

WAN-IFRA, SIDA report outlines funding independent news media in developing markets

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Independent news media houses in most developing and emerging markets are not only battling to save their skins from governments' oppressive tactics and policies, but are also being upstaged by state-funded media outlets in terms of financial support and resources.



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The World Association of Newspapers and News Publishers (WAN-IFRA) and the Swedish International Development Cooperation Agency (SIDA) yesterday, Tuesday 31 May 2011, published a report analysing how social investors and donors can increase funding to news media in these parts of the world.

The report recognises that financing independent media has a high social impact, as well as a high impact on improving the sustainability of news businesses, Peter Whitehead, communications director of Media Development Loan Fund, said in a statement shortly after the report's release in Amsterdam, Holland.

"Capitalisation gap... is a stark reality"

"The capitalisation gap for independent news media businesses in developing markets is a stark reality," the report says, amid African analysts' concern that the funding revolution has not been happening, despite the McKinsey report suggesting that the continent's media is growing faster compared to those in the developed world.

Governments in many parts of the African continent invest vast amounts of money to pop-up newspapers, radio and TV stations and online outlets, mostly for propaganda purposes, while independent news media houses lack everything from desks to computers, pens and Internet connection, and even struggle to pay staff salaries.

"There are persuasive social impact arguments to extend support to independent news media businesses," argues the WAN-IFRA/SIDA report, titled "Addressing the Capitalisation Gap for Independent News Media".

"There are also convincing arguments that providing finance capital has a significant impact on independent media sustainability, as proven by recent successful public-private initiatives that have mobilised funding to independent news media businesses around the world."

"Can be instrumental"

Mirjana Milosevic, WAN-IFRA programme director, was quoted as saying this week: "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."

The WAN-IFRA/SIDA 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.

However, it laments the 'strange' attitude of private investors, who despite the high social returns 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.

On the recommendation front, the report urges donors and investors to invest more in existing global, regional and local media loan funds, provide guarantees for investment vehicles such as structured capital market products, and lastly provide grants to build the capital base of new regional and local loan funds and finance technical assistance.

Help scale finance delivery

By partnering with media loan funds and supporting innovative financial vehicles, development agencies, foundations, social investors and others can help scale the delivery of finance and dramatically reduce the capitalisation gap, the report suggests.

[Read the full report.](#)

ABOUT ISSA SIKITI DA SILVA

Issa Sikiti da Silva is a winner of the 2010 SADC Media Awards (print category). He freelances for various media outlets, local and foreign, and has travelled extensively across Africa. His work has been published both in French and English. He used to contribute to Bizcommunity.com as a senior news writer.

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