



media
development
investment
fund

Impact Dashboard 2017



Content

04 Executive
Summary

06 Mission
Statement

08 Dashboard
Introduction

12 Current
Portfolio

16 Dashboard
Reach

20 Dashboard
Sales

24 Dashboard
Viability

30 Client Impact
on Society

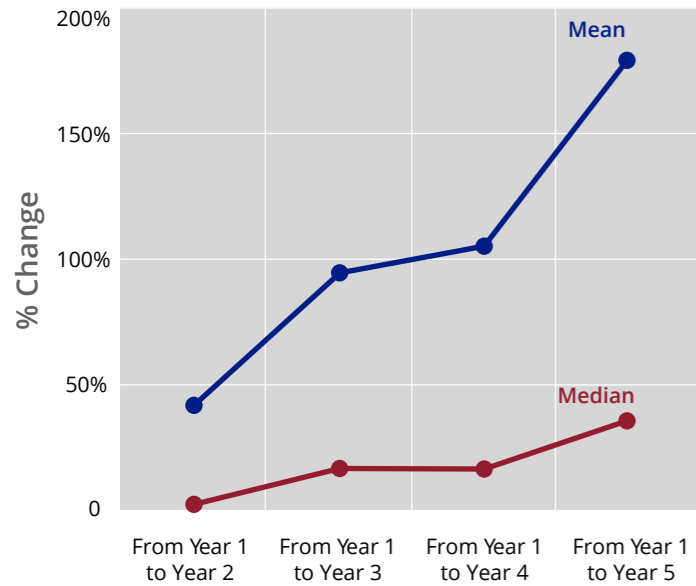


Executive Summary

Client Reach

In 2016, **77.1 million** people received their news from MDIF clients, **39 million** through digital media and **38.1 million** through traditional media. After five years of working with MDIF, client reach increased by a median of **32%** (on average by 178%).

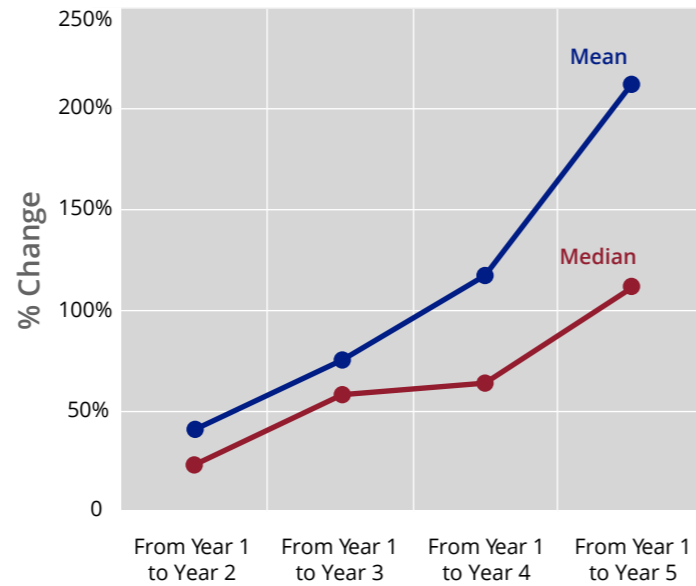
Change in Client Reach from First Year with MDIF



Client Sales

In 2016, MDIF clients generated a total of **\$338 million** in sales. After five years of working with MDIF, clients increased their sales by a median of **109%** (mean of 213%). Each dollar invested by MDIF leveraged **\$5.12** in client sales.

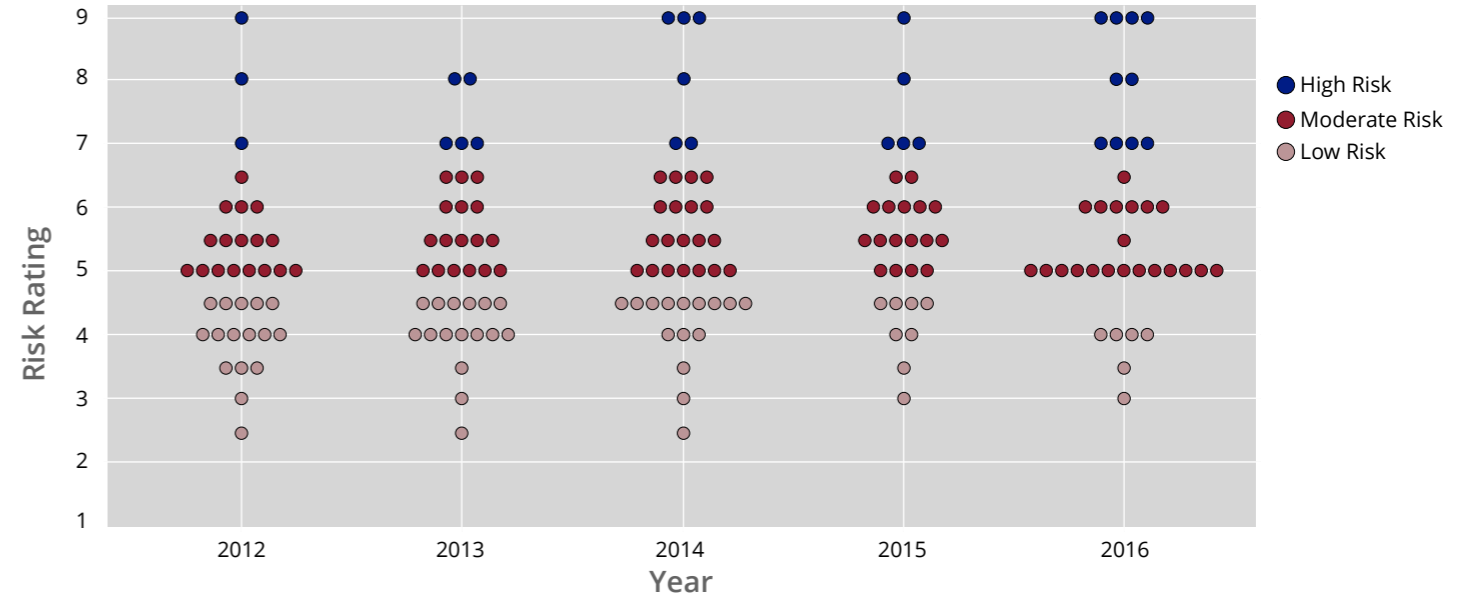
Change in Client Sales from First Year with MDIF



Client Viability

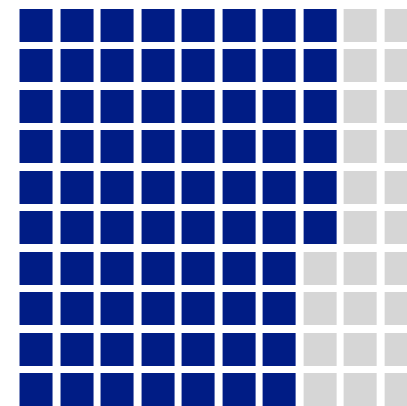
In 2016, the median risk rating across the portfolio was **5.5**, a 3.7% decrease from 2015, still within the **moderate risk range**. Across the portfolio **69%** maintained or lowered their risk rating from 2015 to 2016.

Distribution of MDIF Risk Rating Scores, 2011 - 2016



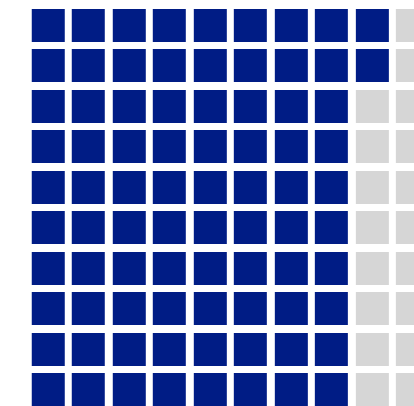
Client Impact on Society

Percentage of Clients Exposing Corruption in 2016



76% of MDIF clients exposed corruption scandals in their country in 2016

Percentage of Clients Holding Leaders Accountable in 2016



82% of MDIF clients held their governments accountable for their policy promises in 2016

Mission Statement

Media Development Investment Fund (MDIF) invests in independent media around the world providing the news, information and debate that people need to build free, thriving societies.

Why We Are Here

Timely, accurate, relevant information is critical to free societies. It enables fuller participation in public life, holds the powerful to account and protects the rights of the individual.

How We Choose Clients and Areas of Operations

MDIF invests in independent media companies in a range of countries where access to free and independent media is under threat. Clients are selected based on three broad criteria: mission impact in relation to investment; potential for long-term viability; editorial integrity.

How We Work

MDIF financial investments include affordable loans, equity investments, loan guarantees and technical assistance grants. MDIF mobilizes other investors to maximize the impact of its financing. MDIF seeks to establish long-term relationships with its clients, which may involve advice and assistance in business planning, media management and other technical support.

Providing Access to Capital

MDIF clients are starved of capital because they work in environments with poorly developed banking systems, distorted markets and unfavorable investment climates. Often, they work in transition economies or under governments that are hostile to the idea of free and independent media. In all cases, a lack of funds is the main obstacle to their growth and development and seriously hampers their ability to be commercially viable and self-sustaining.

The Changing Landscape of Media and Investment

In the last decade, a technological revolution has transformed the media business and the way people access news and information across the world. MDIF invests in established and experimental digital products and businesses that contribute to the provision of information in the public interest.



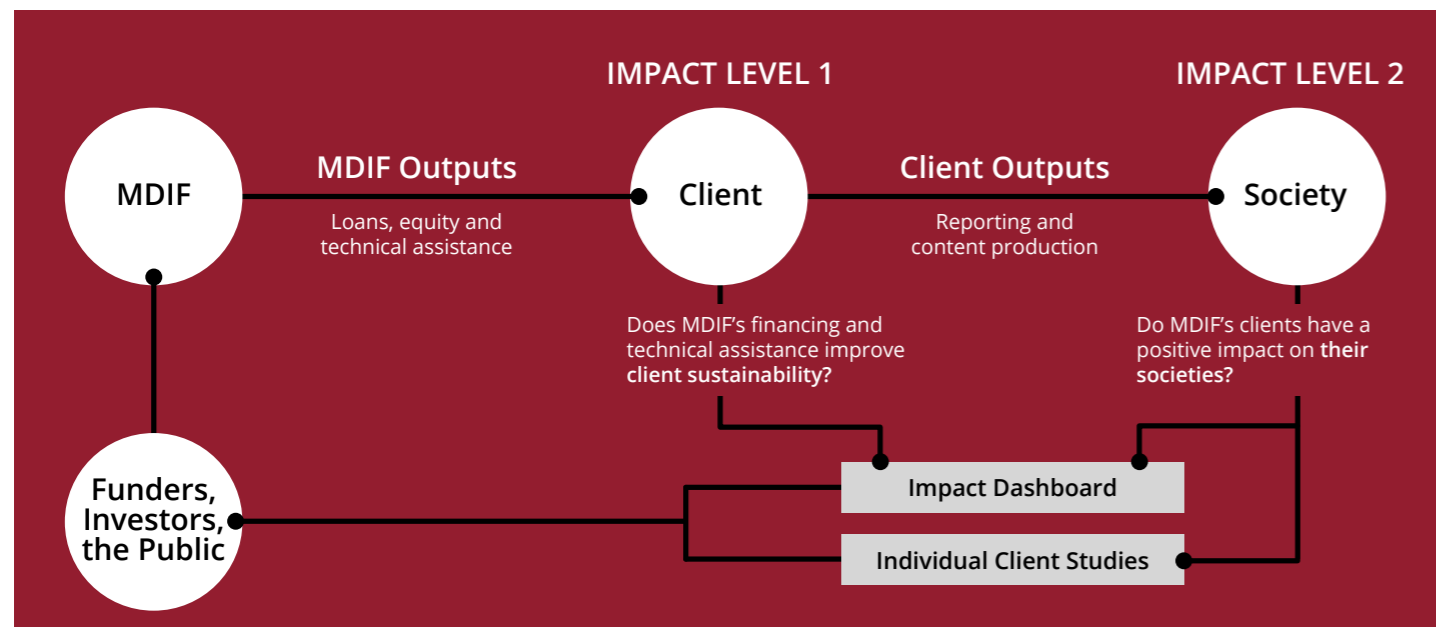
Dashboard Introduction

Impact Assessment Strategy

At MDIF, impact assessment is a critical part of our work. Since 2005, we have published our Impact Dashboard to publicly present the findings of our annual analysis. The Dashboard provides a comprehensive description of impact results from the preceding year as well as longitudinal

analysis of outcomes across our portfolio. We focus our impact assessment efforts on two areas: first, direct impact of our investment on clients; and, second, our clients' impacts on their societies.

MDIF's Approach to Impact Assessment



Impact Level 1: MDIF's Impact on Client Sustainability

Our primary objective is to support independent media businesses with the financing and technical assistance they need to maintain editorial independence and grow. To assess the extent to which our support contributes to our clients' long-term sustainability, we evaluate how each media company's **reach, sales** and **viability** change over the course of their involvement with MDIF. While the outlets we invest in are diverse in terms of their geographic focus, revenue models, and media type we believe that these three metrics are relevant for the largest number of clients in our portfolio.

Over the years, we have worked to improve our approach to impact assessment and to adapt in response to sweeping changes in the media sector. These efforts aside, there are two important limitations inherent in the Dashboard that readers should keep in mind:

First, the methodology is designed to assess established media outlets that produce news and information content and are focused on generating revenues to support their operations. In recent years, we have expanded our portfolio to include a wider range of news-related digital outlets. Some of these clients are early-stage companies focused on developing an idea or tool to support digital media instead of producing news content themselves. For others, the early stages of developing a digital media business are focused on building an audience, not sales; generating digital revenue often depends on a business already having established a strong user-base. Consequently, these early-stage digital startups are not included in the Impact Dashboard. Nor are

clients that provide platforms to connect users, rather than provide news and information to audiences. For example, OnionDev provides services such as a voice-activated social network for illiterate rural people in India, and Colab connects Brazilian users with local administrations.

Second, to collect sales and reach data, we rely in part on our clients' records. While this is generally not an issue for sales figures, collecting accurate reach data on a regular basis remains a challenge for many companies in our portfolio and especially those working in underdeveloped markets. We work closely with clients to improve their data collection procedures. These improvements include standardizing the tools clients use to collect online metrics and improving their overall awareness and use of audience research data. While many clients have made vast improvements some issues remain. Notably, because many of our clients distribute content both online and offline, some amount of audience double counting is inevitable. Additionally, broadcast audience estimates in developing countries are often imprecise, and print reach calculations depend on a variable 'multiplier' being applied to circulation figures. To the extent possible, we validate the reach results clients report, eliminating or adjusting anomalous figures.

As we continue to address these challenges we believe that full transparency regarding our Impact Dashboard methodology is important both for accountability and learning. For a complete description of how we collect and analyze the Dashboard data see the full **Impact Dashboard Methodology** on our website.

Impact Area	Key Impact Question	Data Source
Reach	On average, do clients expand their reach while working with MDIF?	3 rd party audience measurement, Google Analytics, and client records
Sales	On average, do clients increase their sales while working with MDIF?	Company financial statement
Viability	Do clients improve or maintain financial viability while working with MDIF?	Audited MDIF risk rating

Impact Level 2: Client Impact on Society

We invest in media as a way of helping people build free, thriving societies. Research has demonstrated the positive effects free and independent media can have on the economic and political health of countries around the world. Independent media hold the public and private sectors accountable; provide the news and information necessary for political and economic life; and engage citizens in the processes of discussion, debate and advocacy that are at the heart of democratic governance.³

MDIF's experience working with media outlets around the world corresponds with this body of academic research. In countless instances we have seen our clients have demonstrably positive impacts on their societies in three key areas:

1. Exposing corruption and holding leaders accountable.
2. Providing citizens with the reliable information, particularly related to social issues that may affect their lives.

3. Supporting democratic participation by fostering debate and motivating citizens to participate in public life.

In the Impact Dashboard, we focus on corruption and accountability reporting, asking our clients whether they have exposed a corruption scandal or held those in power accountable, as well as providing examples of some of the most powerful journalistic stories produced in the last year. We also present our clients' efforts to provide reliable information and shine a light on issues that impact people's lives but are often left in the shadows, like the environment, gender, ethnicity and LGBT. To show how our clients encourage democratic participation, we highlight examples of election reporting our clients have produced in the last year. Additional client case studies with more samples of client reporting can be found on our website.

Impact Area	Key Impact Question	Data Source	Reporting
Conducts corruption and accountability reporting	1. Over the last year, have clients reported corruption scandals in their country? 2. Over the last year, have clients carried out reporting that held those in power to account?	Client survey and publishing records	Impact Dashboard and client case studies on MDIF website
Source of reliable information , with a focus on social issues	Does the client inform citizens about relevant and under-reported social issues that may affect their lives, like the environment, gender, ethnicity and LGBT?	Client surveys and publishing records	Impact Dashboard and client case studies on MDIF website
Encourages democratic participation , with a focus on elections	1. Does client foster debate and discussion among citizens? 2. Does the client motivate citizens to participate in public life?	Client surveys, publishing records and social media data	Impact Dashboard and client case studies on MDIF website as elections occur

¹ Roy, Sanjukta (2011). "Media Development and Political Stability: An Analysis of Sub-Saharan Africa," Media Map Project, Internews and The World Bank Institute.
² Stiglitz Joseph (2002), "Transparency in Government," in R. Islam ed. The Right to Tell: The Role of Mass Media in Economic Development. Washington D.C.: The World Bank: 27 - 44.
³ Norris, Pippa and Dieter Zinnbauer (2002), "Giving Voice to the Voiceless - Good Governance, Human Development and Mass Communications," Background Paper for Human Development Report 2002, UNDP.
For additional academic research on the role of media in society, visit our website to see MDIF's full [literature review](#).

Current Portfolio

Our clients range from digital startups to national broadcasters. Regardless of their size or approach, our clients share a common interest in providing the independent news, information, and debate that citizens need to build free, thriving societies.

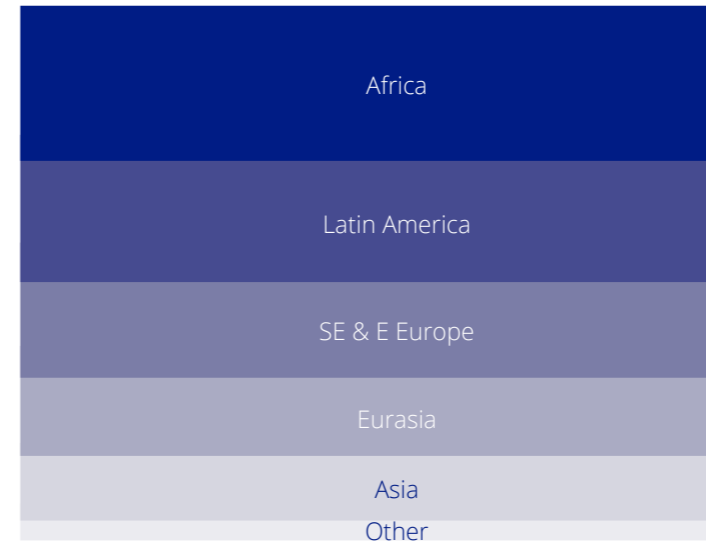
In 2016, on our own balance sheet we approved a total of \$3,795,556 of loans and equity investments in 12 clients, two of which were new to MDIF, across eight countries. This year's investment total is nearly 40% above last year's, mainly due to the launch of new funds.

Portfolio Summary 2016

	Cumulative	2010	2011	2012	2013	2014	2015	2016 (unaudited)
Portfolio size (with commitments)	n/a	42,802,819	43,341,156	47,060,161	47,934,160	42,248,995	38,486,097	35,057,522
Assets Under Management	n/a							66,049,773
Number of total clients	110	48	51	54	59	66	53	49
Number of new clients	n/a	4	5	9	6	11	-	2
Number of countries	39	19	21	25	25	32	28	29
New investments made⁴	142,143,073	10,012,769	6,486,157	8,845,225	5,328,980	3,250,447	1,484,950	3,795,556
New projects funded	341	27	27	25	16	19	13	12
Principal recovered	68,460,963	6,668,999	4,624,470	4,558,066	3,933,308	2,900,796	3,235,316	3,008,016
Interest, dividends & capital gains collected	41,126,263	1,523,179	1,127,059	1,042,177	1,113,386	856,193	576,527	1,160,646

⁴ including end-of-year adjustments

Outstanding PRIs by Region 2016



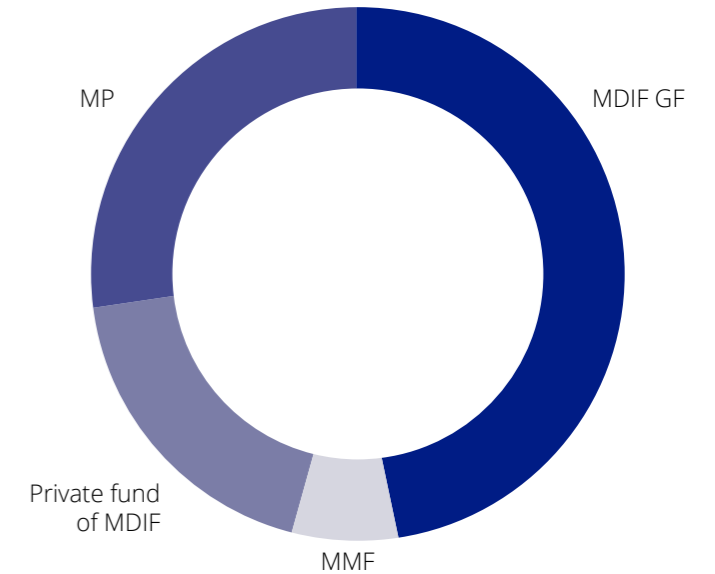
Total Assets Under Management amounted to \$66,049,773, including MDIF General Fund (MDIF GF), MDIF Media Finance I (MMF, loan fund), MDIF Media Partners (MP, investing in Polish media company Agora SA), and a private fund of MDIF.

At the end of 2016, our portfolio including commitments totaled \$35 million across 29 countries. The largest share of our investments—28%—was in Africa followed by Latin America at 23%, and South East and Eastern Europe at 19%.

By design we invest in countries with a clear need for independent media and where press freedom is curbed. Such countries present both the greatest challenges and greatest opportunities for news companies committed to having a positive impact on their societies. In 2016, 72% of our investments were in “partly free” countries as measured by Freedom House’s Press Freedom Index.

We also invest in “not free” countries when the investment opportunities are available and circumstance allow. In 2016, 24.5% of our portfolio was invested in these repressive environments. While clients in these countries face greater risks than companies in “partly free” or “free” countries, they

Assets Under Management 2016

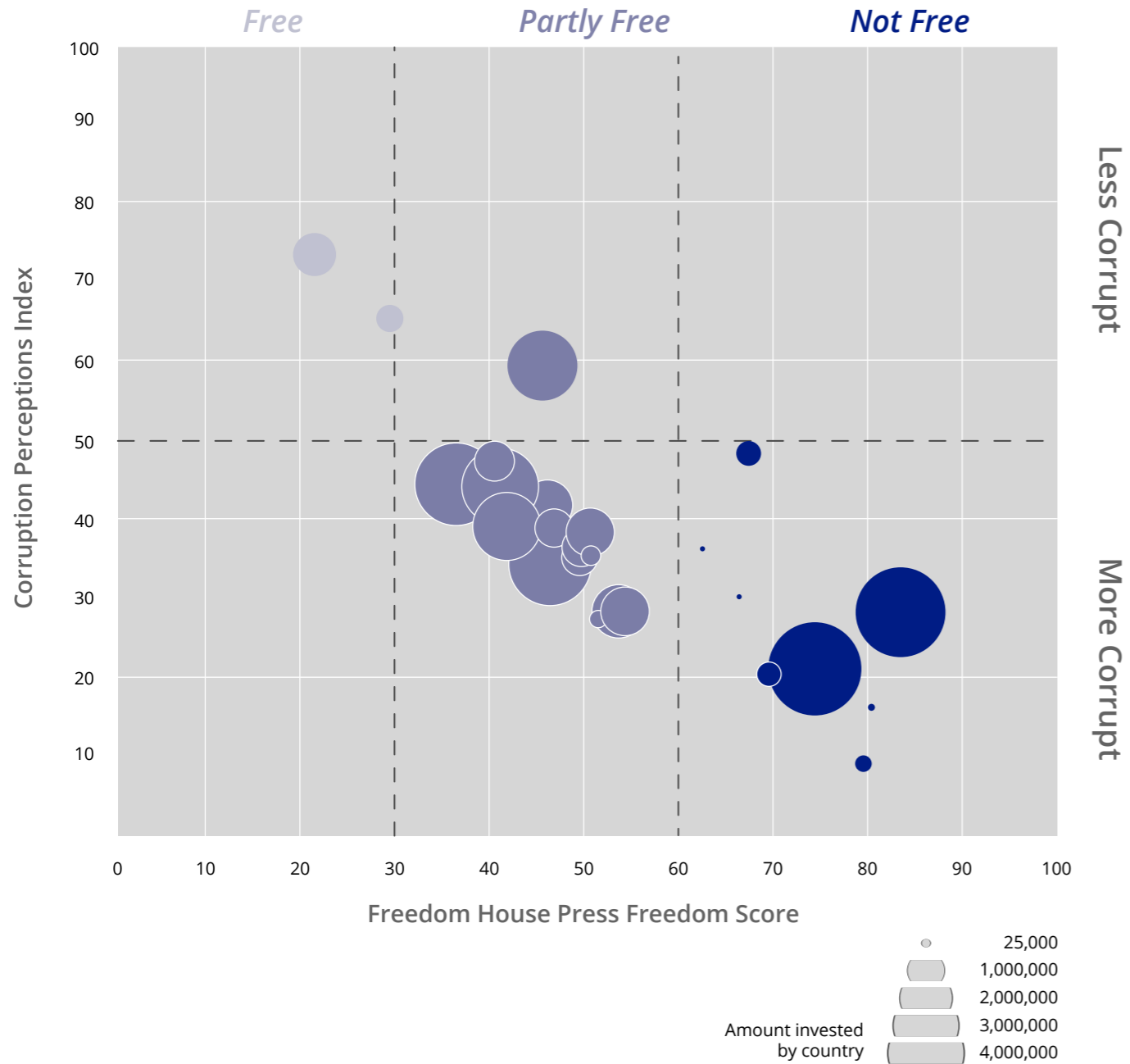


are also able to have unparalleled positive effects on their societies. In many situations, our clients are the only outlets willing to expose corruption and hold officials accountable in “not free” countries.

From 2015 to 2016, the amount invested in “partly free” countries increased 3 percentage points while investments in “not free” countries decreased 3.5 percentage points. We remain committed to making investments in countries with significant need and are continually evaluating the new opportunities in both “partly free” and “not free” countries. MDIF also focuses its investments on countries where corruption is systemic. In 2016, 90% of MDIF’s investments were in countries struggling with serious corruption, which constitutes an increase of 1 percentage point compared to 2015.

The chart on page 14 shows a concentration of MDIF investment in countries where the press is not free and where there is a high perception of corruption. The further an investment is to the right, the less free the country, and the lower on the chart, the more corrupt the country is perceived to be.

Portfolio allocations by country by Freedom House Press Freedom Score and by Transparency International Corruption Perceptions Index

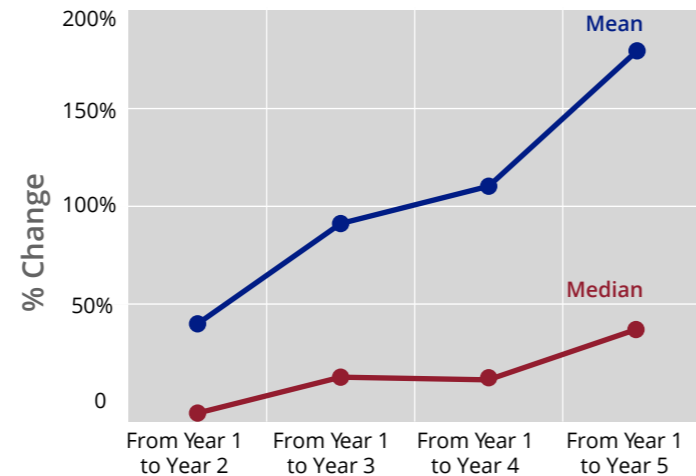


Dashboard Reach

Expanding our clients' reach is central to both our financial and mission objectives. In mission terms, increased reach means that more individuals have access to the quality, independent news they need to participate in the economic, political and social life in their countries. In financial terms, audience growth is critical to the long-term sustainability of the media companies we support. Larger audiences translate directly into higher advertising revenue and greater sales opportunities.

Those opposing free expression also understand the importance of reach and use a range of strategies to shrink the audiences of independent media outlets. Our clients have had their equipment seized, websites shuttered, and editorial integrity slandered by hostile governments. For more information on the challenges our clients face and our work to help them survive, see the Viability section of the Dashboard.

Change in Client Reach from First Year with MDIF



Key Metrics:

- In 2016, **77.1 million** people received their news from an MDIF client, **39 million** online and **38.1 million** through traditional media.
- After five years of working with MDIF, client reach increased by a median of **32%** (on average by 178%).
- From 2015 to 2016, there was no change in median client reach, but average reach increased by **11%**.
- Clients see a median growth in reach of **7%** year-over-year for the first five years of their involvement with MDIF (on average by 18%).

How We Calculate Reach

To calculate reach, MDIF collects online and offline audience data from each of our clients on an annual basis. **Traditional reach** includes newspaper, television and radio audiences. For newspaper reach, we use the average edition circulation for each publication, including multipliers (an industry measure for when more than one person reads each copy) when applicable; these data are sourced from our clients' operational records. For television and radio, we use the client's average audience share as a proportion of the total population; these data are collected from local audience research firms when available and client estimates when third party data is not available. **Digital reach** includes all client-operated websites producing news and information content and is calculated using the median monthly users from Google Analytics.

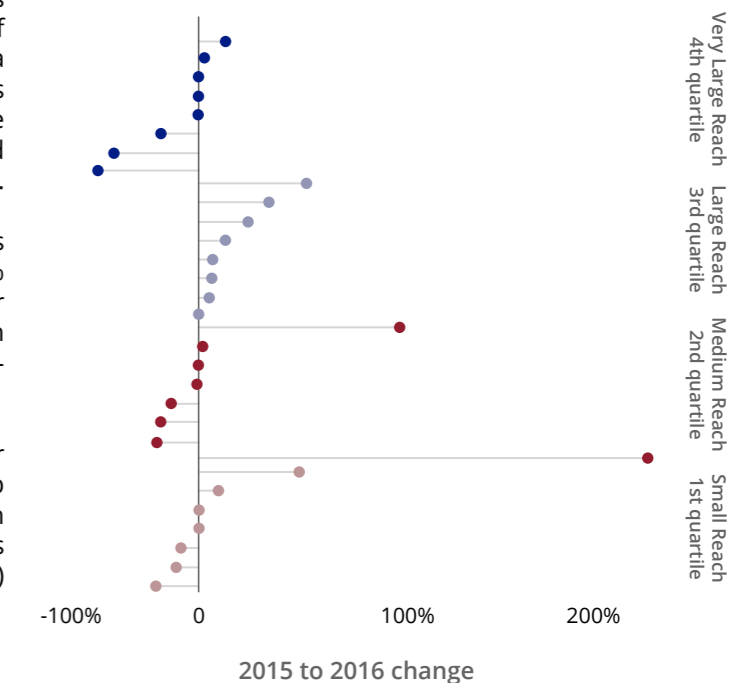
For more on the methodology we use to collect and analyze our impact data, see the **Impact Dashboard Methodology** section on our website.

We assess our impact on client reach by looking at changes in their audience size from year to year. Clients active in both 2015 and 2016 increased their reach by 11% on average (median of 0%) between the two years. The gains were largely driven by increased reach online, where 54% of clients saw growth from 2015 to 2016. Traditional reach (via television, radio or print) lagged behind with 25% of clients increasing their reach offline over the same period. These trends are not surprising given the accelerating shift toward online and mobile media consumption in emerging markets.

Since our founding in 1995, clients that have worked with us for least two years have seen a median growth in reach of 3% between their first and second years (43% on average). Over their first five years, these companies have seen median reach growth of 32% (178% on average) with a median year-over-year growth rate of 7% (CAGR) over the same period.

Over our investment history, 64% of clients increased their reach from the beginning to the end of their relationship with MDIF and 41% doubled their audience or better. Median growth from a client's first year of involvement to their last is 34%, with a median year-over-year growth rate of 7% (CAGR) for the full investment term.

Individual Client Change in Reach, 2015-2016 Grouped by Client Reach Size in 2015

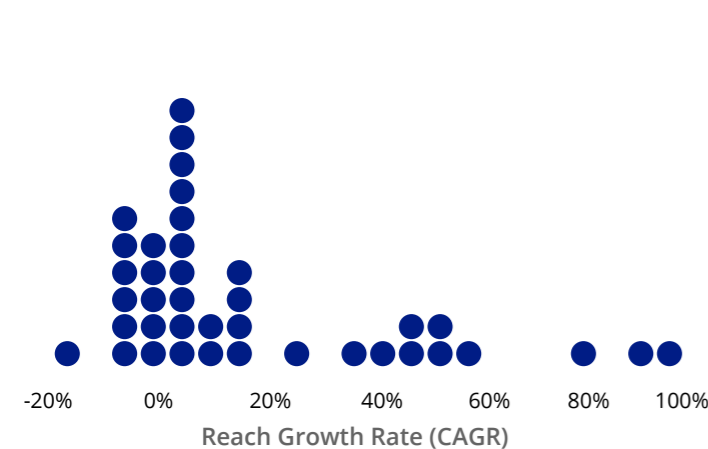


As the mechanisms for distributing news evolve, funding audience expansion projects will continue to be at the center of what we do. This means funding for new approaches such as app-based news providers or mobile-targeted content, regional expansion efforts for companies with a proven business model, as well as traditional distribution mechanisms in markets where they are still relevant.

In 2016, more than 77.1 million people around the world got their news from an MDIF client, 39 million through digital media and 38.1 million through traditional media. This is the first time that more people have received news from MDIF clients through digital media than traditional media.

Total reach was up 27% from 2015. In particular, we saw strong growth in our portfolio's total digital reach—up 68% from 2015 to 2016. The considerable increase in reach stems mainly from the fact that in June 2016 MDIF acquired a stake in Polish media company Agora, a diversified media company whose operations include newspapers, online, radio, magazines, advertising and cinemas, among them the iconic Gazeta Wyborcza, Poland's largest quality print and digital daily.

Distribution of Client Reach Growth Rates (CAGR) over First Five Years with MDIF

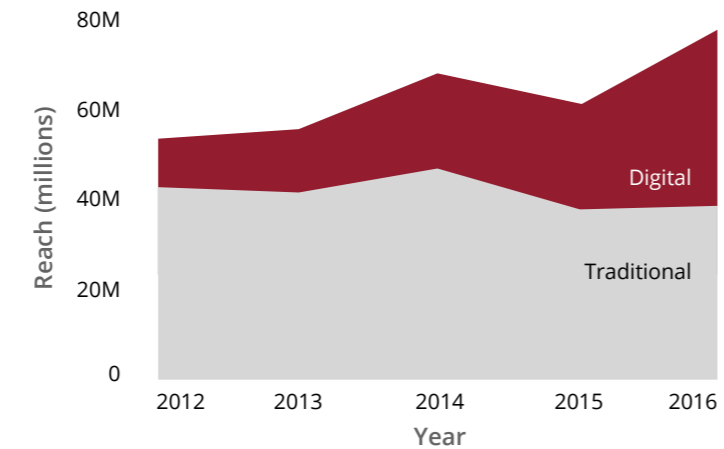


In 2016, 62.5% of the people our clients reached lived in “partly free” countries and 23.5% lived in “not free” countries, as defined by Freedom House’s Freedom of the Press report. Without our clients, audiences in these environments have limited access to quality news and vital issues would go unreported. As a result, citizens would not have the information they need to assess issues objectively and develop their own informed points of view.

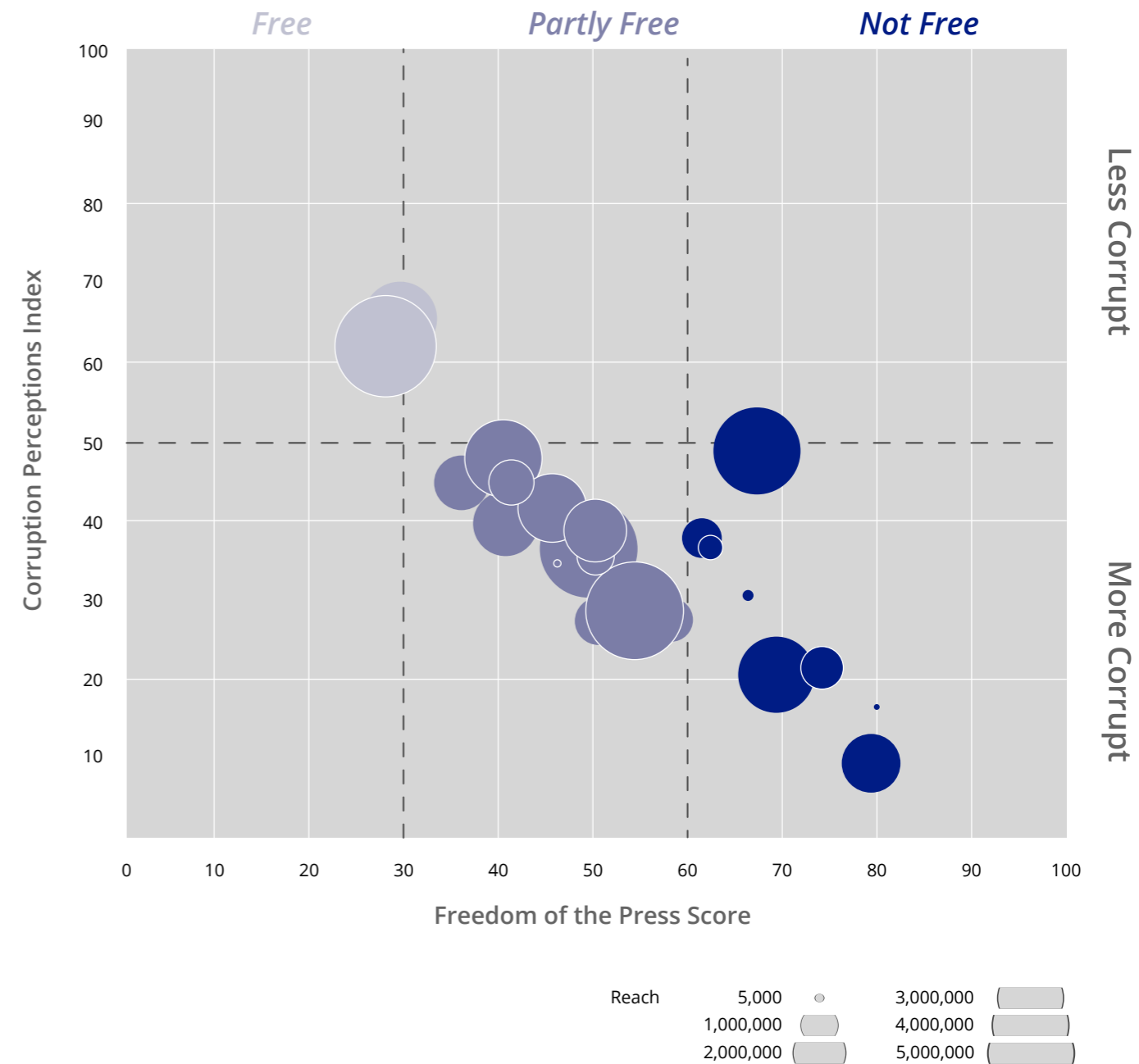
Additionally, 76.5% of our clients’ audience lives in countries with a Corruption Perceptions Index Score at or below 50, indicating that corruption is widespread based on Transparency International’s research. In these environments, our clients help citizens hold politicians and business leaders to account. For examples of client corruption and accountability reporting from 2016, see the Client Impacts on Society section of this Dashboard.

The chart on page 19 shows that most of the people our clients provide news and information to live in countries where the press is not free and where there is a high perception of corruption. The size of the circle corresponds to the size of client reach, while the further to the right, the less free the country, and the lower on the chart, the more corrupt the country is perceived to be.

Total Annual Client Reach by Type 2012-2016



Distribution of Client Reach by Freedom House Press Freedom Score and by Transparency International Corruption Perceptions Index

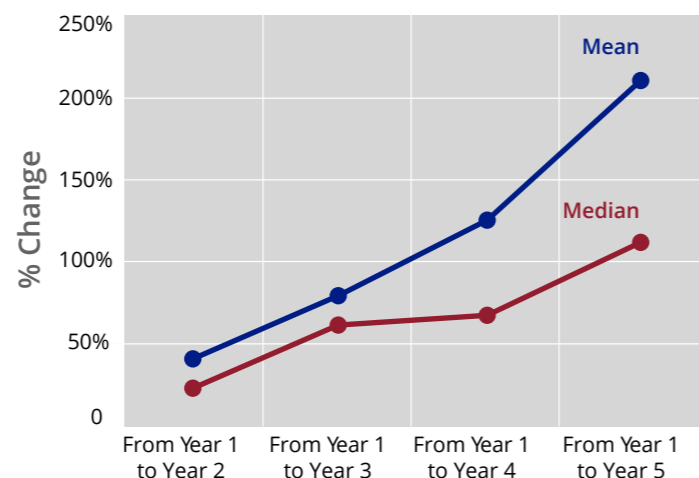


Dashboard Sales

As an investor, our primary goal is to promote the long-term financial sustainability of the media companies we support. Beyond the clear fiscal logic for encouraging sustainable growth, we have found that financial stability enables high-impact journalism. Stable media companies are able to resist economic pressure in the form of advertising boycotts or lawsuits and are better positioned to maintain the necessary separation between the news gathering and business sides of the organization. Conversely, financially unstable companies can be susceptible to economic threats and may compromise their editorial values for monetary gain, damaging their reputation and limiting their ability to serve as effective watchdogs.

To assess the impact of our work on client financial performance, we track how their sales change over the term of our investment. For the purpose of the Impact Dashboard, sales refer to the company's combined income from circulation, advertising, printing services and other activities.

Change in Client Sales from First Year with MDIF



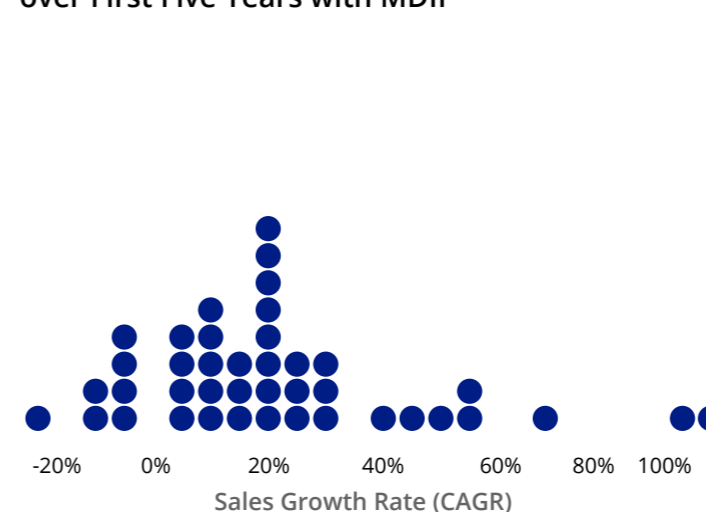
Key Metrics:

- In 2016, MDIF clients generated a record high of **\$338 million** in sales.
- After five years of working with MDIF, clients increased their sales by a median of **109%** (mean of 213%).
- Clients saw a median annual growth rate of 20% (CAGR) during their first five years working with MDIF.
- At the end of 2016, each dollar invested by MDIF leveraged **\$5.12** in client sales.

For more information on our approach to calculating sales, see the [Impact Dashboard Methodology](#) section on our website.

Over our investment history, clients involved with MDIF for at least two years see their sales increase by a median of 20% (mean of 39%) between their first and second years. For clients that work with MDIF for at least five years, sales increase by a median of 109% (mean of 213%) from year one

Distribution of Client Sales Growth Rates (CAGR) over First Five Years with MDIF

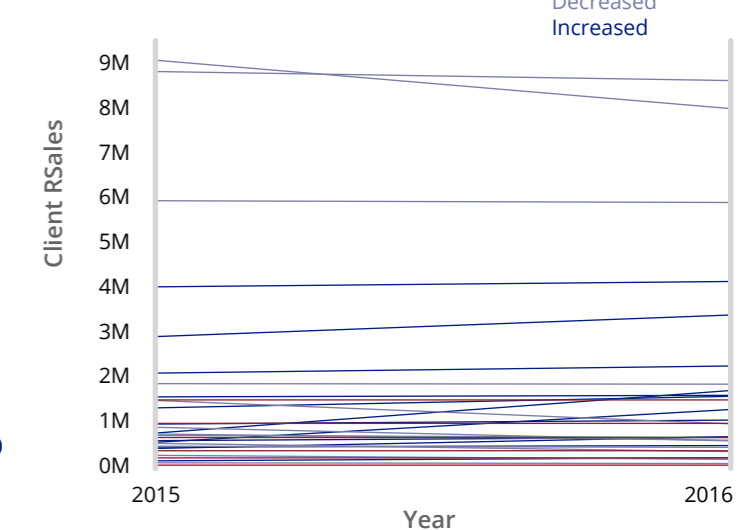


to year five. Evaluating growth rate over the first five years of investment, clients increase their sales by a median of 20% year-over-year (CAGR).

We view our investment as a contributor to, not the sole cause of, our clients' performance over the years. Our affordable financing helps talented managers and editors to move their companies forward by purchasing new equipment or hiring staff to launch new products. Without this financing, clients would have to rely on local banks and investors, which are often unknowledgeable of the media industry, hostile to their mission, or unwilling to take on politically sensitive investments.

Between 2015 and 2016, 60% of clients active in both years increased or maintained their sales. Overall, from 2015 to 2016, there was no change in median client sales, but average sales increased by 8%. Still, some of our investees have seen declines in sales because of challenges to their advertising models, flagging growth in many emerging markets, and a stronger US dollar, which has hurt companies with sales denominated in their local currency. Moreover, several clients' sales have decreased due to direct

Change in Sales by Client, 2015-2016



government interference, such as the unfair allocation of state advertising spending to government-aligned media, and indirect interference, such as businesses benefitting from government largesse removing advertising from independent news companies.

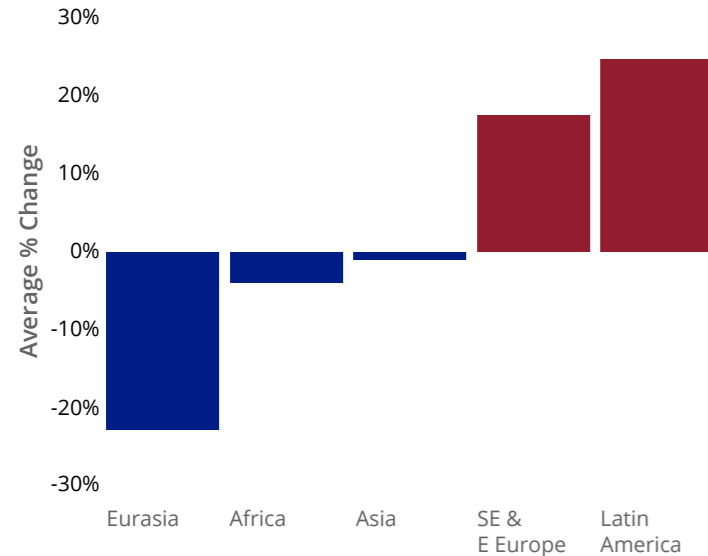
There are some regional trends in sales performance. Clients in Eurasia saw the largest declines in sales from 2015 to 2016 – on average 23% – with an ongoing conflict and economic recession in Ukraine exacting a huge toll on client sales in that country. Following growth of 48% in 2014 to 2015, clients in Asia saw sales decrease by 1% last year. Contributing factors include campaigns of intimidation against independent media in both Nepal and Malaysia. On

the positive side, clients in Latin America saw 24% growth in sales on average. For more information on the challenges our clients faced in 2016, see the Viability section of the Dashboard.

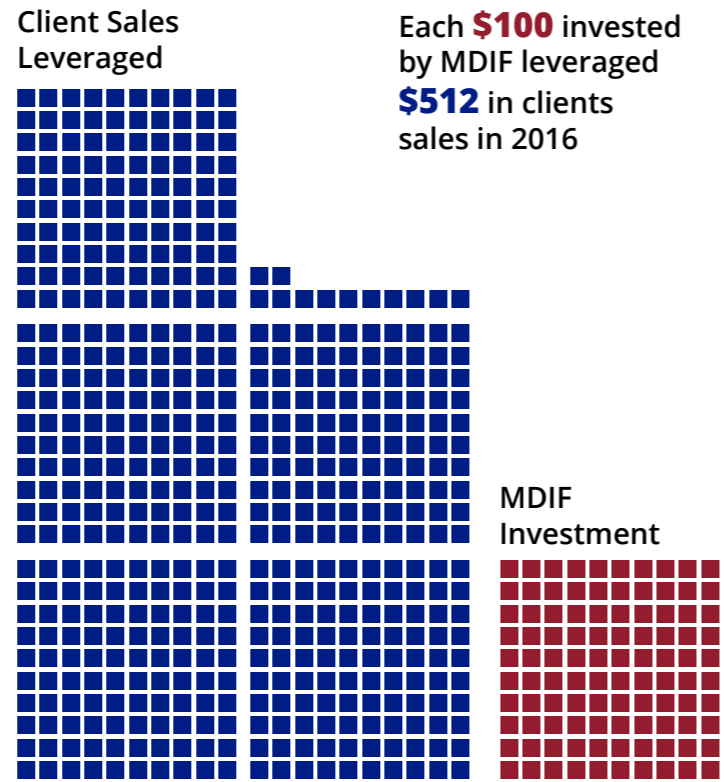
Total client sales amounted to \$338 million in 2016, the highest on record. This sharp increase was the result

of acquiring a stake in Agora, one of the biggest media companies in Poland. Consequently, sales leverage – the ratio of total client sales to the amount we have invested – also increased sharply to 1:5.12 in 2016.

Average Client Sales Change by Region, 2015-2016



MDIF Sales Leverage in 2016



Dashboard Viability

Over our investment history, we have seen that there is a strong relationship between editorial independence and financial viability. Companies that are well managed and profitable give journalists the space they need to report in the public interest. To assess viability, we closely monitor clients using an in-house risk rating tool designed to assess the strengths and weaknesses of a given investment. This tool helps our management to assess risk across the portfolio and our investment officers provide consulting tailored to each client's specific needs.

Risk ratings are updated regularly and the entire process is reviewed annually by an independent auditor to ensure the validity of the scores. For the purposes of the Impact Dashboard, we focus on seven indicators that are combined

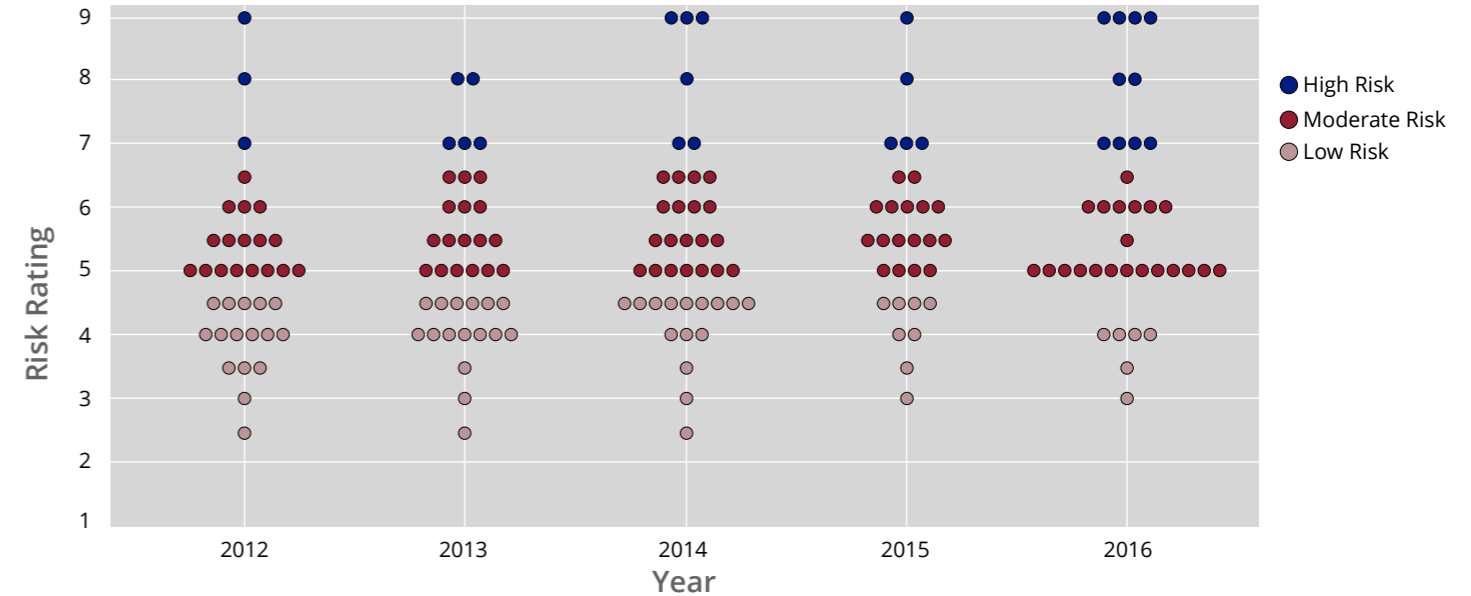
Components of MDIF Risk Metric:

1. Earnings/operating cash flow trends
2. Asset/liability value
3. Financial flexibility/debt capacity
4. Industry segment health
5. Position within industry
6. Management and controls
7. Financial reporting

Key Metrics:

- Median risk rating across the portfolio was **5.5** in 2016, a **3.7%** decrease from 2015. The median remained firmly in the moderate risk range.
- Low risk clients made up **27%** of our portfolio in 2016, the same as in 2015.
- Across the portfolio, **69%** of clients maintained or lowered their risk rating from 2015 to 2016.

Distribution of MDIF Risk Scores, 2012-2016



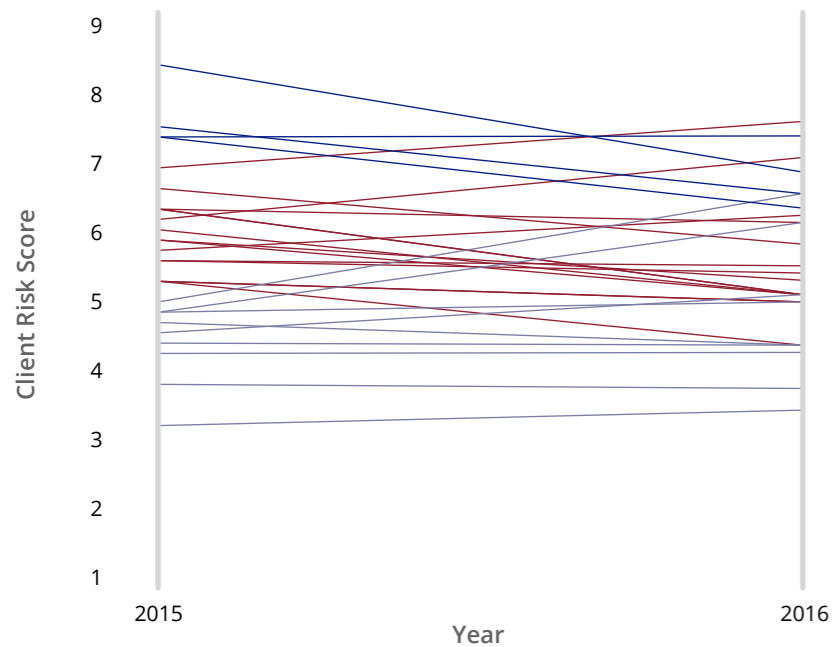
and weighted to form a scale from one (the lowest risk) to nine (the highest risk). On this scale, investments are assigned to one of three categories: a risk rating of seven or above is considered high risk, between seven and five is moderate risk and below five is low risk. For more details on the composition of the risk rating score, see the Impact Dashboard Methodology on our website.

Across the portfolio, 62% of clients lowered while 7% maintained their risk rating from 2015 to 2016. As a result of rising economic and political pressure in many parts of the world, 31% of clients saw their risk level rise. Still, in 2016, the median risk rating for our combined portfolio decreased to 5.5 from 5.71 last year, with the result falling firmly within the moderate risk range.

The companies we invest in work in environments that pose numerous challenges for independent media businesses. From macroeconomic crises, to political pressure, to the disruptions of longstanding business models, our clients

need to be creative and resilient to survive. As an impact investor, we provide clients with the flexible support they need to overcome these challenges. In addition to our investments, which are made under generous terms, we provide legal advice and consulting on management, strategy and technical issues. Using our assistance, clients are able to continue providing timely, accurate and relevant information to citizens despite pressure.

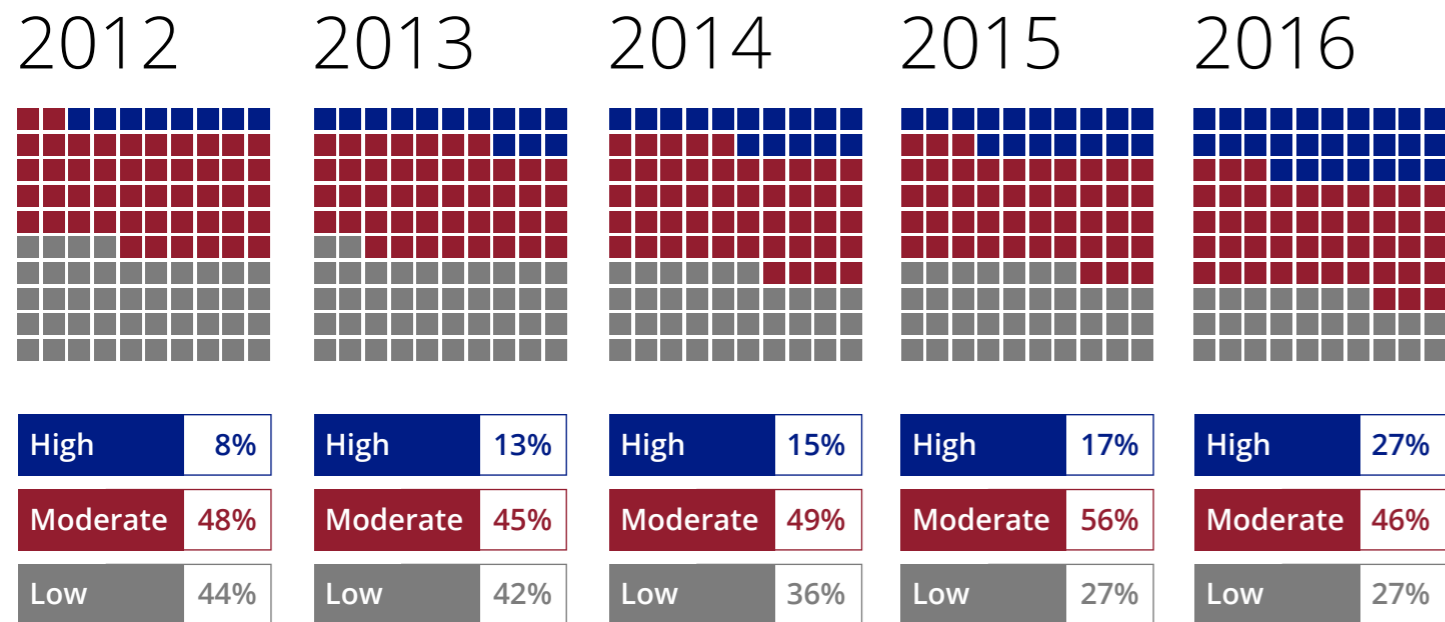
Over the last five years, the proportion of high risk companies in our portfolio has edged up. Despite this shift, 73% of clients remained low or moderate risk at the end of 2016. In early 2017, our board approved the write-offs of two investments; these investments are not included in the current risk calculations and have contributed to the overall reduction in risk. Our historical default rate amounted to 9.5%, though this is likely to tick up in the future given the increasing economic and political pressure on independent media in many emerging markets around the world.



Change in Risk Score by Client, 2015-2016

Risk Level, 2015
 Moderate Risk
 Low Risk
 High Risk

Risk Distribution by Year

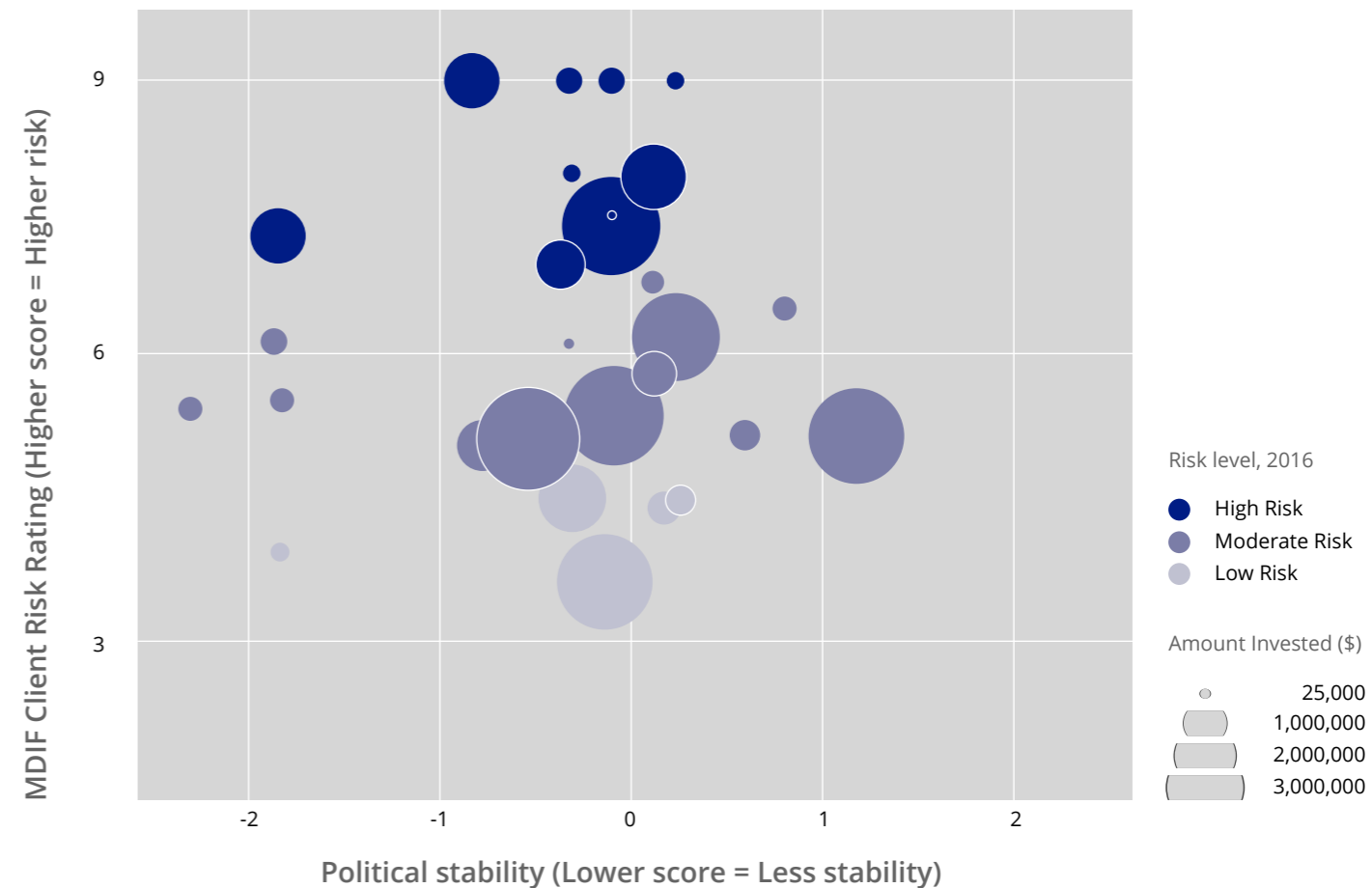


Clients' Viability in Context

To fulfill our mission of supporting independent media in countries with the greatest need, we often operate in markets that other investors would avoid. To work in these environments sustainably, we identify and invest in well-managed and innovative media businesses and help to provide them with the skills to maintain viability in the face of difficulty.

To evaluate stability and operational difficulty in the countries where we invest, we use data from the World Bank's World Development Indicators (WDI) database. For stability, we use the WDI political stability rating, which is a -2.5 to 2.5 scale, with higher scores indicating greater political stability. In 2016, the mean political stability rating for our investment portfolio was -0.38, indicating that on average our clients operate in countries with moderate political instability.

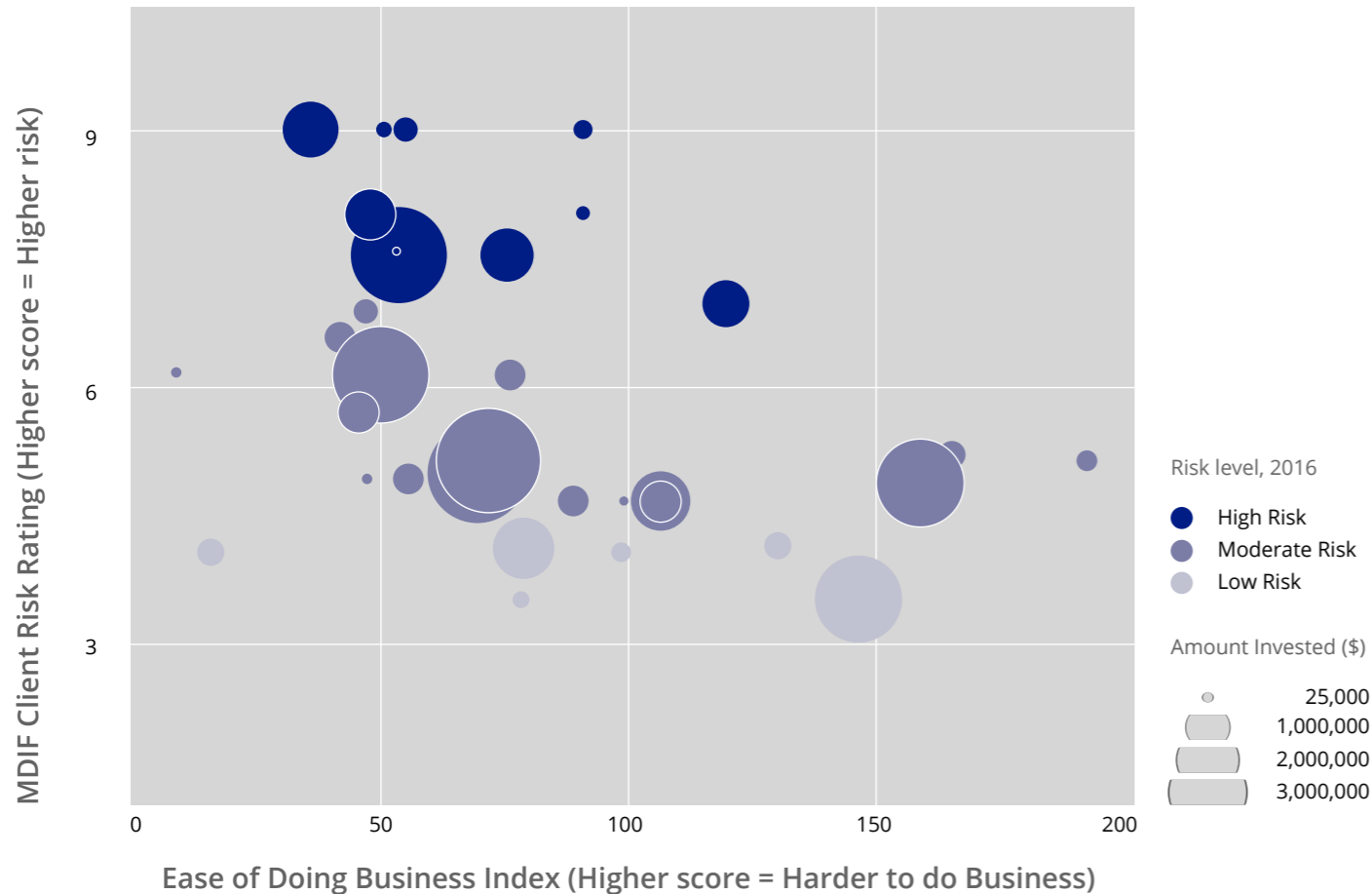
Investments by MDIF Risk Rating and World Bank Political Stability Index



To quantify operational difficulty, we use the WDI ease of doing business index, which evaluates countries based on how business-friendly they are. The index starts at 1 and finishes at 190, with lower scores indicating a better environment for business operation. In 2016, the mean ease of doing business score for our portfolio was 80.5, indicating that the countries we invest in are challenging places for businesses to operate.

Mapping client risk ratings against the WDI metrics in the two charts on pages 27 and 28 provides a clear depiction of our thesis in action: 73% of our investments were made in low (23%) and moderate (50%) risk companies operating in countries that are often unstable and unfriendly to independent businesses.

Investments by MDIF Risk Rating and World Bank Ease of Doing Business Index

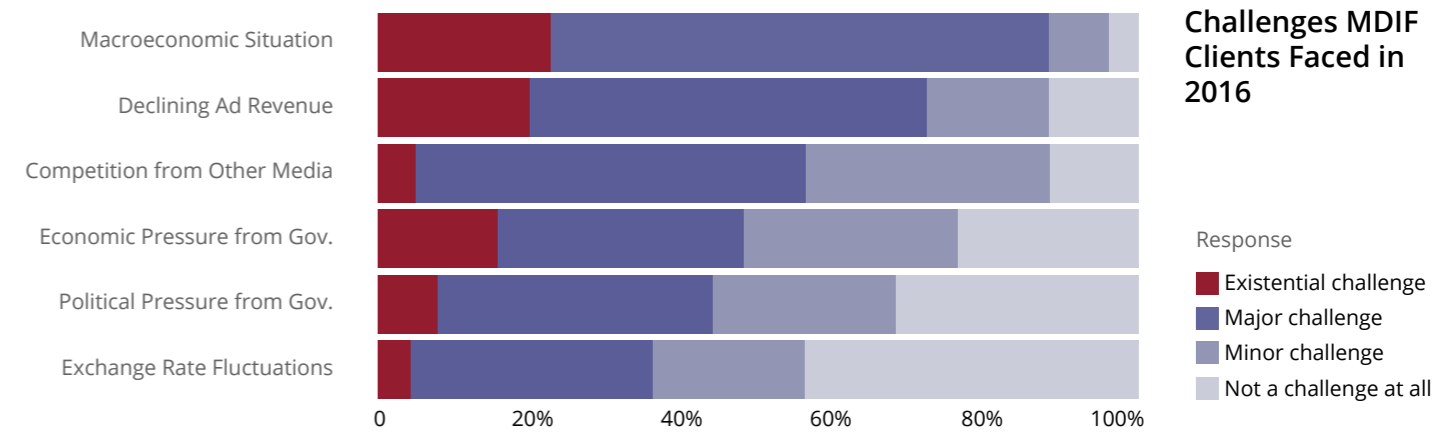


Results of Client Survey on Challenges to Viability

In 2016, we surveyed our clients to get their perspective on political and economic threats to their viability. In total, 76% of our clients who received the questionnaire chose to participate.

Clients reported that economic issues posed the greatest threats to their viability in 2016, consistent with last year's

results. Topping the list of concerns was the macroeconomic situation in the client's country, which 88% of clients reported was "a major challenge" or "a challenge that threatened the existence of [their] company". Next were declines in advertising revenue, which 72% cited as a major or existential threat, followed by competition from other media at 58%. For more details, see the chart below.



Client Challenges in Their Own Words

"We have faced pressure from various government agencies, in particular the anti-graft body. There was a threat of a freeze of bank accounts and several framed-up charges have been levelled against our company, including an investigation into tax payments, all politically motivated."

- Client in Asia

"Competition is in hands of government related oligarchs. Through ownership and subsidies, the government practically controls the entire market. Regular and major government campaigns (content or ad based) indirectly target the free press."

- Client in Southeastern Europe

"In 2016 we have been shut down for almost 2 weeks for conducting an interview with an opposition political figure. We have since been under scrutiny and monitored daily. The government has also pressured certain major businesses not to advertise with us due to our reporting."

- Client in Africa

"We have suffered an advertising boycott of a large mining company that pressures its suppliers not to advertise with us [due to our reporting]. Being a local media company, with few advertisers in the region, this was a major blow to us."

- Client in Latin America

Client Impact on Society

Corruption and Accountability

We invest in independent media businesses because of their positive impact on society. The most direct path to impact for many journalists is through exposing corruption and holding the powerful accountable for policy promises. Over our two decades worth of experience, we have seen countless instances where journalists have changed the course of their country's history by uncovering a scandal or pushing politicians to live up to their responsibilities. To report these stories, the media outlets we support have endured violence, prosecution, and relentless economic pressure simply for reporting in the public interest.

Beyond our first-hand experience, empirical research has widely affirmed the value of corruption and accountability reporting for developing democracies around the world. Summarizing the research, Nobel Prize-winning economist

Joseph Stiglitz said: "Free speech and a free press not only make abuses of governmental powers less likely, they also enhance the likelihood that people's basic social needs will be met."⁵ For more research on independent media's impact on development, see the literature review on our website.

To better understand the impact of our clients' corruption and accountability reporting, we conduct an annual survey asking clients two questions:

1. In 2016, did your organization expose a corruption scandal in your country?
2. In 2016, did your organization report on whether promises made by government officials were kept?

Key Metrics:

- In 2016, **76%** of our clients exposed corruption scandals in their country.
- In 2016, **82%** of our clients held their governments accountable for policy promises.

For clients that reported on corruption or government accountability over the course of the year, we ask them to describe their reporting and its impact in detail so that we can review their response. For a small number of clients that were unable to complete the survey, we evaluate a sample of their content from the previous year to identify instances of corruption and accountability reporting.

Based on these results, **82%** of the media companies we support held their governments accountable for policy promises in 2016. The results also revealed that **76%** of clients exposed corruption scandals in 2016. As depicted below, **90%** of this work takes place in countries where corruption poses a threat to governance according to Transparency International, i.e. in countries that scored lower than 50 in Corruption Perceptions Index.

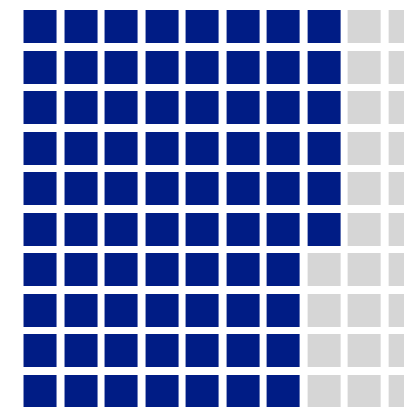
From local news websites to national broadcasters, in 2016 our clients exposed misdeeds and misconduct, uncovered evidence of money laundering and fraud as well as revealed instances of nepotism and conflict of interest. By unearthing stories that otherwise may remain untold, their work eroded impunity, promoted integrity and put pressure on politicians

Distribution of Clients Exposing Corruption Scandals by Corruption Perceptions Index Score



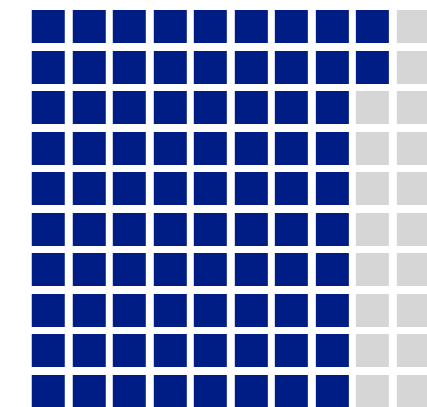
and bureaucrats to account for their promises. Examples of powerful and impactful corruption and accountability reporting done in previous year are presented on the following page, with more to be found on our website.

Percentage of Clients Exposing Corruption in 2016



76%
of MDIF clients exposed corruption scandals in their country in 2016

Percentage of Clients Holding Leaders Accountable in 2016



82%
of MDIF clients held their governments accountable for their policy promises in 2016

⁵ Stiglitz Joseph (2002), "Transparency in Government," in R. Islam ed. The Right to Tell: The Role of Mass Media in Economic Development. Washington D.C.: The World Bank: 27 - 44.

Sample of Client Corruption and Accountability Reporting



SERBIA

42 | Transparency International Corruption Perceptions Index

PARTLY FREE
Freedom House Press Freedom Rating

In **Serbia**, OK Radio revealed that a director of a state-owned catering company supplied products from a company owned by his wife without following public procurement procedures – a clear conflict of interest estimated to amount to hundreds of thousands of euros. After the investigation, four criminal charges and an indictment against the director were filed, and he was eventually removed from the post.



LESOTHO

39 | Transparency International Corruption Perceptions Index

PARTLY FREE
Freedom House Press Freedom Rating

In **Lesotho**, Public Eye broke the story of how the government lost more than \$30 million in a massive fraud and money-laundering scheme when the Integrated Financial Management Information System for national budgeting and accounting was manipulated to make double payments to several government suppliers. The scandal is being investigated by the Directorate on Corruption and Economic Offences.



INDONESIA

37 | Transparency International Corruption Perceptions Index

PARTLY FREE
Freedom House Press Freedom Rating

In **Indonesia**, Katadata exposed flaws in the tender for electronic road pricing, which failed to use the most efficient technology and the feasibility study it was based on was funded by a bidder in the tender. After the investigation, the authorities decided to repeat the tender process and handed decision-making powers over technology to the Ministry of Communications and Informatics.



PERU

35 | Transparency International Corruption Perceptions Index

PARTLY FREE
Freedom House Press Freedom Rating

In **Peru**, El Búho scrutinized the rector of the Catholic University of Santa Maria in Arequipa, one of the oldest private universities in Peru, and published evidence of plagiarism in his Doctoral and Master's theses. The public prosecutor's office stepped in to clarify the affair and opened several investigations into the allegations.

Reliable Information on Social Issues

In our work, we have seen multiple examples of how timely and reliable information provided by MDIF clients shaped public opinion on relevant social issues that may affect citizens' lives. This is consistent with a compelling body of research showing evidence that media coverage influences public perception and changes in behavior across various social issues.⁶

On many occasions, our clients set national and local agendas, playing a key role in shaping how people view their society and the world around them. Through fact-based reporting and insightful opinions, they raise awareness,

increase understanding and facilitate informed public debate for all sections of society. By shining a light on issues that are often under-reported or reported with prejudice, like the environment, gender, ethnicity and LGBT, our clients act as catalysts in initiating social change and helping people find peaceful solutions to social problems.

From women's health to environmental degradation, the following pages highlight samples of our clients' efforts to provide reliable information on social issues that impact people's lives. More examples can be found on our website.

Democratic Participation during Elections

Although there are various ways and areas in which media stimulate democratic participation,⁷ we focus on elections as the most basic, yet most essential, of the democratic exercises. Our experience corroborates what has been found by other authors:⁸ independent media have a profound impact on society during elections.

By providing information about parties, candidates, their programs and the election process itself, our clients enable the electorate to cast an informed ballot. They also serve as a pluralistic civic forum, where the public interacts with politicians and each other, thus fostering exposure to a range of political opinions. Our clients often act as watchdogs and fact-checkers, scrutinizing claims by those

running for office as well as exposing wrongdoing, fraud, deceptive statements and fake news. Through the rigorous reporting of results and monitoring of vote-counting, the media outlets we support help ensure transparency, public oversight and confidence in the electoral process.

2016 saw major elections in some of the countries in which our clients are present, including Macedonia, Montenegro, Zambia and Bolivia. To show how the media we support encourage democratic participation within the electorate and help ensure fairness, the following pages highlight examples of election reporting our clients carried out in the last year. Additional samples can be found on our website.

⁶ McCombs, Maxwell, Lance Holbert, Spiro Kiouisis, and Wayne Wanta (2011), "The News and Public Opinion: Media Effects on Civic Life". Cambridge: Polity Press.
⁷ Peter Dahlgren (2009), "Media and Political Engagement: Citizens, Communication, and Democracy," Cambridge University Press.
⁸ Isaac E. Khaquli, Manoah Esipisu (2009). "Eyes of democracy: the media and elections." London: Commonwealth Secretariat.

Sample of Client Reporting on Social Issues



SOUTH AFRICA
Reporting on Gender

PARTLY FREE
Freedom House Press Freedom Rating

In **South Africa**, the Mail & Guardian has been very vocal in the debate on menstrual health. Reporter Pontsho Pilane triggered an online petition calling on the government to issue free sanitary towels, which collected thousands of signatures, and presented a policy proposal in Parliament. Soon after, the KwaZulu Natal education department launched a project to provide free sanitary pads to students in 2,000 schools. For raising awareness and high impact reporting, Ms. Pilane won the award for Best Community Impact by impactAFRICA.



GUATEMALA
Reporting on the Environment

PARTLY FREE
Freedom House Press Freedom Rating

In **Guatemala**, when in office, former Vice-President Roxana Baldetti promised to clean up the country's polluted lakes and awarded a contract worth \$19 million to an engineering firm to clean Lake Amatitlán. El Periódico published an article revealing terms of the contract that had been kept secret and showed that the company would use a cleaning chemical that was ineffective. The former Vice-President faces criminal prosecution for the case that caused widespread anger.



ZIMBABWE
Reporting on LGBT

NOT FREE
Freedom House Press Freedom Rating

In **Zimbabwe**, after appearing before the Universal Periodic Review meeting of the UNHRC, the government announced that European countries had tried to force it to accept same-sex marriage in exchange for budgetary support. The Standard showed that the authorities had spun the story, explaining that the UN recommendations solely advocated decriminalization of sexual relations between consenting adults of the same sex, which remained an offence punishable in Zimbabwe. Despite being called out, the government failed to retract the story.




INDIA
Reporting on Ethnicity

PARTLY FREE
Freedom House Press Freedom Rating

In **India**, Maoists are leading a decades-long insurgency to demand a greater share of the region's natural resources for indigenous peoples of the Bastar region. Scroll freelance journalist Malini Subramaniam reported on the plight of the indigenous Adivasi community. For her critical coverage of human rights abuses, she was harassed by police and members of a vigilante group. In 2016, Ms. Subramaniam won the prestigious International Press Freedom Award from the Committee to Protect Journalists.

Sample of Client Election Reporting



MACEDONIA
Parliamentary Elections

NOT FREE
Freedom House Press Freedom Rating


In **Macedonia**, an election held after heavy protests against the government of Nikola Gruevski over a wiretapping scandal produced an inconclusive result and put the country in post-election limbo for six months. Amid fears of election-rigging, Kanal 77 closely monitored the unfolding process, for example, detailing inaccuracies on the website of the State Election Commission and reporting on cases of invalid ballots.



MONTENEGRO
Parliamentary Elections

PARTLY FREE
Freedom House Press Freedom Rating

In **Montenegro**, the ruling party of the longstanding PM Milo Djukanovic won the parliamentary polls. However, the election was overshadowed by the arrest of 20 people charged with attempting to overthrow the government. Vijesti daily and its sister company TV Vijesti sought to shed light on the truth of events surrounding the alleged plot through multiple channels, including print, broadcast, online and social media, thus reducing divisive speculation and contributing towards a better-informed audience.



ZAMBIA
General Elections

NOT FREE
Freedom House Press Freedom Rating

In **Zambia**, President Edgar Lungu was re-elected in a closely contested vote and his party the Patriotic Front won a majority in the National Assembly. Community-based radio Breeze FM provided detailed and localized coverage of the elections, running more than 30 phone-in political programs featuring candidates from various parties. Given a tense atmosphere and a previous disruption of the show featuring an opposition leader in late 2015, Breeze FM hired extra security to ensure that the station and its staff were well protected.



BOLIVIA
Constitutional Referendum

PARTLY FREE
Freedom House Press Freedom Rating

In **Bolivia**, citizens narrowly rejected a constitutional amendment that would have lifted presidential term limits. In order to better inform the public and stimulate discussion around the referendum, Los Tiempos hosted a series of influential debates featuring representatives from both the "Yes" and the "No" camps and monitored reports of voting irregularities from citizens through WhatsApp and Facebook.



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