

MEDIA

SUSTAINABILITY

INDEX

2005



IREX

THE MEDIA SECTOR DID NOT CHANGE SIGNIFICANTLY DURING 2005, THE MEDIA SUSTAINABILITY INDEX (MSI) PANEL CONCLUDED, ALTHOUGH THE LIKELIHOOD OF SIGNIFICANT CONSOLIDATION REMAINED EVIDENT CONSIDERING THE LARGE NUMBER OF OUTLETS COMPETING WITHIN THE SMALL MONTENEGRIN MARKET.

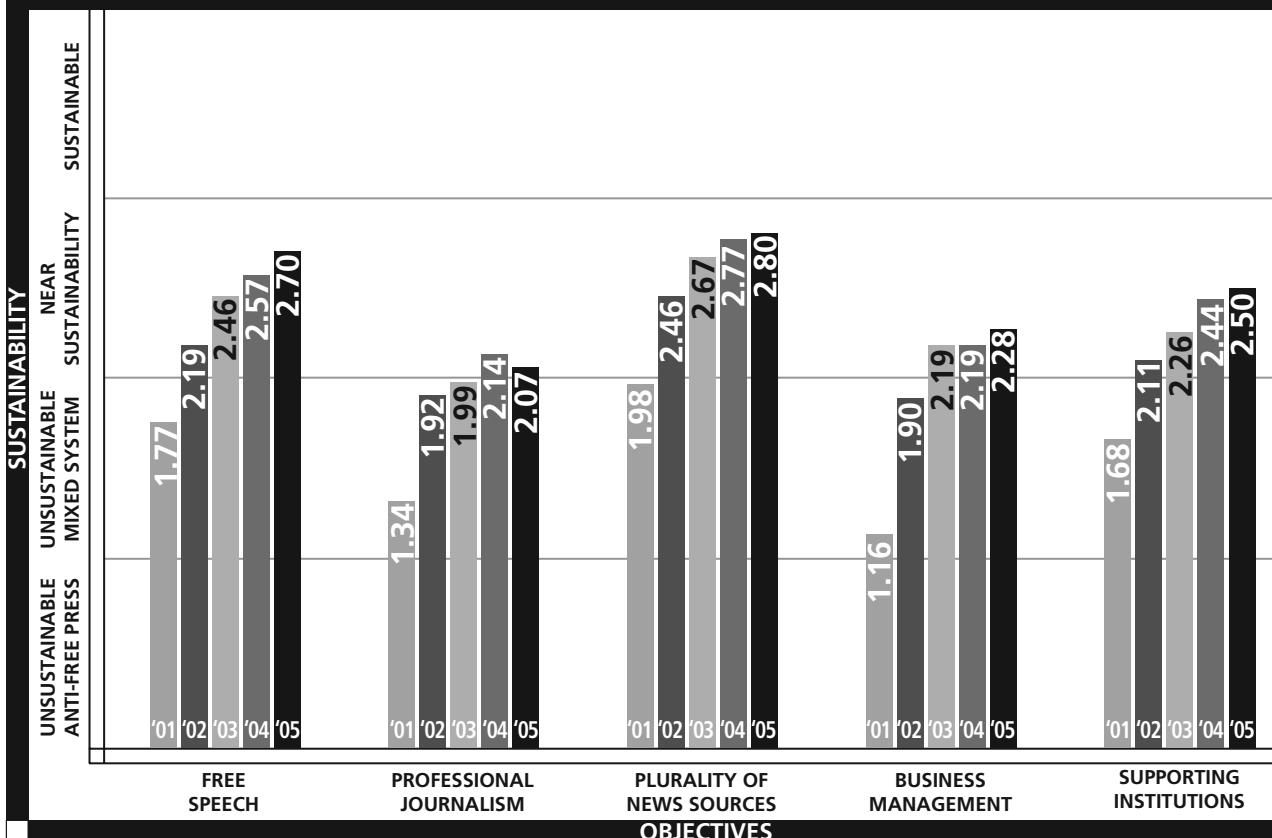


Although 2005 was a stable year politically in Montenegro, anticipation of a referendum on whether it should remain part of the State Union of Serbia and Montenegro animated the media. While the coalition government formed three years ago routinely exercised its power and the opposition carried out its parliamentary role, the media focused on the referendum expected during 2006. The economic transition in Montenegro moved into its final stages, with more than 80 percent of Montenegrin businesses expected to be in private hands by the end of 2005. Compared with 2004, the macroeconomic indices were improved, with GDP growth at 4 percent, inflation under 2 percent, a sustainable budget deficit, a stable bank sector, and significant increases in foreign investments. Noticeable social ills continue, however, with the poor making up 45 to 55 percent of the population.

The media sector did not change significantly during 2005, the Media Sustainability Index (MSI) panel concluded, although the likelihood of significant consolidation remained evident considering the large number of outlets competing within the small Montenegrin market. The slow transformation of the public broadcast company RTCG from a state-owned entity continued, impeded by the need for a new organizational structure and resistance to the required changes. The envisioned dismissal of up to 400 employees did not take place, further weakening the broadcaster's financial position. Problems with implementing media-related laws and the journalistic ethics code continued, and the economic situation of many media outlets and journalists themselves remained perilous.

However, significant steps forward occurred with the first open tender of broadcasting frequencies and the passage of a long-debated law on free access to information, which went into effect in November. Achievements within the private media sector also were apparent, along with the increasingly effective journalism education offered by the Montenegro Media Institute and the new Department for Journalism Studies.

MEDIA SUSTAINABILITY INDEX: MONTENEGRO



Unsustainable, Anti-Free Press (0-1): Country does not meet or only minimally meets objectives. Government and laws actively hinder free media development, professionalism is low, and media-industry activity is minimal.

Unsustainable Mixed System (1-2): Country minimally meets objectives, with segments of the legal system and government opposed to a free media system. Evident progress in free-press advocacy, increased professionalism, and new media businesses may be too recent to judge sustainability.

Near Sustainability (2-3): Country has progressed in meeting multiple objectives, with legal norms, professionalism, and the business environment supportive of independent media. Advances have survived changes in government and have been codified in law and practice. However, more time may be needed to ensure that change is enduring and that increased professionalism and the media business environment are sustainable.

Sustainable (3-4): Country has media that are considered generally professional, free, and sustainable, or to be approaching these objectives. Systems supporting independent media have survived multiple governments, economic fluctuations, and changes in public opinion or social conventions.

Considering both the ongoing problems and the specific advances, the MSI panel ranked the strength of Montenegro's media sector at 2.47, little changed from the 2004 ranking of 2.42 but showing no regression.

OBJECTIVE 1: FREE SPEECH

Montenegro Objective Score: 2.70 / 4.00

The MSI panel participants gave generally positive evaluations of existing media regulations and noted some improvements during 2005. However, problems with implementation remain, they said. One example cited was the failure of the Council of the Broadcasting Agency to follow the spirit of the law in terms of distribution of funds to the commercial broadcasters. The law envisages that 10 percent of public subscription fees should go to outlets, especially those with programming that serves the public interest but have less commercial potential. However, the agency uses territorial coverage criteria as the main determinant for distributing funds, minimizing the importance of programming. The result, panelists

said, is that the outlets with the largest reach, rather than the most publicly significant programming, get the largest shares, and high- and lower-quality broadcasters are treated the same.

“A tender for the allocation of frequencies was realized for the first time this year, and all media that applied and fulfilled the required conditions obtained the frequencies,” said Ranko Vujovic.

“The media law should be amended because the situation already requires that,” said Boris Darmanovic, president of the Association of Young Journalists. “At the time the law was adopted, it was predicted that the law could possibly be amended depending on the success of its implementation.” He recommended amendments to better regulate the election and replacement of the RTCG Council members and said the “mechanism of the managerial structure is too complicated for the public service.” In order to secure the independence of the council, varying durations are set for the mandates of the members. However, there is no established mechanism to enable replacement of those members who do not adequately fulfill the requirements of the position.

Legal and social norms protect and promote free speech and access to public information.

FREE-SPEECH INDICATORS:

- > Legal/social protections of free speech exist and are enforced.
- > Licensing of broadcast media is fair, competitive, and apolitical.
- > Market entry and tax structure for media are fair and comparable to other industries.
- > Crimes against journalists or media outlets are prosecuted vigorously, but occurrences of such crimes are rare.
- > State or public media do not receive preferential legal treatment, and law guarantees editorial independence.
- > Libel is a civil law issue; public officials are held to higher standards, and the offended party must prove falsity and malice.
- > Public information is easily accessible; right of access to information is equally enforced for all media and journalists.
- > Media outlets have unrestricted access to information; this is equally enforced for all media and journalists.
- > Entry into the journalism profession is free, and government imposes no licensing, restrictions, or special rights for journalists.

After lengthy debate and delay, a Law on Free Access to Information was adopted in October 2005 that included virtually all the provisions sought by the media community and represented a significant step forward long sought by journalists. MSI panelists said the lack of an access-to-information law had been the main remaining flaw in the reform of the regulatory environment for media. The law was passed by a margin of 38 to 13, with one abstention. It contains an article restricting access to government information if its disclosure could jeopardize national security, defense, security, and various commercial and privacy interests. Putting the law into practice will show whether it adequately serves the public, or if these exemptions are too broad and subject to interpretation, observers noted.

Panelists from the electronic media noted that the Broadcasting Agency now uses a liberal approach to the allocation of frequencies, and, so far, there were no significant problems in implementation of this policy. In March 2005, for the first time, Montenegrin broadcasters received frequencies through a free, open tender requiring only that they show they met technical preconditions and were not affiliated to any political party. “A tender for the allocation of frequencies was realized for the first time this year, and all media that applied and fulfilled the required conditions obtained

the frequencies,” said Ranko Vujovic, coordinator of the Union of the Independent Electronic Media. “This is important and represents a big step forward.”

Implementation of the libel statute was in accordance with the 2003 criminal code revisions, according to the panelists. Although the code eliminated imprisonment as a possible sentence for libel, panelists agreed that fines of up to €14,000 were very high. “Those penalties should not cause the media closure, but they should enable a fair satisfaction,” said Sasa Brajovic, a media expert. “It is necessary to find a balance.” Also, panelists noted that it remains the obligation of the journalists to prove their innocence. The courts still reflect conservative attitudes with regard to the responsibility of the journalists, and, as a result, journalists are fined following rather dubious judicial proceedings. The panelists noted, however, that some court cases stem from unprofessional, opinion-laced journalism and in general there are not an overly large number of lawsuits or prosecutions.

The May 2004 murder of Dusko Jovanovic, editor of the opposition daily *Dan*, continued to haunt the Montenegrin media community. The trial was under way in late 2005 of Damir Mandic, a former karate champion and alleged organized crime figure who was arrested in June 2004 and charged with driving the car used in the slaying. There were no other attacks on journalists reported by the panel.

As has been true in previous years, the MSI panel concluded that despite evident improvements in the media regulatory environment, there remain concerns about implementation. “Media laws are excellent, and the Journalistic Code is good too,” said Branko Vojcic, president of the Journalistic Self-Regulatory Body. “The legal framework is mostly of good quality, modern, and guarantees the freedom of information. The question arises as to whether the set of media laws is fully implemented.” As an example, the panel mentioned the failure of the state broadcaster to carry out fully the steps, such as staff cuts, required to complete the transformation to a public system.

OBJECTIVE 2: PROFESSIONAL JOURNALISM

Montenegro Objective Score: 2.07 / 4.00

Montenegrin journalism still does not achieve an adequate level of professionalism, and journalists are not ready to respect their own ethics codes, according to the MSI panel. In contrast with past years, the problems are not as much with the ability of the press to function freely but more with the quality of the media that do exist. The publishing of falsehoods and

Journalism meets professional standards of quality.

PROFESSIONAL JOURNALISM INDICATORS:

- > Reporting is fair, objective, and well sourced.
- > Journalists follow recognized and accepted ethical standards.
- > Journalists and editors do not practice self-censorship.
- > Journalists cover key events and issues.
- > Pay levels for journalists and other media professionals are sufficiently high to discourage corruption.
- > Entertainment programming does not eclipse news and information programming.
- > Technical facilities and equipment for gathering, producing, and distributing news are modern and efficient.
- > Quality niche reporting and programming exists (investigative, economics/business, local, political).

half-truths is common enough to influence directly the trust of the public in the media and discredit journalists, a situation detected in opinion polls.

The limited influence on the media community exercised by the Journalistic Self-Regulatory Body concerned the MSI panel. This body, charged with overseeing implementation of the professional code of conduct, was formed by all the media associations in Montenegro and regularly issues reports on violations. However, media organizations for the most part are not willing to publish corrections or to admit that mistakes were made. With the self-regulatory panel not meeting the goals set for it, a review needs to be conducted, the panelists said. “The Journalistic Code was signed by all journalists associations, but few (media outlets or journalists) respect it,” said Branko Vojcic.

Despite the shortcomings in professional standards, however, the panel noted cases of effective work within the media. Examples noted included the focus on investigative journalism by outlets such as the weekly *Monitor* newspaper and Radio Antena M, and increased solidarity among media when it is necessary to defend the credibility of the profession.

Self-censorship is still rife and an important impediment to quality journalism. On the one hand it is a legacy of the past, and on the other it is caused by the absence of protection of journalists against arbitrariness from media

owners at a time when jobs are scarce. Self-censorship remains an obvious problem at former state-owned media outlets such as the broadcaster RTCG and the daily newspaper *Pobjeda*. Although there is no longer state or political party control at these outlets, journalists have not embraced thinking freely about the issues they cover. The MSI panelists said there appears to be the impression among some journalists that reporting in the old-fashioned way is safer for two reasons: It does not require much effort, and it does not provoke anyone.

Many private media were founded for political rather than business reasons, Branko Vojcic said. "The owners dictate the editorial policy, but without a direct interference. Usually, submissive editors are being engaged through whom the required editorial approach is realized."

Salaries vary and are dependent on the financial strength of a particular outlet. In general, only key editors are well paid. For example, TV CG editors have salaries up to €1,500, while a typical journalist's salary might be €300. In private media, salaries may be higher, but the problem in these cases is that owners often do not pay adequate social insurance.

Except at the daily newspaper *Vijesti*, which is partly owned by a major German media company, and a very few digitally equipped television stations, most outlets, including the biggest broadcaster RTCG, work with inadequate and outdated equipment. It is almost a rule that owners hesitate to invest in technical facilities, thinking that there is little payoff from such costs, panelists said.

Panelists continued to note as they had in previous years that entertainment programming is increasingly emphasized to the detriment of more serious educational and informative programs. "In public-service broadcasting, there is not a good balance between the informative and entertainment programs," said Duska Micunovic, program editor at TV Montenegro. "We are deficient in entertainment programs and cannot round out the program production as a whole." The panelists recommended that the educational standards of journalists themselves be improved and an "ambiance" conducive to an editorial policy more focused on cultural, educational, and informative programming be created.

The panelists underlined the need for ongoing education of journalists and encouraged the technical modernization of the profession. The importance of having the first generation of future journalists currently studying at the new journalism department of the Law School in Podgorica and the continuing activities of the Montenegrin Media Institute were

noted by the panel. "According to the surveys, the problem is that 60 percent of the journalists were not educated at any journalism school," said Branko Vojcic. "That data point to the major deficiency that exists in the journalistic profession."

"The Journalistic Code was signed by all journalists associations, but few (media outlets or journalists) respect it," said Branko Vojcic.

OBJECTIVE 3: PLURALITY OF NEWS SOURCES

Montenegro Objective Score: 2.80 / 4.00

The general attitude of the MSI panel is that the Montenegrin media field is oversaturated. As a result of the accelerated recent development, there are about 40 private radio stations, 16 television outlets, and four dailies—all competing to serve a population of approximately 670,000. While the multitude of outlets assures there is a certain plurality of information sources, the MSI panelists were concerned that quantity did not necessarily produce quality. Many outlets use the same

Multiple news sources provide citizens with reliable and objective news.

PLURALITY OF NEWS SOURCES INDICATORS:

- > A plurality of affordable public and private news sources (e.g., print, broadcast, Internet) exists.
- > Citizens' access to domestic or international media is not restricted.
- > State or public media reflect the views of the entire political spectrum, are nonpartisan, and serve the public interest.
- > Independent news agencies gather and distribute news for print and broadcast media.
- > Independent broadcast media produce their own news programs.
- > Transparency of media ownership allows consumers to judge objectivity of news; media ownership is not concentrated in a few conglomerates.
- > A broad spectrum of social interests are reflected and represented in the media, including minority-language information sources.

“New York with its population has about 40 radio stations, and Montenegro with its 670,000 citizens has 25 radio stations,” said Ranko Vujovic. “This speaks for itself when observing that the quantity of media does not correlate with professional journalism.”

agency sources and have poorly developed networks of correspondents. In addition, the ratio of media per capita, above that of most more-developed countries, is not sustainable over the long term.

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about 40 radio stations, and Montenegro with its 670,000 citizens has 25 radio stations,” said Ranko Vujovic. “This speaks for itself when observing that the quantity of media does not correlate with professional journalism.”

In the Montenegrin case, the large number of outlets cannot guarantee diversity of information. “The problem is a large number of media and journalists,” said Darko Sukovic, editor-in-chief of Radio Antenna M. There are too many journalists, but only a few professionals. The current quantity does not correspond to the quality in production or what is required for professional reporting.”

There is only one local news agency, the Montenegro Independent News Agency (MINA), which competes with several agencies from Serbia. MINA, accompanied by a few electronic and print outlets with reasonably substantial reporting staffs, represents the main news sources for citizens.

Access to domestic and international media is not administratively restricted. Finances impose limits, however, for both individuals and media outlets, particularly for buying print media and using the Internet. Internet use is estimated at less than 15 percent of the population.

Montenegro has said farewell to state-owned media. A series of laws set out the process for transformation of the state radio and television system into the public broadcaster RTCG. There is an independent Council consisting of 11 members representing civil-society groups and an independent management board selected through a public tender. The former state daily newspaper *Pobjeda* is implementing a privatization plan, with a delayed public tender expected to be published during 2006.

Through its transformation, RTCG has made significant progress in reducing state influence and political bias in its programming, increasing the

diversity of voices available from this important source. Branko Vojcic noted significant increases in programs produced in-house by RTCG. “This is the achievement that should not be forgotten when appraising the entire situation in RTCG,” he said. Examples include “Otvoreno,” a magazine-style show where hot social issues are discussed, *Pecat*, a magazine of small investigative pieces, and “Plus Minus,” a program on economics and business.

With regard to private media, the MSI participants said transparency of ownership is better than in the previous years. Although speculation persists, there has been a clear achievement in the publication of several studies that outline ownership structures. Ranko Vujovic said there is no serious concern about media ownership concentration in Montenegro, although the possibility continues to exist that the current legal framework would allow concealment of the true controlling interests. Additionally, the panel said a particular problem concerning the sustainability of the media sector is the lack of serious direct foreign investment in Montenegrin media. The only serious foreign investment was made when the German media giant WAZ bought 50 percent of the shares in the daily newspaper *Vijesti*. There is an expectation that the former state daily *Pobjeda* may attract foreign investment when it is privatized because the company has valuable assets.

The panel agreed that in the next few years, it can be expected that the number of media houses will be reduced as the market consolidates to a more sustainable size. But the panelists also said that this process may not have a detrimental impact on the credibility or diversity of the media sector. Instead, they said, the surviving outlets will become stronger and more professional through their own business approaches and the donor-based model of financing will cease to exist.

OBJECTIVE 4: BUSINESS MANAGEMENT

Montenegro Objective Score: 2.28 / 4.00

The MSI panelists agreed that the media business remains largely unprofitable in Montenegro. Excluding several outlets such as the dailies *Vijesti* and *Dan*, TV IN, Antenna M, and MBC TV, the majority of the local and national media face business problems. A majority of the media outlets face constant threats to their solvency, and this leads to problems with their development plans. This in turn drastically affects the working status of the journalists, whose jobs may be in jeopardy and who often are not covered by the social

Independent media are well-managed businesses, allowing editorial independence.

BUSINESS MANAGEMENT INDICATORS:

- > Media outlets and supporting firms operate as efficient, professional, and profit-generating businesses.
- > Media receive revenue from a multitude of sources.
- > Advertising agencies and related industries support an advertising market.
- > Advertising revenue as a percentage of total revenue is in line with accepted standards at commercial outlets.
- > Independent media do not receive government subsidies.
- > Market research is used to formulate strategic plans, enhance advertising revenue, and tailor products to the needs and interests of audiences.
- > Broadcast ratings and circulation figures are reliably and independently produced.

insurance. “The media were not founded following the logic of the media and the market, but according to the logic of politics,” said Branko Vojicic.

Although some independent media outlets survived largely thanks to the financial support of the foreign donors, others succeeded in building from that base. Radio Antena M and the daily newspaper *Vijesti* successfully combined program content and commercial activities. MBC TV used technical assistance for development and advanced in the market by building on a sound business plan and a prudent application of survey results, although it has not entered the top tier of stations.

Consolidation of the market is under way already, with some outlets that did not respect market mechanisms already closed, such as the weekly *Onogost*, or showing indications of impending failure through diminished programming or content. The situation is particularly complex within the crowded electronic media field, according to the MSI panel. In addition to the managerial and commercial problems—the limits of the advertising market, weak staff, and lack of investment—there also is an unwillingness to join together media houses even if that could contribute significantly to their survival and further development.

While donor support remains at certain media holdings, it is clear this form of aid is ending and cannot be counted

on to sustain business operations. “There are no more foreign donations for the media foundations,” Sasa Brajovic said. Montenegro’s policy of directing a portion of public television subscription fees to private media provides key support to some outlets, panelists said.

Human-resources management at media outlets remains a problem aggravated by the weak financial situation at many of them, the panel said. Montenegrin media employ more than 3,000 workers, a third of them at private outlets. Many of those employed at non-state media do not have legal working status, with owners not paying social insurance, health insurance, and other taxes to the state. “That problem has to be eradicated if we want the journalists to perform their work according to the law; and that means that the owners of the media houses should finally comply with the provisions that regulate labor rights,” said Tanja Knezevic, a journalist with the daily *Republika*.

The size of the Montenegrin advertising market is not known precisely, but estimates range up to €7 million per year. Media outlet managers do not yet value the results of market research and broadcast ratings. Some have claimed that poor ratings are the result of their competition’s efforts to undermine their market position. Panel members said this is beginning to change, however, as the outlets’ poor commercial situations force managers to look for new methodologies. However, lack of resources also means that the outlets cannot order surveys, and there are fewer and fewer international organizations able to subsidize research on their behalf.

OBJECTIVE 5: SUPPORTING INSTITUTIONS

Montenegro Objective Score: 2.50 / 4.00

The general assessment of the MSI panelists is that the professional associations and unions charged with representing the interests of journalists are not yet effective. There are three associations—the Association of Young Journalists, the Association of Journalists of Montenegro, and the Association of Independent Journalists of Montenegro—and two trade unions, but they do not produce significant results in terms of improving the professional conditions for journalists, according to the panel. The associations either do not function or their membership is so reduced that it consists essentially of the managerial teams. “The journalistic associations exist only on the paper and do not have influence on the situation in the media sphere,” Tanja Knezevic said. “It is a problem that there is no proper journalistic union. The journalists

Supporting institutions function in the professional interests of independent media.

SUPPORTING INSTITUTIONS INDICATORS:

- > Trade associations represent the interests of private media owners and provide member services.
- > Professional associations work to protect journalists' rights.
- > NGOs support free speech and independent media.
- > Quality journalism degree programs that provide substantial practical experience exist.
- > Short-term training and in-service training programs allow journalists to upgrade skills or acquire new skills.
- > Sources of newsprint and printing facilities are private, apolitical, and unrestricted.
- > Channels of media distribution (kiosks, transmitters, Internet) are private, apolitical, and unrestricted.

are left alone in protecting their rights. This remains the major problem that most affects the social and legal status of the journalists.”

By contrast, there are positive examples of associations representing the business interests of the media houses, in particular the Union of the Independent Electronic Media (UNEM). UNEM was a very active member of the working group that drafted the new law on free access to information and continues to work on an anti-monopoly draft law for submission to the government to be considered during 2006. UNEM also has a pool of lawyers helping journalists and media outlets, including defense against libel allegations.

Regarding the other institutions important for the Montenegrin media sector, the panel highlighted the contribution of the Montenegro Media Institute through its educational and professional development programs. The lack of effective university journalism education has been overcome to some extent by the creation of the Department for Journalism Studies at the Law School, panelists said.

The panel discussed the controversial role of the Broadcasting Agency, which is of great importance for the electronic media as the sector's independent regulator. According to the assessment of the electronic media representatives, the agency needs to improve its policies regarding allocating the portion of subscription

fees going to private media outlets in order to offer more support to those supplying the highest-quality programming. “The criteria for the allocation of finances from the RTV subscription fees are unfair, to say the least,” said Darko Sukovic. “We know of cases where large portions go to broadcasters that do not produce their own programs, or the quality of their programs is questionable. On the other side, serious radio stations, in their efforts to work professionally, face difficulties.” The panel also noted the importance of the agency regarding the creation of a quality plan for frequencies and their allocation.

In Montenegro there is no monopoly in the distribution and printing sectors. Almost all big newspapers—*Vijesti*, *Dan*, and *Pobjeda* among them—have their own printing facilities and distribution systems. *Vijesti* also has a network of kiosks where its own and other publications are offered. The panel also noted clear achievement in the area of Internet presentation of newspapers. Some outlets are already requiring subscriptions to Web editions, or are planning to introduce this.

Panel Participants

Duska Micunovic, Program Editor, TV Montenegro

Darko Sukovic, Editor-in-Chief, Radio Antenna M

Jasmina Kocalo, Editor, TV MBC

Mili Prelevic, Editor, *Dan* daily newspaper

Tanja Knezevic, Journalist, *Republika* daily newspaper

Ranko Vujovic, Coordinator, UNEM

Branko Vojcic, President, Journalistic Self-Regulatory Body

Boris Darmanovic, President, Association of Young Journalists

Sasa Brajovic, PDA Information Assistant, Consulate of the United States

Moderator

Rade Bojovic, Media d.o.o.

Observer

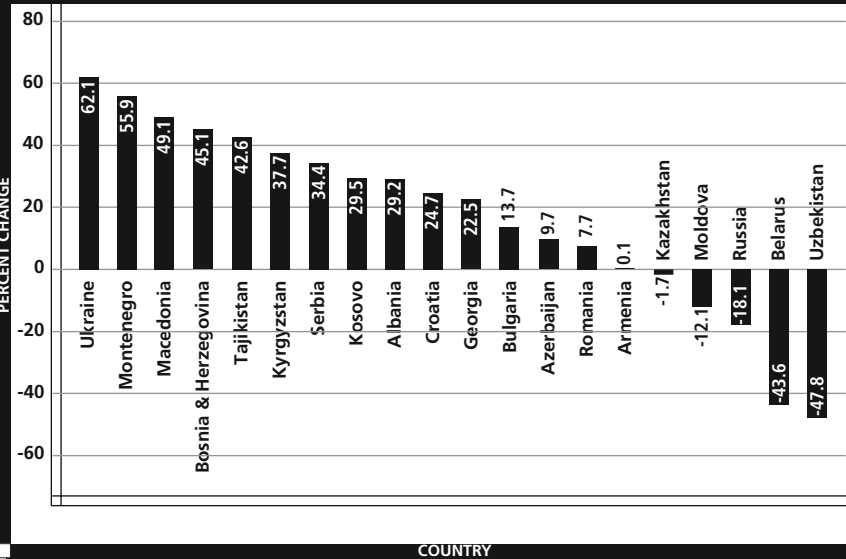
Vesna Banovic, Senior Media Advisor, IREX

MONTENEGRO AT A GLANCE

GENERAL

- **Population:** 650,575 *State Union of Serbia and Montenegro*
- **Capital city:** Podgorica
- **Ethnic groups (% of population):** Montenegrin 43%, Serb 32%, Bosnian 8%, Albanian 5%, Muslim 4%
- **Religions (% of population):** Orthodox 74%, Muslim 18%, Catholic 3.5%, Atheist <1%
- **Languages (% of population):** Serbian 63%, Montenegrin 22%, Albanian 5%, Bosnian 2%, Croatian <0.5%
- **GDP:** €1 billion *2002 Statistical Office Montenegro*
- **Literacy rate (% of population):** 97.65% *Census 2003*
- **President or top authority:** President Filip Vujanovic, Prime Minister Milo Djukanovic
- **Next scheduled elections:** Parliamentary, October 2006

MSI AVERAGE SCORES—PERCENT CHANGE 2001–2005



MEDIA-SPECIFIC

■ **Newspaper circulation statistics (total circulation and largest paper):** Since none of the four daily papers publish circulation data, it is difficult to estimate accurate numbers. However, it is approximately 55,000 to 60,000 copies. Two of the largest papers, *Vijesti* and *Dan*, circulate around 20,000 copies each. *Monitor* weekly circulates 5,000 copies.

■ **Broadcast ratings (top three ranked stations):** TV Pink, TV Crne Gore, TV In *Strategic Marketing Survey, September 2004*

■ **News agencies:** MINA

■ **Number of print outlets, radio stations, television stations:** 108 media: 45 print (including many periodical papers), 15 television stations, 43 radio stations, four online media, one news agency *Montenegro Media Institute, 2004*

■ **Annual advertising revenue in media sector:** €7 million to €10 million

■ **Number of Internet users:** 16% of population *Internet Crne Gore data*

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