

STATE-MEDIA FINANCIAL RELATIONS IN ALBANIA

NURTURING CLIENT-BASED MEDIA PRACTICES

by ILDA LONDO

INTRODUCTION

Albanian legislation does not specify any provisions whatsoever dealing with state support and funding of the media, not even in terms of protecting media pluralism or supporting minorities or specific communities. Nonetheless, speculation about unfair and non-transparent distribution of state advertising has never ceased. In 2013, an independent investigation proved that most of the claims about unfair distribution of state advertising were true.¹ The investigation showed that the state spent at least 780,000 euro between June 2012 and the end of 2013 on TV advertising, with the bulk of this sum going to TV stations and agencies owned by or tied to one person, whose media provided favourable coverage to the government at the time.² “The publication of such data clearly reveals both the unfair awarding of advertisements for state institutions to the media close to the government and the lack of transparency in distributing these funds.”³ Apart from commercial advertising, public funds have also been used to advertise in the media or to organise campaigns that have benefited media owners, which is in line with government regulations on the organisation of public campaigns.

State funding of the media is far from transparent. Although certain aspects of the process of financial distribution have become more visible and searchable, thanks to online databases, the process has also become more refined and it is more difficult to track down the money that ends up with media outlets. Each day, the Ministry of Finance publishes on its web page the payments that go through the state treasury, which are disbursed from state bodies. The non-governmental organisation Open Data Albania also publishes this data in a more user-friendly format. However, the labels used for the invoices are not marked as advertising, but appear under various categories, which make them more difficult to identify under the same spending entries. In addition, detailed description of an invoice needs to be checked against the names

1 Likmeta, “Big advertisers subvert Albanian media freedom,” *Balkan Insight*, 20 December 2013. Available at: <http://www.balkaninsight.com/en/article/big-advertisers-subvert-albanian-media-freedom>. Accessed 30 September 2015.

2 Ibid.

3 Londo, “Albania”, in *Media Integrity Matters*, 2014.

of media companies, in order to ensure that the funds are allocated to media for advertising. Apart from incoherent labelling of transactions, what makes matters more complicated is that the media obtain funds not only through their media companies, but also via sister companies with the same owners, such as foundations, universities, institutes, etc. Finally, another category of information where it is difficult to determine whether it is spent on advertising is the amount given to advertising agencies, which can then reallocate some funds to media. Since there is no obligation for these private agencies to make the process transparent, including the strategy for deciding which media provider to use for advertising, this is an increasingly worrying trend regarding public funds allocated to media outlets.

Starting this year, the media outlets, along with all business companies registered with the National Registration Center, will also have to submit annual balances, which the center makes available online. This has led to a potential for greater transparency of media outlet finances, at least formally. However, this is a recently started practice, and it remains to be seen what will be the impact.

1 STATE ADVERTISING REGULATION: AN UNFINISHED STORY

Efforts to regulate the distribution of state advertising in the media have been few, usually resulting in unclear or vague procedures. Until 2006 most advertisements and notifications that fell into the state advertising category were considered public spending and, as such, were subject to the public procurement laws. However, there were no regulatory bodies to supervise the implementation of these laws, nor the consequent fair distribution of state advertising among the media. The situation was made worse by the legal pitfalls: both the Public Procurement Law and the Law on Expropriation at the time provided that the notifications be published in two national newspapers with large circulations, or in one national and one local newspaper, without defining, though, what “large circulation” means.⁴ The basis for a decision to allocate advertising becomes even less clear in view of the lack of certified data on the circulation of publications in Albania. In the early 2000s the media community thought the practice of allocating advertising with this regulation was an abuse of standards, since advertisements were considered to be given as a reward for changes in editorial policy, or even used as a financial threat, depending on the editorial policy orientation.⁵

With the rotation of power in 2005, the new government made a public commitment to change the situation, claiming that this practice would change

4 Human Rights Watch, *Albania: The Cost of Speech: Violations of Media Freedom in Albania*, June 2002, p.47.

5 Albanian Media Institute, *Media ownership, independence and pluralism*, 2007, p.23.

ALBANIAN LEGISLATION DOES NOT SPECIFY ANY PROVISIONS WHATSOEVER DEALING WITH STATE SUPPORT AND FUNDING OF THE MEDIA, NOT EVEN IN TERMS OF PROTECTING MEDIA PLURALISM OR SUPPORTING MINORITIES OR SPECIFIC COMMUNITIES. NONETHELESS, SPECULATION ABOUT UNFAIR AND NON-TRANSPARENT DISTRIBUTION OF STATE ADVERTISING HAS NEVER CEASED.

and media would no longer benefit from state advertising, aiming to stop abusive practices in the allocation of state advertising. In 2006, the government decided to stop allocating government advertising and notices to the media and publish them instead in the Bulletin of Official Notices.⁶ The move was hailed at the time as an important step towards reducing media dependence on the government. However, the decision was still unclear on certain aspects of government notice publication, failing to dissipate all doubt about the sufficient and proper regulation of state advertising. The distinction, for instance, between state advertising and notices was not entirely clear and left room for interpretation. According to the government's decision, advertisements for state-owned companies and not-for-profit organisations established and supported by the state were not classified as public notices.⁷

Furthermore, since state advertising belongs to public funding by the government, the respective legislation is the Law on Public Procurement, which determines the rules for procuring goods and services from state authorities. However, the regulation of state advertising in the media is exempt from this law, whose exclusion criteria include "purchase, development, production, co-production of programs or advertisement to be broadcast by radio and television operators or to be published in print media, as well as contracts for broadcasting time."⁸ Once this area had been deemed inappropriate for regulation by this law, the possibility was for the parliament or Council of Ministers to draft a new law specific for this purpose, a possibility that has not so far been used, in an apparent preference for regulating state advertising through government decisions instead.⁹

As a result, the government reached new decisions on this matter, but ones which did not help to clarify the criteria applied to decisions on state funding of public announcements. On the contrary, the criteria were made even hazier, and after a while the government also resumed advertising in the media. A 2007 decision by the Council of Ministers related to state advertising mentions the number of viewers or readers as one of the criteria to be used in reaching a decision.¹⁰ This criterion was clearly difficult to observe when data on media ranking are lacking, but it at least attempts to impose some selection filters. The two latter Council of Ministers' decisions seem to have very broad and vague definitions of the criteria, including "the media outlet" (without any specification), the offer made,

6 Londo, "Albania", in *Television across Europe: Follow-up Reports 2008*.

7 Council of Ministers' Decision No.176, "On the Publication of Bulletin of Public Notifications," 29 March 2006.

8 Law No. 9643, "On public procurement," 20 November 2006.

9 Matlija, *Public procurement of advertisement and publicity campaigns in Albania, European practices*, 2014.

10 VKM No. 6223, "On procurement of productions/broadcasting of advertising and spots from state administration bodies in the media," 29 September 2007.

and the broadcasting duration,¹¹ as well as the experience in organising similar events.¹² These two decisions omit the criterion of the outlet's audience reach, even though this is usually one of the basic requirements.

In fact, although the latter decision “has marked some technical improvement, in essence it has moved backwards, paving the way for abuses and obscuring transparency.”¹³ According to a legal analysis of the current regulation on the distribution of state advertising, there are certain rules that have made it easier for state authorities to distribute advertising in a less transparent and more selective way. For example, apart from media outlets, a new category has been added to the list of bodies that can obtain state funds: “specialised agencies”, enabling advertising agencies also to benefit from state advertising, and allowing them to redistribute the sums to media outlets, without any further transparency or technical criteria requirements. “In practice this has led to a substantial part of the funds to go to agencies, which then manage public funds by subcontracting specific private broadcasters, in a selective and non-transparent manner.”¹⁴

Another problem posed by the current decision that regulates state advertisement is that, in the composition of commissions to evaluate the offers for each tender pertaining to state bodies, it is no longer obligatory to have the heads of the legal and financial directorates of that body, allowing directors of the body to circumvent two of the most important members of the institution, who often enjoy the status of civil employees, meaning that they are supposed to be independent of rotations of power or party-appointed officials.¹⁵

In addition, a major problem has been that of transparency in the process of distributing the state advertising. The current rules have not only failed to solve this problem, but have even removed some of the previous transparency requirements. More specifically, the obligation to publish online the candidates' offers has been removed, along with the practice of sending the dossier to be published online at the Agency of Public Procurement. “This change has lowered significantly the transparency of procedures, leading to absence of public information on the use of public funds from state advertisement.”¹⁶ This leads to greater potential for selective distribution of state advertising. In fact, over the years “media outlets have claimed that the invitations were sent only to selected media but were not published on the web site, or had been published only one day before the deadline.”¹⁷

11 VKM No. 1195, 5 August 2008.

12 VKM No. 1173, 6 November 2009.

13 Matlija, *Public procurement of advertisement and publicity campaigns in Albania, European practices*, 2014.

14 Ibid.

15 Ibid.

16 Ibid.

17 Londo, “Albania”, in *Media Integrity Matters*, 2014.

A MAJOR PROBLEM
HAS BEEN THAT OF
TRANSPARENCY IN
THE PROCESS OF
DISTRIBUTING THE
STATE ADVERTISING.

With yet another rotation of power in 2013, the current government, led by the Socialist Party, included among its objectives the termination of practices that led to unfair and non-transparent allocation of state advertising to media. However, after two years in power, the government has made no attempt to amend the existing rules on state advertising, nor to issue new legislation; meanwhile, public funds for state advertising are being distributed using the same regulation. Hence, it is important to continue monitoring the trends in the distribution of state advertising.

1.1

TRENDS IN DISTRIBUTION OF STATE ADVERTISING

The lack of clear, equitable rules regarding state advertising, along with the lack of transparency about figures relating to media market share and the popularity of media outlets, has led to a context in which it is easier for governments to use selective methods in distributing state advertising funds. In fact, “the way state advertising is distributed has been a continuous source of concern in the Albanian media scene.”¹⁸

Public denouncements by the then opposition in 2012 and later investigative reports published at the end of 2013 showed that the former government had significantly favoured the media companies that supported the government and Prime Minister. “Data collected from the treasury department database in the Ministry of Finance show that the state spent at least 780,000 euro between June 2012 and the end of 2013 on TV advertising. The bulk of this sum seems to have gone to TV stations and agencies owned by or tied to Aleksandër Frangaj, the owner of *TV Klan* and other companies.”¹⁹

THE LACK OF CLEAR, EQUITABLE RULES REGARDING STATE ADVERTISING, ALONG WITH THE LACK OF TRANSPARENCY ABOUT FIGURES RELATING TO MEDIA MARKET SHARE AND THE POPULARITY OF MEDIA OUTLETS, HAS LED TO A CONTEXT IN WHICH IT IS EASIER FOR GOVERNMENTS TO USE SELECTIVE METHODS IN DISTRIBUTING STATE ADVERTISING FUNDS.

Table 1 DISTRIBUTION OF STATE ADVERTISING TO ONE MEDIA GROUP (2010–2013)

| STATE INSTITUTION | COMPANY | AMOUNT (EUR) |
|--|-------------|--------------|
| MINISTRY OF DEFENCE | ZOOM EVENTS | 284,000 |
| MINISTRY OF DEFENCE | PROMO | 300,000 |
| NATIONAL DRUG CENTRE | PROMO | 27,000 |
| MINISTRY OF INTERNAL AFFAIRS | PROMO | 71,000 |
| MINISTRY OF AGRICULTURE & MINISTRY OF JUSTICE | MEDIA 6 | 26,000 |
| MINISTRY OF AGRICULTURE AND MUNICIPALITIES RUN BY DP | ABC NEWS | 19,800 |
| MINISTRY OF JUSTICE | MEDIA 66 | 10,000 |
| POLICE DIRECTORATE | PROMO | 1.400.000 |

Source: Likmeta, “Big advertisers subvert Albanian media freedom,” *Balkan Insight*, 20 December 2013.²⁰

18 Ibid.

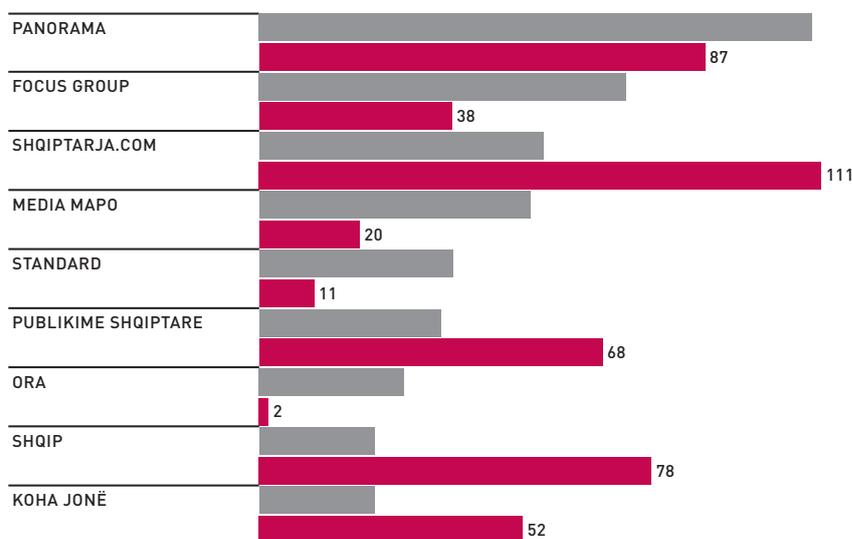
19 Likmeta, “Big advertisers subvert Albanian media freedom,” *Balkan Insight*, 20 December 2013. Available at: <http://www.balkaninsight.com/en/article/big-advertisers-subvert-albanian-media-freedom>. Accessed 30 September 2015.

20 Available at: <http://www.balkaninsight.com/en/article/big-advertisers-subvert-albanian-media-freedom>. Accessed 30 September 2015.

The evidence for such worrying practices, coupled with the fact that the rules for distribution of advertising have not changed, point to the need for continuous monitoring of trends in the distribution of state advertising, especially given the sensitivity of these revenues to sustainability and consequently to the independence of some media outlets. For this purpose, further research has monitored the transactions made by the Treasury Department at the Ministry of Finance with media companies in the years 2012, 2013 and 2014.

In order to be as realistic as possible, the study has considered not only media groups and companies, but also companies owned by or related to media owners that do not necessarily deal with media, such as foundations, agencies, or other kinds of companies, since some transactions of these companies were described as notifications or publications of advertising in the newspaper. In addition, the monitoring of treasury transactions has also considered companies that are related to media owners, but that deal with the organisation of campaigns, public events, etc, since this has been another way of awarding public funds to the media owners who also own such companies. Another difficulty in monitoring transfers to media or related companies from the Treasury Department is that the description of transactions is inconsistent. So, some of the transactions are entered as “printing and publishing services”, others as “professional books and publications”, while others are described as “other services” or “other transfers”. For the purpose of this study, the monitoring considered all these categories, cross-checking with the names of beneficiaries and the descriptions of invoices. In addition, the sums awarded include those granted to specific media companies to produce content such as documentaries, as well as events, e.g. summer festivals and other cultural activities. Finally, the monitoring included only transactions from budget institutions that fall within the mandate of the Treasury Department. Other independent state bodies have not been included in the monitoring, which means that the amount of advertising awarded to media outlets might be even higher.

Chart 1 TRANSACTIONS FROM THE STATE BUDGET IN 2014²¹
 (■ TOTAL AMOUNT, ■ NUMBER OF TRANSACTONS)



Source: Data from Treasury Department (3 January–15 December 2014).²²

The above chart shows the main media groups that received funding from the state in 2014, both in terms of funding received and in terms of transfers made to these companies. As can be seen, the two companies that have received the largest amount of funds are Panorama and Focus Group, which share the same owners. Shqiptarja.com is the media company that has received the highest number of transfers, 111. What can also be noticed is that the main media groups appearing as major beneficiaries of state advertising are the ones that own daily newspapers, while only a few also own electronic media. In fact, as other research reports show, it seems that state advertising, while not constituting a significant portion of the advertising revenue for the media market, is nevertheless important, especially for newspapers.²³

Moreover, upon closer inspection of the entries from the Treasury Department, it is also evident that part of the transactions completed in 2014 had instead been awarded in 2013, or in a few isolated cases, even in 2012. In some cases the delay in payment seems due only to the fact that the publication in newspapers took place in the final days of the previous year, which means that the delay is only due to the time needed to register and approve the request from the treasury. In other cases, payments are for services made as much as six months earlier, which points to a trend among certain institutions or state bodies to delay payment for advertising. In fact, for some media outlets, it seems that the majority of funds paid in 2014 comprised arrears

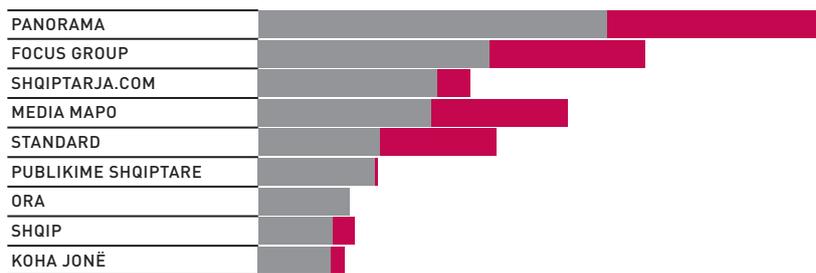
21 “Media Mapo” entries also include funds awarded to Fondacioni për Liri Ekonomike for publication of notifications in the *Mapo* newspaper. Focus Group entries include both Focus Media News and Focus Press groups, since the owners are the same.

22 Open Data Albania. Available at: <http://spending.data.al/>. Accessed September–October 2015.

23 IREX, “Albania”, in *Media Sustainability Index*, 2014.

from 2013. More specifically, in the case of *Standard* newspaper, 93 percent of the funds are charges for services provided in 2013. In addition, 77 percent of Media Mapo’s funds in 2014 were arrears from 2013, while 67 percent and 62 percent of funds paid in 2014 to Focus Group and Panorama Group, respectively, are also arrears. The trend among the major beneficiaries of state advertising in 2014, divided into funds and arrears, is presented in the following chart:

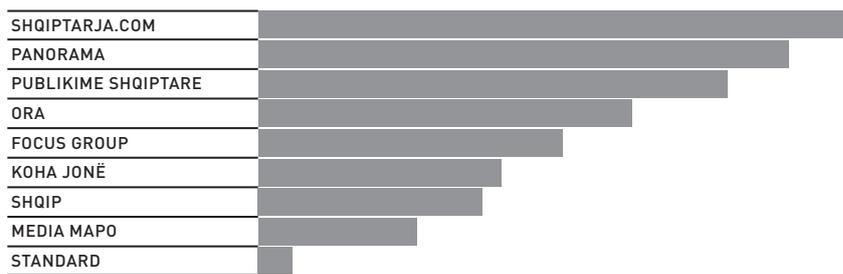
Chart 2 FUNDS PAID IN 2014, INCLUDING 2013 ARREARS
(■ AWARDED IN 2014, ■ 2013 ARREARS)



Source: Data from Treasury Department (3 January–15 December 2014).²⁴

This trend highlights questions about the sustainability of media companies, especially newspapers, given the significant delay in payments that some have been experiencing. In addition, this means that the state advertising funds for 2014 should also be examined separately, considering the media companies that were awarded these funds only in 2014.

Chart 3 FUNDS AWARDED ONLY IN 2014



Source: Data from Treasury Department (3 January–15 December 2014).²⁵

As the chart shows, the picture of state advertising funds changes if we consider only those funds awarded specifically in 2014. Shqiptarja.com seems to be the greatest beneficiary, followed by Panorama Group and also by Publikime Shqiptare. All three groups publish daily newspapers, two of them considered

WHILE THE CURRENT GOVERNMENT INCLUDED IN ITS PROGRAMME AND CAMPAIGN THE DECISION TO CHANGE THE WAY STATE ADVERTISING IS DISTRIBUTED, THE RULES FOR AWARDING SUCH FUNDS HAVE NOT CHANGED, AND THE CRITERIA OFFICIALLY REMAIN THE SAME.

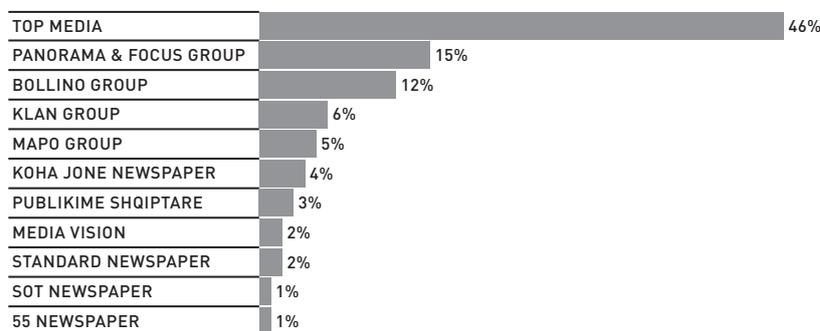
24 Open Data Albania. Available at: <http://spending.data.al/>. Accessed September–October 2015.

25 Open Data Albania. Available at: <http://spending.data.al/>. Accessed September–October 2015.

to be left-wing or as supporting the current Prime Minister, which is a trend to monitor, since distribution of state advertising in accordance with editorial policy has been a constant concern for the media market and media independence in the country.

While the current government included in its programme and campaign the decision to change the way state advertising is distributed, the rules for awarding such funds have not changed, and the criteria officially remain the same. In fact, data from treasury transactions show that some of the media companies remain relatively constant in their benefits, such as Panorama and Focus Groups. Other media outlets are the new rising beneficiaries of state advertising in 2014, such as *Shqiptarja.com*, *Publikime Shqiptare*,²⁶ *Ora* and *Shqip*, most of which show support for the government. Meanwhile, other groups, although important on the media scene, do not appear to be still receiving income from state advertising, while having benefited considerably in the years 2012-2013, including the previous government term. (For example, none of the companies owned by Aleksandër Frangaj appear on the list of beneficiaries of 2014 state treasury transactions, although they dominated this list in 2012 and the first half of 2013.)

Chart 4 STATE FUNDS TO MEDIA GROUPS IN 2015



Source: Data from Treasury Department (3 January–October 2015).²⁷

The data from 2015 further confirm the tendency to heavily favour certain media groups more than others. So, Top Media, including the national radio station *Top Albania* and the national television *Top Channel*, the digital platform *Digitalb*, and the daily newspaper *Shqip*, have been granted almost half the state funds as of October 2015, among media groups. While it needs to be clear that this fund includes not only state advertising but also any artistic projects or cultural events that these companies organise, the trend towards favouring one group is clear. This is even more so when considering that Top

26 For example, the group Publikime Shqiptare, which publishes the daily newspaper *Dita*, has received 10 times more funding from state advertising in 2014 compared to the previous year.

27 Open Data Albania. Available at: <http://spending.data.al/>. Accessed September–October 2015.

Media has always been closely associated with the current Prime Minister. The group has provided support for him when his party was in opposition and also now that he is in power. Similarly, compared to previous years, there is also a considerable increase in funds obtained by the daily *Shqiptarja.com* and *TV A1 Report*, owned and directed by Carlo Bollino,²⁸ two media outlets that have also been considered to favour the current government in their editorial policy.

1.2

ORGANISING PUBLIC EVENTS WITH PUBLIC FUNDS: ANOTHER FORM OF MEDIA SUPPORT

In 2009, the government issued a new decision related to state advertising in the media (as we mentioned in the section on state advertising regulation), which expanded the regulation on distribution of funds for the organisation of campaigns and public events. This has also become a convenient method for media outlets to obtain public funds, as they set up the companies that organise such public events and campaigns. So, if we take into account the 2013 investigative report on distribution of public funds to companies owned by or close to Aleksandër Frangaj, it is clear that these media companies have obtained only a small percentage of funds: 55,800 euro out of a total of 780,000 euro given to all companies.²⁹

While the amount of funds might not be as high, the practice of giving out money to companies in a dubious manner seems to persist. In 2014 the opposition and some online media close to the opposition pointed to new dubious cases related to unfair distribution of public funds to companies close to media owners. Thus, after the Pope's visit to Albania, the main opposition party, Democratic Party, issued a statement claiming that the tender to make the décor arrangements for this visit was given to EAG Communication, a company that was established only that year and which did not meet the technical criteria.³⁰ Moreover, the statement claimed that the company that won the tender had the exact address of a company owned by the brother of Erion Veliaj, then Minister of Labour and Social Welfare, thus alleging a clear case of favouring one company over the others. These allegations have continued with other cases, the latest one being a publication from the Democratic Party on 20

28 Carlo Bollino is an Italian journalist, who founded and managed Edisud media group in the 90s in Albania, which was later sold. He then proceeded to fund another media group, consisting of a daily newspaper and its online edition and an all-news channel.

29 Likmeta, "Big advertisers subvert Albanian media freedom," *Balkan Insight*, 20 December 2013. Available at: <http://www.balkaninsight.com/en/article/big-advertisers-subvert-albanian-media-freedom>. Accessed 30 September 2015.

30 Gazeta Tema, "PD: Qeveria abuzoi me tenderin e dekorit per viziten e Papes/ Kryeministria: Opozita eshte kthyer ne klub thashethemesh," 1 November 2014. Available at: <http://www.gazetatema.net/web/2014/11/01/vizita-e-papa-franceskut-pd-akuza-qeverise-per-tenderin-e-dekorit-te-qytetit394-milione-leke-me-prokurim-te-drejtperdrejte/>. Accessed 17 September 2015.

December 2014, over a complaint addressed to the Minister of Labour, which had allegedly “fixed” a tender to the same company by one of the agencies dependent on this ministry.³¹ Minister Veliaj has denied any involvement on the part of himself or his relatives with this company, while EAG company has sued the Democratic Party for trying to ruin its reputation. According to data from the Treasury Department, this company has benefited to the amount of 54,358,986 ALL (approx. 388,278 euro) in 2014.³²

The same practices pertain to companies owned by media owners or affiliated with them. Such a case was brought forward by a news web site known for its opposition to the government. In November 2014, the government opened to the public a nuclear shelter built by the communist regime. The web site claimed that the company that was given the tender to reconstruct the shelter was tied to Carlo Bollino, who owns several media outlets. The claims stemmed from the lack of transparency in the procedures of the Ministry of Culture, as well as from the fact that one of the main shareholders in the company that restructured the bunker had been a regular business partner of Carlo Bollino.³³ Bollino reacted by issuing a statement that did not address directly the allegations made in Facebook by the former Prime Minister about the opening of the shelter, but rather focused on the criticism he had on former Prime Minister’s rule and influence on the country.³⁴ According to data from the Treasury Department, Spazio Eventi Albania, the company in charge of the reconstruction, benefited in the amount of 2,344,800 ALL (approx. 16,748 euro) in 2014 and another 948,000 ALL (approx. 6,800 euro) in 2015.³⁵

Similarly, media groups have been able to obtain public funds through the work of foundations or institutes established as part of their activity. These funds are available mainly through project application tenders, either from the Agency for Support of Civil Society or from other ministries, especially the Ministry of Culture. For example, Top Media group has also established Fondacioni Dritan Hoxha, in memory of the owner that founded this

31 Shqiptarja.com, “PD: Veliaj favorizoi EAG, detyroi specialisten të firmoste tenderin,” 20 December 2014. Available at: <http://shqiptarja.com/politike/2732/pd-veliaj-favorizoi-eag-detyroi--specialisten-te-firmoste-tenderin-261118.html>. Accessed 3 October 2015.

32 See http://spending.data.al/sq/treasury/list/year/2014/perf_id/%22EAGCOMMUNICATION%22. Accessed September–October 2015.

33 Hasani, “Bunk’art, Bolino dhe detajet e (pa)njuhura të një tenderi luksoz,” *POL*, 24 November 2014. Available at: <http://www.pol-al.com/bunkart-bolino-dhe-detajet-e-panjuhura-te-nje-tenderi-luksoz/>. Accessed 20 September 2015.

34 Bollino, “Unë, Doktorit dhe frika nga historia,” *Shqiptarja.com*, 25 November 2014. Available at: <http://shqiptarja.com/analiza/2709/un--doktorit-dhe-frika-nga-historia-254811.html>. Accessed 5 October 2015.

35 See <http://spending.data.al/>. Accessed September–October 2015.

**MEDIA GROUPS
HAVE BEEN ABLE TO
OBTAIN PUBLIC FUNDS
THROUGH THE WORK
OF FOUNDATIONS
OR INSTITUTES
ESTABLISHED AS PART
OF THEIR ACTIVITY.**

media group.³⁶ Media Mapo has established Fondacioni per Liri Ekonomike (Foundation for Economic Freedom) and Qendra UET (European University Tirana Center,) which is part of the academic institution it also founded.³⁷ In addition, two media groups, which also own the two main digital platforms in the country, apply for projects that involve production of documentaries or movies, as well as organisation of cultural fairs or festivals.³⁸ While the law allows these platforms to be eligible to apply for projects, especially in the case of content production, the ethical side of such a practice is questionable, since the platforms use public funds to produce content which they then sell to the public through their platform subscription. Whereas not all content produced might be encrypted, and funds are also obtained to organise public events, this is still to some extent a privilege the platforms have compared to other media.

1.3

LOCAL MEDIA: STRUGGLING FOR SURVIVAL

Another source of concern involving potential client relations between the media and their financial supporters lies especially in advertising distributed by municipalities to the media in the districts. This is of even more concern considering the poverty of the advertising market for local media. In this respect, the media landscape mirrors the social situation in the country, where there is a huge gap between the capital and other regions. Looking at estimates for the 2013 advertising market, 94 percent of advertising for TV stations in the country went to the national and leading TV stations based in Tirana, which indicates that sources of advertising for local TV stations can hardly be said to offer sustainability.³⁹

A 2014 survey revealed that local municipalities preferred to have an almost exclusive relationship with one particular local media outlet to disburse their advertising funds.⁴⁰ “Data from the state treasury indicate that in most cases the advertising funds are spent in only one TV or radio station, even if there might be at least five media outlets in that municipality.”⁴¹ The support might

36 The Foundation obtained from the state budget approx. 8,570 euro in 2015, 40,328 euro in 2014, and 40,000 euro in the period 2012-2013. See <http://spending.data.al/>. Accessed September–October 2015.

37 Combined, these foundations/ institutes have received approximately 17,307 euro.

38 *Digitalb*, the platform owned by Top Media, obtained 26,000 euro from Albafilm for a movie production project in 2015, and another 21,428 euro the previous year in the same context. Similarly, Mediavizion, which owns *Vizion Plus TV*, obtained, approx. 9,296 euro in 2014, and 209,387 euro in the period 2012–2013, mainly for festival organisation. Similarly, *Tring TV*, owned by the same owners as Mediavizion, obtained 3,428 euro in 2014 and 19,278 euro in the period 2012–2013.

39 Londo, *Flash Report 6: Albania*, 13 February 2015. Available at: <http://mediaobservatory.net/radar/flash-report-6-albania>. Accessed 7 October 2015.

40 Albanian Media Institute, *State and Private Advertisement in Albanian Media*, 2014.

41 *Ibid.*

ANOTHER SOURCE OF CONCERN INVOLVING POTENTIAL CLIENT RELATIONS BETWEEN THE MEDIA AND THEIR FINANCIAL SUPPORTERS LIES ESPECIALLY IN ADVERTISING DISTRIBUTED BY MUNICIPALITIES TO THE MEDIA IN THE DISTRICTS. THIS IS OF EVEN MORE CONCERN CONSIDERING THE POVERTY OF THE ADVERTISING MARKET FOR LOCAL MEDIA.

come in the form of advertising or notifications from the municipality or other local state institutions, and rarely as subscription payment.⁴² This trend is also confirmed by different stakeholders. “The municipalities do not have clear and published criteria on how they distribute advertising funds. In fact, there are grave problems with transparency of the whole process of allocating advertising funds. However, it is clear that political affiliations and whether you are in good relations with the mayor or other staff from the municipality are the key factors in receiving these funds.”⁴³

In addition, the funds that local governments allocate to local media are often described as payment for services or specific stories commissioned by the municipalities. This indicates that there is a clear tendency to commission stories and information pieces that are funded by the local government and broadcast on local TV stations as journalistic pieces, which might distort the reality or might prevent important information from appearing in local media. “Given the difficult situation with funding that local media face each day, they are in no position to refuse any financial favours, even when it means losing your profile as a medium.”⁴⁴

1.4

THE MURKY CASE OF ADVERTISING AGENCIES

The current rules on advertising distribution allow advertising agencies to obtain public funds, as it was mentioned above. This is not just in the form of advertising, but also for the organisation of fairs, public awareness campaigns, and specific promotions for the government. Nonetheless, most of the time these other events rely heavily on media support for raising public awareness, and in this respect should reasonably be considered as part of the whole package *vis-à-vis* the relation of state funding to media. In fact, since advertising agencies are also involved in these large activities, their share of public funds is usually bigger compared to that obtained by media outlets on their own.

In addition, some of the main agencies obtaining public funds seem to establish at least two different agencies under the same umbrella, which supposedly makes it easier to circumvent any legal criteria for or limitation of eligibility for public calls and tenders. The most exemplary case is that of Le Spot Group, owned by two natural persons. In turn, this company owns 100 percent of the shares in Le Spot Production, Spot Communications, and Unlimited

SOME OF THE MAIN AGENCIES OBTAINING PUBLIC FUNDS SEEM TO ESTABLISH AT LEAST TWO DIFFERENT AGENCIES UNDER THE SAME UMBRELLA, WHICH SUPPOSEDLY MAKES IT EASIER TO CIRCUMVENT ANY LEGAL CRITERIA FOR OR LIMITATION OF ELIGIBILITY FOR PUBLIC CALLS AND TENDERS.

42 The most visible case here is the weekly *Gazeta Korca*, which through subscription by many local institutions in the district of Korca obtained 914 euro in 2015, 2,932 euro in 2014, and 4,643 euro in 2012–2013.

43 Interview with Shkëlqim Bylykbashi, head of the Albanian Media Club, January 2015. See Londo, *Flash Report 6: Albania*, 13 February 2015. Available at: <http://mediaobservatory.net/radar/flash-report-6-albania>. Accessed 7 October 2015.

44 Ibid.

Media, all carrying out more or less the same range of activities.⁴⁵ In total, the companies obtained approximately 240,924 euro from the state budget in 2014 and 215, 249 euro in 2015.⁴⁶

Furthermore, since these are private companies and the government decision does not impose any transparency requirements on how they allocate funds to other bodies, including the media, their decisions on the redistribution of public funds to media is totally opaque. There have also been constant allegations of preferential treatment of advertising agencies in relation to their political affiliations. “I believe that many of the agencies are started or work based on specific relations. This is the reason why many of them are short-lived, hence they live as long as the relation lasts.”⁴⁷ In fact, some data from state budget spending suggest that, while some agencies received significant funds in the period before the rotation of power in 2013, they have now completely disappeared, giving way to other agencies that did not receive funds or did not exist at all earlier.⁴⁸ The mainly client nature of the distribution of funds from advertising agencies is also confirmed by the media community: “Advertising agencies that manage medium and large enterprises work on the basis of client and personal relations and do not consider data on popularity.”⁴⁹ However, in view of the lack of transparency from these agencies on their criteria for allocating public funds to media, it is difficult to gain a more concise view in this respect.

2 RELATIONS BETWEEN MEDIA BUSINESSES AND THE STATE

In general, attempts to verify information about and the transparency of media outlets have been targeted selectively at those media that have not been favourable to the government. The tactic of sending tax police authorities to a specific media outlet after unfavourable coverage of the government or Prime Minister has been used for more than ten years in Albania, sometimes resulting in fines and sometimes not. Perhaps the most notorious case was that of the fine imposed on *Digitalb* in 2007, in the amount of 12 million euro on grounds of tax evasion. While this episode seems to belong to the past, persistent

THERE HAVE ALSO BEEN
CONSTANT ALLEGATIONS
OF PREFERENTIAL
TREATMENT OF
ADVERTISING AGENCIES
IN RELATION TO THEIR
POLITICAL AFFILIATIONS.

45 National Registration Center, extracts of ownership.

46 See <http://spending.data.al/>. Accessed September–October 2015.

47 A. Garo, qtd. in *Revista Monitor*, “Tregu kaotik i agjencive publicitare,” 4 June 2012.

48 Landmark Communications, one of the agencies allegedly close to the previous government, obtained 57,495 euro in 2012–2013, and nothing in the next two years. Meanwhile, Le Spot group did not obtain any funds in the 2012–2013 period, while receiving almost 470,000 euro in the next two years, through its various companies. See <http://spending.data.al/>. Accessed September–October 2015.

49 Hyka, “A jane portalet nje biznes i mire ne Shqiperi?” *Revista Monitor*, 9 August 2015.

anomalies in terms of transparency of media businesses and state attitude are mostly the result of a lack of willingness to enforce labour relations in the media, as well as a tendency to overlook media owners' debts to the state.

According to the trade union, the situation of labour rights continues to deteriorate in the country. Delays in the payment of salaries are ubiquitous: out of 23 daily newspapers, only four of them respect the dates of payment.⁵⁰ Out of 72 television stations, only 10 are punctual in salary payments, while the other 62 have delays of up to six months.⁵¹ The situation is similar for radio stations, where 63 out of 71 of them experience significant delays in disbursement of salaries.⁵² Online media are implicated in even greater informality, according to the trade union.

Another problem is the payment of social security contributions. A 2012 survey by the union showed that 65 percent of journalists reported that the years they worked on contract did not match their actual years of work in the media.⁵³ Recent cases have also indicated that there are cases of fraud, where the contributions either have not been paid at all or have been paid for only part of the time.⁵⁴ In addition, both the union and the journalists interviewed indicated another widespread trend: even when the social insurance is paid, it is based on the minimum wage, and not on the real wage, pointing again to the informality problem. "Especially in the electronic media, social contributions are paid, but only for minimal salary. In fact, the declaration of a lower wage than the real one is a constant problem across Albanian media outlets."⁵⁵ According to the union, 98 percent of media outlets do not declare the real wages of their employees.⁵⁶

According to the trade union and interviews with journalists, the Labour Inspectorate has visited a few media to raise this issue, but has not checked documents regarding labour contracts.⁵⁷ The journalists share the same concern: "We are invisible to the institutions that deal with labour rights. Neither the Labour Inspectorate, nor the Social Insurance Institution care, as they are afraid of the backlash they might face in media coverage, presenting it as pressure on freedom of expression."⁵⁸ All these factors in the field of labour rights lead to a tendency to leave the media businesses alone in how they regulate their relations with journalists, which is a tendency that does not help in terms of self-censorship.

50 Statement of the Union of Albanian Journalists, 3 May 2015.

51 Ibid.

52 Ibid.

53 Union of Albanian Journalists, *Informal Labour Practices in Albanian media*, 2012, p. 21.

54 Interview with Aleksandër Cipa, chair of the Union of Albanian Journalists, 15 October 2015.

55 Interview with Eglantina Alliaj, journalist, *News 24 TV*, 5 September 2015.

56 Interview with Aleksandër Cipa, chair of the Union of Albanian Journalists, 15 October 2015.

57 Ibid.

58 Interview with Endrit Habilaj, journalist, *Channel One TV*, 21 September 2015.

ACCORDING TO THE UNION, 98 PERCENT OF MEDIA OUTLETS DO NOT DECLARE THE REAL WAGES OF THEIR EMPLOYEES.

Apart from labour rights implementation, another problem is transparency regarding the tax levies that media businesses, or other businesses of the media owners, owe the state. The Directorate of Taxes publishes a list of those that owe money to the state, such as VAT,⁵⁹ or other payments, but without publishing the amounts due. Even though there is no full transparency on this, some media occasionally publish information on their rival media. The latest example was that of the opposition party newspaper publishing information they claimed was taken from the Tax Directorate, saying that the owner of the Mapo Media group owed about 1.2 million dollars to the state from his private university business and had failed to pay the debt.⁶⁰ The state continued to tolerate this, while being very harsh on small businesses, who could barely afford to pay their small debts, according to the article. The current list of those owing taxes to the state includes a few businesses related to media owners, some of whom have owed taxes to the state since 2010.⁶¹

CONCLUSIONS

The transparency of media market in Albania continues to be low, including both commercial operations and the state funding, despite of the existing databases. The involvement of new actors, such as advertising agencies, and sister companies of media outlets, makes it even more difficult to track state funding for the media, given in the form of advertising or funding to organise cultural events or public awareness campaigns. The fact that there is no central body to oversee and monitor the distribution of state advertising does not help. Furthermore, the absence of data from public companies that are not part of the state authorities makes it difficult to have a complete picture of the true extent of public funds allocated to the media.

Efforts to legislate in this field have been sparse, and the decisions have been made mainly by the government. Current regulations fail to guarantee proper transparency of the process and have paved the way for more actors to participate in the tenders for public funds for advertising and public campaigns. This makes it even more difficult to track the way that public funds are spent in relation to media outlets. Low transparency in the business practices of the media companies themselves and on the advertising market also does not help in this respect.

THE TRANSPARENCY OF MEDIA MARKET IN ALBANIA CONTINUES TO BE LOW, INCLUDING BOTH COMMERCIAL OPERATIONS AND THE STATE FUNDING, DESPITE OF THE EXISTING DATABASES. THE INVOLVEMENT OF NEW ACTORS, SUCH AS ADVERTISING AGENCIES, AND SISTER COMPANIES OF MEDIA OUTLETS, MAKES IT EVEN MORE DIFFICULT TO TRACK STATE FUNDING FOR THE MEDIA, GIVEN IN THE FORM OF ADVERTISING OR FUNDING TO ORGANISE CULTURAL EVENTS OR PUBLIC AWARENESS CAMPAIGNS.

59 According to the Law No. 92/2014 “On VAT in Republic of Albania,” provision of services of printing houses for newspapers, materials for print media and books, and the provision of services of advertisement for print and electronic media are exempted from VAT.

60 Doci, “Si ra Mapo ne prehrin e qeverise,” *Rilindja Demokratike*, 2 December 2014. Available at: http://www.rilindjademokratike.com/index.php?option=com_content&view=article&id=14254:-si-ra-mapo-ne-prehrin-e-qeverise&catid=58:lajme-kyce. Accessed 10 October 2015.

61 See <https://www.tatime.gov.al/sq-al/Media/Publikime/Borxhi%20Tatimor/Documents/borxhi-20151007.pdf>. Accessed 14 October 2015.

The trends in the distribution of government advertising through the years have tended to favour certain media groups, based specifically on their editorial policy *vis-à-vis* the government. Even though with each rotation of power each new government has publicly promised to make a difference and break with this practice, the intention has proved to be short-lived. With the change of power seems to come a rotation in the media groups that benefit most from public funds, proving the client nature of relations between media and government. Distribution of funds through advertising agencies, or to other companies related to the media, is another trend that has become more widespread, adding to the lack of transparency in tracking the trends in state funds used for advertising.

Finally, given the low transparency level of media business practices, there is also a complex relation between the state and the media in terms of journalists' labour rights and (non)payment of state taxes. While the labour inspectorate generally prefers to avoid monitoring and enforcing labour rights in the media, regarding media owners' debts to the state, the keyword seems to be generally relaxation of obligations or selective enforcement. All of these aspects clearly highlight the interdependence of media and politics, which has led to a highly client-based media practice in the country.

RECOMMENDATIONS

Government/Parliament should revise current regulations on media advertising and public funds that benefit media companies, in order to guarantee fair and transparent criteria for distribution, ones that are based on merit, rather than editorial policy. The legislation should establish clear, easy-to-follow criteria on how advertising is distributed. The allocation of public funds to media can also be "centralised" for one body to monitor and approve, such as the Public Procurement Agency. However, such a practice is highly dependent on functioning of the market in general, and cannot be solved unilaterally.

Data on advertising and on media market should be made public by independent sources as well as official sources, and should be easily accessible to the public.

The Labour inspectorate should enforce the Labour Code in the media and closely monitor its implementation.

THE TRENDS IN THE DISTRIBUTION OF GOVERNMENT ADVERTISING THROUGH THE YEARS HAVE TENDED TO FAVOUR CERTAIN MEDIA GROUPS, BASED SPECIFICALLY ON THEIR EDITORIAL POLICY VIS-À-VIS THE GOVERNMENT.

BIBLIOGRAPHY

- Albanian Media Institute, *Media ownership, independence, and pluralism*, ISHM, Tirana, 2007, p.23.
- Albanian Media Institute, *State and private advertisement in Albanian media*, ISHM, Tirana, 2014.
- Bollino, C., "Unë, Doktorit dhe frika nga historia," *Shqiptarja.com*, 25 November 2014. Available at: <http://shqiptarja.com/analiza/2709/un--doktorit-dhe-frika-nga-historia-254811.html>. Accessed 5 October 2015.
- Docì, E., "Si ra Mapo ne prehrin e qeverise," *Rilindja Demokratike*, 2 December 2014. Available at: http://www.rilindjademokratike.com/index.php?option=com_content&view=article&id=14254:-si-ra-mapo-ne-prehrin-e-qeverise&catid=58:lajme-kyce. Accessed 10 October 2015.
- Gazeta Tema, "PD: Qeveria abuzio me tenderin e dekorit per viziten e Papes/ Kryeministria: Opozita eshte kthyer ne klub thashethemesh," 1 November 2014. Available at: <http://www.gazetatema.net/web/2014/11/01/vizita-e-papa-franceskut-pd-akuza-qeverise-per-tenderin-e-dekorit-te-qytetit394-milione-leke-me-prokurim-te-drejtperdrejte/>. Accessed 17 September 2015.
- Hasani, H., "Bunk'art, Bolino dhe detajet e (pa)njuhura të një tenderi luksoz," *POL*, 24 November 2014. Available at: <http://www.pol-al.com/bunkart-bolino-dhe-detajet-e-panjuhura-te-nje-tenderi-luksoz/>. Accessed 20 September 2015.
- Human Rights Watch, *Albania: The Cost of Speech: Violations of Media Freedom in Albania*, June 2002, Vol. 14, No.5, p.47. Available at: <http://www.hrw.org/reports/2002/albania/albania0602.pdf>. Accessed 3 October 2015.
- Hyka, D., "A jane portalet nje biznes i mire ne Shqiperi?" *Revista Monitor*, 9 August 2015. Available at: <http://www.monitor.al/a-jane-portalet-nje-biznes-i-mire-ne-shqiperi/>. Accessed 15 October 2015.
- IREX, "Albania," in *Media Sustainability Index*, 2014.
- Likmeta, B., "Big advertisers subvert Albanian media freedom," *Balkan Insight*, 20 December 2013. Available at: <http://www.balkaninsight.com/en/article/big-advertisers-subvert-albanian-media-freedom>. Accessed 30 September 2015.
- Londo, I., "Albania," in *Media Integrity Matters*, Peace Institute, Ljubljana, 2014.
- Londo, I., "Albania," in *Television across Europe: Follow-up Reports 2008*, Open Society Institute, Budapest, New York, 2008.
- Londo, I., *Flash Report 6: Albania*, SEE Media Observatory, 13 February 2015. Available at: <http://mediaobservatory.net/radar/flash-report-6-albania>. Accessed 7 October 2015.
- Matlija, D., *Public procurement of advertisement and publicity campaigns in Albania, European practices*, Council of Europe, Tirana, 2014.
- Revista Monitor, "Tregu kaotik i agjencive publicitare," 4 June 2012. Available at: <http://www.monitor.al/tregu-kaotik-i-agjencive-publicitare/>. Accessed 10 October 2015.
- Shqiptarja.com, "PD: Veliaj favorizoi EAG, detyroi specialisten të firmoste tenderin," 20 December 2014. Available at: <http://shqiptarja.com/politike/2732/pd-veliaj-favorizoi-eag-detyroi--specialisten-te-firmoste-tenderin-261118.html>. Accessed 3 October 2015.
- Union of Albanian Journalists, *Informal Labour Practices in Albanian Media*, Tirana, 2012, p. 21.
- Union of Albanian Journalists, Statement, 3 May 2015.

ONLINE REGISTERS AND RELATED RESOURCES

- National Registration Center. Available at: http://www.qkr.gov.al/nrc/Kerko_Per_Subjekt.aspx. Accessed September–October 2015.
- Open Data Albania. Available at: <http://spending.data.al/sq/treasury/>. Accessed September–October 2015.

LAWS AND REGULATIONS

- “On the Publication of Bulletin of Public Notifications,” Decision No.176, 29 March 2006, Council of Ministers.
- “On public procurement,” Law No. 643, 20 November 2006, Parliament of Albania.
- “On procurement of productions/broadcasting of advertising and spots from state administration bodies in the media,” Decision No. 6223, 29 September 2007, Council of Ministers.
- “On purchase, development, production and coproduction of programs and advertisement for broadcast in radio televisions or publication in print media, and on contracts for airtime, from state administration bodies,” Decision No. 1195, 5 August 2008, Council of Ministers.
- “On definition of rules for organisation of cultural, artistic, and social events from bodies of central government and other public, independent institutions,” Decision No. 1173, 6 November 2009, Council of Ministers.

LIST OF INTERVIEWS

- Shkëlqim Bylykbashi, head of the Albanian Media Club, 22 January 2015.
- Aleksandër Cipa, chair of the Union of Albanian Journalists, 15 October 2015.
- Eglantina Alliaj, journalist, *News 24 TV*, 5 September 2015.
- Endrit Habilaj, journalist, *Channel One TV*, 21 September 2015.

AUTHOR

ILDA LONDO holds a degree in Journalism/Political Sciences. She is currently employed as a Research Coordinator at the Albanian Media Institute, a partner organisation in the SEE Media Observatory.



AUTHOR Ilda Londo EDITOR Brankica Petković
ASSISTANT EDITOR Saša Panić REVIEWER Sandra B. Hrvatin PUBLISHER Peace Institute, Institute for Contemporary Social and Political Studies, Metelkova 6, si-1000 Ljubljana, Slovenia, <<http://www.mirovni-institut.si>>. DESIGN DAK, Ljubljana, November 2015

STATE-MEDIA FINANCIAL RELATIONS
IN ALBANIA
NURTURING CLIENT-BASED
MEDIA PRACTICES

The report has been produced within the project South East European Media Observatory, <http://www.mediaobservatory.net>.

This report has been produced with the financial assistance of the European Union. The contents of the report are the sole responsibility of the Peace Institute and the author, and can under no circumstances be regarded as reflecting the position of the European Union.