



media  
development  
investment  
fund



# Impact Dashboard 2015

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# Executive Summary

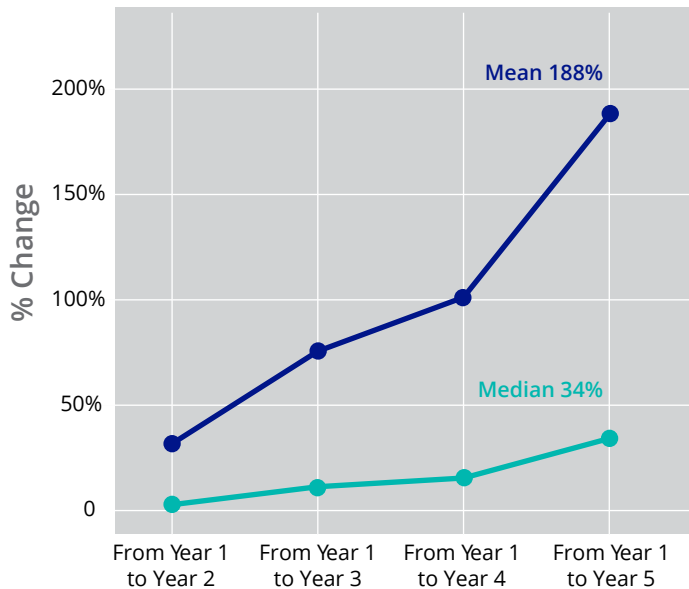
## Client Reach

In 2014, **68.6 million** people received their news from an MDIF client, **20.8 million** through digital media and **47.8 million** through traditional media. After five years of working with MDIF, client reach increased by a median of **34%** (on average by 188%).

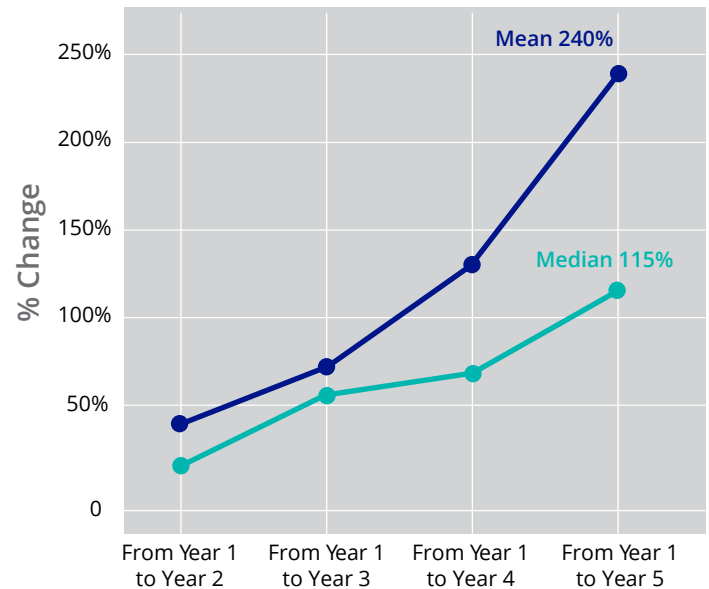
## Client Sales

In 2014, MDIF clients generated a total of **\$92.4 million** in sales. After five years of working with MDIF, clients increased their sales by a median of **115%** (mean of 240%). Each dollar invested by MDIF leveraged **\$2.80** in client sales

Change in Client Reach from First Year with MDIF



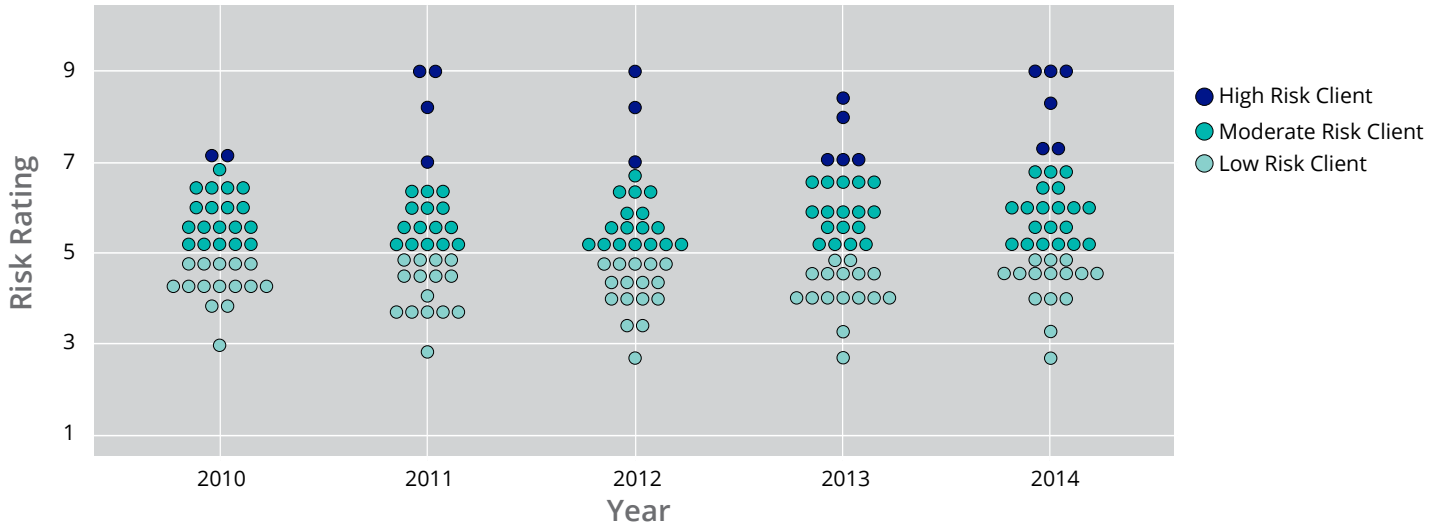
Change in Client Sales from First Year with MDIF



# Client Viability

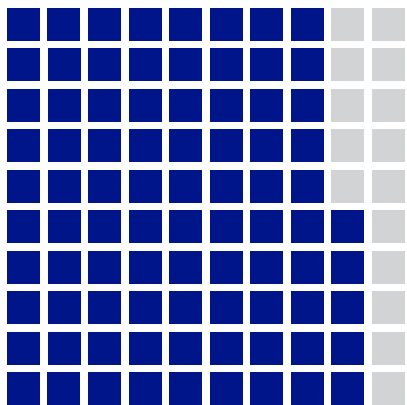
In 2014, the median risk rating across the portfolio was **5.29**, a 1.5% increase from 2013 but still squarely within the **moderate risk range**. Across the portfolio, **37%** of clients maintained or lowered their risk rating from 2013 to 2014, while **63%** of clients saw increased risk.

Distribution of MDIF Risk Rating Scores, 2010 - 2014



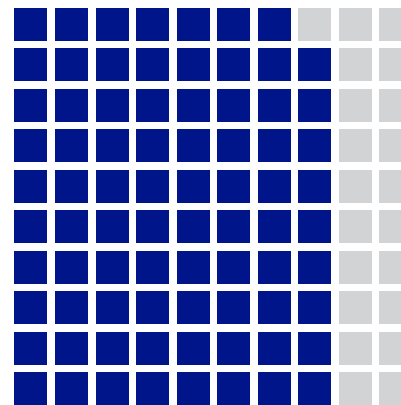
## Client Impact on Society

Percentage of Clients Exposing Corruption in 2014



**85%** of MDIF clients exposed corruption scandals in their country in 2014

Percentage of Clients Holding Leaders Accountable in 2014



**79%** of MDIF clients held governments accountable for their policy promises in 2014

# 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. Digital News Ventures (DNV), a subsidiary of MDIF, invests in experimental digital products and businesses that contribute to the provision of information in the public interest. MDIF actively seeks new clients around the world with innovative ideas for expanding the availability of independently produced information.

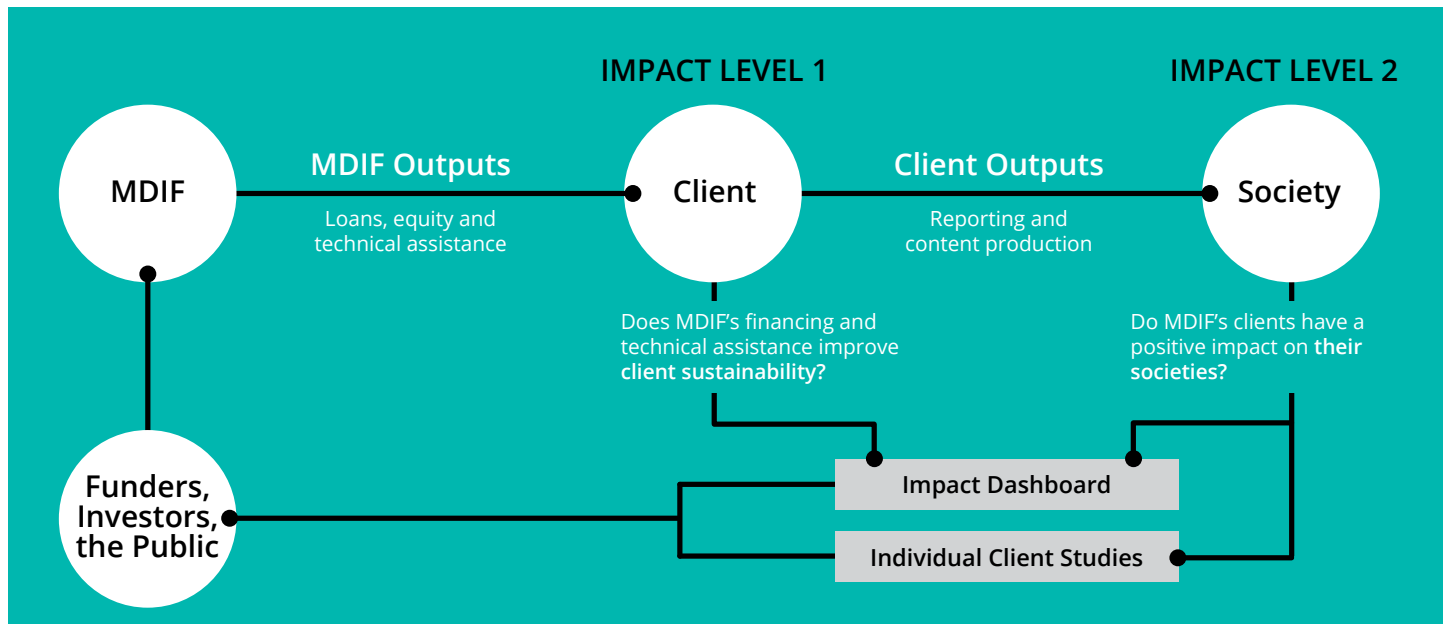
# Dashboard Introduction

## 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 startups through our Digital News Ventures fund. 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.

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 less developed countries. 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  |
|------------------|---|--|
| <b>Reach</b>     | On average, do clients expand their reach while working with MDIF?          | 3 <sup>rd</sup> party audience measurement, Google Analytics, and client records |
| <b>Sales</b>     | On average, do clients increase their sales while working with MDIF?        | Company financial statements   |
| <b>Viability</b> | Do clients improve or maintain financial viability while working with MDIF? | Audited MDIF risk ratings  |



# 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<sup>1</sup>; provide the news and information necessary for political and economic life<sup>2</sup>; and engage citizens in the processes of discussion, debate and advocacy that are at the heart of democratic governance<sup>3</sup>.

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 they need to make economic and political decisions
3. Supporting democratic participation by fostering debate and motivating citizens to participate in public life

In the Impact Dashboard, we focus on our corruption and accountability reporting, asking all of our clients whether they have exposed a corruption scandal or held an official responsible for a policy promise in the last year. To assess our clients' efforts to provide reliable information and encourage democratic participation, we conduct individual client case studies and present the results on our website. See for example the ongoing interactive on client election reporting on our website.

| Impact Area   | Key Impact Question   | Data Source                                      | Reporting   |
|---|---|--|---|
| <b>Conducts corruption and accountability reporting</b> | 1. Over the last year, have clients reported corruption scandals in their country?<br>2. Over the last year, have clients reported on whether government officials have fulfilled their promises? | Client survey and publishing records             | Annual reporting on all portfolio companies in the Impact Dashboard |
| <b>Source of reliable information</b>                   | Does the client inform citizens about important events that affect their lives?   | Client surveys, interviews and social media data | Individual client case studies as resources permit                  |
| <b>Encourages democratic participation</b>              | 1. Does the client foster debate and discussion among citizens?<br>2. Does the client motivate citizens to participate in public life?  | Client surveys, interviews and social media data | Individual client case studies as elections occur                   |

<sup>1</sup> Roy, Sanjukta (2011). "Media Development and Political Stability: An Analysis of Sub-Saharan Africa." Media Map Project, Internews and The World Bank Institute.  
<sup>2</sup> 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.  
<sup>3</sup> 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

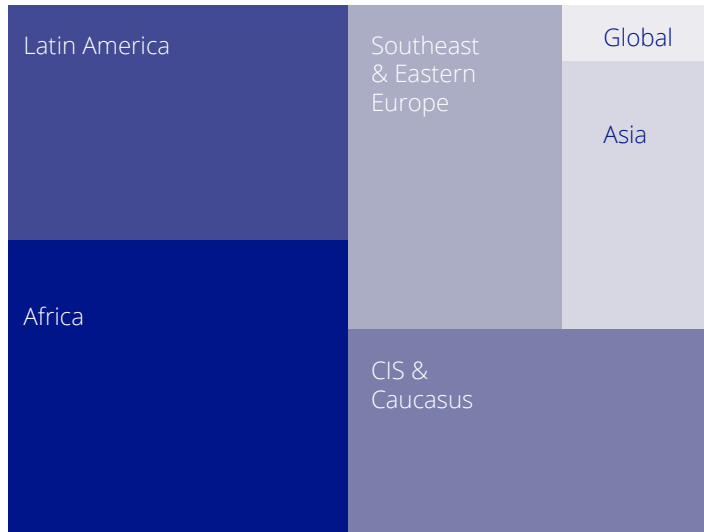
Our clients range from digital startups, to national publishers, to community-owned radio stations. Regardless of their size or approach, our clients share a common interest in providing the independent news, information, and debate that citizens need to build free, thriving societies.

In 2014, we approved a total of \$3.75 million in debt and equity investments in 19 new projects. Our new investments over the last year represented a significant expansion of our geographic reach. For the first time we made investments in Nigeria, Chile, Cambodia, Somalia, Argentina, Ecuador and Venezuela.

## Portfolio Summary 2014

| Metric   | Cumulative  | 2010       | 2011       | 2012       | 2013       | 2014 (unaudited) |
|--|-------------|------------|------------|------------|------------|------------------|
| <b>Portfolio size</b> (with commitments)                 | n/a         | 42,802,819 | 43,341,156 | 47,060,161 | 47,934,160 | 42,273,677       |
| <b>Number of total clients</b>                           | 108         | 48         | 51         | 54         | 59         | 66               |
| <b>Number of new clients</b>                             | n/a         | 4          | 5          | 9          | 6          | 11               |
| <b>Number of countries</b>                               | 38          | 19         | 21         | 25         | 25         | 32               |
| <b>New investments made</b>                              | 116,693,291 | 10,012,769 | 6,486,157  | 8,845,225  | 5,328,980  | 3,749,485        |
| <b>New projects funded</b>                               | 317         | 27         | 27         | 25         | 16         | 19               |
| <b>Principal recovered</b>                               | 62,197,813  | 6,668,999  | 4,624,470  | 4,558,066  | 3,933,308  | 2,900,796        |
| <b>Interest, dividends &amp; capital gains collected</b> | 39,418,657  | 1,523,179  | 1,127,059  | 1,042,177  | 1,113,386  | 856,193          |

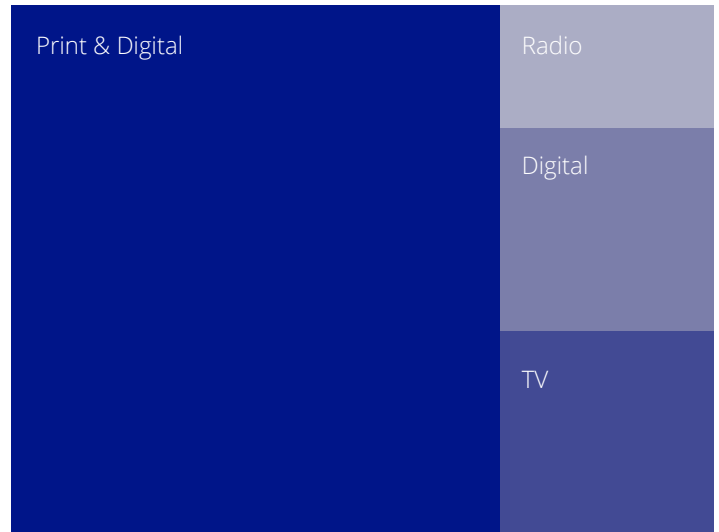
## Outstanding PRIs by Region, 2014



At the end of 2014, our portfolio including commitments totaled \$42.3 million across 32 countries. The largest share of our investments—26%—were in Africa followed closely by Latin America and the CIS & Caucasus with 21% and 20% respectively. Evaluating our portfolio by media type, 66% of our investments were in digital and print publishers followed by 15% television broadcasters, 12% in digital outlets, and 7% in radio broadcasters.

By design we invest in countries where independent media are underdeveloped. Such countries present both the greatest challenges and greatest opportunities for news companies committed to having a positive impact on their societies. In line with this thesis, 63% of our investments were in “partly free” countries as measured by Freedom House’s Press Freedom score at the end of 2014. This category includes major emerging markets such as India, Nigeria and Indonesia where there is both a dearth of independent news and real potential for media companies to become successful businesses.

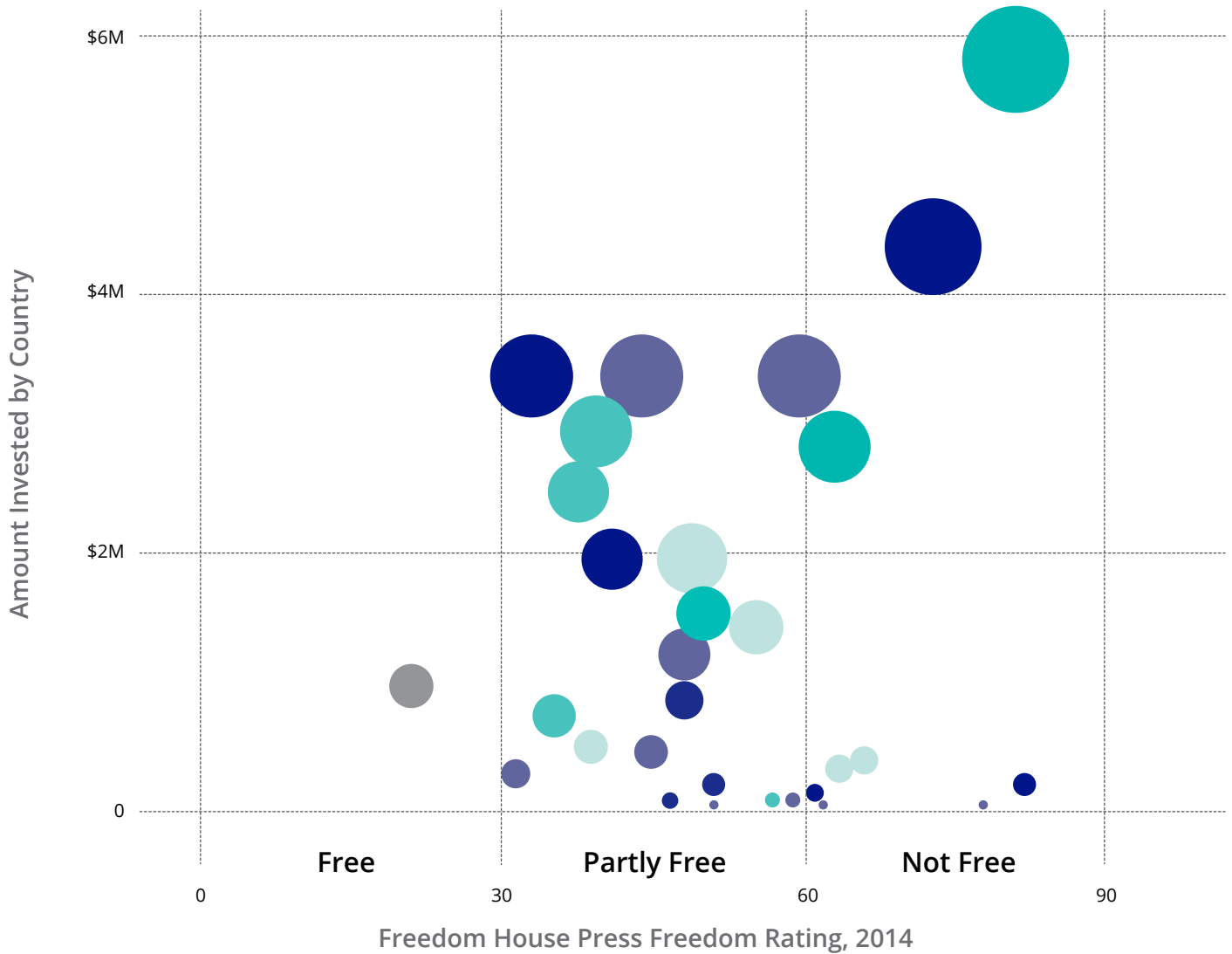
## Outstanding PRIs by Type, 2014



When possible, we also invest in “not free” countries. At the end of 2014, 33% 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 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 2013 to 2014, the amount invested in “not free” countries increased 8% while investments in “partly free” countries decreased 9%. This shift reflects worsening conditions for press freedom in emerging markets around the world.

## Portfolio Allocation by Amount Invested and Freedom House Press Freedom Score



Region

SE & E Europe

Africa

CIS & Caucasus

Latin America

Asia

North America



Each bubble represents a single country sized according to MDIF's invested amount. In some countries MDIF only invests in one client. As a result, country names are withheld to honor MDIF's confidentiality commitment to these clients.



АЛШИХ  
САМНАЕСТ  
ЛИНА

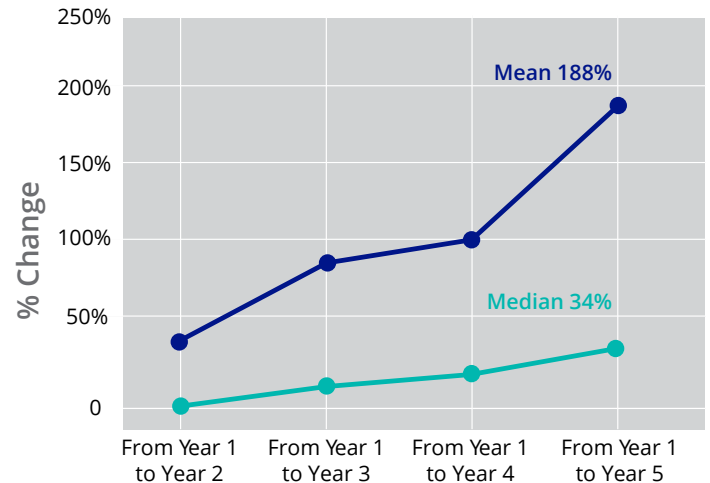


# Dashboard Reach

Expanding client reach is at the center of both our financial and mission objectives. From a mission perspective, increased reach means that more citizens can access the independent and reliable information they need to participate in the economic, political and social life in their countries. On the financial side, strong audience growth is the foundation of a successful media company regardless of the approach to monetization.

The forces opposing independent media in countries where we invest understand this reality well and use a variety of strategies to limit our investees' reach. Clients have had equipment seized, websites shut down, and slander campaigns started challenging the veracity of their reporting—all intended to shrink their audience and thereby limit their impact. (For more information on the challenges our clients face, see the Viability section of the Dashboard.)

Change in Client Reach from First Year with MDIF



## Key Metrics:

- In 2014, **68.6 million** people received their news from MDIF clients, **20.8 million** through digital media and **47.8 million** through traditional media
- After five years of working with MDIF, client reach increased by a median of **34%** (on average by 188%)
- From 2013 to 2014, clients increased their total reach by a median of **1%** (on average by 37%)
- Clients see a median of **8%** year-over-year growth in reach for the first five years of their involvement with MDIF (on average by 19%)



## 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 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. Digital reach is calculated using the monthly unique visitor metric from Google Analytics.

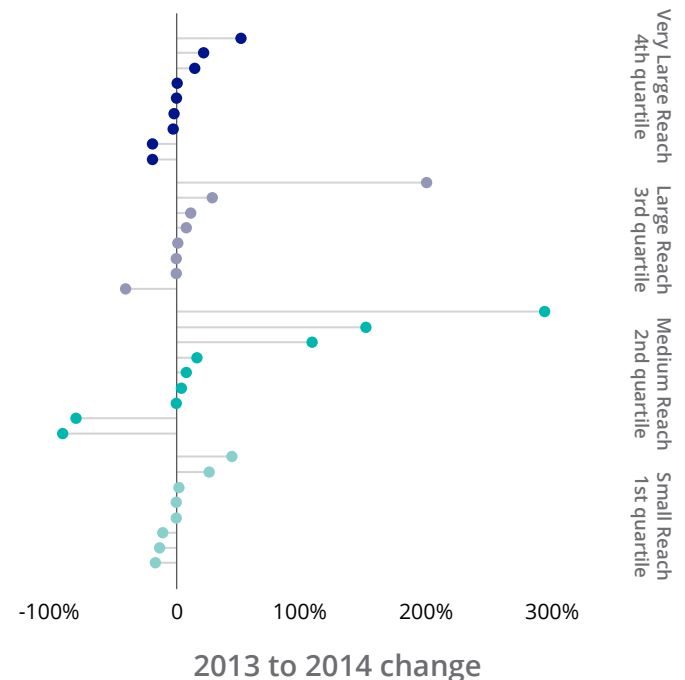
For more on the methodology we use to collect and analyze our impact data, see the **Impact Dashboard Methodology** section on our website.

To evaluate our impact on client reach, we look at audience growth from year to year over the course of our investment. For the 35 clients active in both 2013 and 2014, reach increased 37% on average (median of 1%) between the two years. Growth was driven by expanding digital reach (online audiences) while traditional reach (television, radio or print audiences) lagged behind. From 2013 to 2014, 63% of clients increased their digital reach while only 33% of clients increased their traditional reach. This finding is in line with the global shift from traditional to digital mechanisms of media consumption, which we fully expect to accelerate in coming years.

Evaluating longitudinal performance, clients that work with us for at least two years see a median increase in reach of 3% (32% on average) between their first and second years. From year one to year five, reach grows by a median of 34% (188% on average) with a median year-over-year growth rate of 8% (CAGR).

Since we started collecting Impact Dashboard data in 1999, 66% of clients increased their reach over the term of our investment, with 45% doubling their audience or better. Median growth from a client's first year of involvement to their last is 35%, with a median year-over-year growth rate of 4% (CAGR).

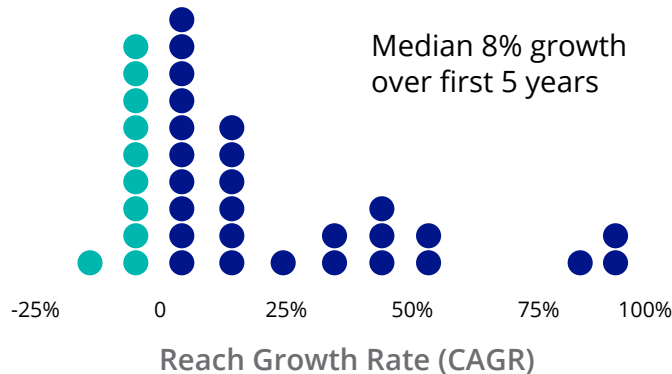
### Individual Client Change in Reach, 2013 - 2014 Grouped by Client Reach Size



A common reason media companies apply for financing is to fund audience expansion projects. As media technology continues to evolve, we are deeply committed to giving clients the financial and technical support they need to grow. For television and radio broadcasters this can mean a loan to expand transmission range or improve production quality. While for digital clients this can mean investment in a new online platform or a native app to reach a wider audience. In 2014, over 68.6 million people around the world got their news from an MDIF client, 24% more than in 2013. This increase in total reach is notable, especially over a period where portfolio size measured by total investment declined slightly. The increase was driven by two developments: first, strong growth in clients' digital reach—53% from 2013 to 2014—and second, new investments in broadcast clients with significant audiences.

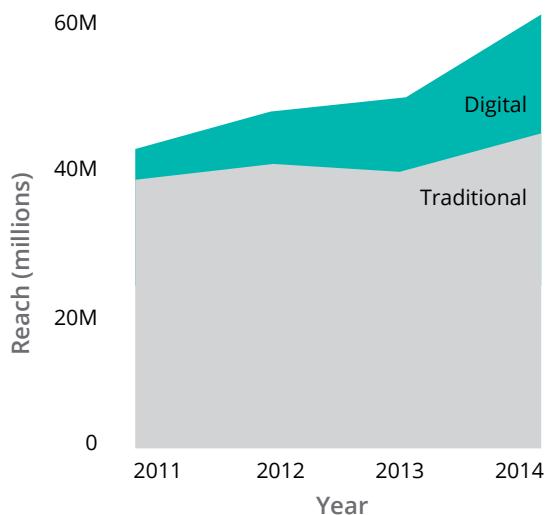
The value of the news and information provided by our clients is high as they operate in countries where freedom of expression is severely limited and corruption is common. Evaluating portfolio reach by Freedom House's Press Freedom Status, 74% of the combined audience live in "Partly Free" countries while the remaining 26% live in "Not Free" countries. In these environments, journalists are under

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

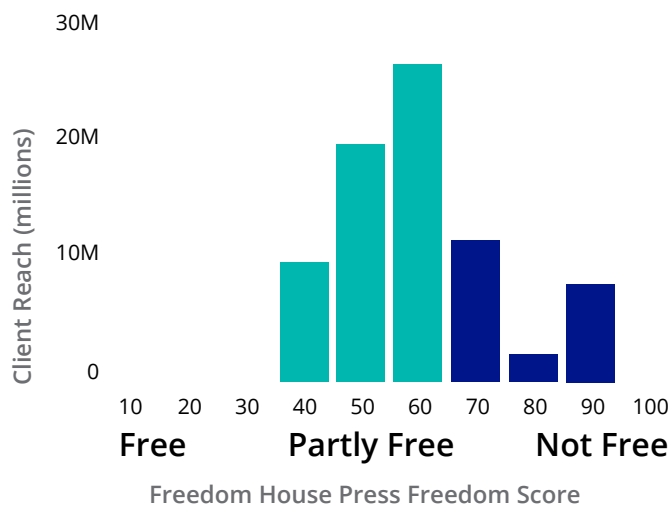


extreme pressure to conform to the dictates of government officials or powerful interest groups. Our clients provide citizens with the quality news and information they need to run a business or decide how to cast their vote, despite outside pressure.

## Total Annual Client Reach by Type 2011 - 2014



## Distribution of Clients Reach by Freedom House Press Freedom Score





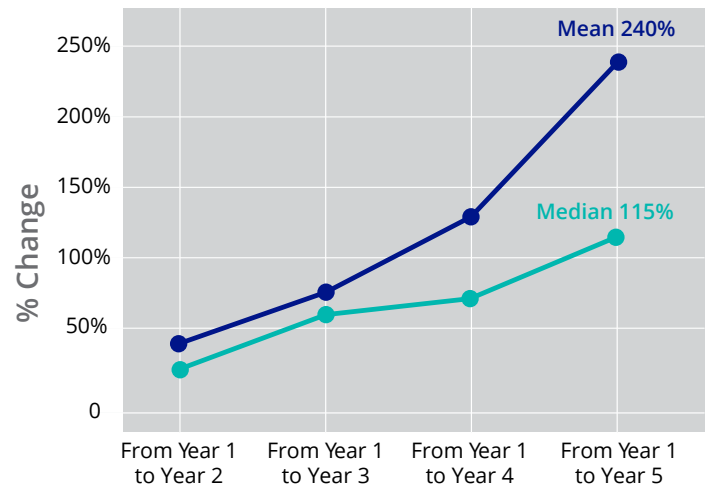


# Dashboard Sales

The purpose of our investment is to promote the long-term financial sustainability of independent media companies in countries with limited press freedom. In these challenging environments, sustainable media companies are best positioned to resist attempts to weaken their editorial independence through financial pressure. Financially unsustainable companies are more likely to be influenced or co-opted by the powers that be. Moreover, in the ever-changing global media market, companies with strong financial foundations are well positioned to move quickly, surviving or benefiting from disruptions of the status quo.

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 refers to the company's combined income from circulation, advertising, printing services and other media-related activities; see the [Impact Dashboard Methodology](#) section on our website for more details.

Change in Client Sales from First Year with MDIF



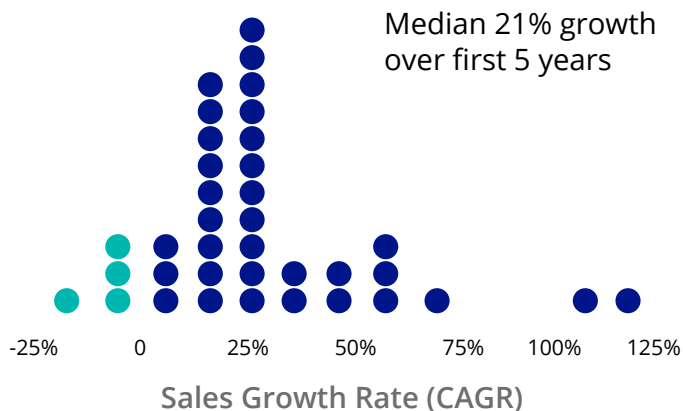
## Key Metrics:

- In 2014, MDIF clients generated **\$92.4 million** in sales
- After five years of working with MDIF, client sales increased by a median of **115%** (mean of 240%)
- Clients saw a median annual growth rate of 21% (CAGR) during their first five years working with MDIF
- At the end of 2014, each dollar invested by MDIF leveraged **\$2.80** in client sales



Clients involved with MDIF for at least two years see their sales increase by a median of 20% between years one and two. For clients that are involved with MDIF for at least five years, sales increase by a median of 115% from year one to year five. Evaluating growth rate, over the first five years of investment, clients increase their sales by a median of 21% year-over-year (CAGR).

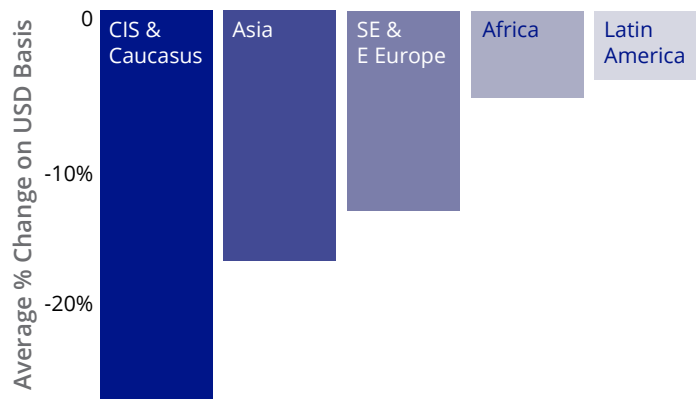
### Distribution of Client Reach Growth Rates (CAGR) over First Five Years with MDIF



Our clients' strong performance over the years is not solely attributable to our investment. Instead we believe that the financing we provide contributes to their development by giving talented managers and editors the resources they need to grow their companies. In many cases, we are the sole source of external financing for an independent media outlet; local banks and investors are often unknowledgeable of the media business, hostile to their mission, or unwilling to take on politically sensitive investments. Without our support, companies would not be able to purchase vital new equipment or hire staff to launch a new project, ultimately damaging the company's long-term financial viability.

While the longitudinal trends in clients' sales remain strong, many of the companies in our portfolio experienced significant challenges in 2014. For clients active in both 2013 and 2014, sales decreased by a median of -19% between the two years.

### Average Change in Client Sales on USD Basis by Region 2013 - 2014

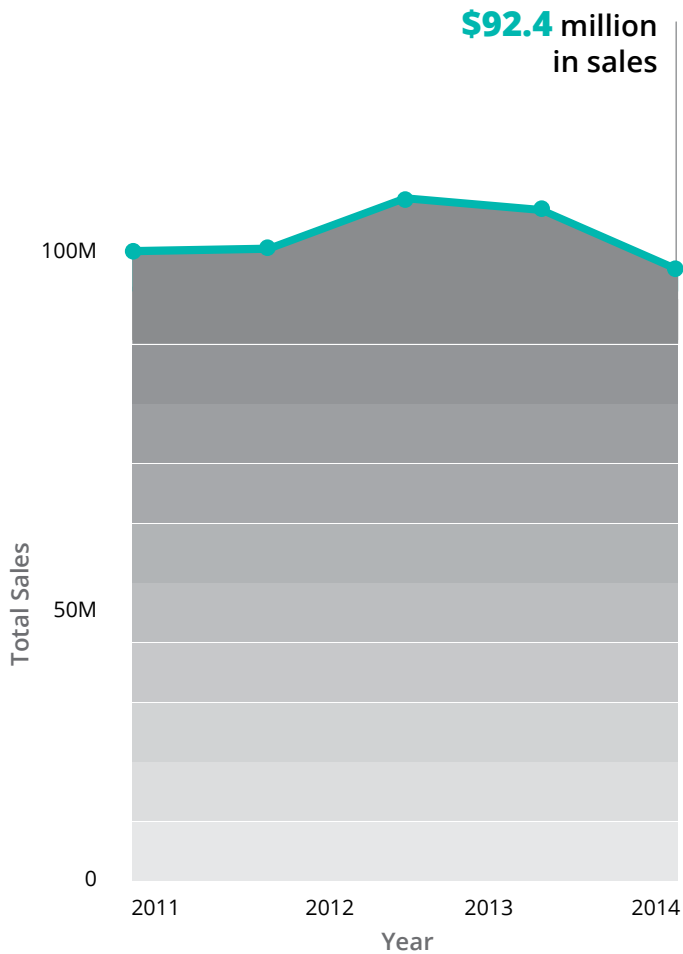


Keeping with recent trends in our portfolio, clients operating in the CIS and Caucasus experienced the greatest declines in sales, on average -28% from 2013 to 2014. With the near collapse of the region's major economies, devaluation of the Russian Ruble and the ongoing conflict in Ukraine, these results are unsurprising if disheartening. Clients in Asia and Southeast and Eastern Europe also saw significant declines in sales, on average -18% and -14% respectively, while sales in Latin America and Africa declined only slightly from 2013.

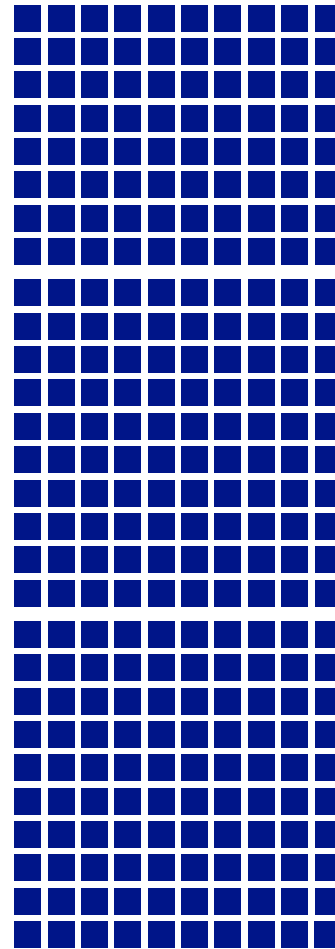
The economic hardship facing many of our clients combined with a small reduction in portfolio size in 2014 due to several clients fully repaying their loans resulted in a -14% decrease in total sales from 2013. While total sales were down, sales

leverage--the ratio of total client sales to the amount we have invested--remained strong. Each dollar invested leveraged \$2.80 in client sales in 2014, up slightly from 2013.

### Total Annual Client Sales 2010 - 2014

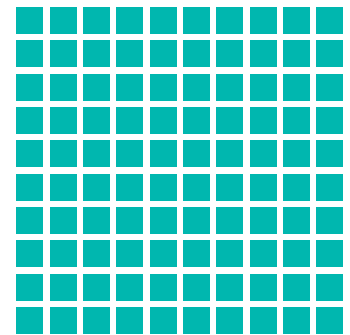


### MDIF Sales Leverage 2014



Client Sales Leveraged

Each **\$100** invested by MDIF leveraged **\$280** in clients sales in 2014



MDIF Investment





13:29:25  
CLOCK

me bi bio toliko  
stoga tak mi ugled.

Miss PW

me bi bio toliko  
stoga tak mi ugled.

Miss PROGRAM

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stoga to Duga

# Dashboard Viability

Over 20 years of investing in independent media, we have seen that well-managed, financially-sustainable companies are best positioned to maintain editorial independence and weather market volatility. To manage the risk inherent in our work, we closely monitor our clients using a risk rating tool developed in-house to assess the viability of our investments. This tool helps our analysts evaluate our clients' strengths and weaknesses and our management to assess risk across the portfolio.

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 and weighted to form a scale from one (the lowest risk)

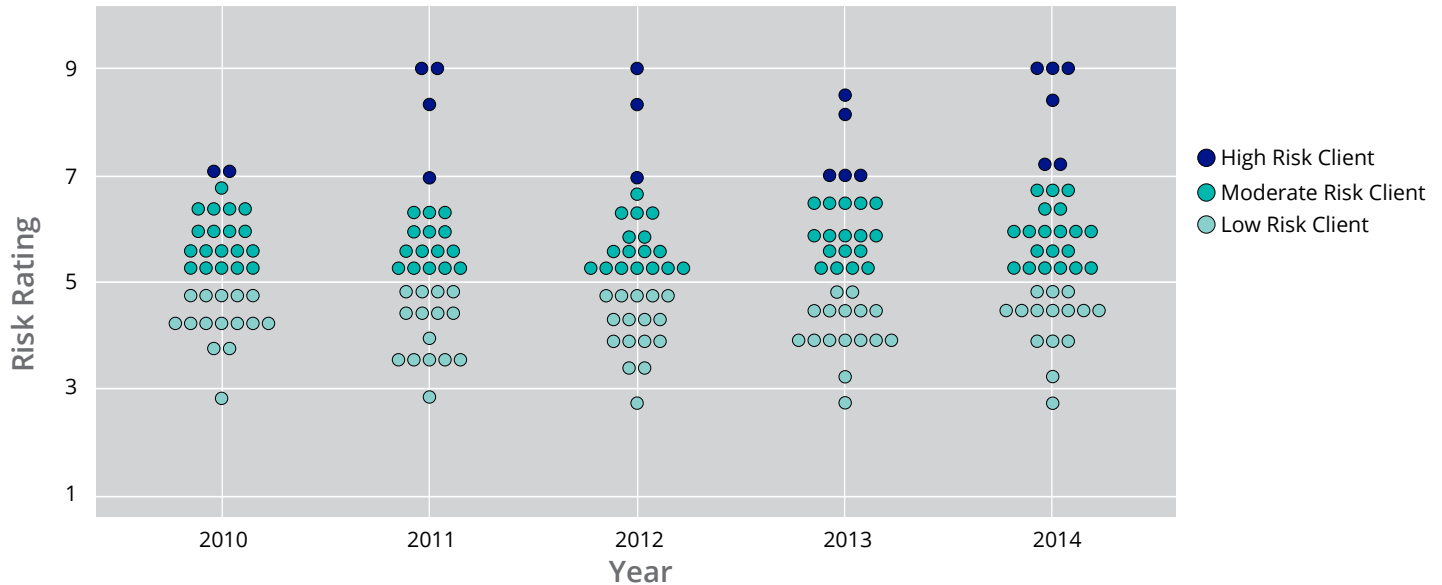
## Components of MDIF Risk Metric:

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 **5.29** in 2014, a **1.5%** increase from 2013 but still squarely within the moderate risk range
- Low risk clients made up **36%** of our portfolio in 2014, down from 42% in 2013
- Across the portfolio, **37%** of clients maintained or lowered their risk rating from 2013 to 2014, while 63% of clients saw increased risk

## Distribution of MDIF Risk Rating Scores, 2010 - 2014



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.

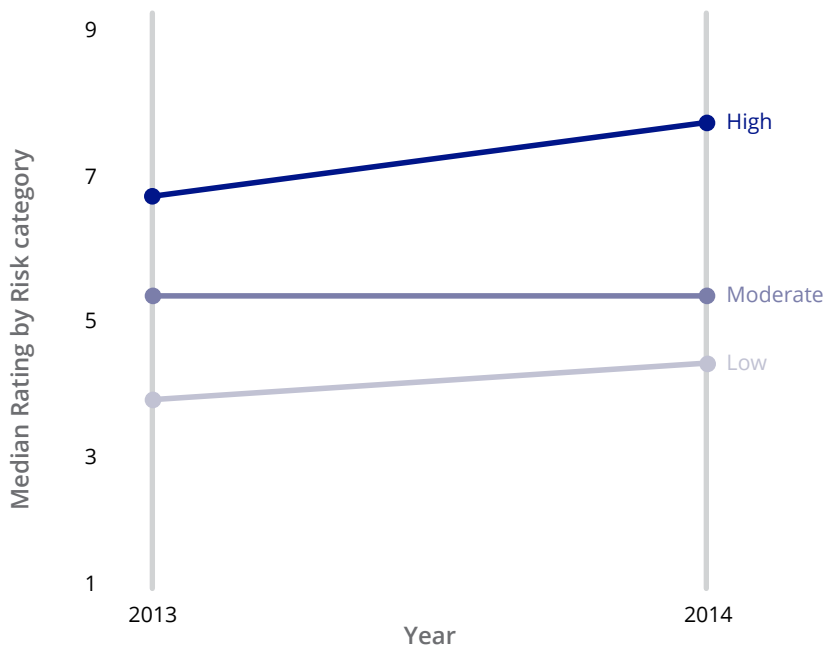
In 2014, the median risk rating for our combined portfolio rose slightly to 5.29 from 5.21 last year but remained squarely within the moderate risk range. The increase was largely the result of worsening conditions for clients rated high risk in 2013. This group of companies saw their median risk score increase by 1.5 points from 2013 to 2014, while scores for low risk clients only increased 0.4 points on average and scores for moderate risk clients were unchanged over the same period.

The companies we work with operate in some of the least conducive environments for independent media in the world. In 2014 alone MDIF clients survived civil unrest, economic crises, and environmental disasters. In response

to unexpected challenges, we provide our clients with the flexible support they need to adapt and survive. This may mean rescheduling debt payments, providing legal advice or consulting on management or technical issues. With our assistance, clients are able to continue providing timely, accurate and relevant information to citizens against the odds.

Over the last five years, the proportion of high risk companies in our portfolio has edged up slightly. Despite this shift, 85% of clients remained low or moderate risk at the end of the year.

In early 2015, our board approved the write-offs of investments in four clients that are included in this Impact Dashboard. With these adjustments our overall default rate increased to 8% from 4% in 2013, still remarkably low considering our mission necessitates investing only in high-risk countries, the slowdown in emerging market economies, and deteriorating conditions for independent media around the world.



### Change in Median Risk Rating by Risk Category

From 2013 to 2014, clients in the high risk category saw the greatest increase in their median risk rating

### Risk Level Distribution by Year

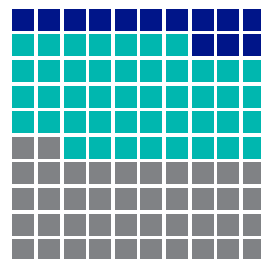
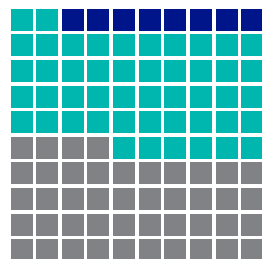
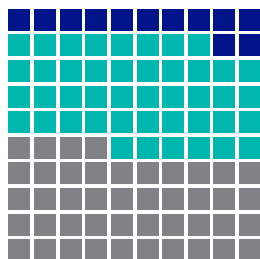
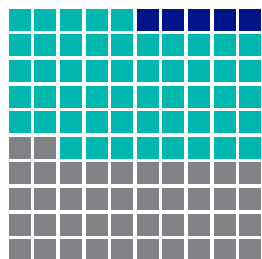
2010

2011

2012

2013

2014



|          |     |
|----------|-----|
| High     | 5%  |
| Moderate | 53% |
| Low      | 42% |

|          |     |
|----------|-----|
| High     | 12% |
| Moderate | 44% |
| Low      | 44% |

|          |     |
|----------|-----|
| High     | 8%  |
| Moderate | 48% |
| Low      | 44% |

|          |     |
|----------|-----|
| High     | 13% |
| Moderate | 45% |
| Low      | 42% |

|          |     |
|----------|-----|
| High     | 15% |
| Moderate | 49% |
| Low      | 36% |



# Clients' Viability in Context

Supporting independent media in the countries that need it the most often means investing in environments where political conflicts and corrupt bureaucracies make doing business difficult for growing companies. In such situations, our goal is to identify well-managed and innovative media businesses with the skills to maintain viability regardless of the crises that may arise.

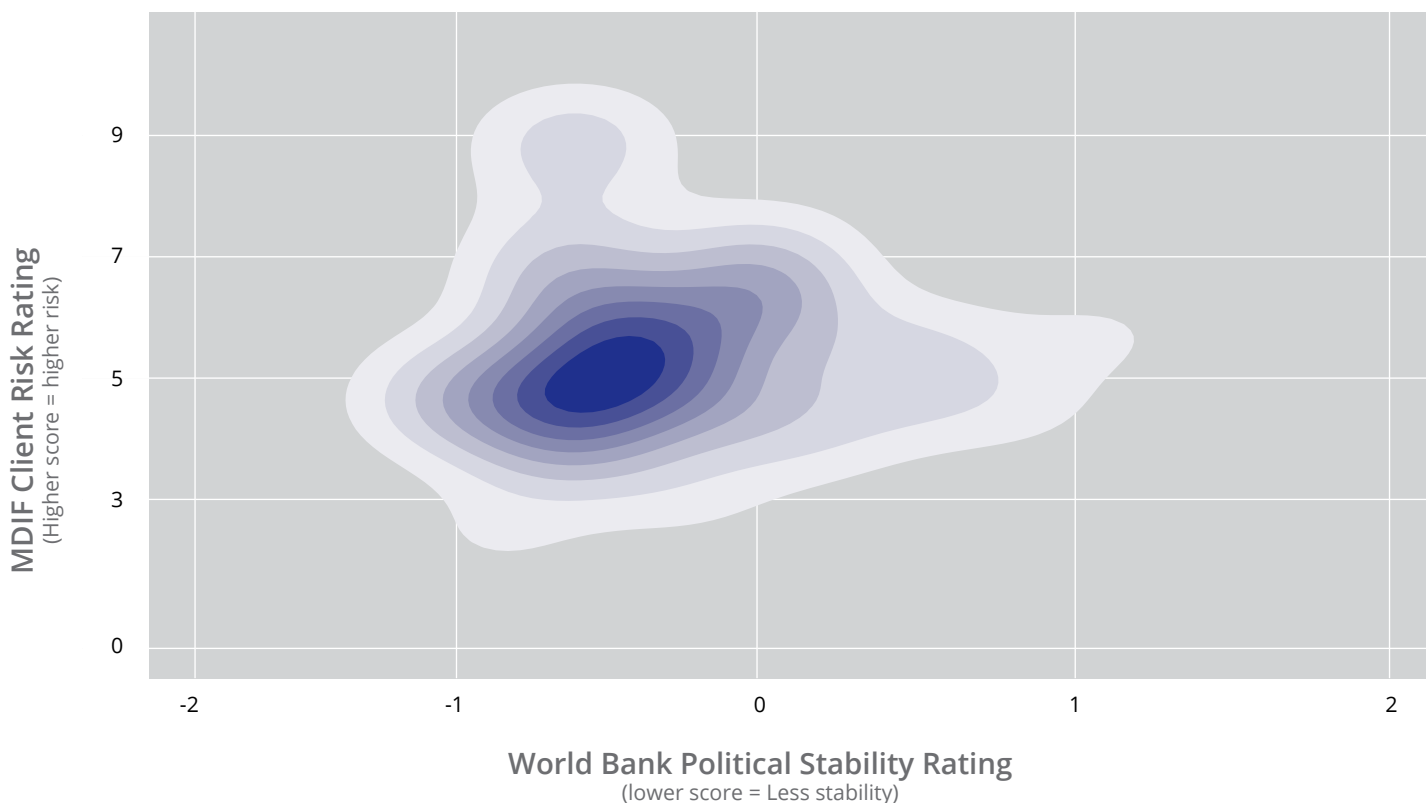
To evaluate stability and operational difficulty in the countries where we invest, we use data from the World Bank's World Development Indicators (WDI) database. For stability, we

use the WDI political stability rating, which is a -2 to +2 scale with higher scores indicating greater political stability. In 2014, the median political stability rating for investments in our portfolio was -0.5, indicating that on average our clients operate in countries with regular political instability.

Mapping client risk ratings against the WDI metrics in the density charts below provides a clear depiction of our thesis in action: we invest in low and moderate risk companies operating in unstable and often unfriendly environments.

**Density of MDIF Client by Risk Rating and Political Stability**

- High density of clients
- Low density of clients

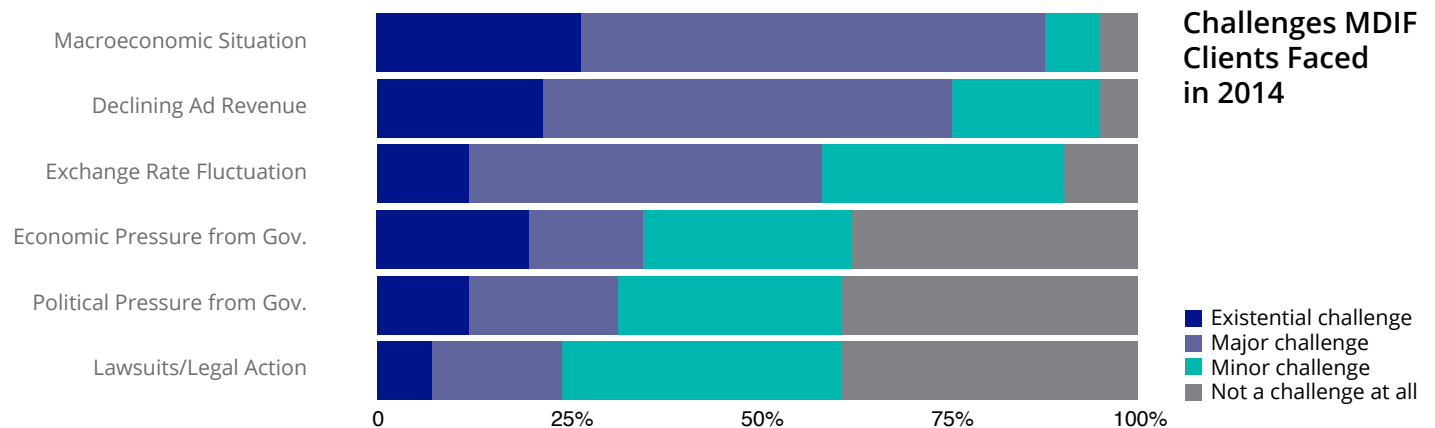


# Results of Client Survey on Challenges to Viability

In 2014, we surveyed our clients to get their perspective on political and economic threats to their viability. In total, 85% of our clients chose to participate.

Across the portfolio, clients consistently reported that economic challenges are the greatest threats to their work. Eighty-eight percent of clients reported that the

macroeconomic situation in their country was “a major challenge” or “a challenge that threatened the existence of [their] company”. Drilling down, 76% of clients cited declines in advertising revenue as a major or existential threat, while 59% reported that exchange rate fluctuation presented a major or existential threat. For more details, see the chart below.



## Client Challenges in Their Own Words

*“The government has applied all types of pressure to us over the last year. They’ve offered to buy us out, threatened to rescind our broadcasting license, and funded a new national channel to compete with us.”*

- Client in Eastern Europe

*“Our journalists were routinely arrested and beaten by police while covering political rallies, even after they identified themselves as journalists.”*

- Client in Africa

*“In 2014 our country was struck by devastating floods. In the aftermath of these floods, consumer companies slashed advertising purchases, which hit our bottom line hard.”*

- Client in Southeastern Europe

*“Over the last year, many politicians including the Prime Minister of our country have filed lawsuits against us. Defending our company against these lawsuits took an enormous amount of time and resources in 2014.”*

- Client in Asia







# Client Impact on Society

## Corruption and Accountability

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Our investments in independent media businesses are ultimately intended to support the valuable work they do in their societies. At the heart of this work are their efforts to expose corruption and hold officials accountable for the promises they have made. In our 20 years of experience, we have repeatedly seen our clients' reporting on corruption mobilize public action and pressure judicial systems to prosecute those often considered untouchable. Similarly, promises of improvement and reform often fall by the wayside until journalists put pressure on government officials to follow through.

Beyond our first-hand experience, empirical research has widely affirmed the value of corruption and accountability reporting for developing democracies. 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."<sup>4</sup> For more research on independent media's impact on development, see the literature review on our website, which we update as new studies are published.

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

1. In 2014, did your organization expose a corruption scandal in your country?
2. In 2014, did your organization report on whether promises made by government officials were kept?

### Key Metrics:

- In 2014, **85%** of our clients reported on corruption scandals in their country
- In 2014, **79%** of our clients held their governments accountable for policy promises

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<sup>4</sup> 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.

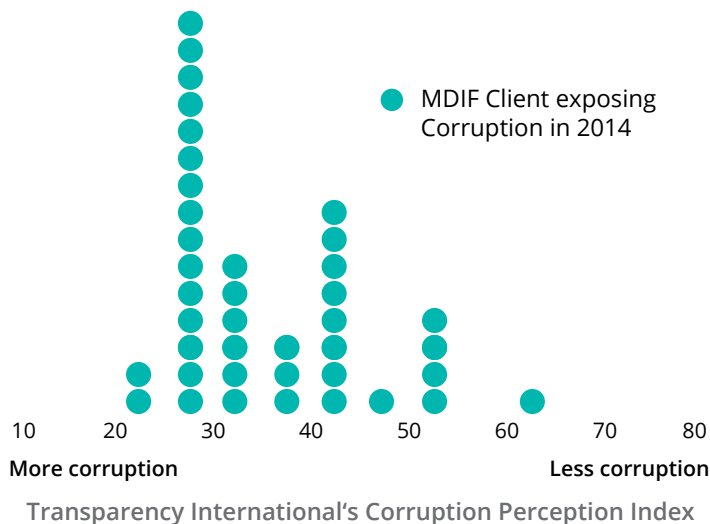


For clients that reported on corruption or government accountability over the course of the year, we ask them to describe their reporting and its impact in detail so that we can verify their survey response.

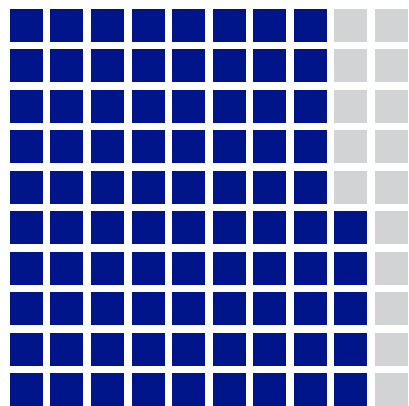
Based on the survey results, 85% of the media companies we support exposed corruption scandals in 2014. Under threats of violence and criminal prosecution, our clients revealed the embezzlement of billions of dollars from state-run businesses, illegal expropriation schemes used by politicians to seize valuable land for personal use, and endemic nepotism in public sector hiring. Clients uncovering corruption generally operate in countries where corruption is a serious problem according to Transparency International, making their reporting highly relevant to local audiences.

The survey also revealed that 79% of clients held their governments accountable for policy promises in 2014. Our clients' reporting forced governments to follow through on promises to regulate polluting businesses, improve and expand public services, and meet stated economic goals.

## Distribution of Clients Exposing Corruption Scandals by Corruption Perception Index Score

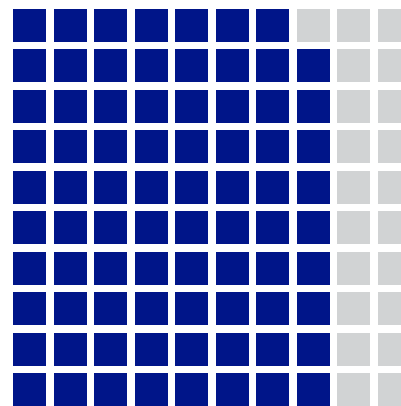


## Percentage of Clients Exposing Corruption in 2014



**85%**  
of MDIF clients exposed corruption scandals in their country in 2014

## Percentage of Clients Holding Leaders Accountable in 2014



**79%**  
of MDIF clients held governments accountable for their policy promises in 2014

# Sample of Client Corruption Reporting



## INDONESIA

**34** | Transparency International  
Corruption Perception Index

### PARTLY FREE

Freedom House Rating

Environmental station Green Radio scrutinized the illegal change in designation of forest land use to the production of palm oil by the Governor of Riau province, which led to the Governor's prosecution.



## NIGERIA

**27** | Transparency International  
Corruption Perception Index

### PARTLY FREE

Freedom House Rating

Investigative site Sahara Reporters reported on the theft of \$20 billion from the state oil company, revealing that the Minister of Finance suppressed a report on the misappropriations and prompting further investigations.



## SERBIA

**41** | Transparency International  
Corruption Perception Index

### PARTLY FREE

Freedom House Rating

OK Radio exposed more than 40 cases of corruption and broken political promises, including endemic nepotism and fraud in public utilities companies, the pharmaceutical industry and local government.



## ZIMBABWE

**38** | Transparency International  
Corruption Perception Index

### NOT FREE

Freedom House Rating

AMH's three independent newspapers and associated websites revealed that the country's Energy Minister had diverted millions of dollars from the national power utility for his personal benefit, leading to his dismissal.

# Sample of Client Accountability Reporting



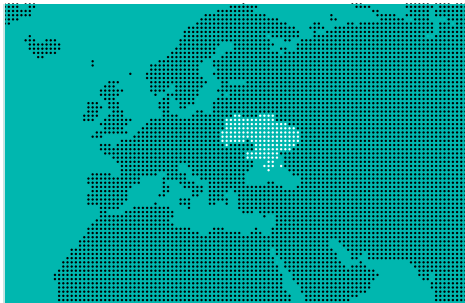
## BOLIVIA

**35** | Transparency International  
Corruption Perception Index

### PARTLY FREE

Freedom House Rating

After reporting by Los Tiempos on extreme pollution in the Rocha River, the regional authorities forced municipalities to implement environmental schedules with which polluting companies must comply.



## E. UKRAINE

**26** | Transparency International  
Corruption Perception Index

### NOT FREE

Freedom House Rating

Grivna's reporting on promises made by local officials to improve services such as heating, kindergartens and transport were read publicly at City Council sessions, prompting their implementation.



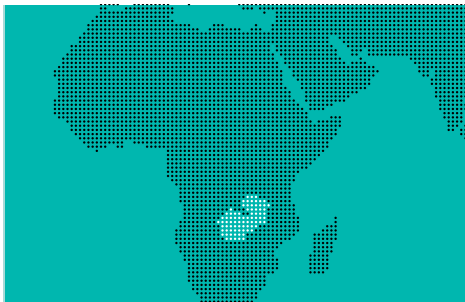
## LESOTHO

**49** | Transparency International  
Corruption Perception Index

### PARTLY FREE

Freedom House Rating

Public Eye monitored the ruling party's election promise to increase the salaries of factory workers by 50%. Its failure to do so caused friction with trade unions causing them to pull out of their alliance, reducing the government's majority.



## ZAMBIA

**38** | Transparency International  
Corruption Perception Index

### NOT FREE

Freedom House Rating

Officials appeared on a weekly Radio Breeze phone-in to answer listeners' questions about department budgets and how funds were being spent, with reporters following up by visiting project sites to check on implementation.



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