

Just published: Guide for social investment in media

AMSTERDAM, THE NETHERLANDS: The World Association of Newspapers and News Publishers (WAN-IFRA) and The Swedish International Development Cooperation Agency (Sida) have published a report on how socially conscious investors and donors can increase funding to news media in developing and emerging markets and contribute to media independence worldwide.



A lack of capital, combined with state repression, throttles the flow of independent news in many developing markets, having a negative impact on political, social and economic development. Financial security is a key factor for securing editorial autonomy, but the funding provided by international donors and investors to these fledgling media businesses is scarce.

"Addressing the Capitalisation Gap for Independent News Media," which was released in Amsterdam today at SOCAP/Europe, a major gathering of investors (<http://europe.socialcapitalmarkets.net/>), suggests new ways of mobilising funding to ensure long-term delivery of high-quality independent news.

Increasing awareness

"Social investors and media development funders are becoming increasingly aware that affordable loan, equity or guarantee financing can be instrumental for many media organisations in the developing world, particularly if matched with technical assistance grants," said Mirjana Milosevic, WAN-IFRA programme director, speaking in a session on "Impact investing in independent media: mobilising private capital for press freedom".

Outside investments are crucial during the growth stages of new independent media business. The new report says that tailored financial instruments adjusted to the specific needs of small and medium sized media enterprises are key to building a vibrant and strong media industry.

The report shows how independent news media benefit society, from spurring government transparency to enabling people to stay informed during times of crisis to empowering the disenfranchised. Yet, the report says, "Though the social returns might be high, private investors tend to focus on quick returns in high-growth businesses and the philanthropic and donor communities have not kept pace with the need for creative scalable financing."

Thriving circulation rates present an opportunity

Thriving circulation rates in many parts of the developing world combined with growing youth populations and technological changes make this an opportune time to invest more in independent media, the report found.

The report offers ways in which funding from revolving media loan funds - currently the most effective vehicle for channelling funds- can be leveraged to further close the capitalisation gap. The New York-based Media Development Loan Fund has provided more than US\$100 million* in affordable financing to 76 media companies in 26 countries since it was founded in 1996. The Southern Africa Media Development Fund (SAMDEF) has also helped bolster regional media with US\$18 million in financing to media.

Innovative ways to further bolster such media funds include: new investment deals that foundations and governments could invest in at below-market returns; partnerships with banks; financial support for media loan funds; and safeguards to decrease risk for investors.

The report is available at <http://www.wan-frica.org/node/36148/>.

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