world where linear TV reach will not be sufficient to meet most marketer goals, small(er) national media players must adapt to new techniques, without forgetting their primary role in shaping the broader national cultural matters. Having regard to contemporary global trends and the specificities of North Macedonia, this assessment has identified a number of areas where concerted actions are recommended in order to enable a) media survival and b) media adaptation to new market realities. These include the (sub) legislative level, as well as structural and organisational recommendations and include:

6.1 Adaptation of relevant legal instruments to accommodate the EU-level legislation

The broadcast market in the RNM is still very fragmented, although the strategic documents and specific studies accentuate that the sector needs to be consolidated, because technological convergence requires innovative business models and large investments from actors if they want to retain audiences and compete with new kinds of competitors in the market. This is possible only if the legal framework facilitates and encourages the synergy between different sectors and the acquisition of revenues from different markets. Such consolidation is especially important in small media markets where, in a different ownership framework, the smaller broadcasters could reap the full benefits of economies of scale.¹⁴⁴

In the past years there were almost no vertical and horizontal integrations of business models in different media sectors in North Macedonia that would help to economically consolidate some segments of the audiovisual market. The obstacle to such consolidation of business models can, *inter alia*, be found in the existing provisions of the Law on Audio and Audiovisual Media Services, which “no longer strike a balance between the objective of safeguarding pluralism and diversity and the objective to have a thriving audiovisual marketplace.”¹⁴⁵

The one legislative framework that is important to mention here is the revised AVMSD, whose adoption was the result of a need to reflect the significant and rapid shift of the media

¹⁴⁴ Council of Europe, Pluralism of Media Ownership in the New Media Environment, A Study for the Agency on Audio and Audiovisual media Services, May 2020. Available at: <https://rm.coe.int/hf37-study-media-ownership-eng/16809f0272>

¹⁴⁵ Ibid, page 41.

landscape, in technology and viewing habits, the explosion of online content services, either on-demand services (VOD) or video-sharing platforms (VSP), and acknowledging that OTT services are seen as direct competitors with traditional broadcasters, while taking into account increasingly cross-border markets.

Besides the fact that the regulatory regime partially extends to the online media environment, which in turn can affect the way “traditional” media function/sustain, the importance of transposition is noted for two other reasons:

1. First, as envisaged by the revised AVMSD, emphasis is put on self-regulatory mechanisms, especially relating to codes of conduct: “...*drawn up by media service providers, video-sharing platform service providers or organisations representing them, in cooperation, as necessary, with other sectors such as industry, trade, professional and consumer associations or organisations...*” (Article 4a2.) Co-regulation, as recognised in the revised AVMSD, provides for a legal link between self-regulation and the national legislator in accordance with the legal traditions of the member States. The regulatory role is shared between stakeholders and the government, or the national regulatory authorities or other relevant bodies. The role of the relevant public authorities includes recognition of the co-regulatory scheme, auditing of its processes and possibly its funding. In this scheme, the regulation is entrusted to the industry but there is a possibility of State intervention – such as retaining the regulator’s backstop powers to intervene in case the system is not functioning. In the context of North Macedonia market realities, it is recommended to start the establishing of advertising self-regulatory scheme. This is because the self-regulation system works when and if it is driven by a sense of ownership by the media and advertising industry, ensuring a level playing field amongst media businesses and reinforcing fair competition, with the same rules applicable to all stakeholders.

2. Second, the revised AVMSD emphasises the importance of the independence of regulatory authorities. Article 30 requires a legally distinct national regulatory authority, which is: “*functionally independent of their respective governments and of any other public or private body.*” Without the proper independence of the regulator, one can hardly expect proper execution of its responsibilities *vis-à-vis* the functioning of the media market, nor can it be expected that the recommended self- and co-regulatory schemes will be functioning in order to satisfy and protect the market, the audience and the media players themselves.

Combined, the elements of partial inclusion of the regulatory regime to online media services, introduction, and reinforcement of self- and co-regulatory mechanisms, while ensuring full

independence of regulators effectively provide for a level-playing legal and regulatory system, a prerequisite for proper functioning of media market.

6.2 Establishment of nation media sustainability network

While building on the successful examples from this assessment (e.g., the Irish Broadcasting sustainability network), it is recommended to establish a national media sustainability network, either by the decision of relevant government body, or a regulatory agency.

The network should be composed of media representatives and their professional associations, media regulators, the national film agency, academia and relevant NGO sectors, and relevant government institutions. This should be a permanent advisory platform, functionally and organisationally equipped and financed to address all media related issues effectively, rapidly and accurately, in a transparent, open and inclusive manner, following the principles of the right to freedom of expression as guiding standards in its work.

Some of the principal tasks of this network should be concentrating on the assessments of and proposals for:

- reform of the legislation governing this sector, inclusive of media and production related legislations, as well as legislation which addresses the issues such as tax reforms for incentives for the sustainability of media (tax rebates, returns, etc.);
- the establishment of self- and co-regulatory structures, to complement the current models of sectoral governance, updated to ensure more participation of the industry, professional associations and other stakeholders;
- the establishment of permanent, reliable and trustworthy data collection and the publication of total revenues in the print and online media sectors, ideally to be executed by the academic and/or research institutions in regular intervals;
- one-stop shop model to provide support for the donor's sustainability projects for media, including regional and local media, seen to be in the most difficult position in the country;
- continuous training programmes, both for the regulatory structures and the industry, in order to understand and be up to date with the market development and therefore ensure timely response to quickly changing market circumstances;
- monitoring media sustainability initiatives taken elsewhere in Europe and organising a "media sustainability conference" on a regular basis with the support of international donors and stakeholders;

- cooperative models for media outlets, particularly regional and local ones, where pooled resources and shared expenditures on some of the aspects can be equally distributed, e.g., programme acquisition, technical and administrative support, etc.

6.3 Preparation of national action plan for the development of the audiovisual sector

Unlike more developed countries (as shown in the cases of Ireland, the Nordic countries etc.), North Macedonia does not show examples of collaborative projects or partnerships between entities in the audiovisual sector to develop their knowledge and their capacity for implementing new business models and practices. Also, there are no specific fiscal measures or tax regimes in the country aimed at supporting the audiovisual media industry or encouraging the production of domestic audiovisual content.

A comprehensive action plan covering all strategic aspects and recognising audiovisual media and audiovisual production as an important economic and cultural branch should be done as a joint effort of the government, the regulatory agency, the national film agency, the industry, and the relevant professional associations. The task referring to preparation of the national action plan can be entrusted to the recommended Media sustainability network from point 2 above, where the pool of necessary experts can be available to identify all related needs.

The action plan would identify all areas in need of intervention, the timeline and steps required, together with resources (human and financial) and deadlines, marked by institutions/bodies responsible to lead each item. Legislative reforms, media support schemes, promotion of investment, collaborative initiatives, infrastructure considerations, training programmes and investment in jobs/talents and innovations, are just some of the items the Action plan would identify.

6.4 Consolidation of TV broadcasting: Ensuring quality and diverse content

The data presented in Chapter 5 show that even the most economically and production-wise powerful entities in the audiovisual market in North Macedonia – national television stations – do not generate significant revenue from new types of services, although their content is present and marketed on all platforms. In the terrestrial television segment at national level there are five TV service providers, and they generate the most revenues in the entire

audiovisual sector. However, not all entities in this market segment work with a positive financial result: some have continuously shown a loss, some have worked on the edge of profitability, and some have indeed managed to attract more revenue from advertisers.

The findings of this assessment (as well as of a number of previous studies) confirm that the editorial positioning and the quality of a private TV programme service are directly related to the amount of revenue it generates. In the market, there is a tendency for most private television stations to reduce the programme production costs in order to survive financially, which eventually reflects on the quality and diversity of their overall programme offer. Consequently, private TV broadcasters that strive to produce and offer more in-house programming and raise the quality and production standards, face huge financial difficulties because the costs of producing their own programmes (especially for news and information genres) are very high and often cannot be covered with advertising income in such a small market. Uniformity in the current offer of TV programme services on the overall audiovisual market is acknowledged also by the Agency in its Regulatory Strategy for the period 2019-2023.¹⁴⁶ All five terrestrial national TV broadcasters are licensed for 'predominantly entertainment general format', one national TV broadcaster (for satellite-cable transmission) is licensed for a general format with a predominantly news function and two for a general format with all three media functions (for cable transmission).

Private TV broadcasters at national level are extremely important entities in the TV market, and therefore, the obligations in the Law, bylaws and licenses should usually be stricter in terms of various aspects: to broadcast a programme with a certain genre structure to which they committed themselves when applying for the license; to broadcast a regular daily news and other current affair and specialized programmes; to broadcast a certain percentage of European audiovisual works and works produced by independent producers; etc. Given the importance of terrestrial TV broadcasters for the pluralism and diversity of the overall programme offer it is necessary to provide diversity of formats in this segment of the TV industry.

Regional and local TV broadcasters are in the worst economic situation and their programme offer is uniform and of very poor quality. The regional television market is very saturated and fragmented, with the number of outlets too large for a small advertising market such as the one in North Macedonia. Local commercial television is economically the weakest and the least sustainable sector in the TV market, given the limited economic potential of the areas where

¹⁴⁶ Regulatory strategy for development of audio and audiovisual activity for the period 2019 – 2023, Agency for Audio and Audiovisual Media Services, 2019, p.8-9. Available in Macedonian at: <https://avmu.mk/strategija-na-razvoj/>

they broadcast their programme services, as well as the high costs of television production itself.

In both sectors, there is a great uniformity in the offer of programme services. The 'predominantly entertainment' general format prevails - in March 2022, 16 out of a total of 18 regional television stations had licenses for such a format, as had 13 out of a total of 15 local television stations. With very rare exceptions of two or three regional televisions, all other entities in these two sectors have neither a programme policy nor any business strategy. The continuous lack of income influences all programme segments, but mostly the quality and the amount of news and current-affairs programmes. Hence, the 'business approach' of these broadcasters is limited to reducing all possible costs to a minimum, reducing the number of employees in all segments of the programme, especially the daily news. For example, one of the larger regional televisions in the capital of Skopje had 25 employees in the newsroom, half of whom were journalists, but is now reduced to just 5 journalists and technical staff.

When drafting the last Law on Audio and Audiovisual Media Services from 2013, the policy makers neglected this crucial strategic goal of the regulatory policy by not envisaging appropriate transitional provisions in the Law that will authorise the audiovisual media regulator to renew the existing broadcast licenses based on clear criteria for the broadcasters' contribution to the overall media pluralism and genre diversity. In this strategic document, the regulator also pointed out the need to reconsider the current formula for estimating the license for various programme formats, because according to the existing legal provisions it is too high for some of the programme formats that are deficient on the audiovisual media market.

This assessment wishes to emphasise that the competition between regional media usually do not exist elsewhere in Western European countries, as seems to be the case in North Macedonia. Perhaps this is owing to the situation where the transit from the media system that existed throughout e.g., ex-Yugoslav Republics (with a few state-owned media outlets and several media information centres), into a system with media mushrooming on all levels. In any case, what appears to be economic nonsense, and unnatural economic and market interventions, clearly cannot be expected to be resolved by interventions of the regulator.

The regional and local broadcasters face two challenges which are extremely difficult, if not impossible, to solve when they are combined. The first one is that they receive no public funding, which is not the case in European countries where regional and local broadcasters have managed to find their sustainability thanks to various types of public support. The second one is that some of them compete for the same audience, which is not the case in most if not

all European countries. In countries like Belgium or France for example, each local television is guaranteed a monopoly on its coverage zone.

If this situation continues, it is most likely that many local broadcasters will either disappear or continue to cut their programming expenses and therefore not contribute to the quality and the diversity of their offer.

In the current situation, it does not appear that public funding can be foreseen and therefore the first challenge will remain. Regarding the second challenge, the authors consider that every step towards the consolidation of the market is indispensable. In this regard, new licenses should not be granted unless a solid economic model is presented by applicants. Also, incentives should be put in place to force local/regional media to pool some resources, not only in terms of administrative and technical issues, but also in terms of revenues streams (advertising sales, for example) and in terms of programming (co-production and exchange of programmes, for example). An excellent example of a local and regional TV station's network, perhaps unique in its mandate, is to be found in the French-speaking Community of Belgium. The so-called Network of Proximity Media, uniting the 12 regional TV stations, works as a platform which provides many services to its members. The network provides administrative and human-resource services, in addition to reporting to the relevant regulatory authority on the obligatory European works quota; provision of sub-titling for programmes that fall under the accessibility obligations; and managing and organising programme archiving for its members. It is also charged with the co-production and exchanges of programmes; search of public and private financing for these programmes at the Community level; share of workforce and, when need be, representation and advocacy towards public and private stakeholders; monitoring of trends relating to sustainability of local and regional media and strategic planning relating to this sustainability; strategic plans in terms of distribution by national and international digital platforms; etc.¹⁴⁷.

¹⁴⁷ More information is available at: <https://www.mediasdeproximite.be/>.

6.5 Supporting sustainability and pluralism in the audiovisual media sector through support schemes and initiatives

In 2013, a comprehensive measurement of the economic contribution of the audiovisual creative industries was conducted in the country,¹⁴⁸ which highlighted the need for a comprehensive strategic approach that would cover various areas of the audiovisual industry (film, television, and video games). According to this study, the potential of the audiovisual industries is still not recognised by various state institutions and already existing general measures to encourage entrepreneurship (support to cluster association, voucher system of counselling etc.) are not implemented at all in the audiovisual media sector. The study proposed additional measures for enhancing the production of domestic audiovisual content and encouraging the export of audiovisual works, such as: fiscal measures, professional and institutional networking, direct funding through the existing support scheme of the Film Agency, support to education, training, and professional development, etc.¹⁴⁹

What seems to be particularly lacking and what is highly recommended is the adoption of a model to support the sustainability of media. The idea of establishing a Media Development Fund has been discussed for several years among the regional private broadcasters, but this initiative has never been thoroughly analysed and specified in terms of clearly defining the public goals to be achieved, the types of support, the criteria for allocation of funds, the sources of funding, etc. Such support is vital to journalism and the informative function of the media at regional and local level.¹⁵⁰ In its Regulatory Strategy 2019-2023 the regulator also observed¹⁵¹ that it is necessary for the Government to adopt a strategic document and measures to support regional and local media, based on the Recommendation CM/Rec (2018)1 of the Council of Europe on media pluralism and the transparency of media ownership.

¹⁴⁸ School of Journalism and Public Relations, Audiovisual creative industries in Macedonia: Film, Television, Video-Games (Аудиовизуелни креативни индустрии во Македонија: филм, телевизија, видео-игри), September 2013. Available in Macedonian at: <https://iks-edu-mk.b-cdn.net/wp-content/uploads/2020/01/Audiovizuelni-kreativni-industrii-vo-Makedonija-film-TV-video-igri-Analiza-i-nasoki.pdf>

¹⁴⁹ Summary of the discussion about the results of the study and the proposed measures were presented in the video available at: <https://www.youtube.com/watch?v=Z7XP6hHsltw>

¹⁵⁰ Macedonian Institute for Media, Media and journalism subsidy mechanisms in Macedonia and the countries in Europe, 2018. Available at: <https://mim.org.mk/attachments/article/1138/Media%20and%20journalism%20subsidy%20mechanisms.pdf>

¹⁵¹ Regulatory strategy for development of audio and audiovisual activity for the period 2019 – 2023, Agency for Audio and Audiovisual Media Services, 2019. Available in Macedonian at: <https://avmu.mk/strategija-na-razvoj/>

Another type of support scheme for the media is the financial support aimed for audiovisual feature and documentary production at the state Film Agency of RNM¹⁵². The regulator, in its Regulatory Strategy¹⁵³, acknowledged the need to support the production of deficient domestic feature and documentary audiovisual works, but also stressed that the Film Agency has so far supported only a few audiovisual works aimed for television (TV series). Hence, it was emphasised, and it is indeed reiterated here that the idea of establishing a special Fund to encourage television production should be discussed in future media policy debates.¹⁵⁴

¹⁵² http://filmfund.gov.mk/?page_id=17834&lang=en

¹⁵³ Agency for Audio and Audiovisual media Services, Regulatory Strategy for Development of Audio and Audiovisual Activity for the period 2019-2023, p.32. Available in Macedonian at: avmu.mk

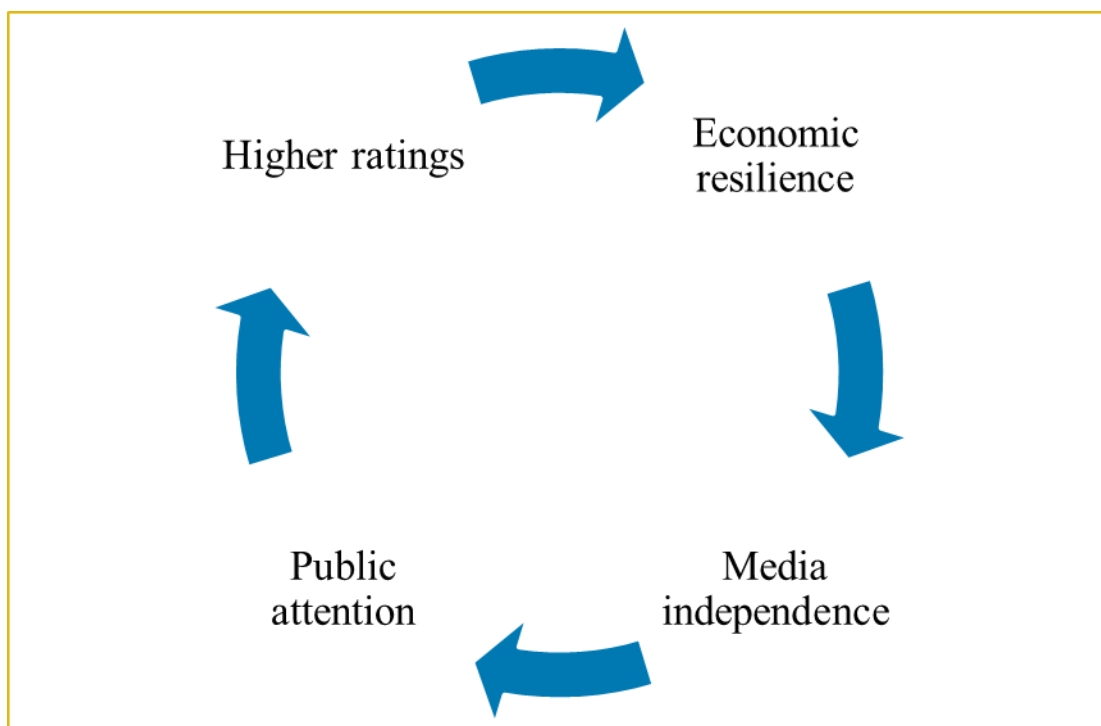
¹⁵⁴ Ibid.

7 APPENDIX 1: A GUIDE TO MEDIA PRACTITIONERS – HOW TO ADAPT TO PRESENT MARKET REALITIES

There are several realities surrounding the audiovisual sector today:

1. *The situation is in dire straits.*
 2. *The Media sector is not just another business sector, but one that must work in the public interest, respecting the fundamental norms of freedom of expression.*
 3. *Competition raises the level of overall quality and diversity of programmes and the richness of sources of information for the audience. The dual nature of the audiovisual media market is a desired policy orientation in that respect.*
 4. *Short-term benefits of “giving up” one’s independence to political or other influential factors is short-lived and can be fatal for the survival of the media.*
 5. *Many voices are stronger than one and the necessary cooperation among the sector strongly increases the level of decision-making which reflects the needs of the sector.*
- Above all, nothing good will come from resigned, negative, partial, and divided bickering. No solution will magically materialise on its own either. There is no one better than media outlets themselves to adopt the proactive approach from inside-out, honestly reflecting on one’s needs and positions and spreading the needed actions wider, until the full circle of sustainability is reached.*
-

In addition to economic challenges, the world is witnessing a huge rise of political and other pressures on independent journalism, aided by the tools of social media. Media must persist in demanding nation-wide strategies and action plans for media sustainability and resilience, as well as the protection of both safety and independence of the media sector. However, it is also the job of the media themselves to remain relevant and competitive. In order to do that, abiding by the highest journalistic professional standards is not only a recommended option, but it is the only way. Remaining relevant is another imperative, one that even opens the possibility of benefitting from (voluntary) audience subscription. The media need to strategize their *modus operandi*, as a matter of priority, which reciprocally affects their economic and cultural/sectoral survival and further development. The more economically resilient, the better the media is at attaining its independence, which results in higher ratings and more commercial revenues, adding to their economic viability – the motto which describes the circle of sustainability.



Adopting the “**two-sided markets**” approach is not easy, but there is a variety of ways in which it could be accomplished:

Know your audience

The media outlet *MUST* know its audience, and research thoroughly their expectations, perceptions, habits, etc. Media must also rationalise such consideration based on relevant market and economic data. The Millennials’ and Gen Zers’ familiarisation/orientation towards paying for content is visible, even trendy, but the key is what type of content is offered to them. Reaching to and being present on online media services and platforms helps in identification of trends, number, and type of followers, etc. The content must be clear of advertising “interference” and must be contemporary and close to their experience, so that it can arouse interest and reach the necessary popularity levels. The targeted and desired audience ideally develops a type of ownership over the content that reflects upon their lives, and quickly gains in desired numbers. So, the utilisation of predictive analytics, which can be aided by online presence, can be a good business actions driver.

Although utterly incomparable in market size, scope, and position, but rather provided as an inspirational “strive-towards” goal, the practice of major news organizations the print media market, such as, e.g., the UK Guardian, is recalled here. A point of caution is needed, as this

organisation has a long-time standing of abiding by professional journalistic standards, they are trusted and trustworthy, and they operate with an emphasis on the word “voluntary,” meaning the segments of the audience who wish to donate can do so, while everybody else still gets the content for free; hence their dive into this kind of subscription is value-based and holds strong.

Reach your audience

Reaching one’s audience is not achieved only *via* airwaves. A vigorous, constant, and direct outreach to the community served and to businesses (especially local and regional) must constantly be a priority.

These can be done with, *inter alia*:

- Newsletter and daily briefings;
- Intensive online presence, including online revenue (YouTube channels, social media revenues, etc.);
- Online teasers to attract audience to the channel, but also to have exclusive online content, e.g., quiz, with prize draws on the channel;
- Crowdfunding for specific projects, including media and literacy (MIL) projects with the young and senior audience;
- Connecting with regulators, the educational system and MIL networks, attracting young generations, including teens and students getting involved in programme creation, etc. by (e.g.) involving them in updating social media and organising prizes (MIL activities attract a lot of financial support and any and all projects will be paid for, while ensuring extended reach and attracting more audiences and having much closer ties with the local community).

Don’t compromise on content

- Original content, whether local, national, or covering global and international issues, particularly in the news segment, is the highest premium-rate programming that can be offered to one’s audience. In that, “*glocality*”, as expressed by the Reuters editor-in-chief Alessandra Galloni, is the key. Even for huge international media conglomerates, with global reach and global understanding, the local presence is what makes media unique. If proved to be successful, it could potentially bring revenue on its own, *via* online platforms (such as a pay to unlock type of offer), sale to other distributors, etc.

This can additionally boost the advertising of other content the audiovisual media are offering, *via* so-called content marketing.

- For regional and local media particularly, but also for some with national coverage, bidding for premium-rate programmes, such as sports, should not be a priority. In addition to high costs, the audience has already been consolidated with internationally operated specialised channels. Instead, concentrating on local issues around the topics of e.g., sports, with live interviews, debates, emphasis on sporting schools, etc. should be the programme orientation.
- Perfecting a feature programme(s), besides news with particular emphasis on local and national matters, e.g., morning programme, debates – TED-like concept programmes, cooking shows, local talents or businesses, should be the core of programming.
- Investing in documentary series, local film/series features, local televised theatre shows, etc., which add to European quota requirements while opening possibilities of additional revenue from different sources (film funds, Creative Europe, etc.) should be emphasised.
- Choosing topics that appeal to Millennials, Gen Zers and minorities is what attracts the audience (consider combining old and young generations in programmes)

Be open to new tools and projects...

No matter what level of expertise, the media outlets shall, always, be open to and actively searching for new tools, possibilities and sustainability options, such as development projects and collaborations. This includes regular following and applying to international and national donor's projects, but also to various journalistic fellowship programmes. It is suggested to have designated personnel that will track and follow them. Active participations in the development of such programmes and projects is highly desirable from their inception phase, to make sure that the actual needs of audiovisual media in North Macedonia are heard and addressed. As such, they can best be conveyed *via* the recommended media advisory body (as suggested in Chapter 5) to be established in the country. Pursuing projects that do not fit one's profile can segregate the integrity of programme orientation and the business model, so the participation should always have in mind the compatibility aspect of participation.

...Including new business models

- Knowledge as to how and what revenue possibilities exist online is paramount. In that sense, media should strategically invest in gaining knowledge of these possibilities. Although not reaping results immediately, such investments will undoubtedly have a strong mid- and long-term impact. Innovative ideas focus on digital platforms, from

production of news as video streams, digital-only newscasts, episodic content that is first available online before broadcasting on air, etc. Managing not to fall in the trap of labelling new innovative ideas under the concept “that is not journalism” will undoubtedly bring rewards.

- While competing for advertising remains a strong focus, with issues affecting it predominantly out of scope of the immediate media’s remit, some additional revenue possibilities could be exploited. As such, media are in a very good position to diversify and enter the area of agencies for events planning and coverage, as they already possess the necessary requirements, such as particular niche expertise, relevant content, established wide contacts and target mailing lists, etc. This, in turn, can attract new audience and advertisers, in addition to providing new income and feed into providing original and interesting content.

Look into the future...

- Investing in future talent by considering low-cost, long-term voluntary apprenticeship schemes or “Working in Radio/TV” Masterclasses, covering a range of TV business and content production aspects and featuring them on air and online. This is a model which is educational on one side, but also a business model which can bring numerous benefits, i.e., revenue, new generation of trained youngsters, reach, etc.
- Staying up to date with trends and being courageous to experiment with new formats, without compromising on quality, means being willing to re-evaluate the very concept of quality. For example, satire was not considered a serious form of journalism, but has become one of the most valued forms of public scrutiny. The same applies to various hybrid forms using web platforms, which can be an excellent vehicle for investigative journalism.

...But don’t forget your roots

- Exploring media archives is another business avenue, which can bring easily accessible, already paid-for, interesting content. Although it requires investment in its refurbishing (mainly in terms of working hours, not financial resources), it can provide much interesting programme content, from historical retrospective to discussing pressing current affairs with a necessary background.

Partner up

Pooling resources and talent with partners can result in bigger production budgets and greater quality and reach. There are numerous successful examples of cross-border media collaborations in Europe. Nordvision, the cooperation platform among Nordic public services generating more than 4,500 TV programmes a year, has already been mentioned. Another example is the alliance built between the PSM organisations France Télévisions (France), RAI (Italy) and ZDF (Germany) in order to address the challenge posed by Netflix and other SVOD operators. Together they invest their efforts to co-produce a range of high-end programmes across multiple genres.

The collaboration does not need to be on such a large scale or even international. There can be benefits even from a cooperation of local or regional partners in which each partner can contribute if not financially, then with equipment, talent, ideas, or experience.

Be transparent and accountable

The media should be transparent and accountable regarding their own activities in order to maintain their credibility and public trust. This means disclosing any conflict of interest in terms of funding, ownership, and commercial arrangements, but also providing background information, a “story behind the story” if needed, hyperlinking the original data sources, and insisting on accuracy. When a news organization discloses – to the extent possible – its sources and its own motivation for doing a story, it helps to build perceptions of integrity and benevolence. When it makes an effort to bring clarity and accuracy by explaining the overall context of a story, or when it provides insight into its own decision-making processes, it helps to build perceptions of competence and integrity¹⁵⁵.

Use your voice

Finally, the one thing that should not be forgotten is that journalists have a voice, and that voice should be used. It is both a privilege and a mighty weapon – a fact that the elites are very much aware of, otherwise there would not be so many attempts to control it. Media freedoms are fragile around the world and pressures take many forms, but high-quality, well-researched journalism will always have its audience.

¹⁵⁵ <https://theconversation.com/journalism-needs-to-practice-transparency-in-a-different-way-to-rebuild-credibility-111474>

8 APPENDIX 2: ABOUT THE AUTHORS

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media sector. She was involved in the defence of freedom of expression case before the Human Rights Chamber of Bosnia and Herzegovina. She performed as a judge at the Monroe E. Price Media Law Moot Court, as part of the Programme in Comparative Media Law and Policy. Ms Rokša-Zubčević represented Bosnia and Herzegovina in the work of the Standing Committee for Transfrontier Television and many other international fora. She is a Council of Europe expert, involved in the preparation of a range of different studies

and research documents. She regularly contributed to the preparation of documents, studies, and panels of the European Platform of Regulatory Authorities (EPRA). She holds a BA in Political science and international relations from the University of Illinois at Chicago, USA, and a MA in human rights and democracy from the University of Bologna and the University of Sarajevo. She is the co-author of several publications on audiovisual policy and regulation. Ms Rokša-Zubčević excels in the fields of right to freedom of expression and media freedoms, drafting and reviewing of audiovisual primary/secondary legislation and broadcasting codes, self- and co-regulatory mechanisms, research and data-collection, jurisdiction matters, promotion of European works, protection of minors, media and information literacy, hate speech, licensing systems, fight against disinformation, commercial communications and defamation. She is the author of several related studies, mapping reports and analyses pertaining to the area of media freedoms, self-, co- and regulation of media, media law, etc.

Snežana Trpevska (local expert) is a media expert and researcher affiliated with the Research Institute on Social Development RESIS from Skopje, a multi-disciplinary research organization, founded in 2017 as a result of the growing need for applied research aimed at providing new



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Development Department. Since 2008, she has taken the position of a lecturer at the School of Journalism and Public Relations and since 2013 she has also been a professor at the Institute of Communication Studies in Skopje. She has taught Media Law and Media and Audience Research Methods. Her research interests extend over several fields: Media Policy and Regulation, Media Literacy, Journalism and Media studies, Sociology of Mass Communication, and Audience Research. Ms Trpevska has participated in numerous academic and applied research projects related to the freedom of expression and media pluralism, media concentration and broadcasting regulation, audience opinions and preferences, ethics in journalism, media and conflicts, etc.

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