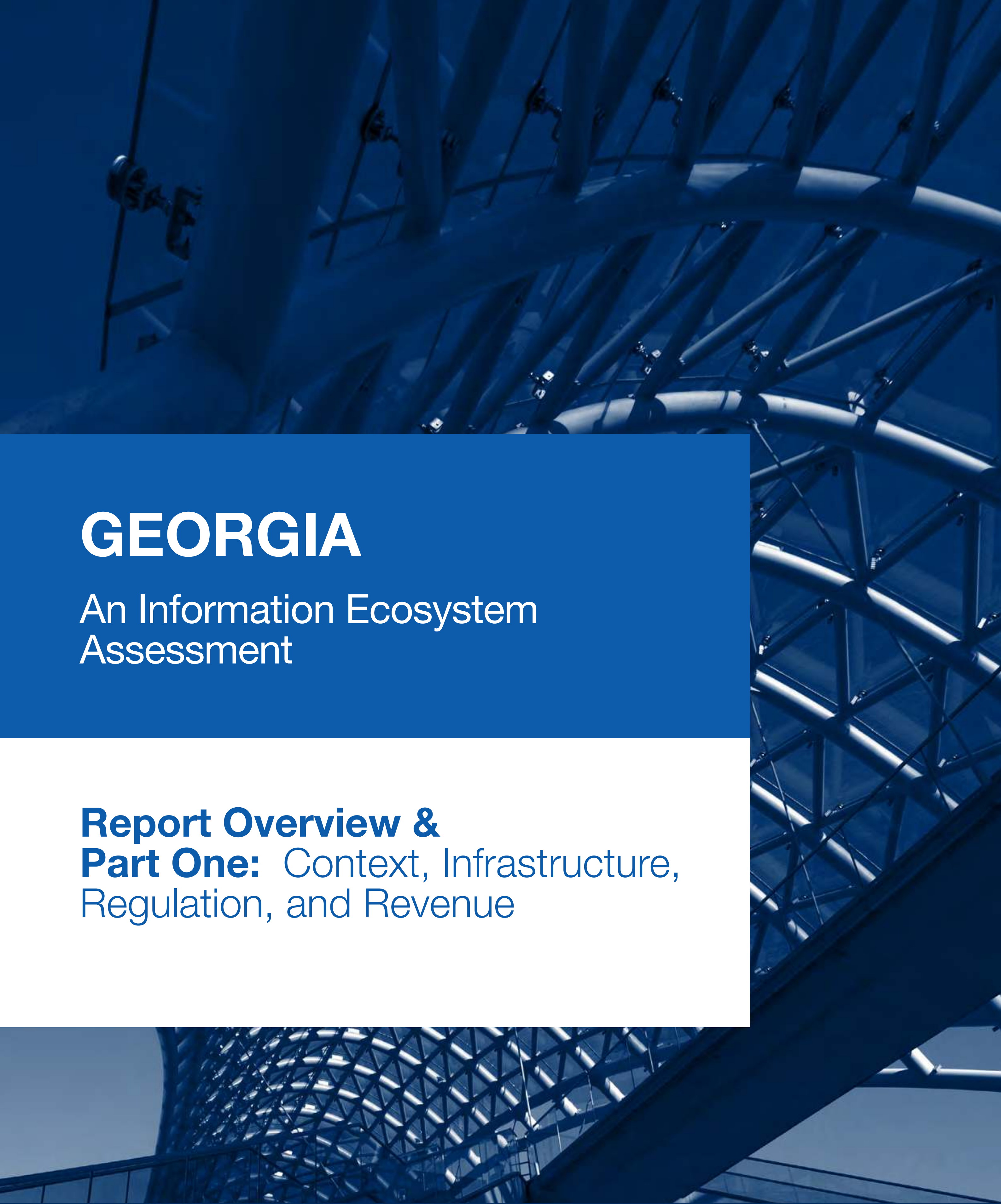

GEORGIA

An Information Ecosystem Assessment

Report Overview & Part One: Context, Infrastructure, Regulation, and Revenue

Internews

February **2021**

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About This Report

Internews' Information Ecosystem Assessment (IEA) methodology is designed to help understand how information moves and flows through communities. Information ecosystems are more than infrastructure or networks of formal news, media, and other information channels. Informal networks, personal connections, digital and face-to-face channels, and trust-based information flows that are influenced to varying degrees by news or media are all parts of an information ecosystem. To make sense of these dynamic systems a broad view is needed. Internews' IEA model goes beyond the traditional 'supply side' view of media landscape and media capacity (information infrastructure, tools, media, producers, consumer data, curators, and sharers), to encompass a 'demand side' perspective, where the human factor is critical for a full understanding of any Information Ecosystem.

This IEA is a detailed examination of the information ecosystem in Georgia, analyzing the various means of information exchange for the population. The report is intended as a practical tool to help inform programming priorities and policy approaches. The Georgia IEA, which was completed with support from Facebook, includes an in-depth examination of social media. In Georgia, as around the world, social platforms have a rapidly changing role in the production, distribution, and consumption of information. Online behavior cannot be viewed as independent from the wider information ecosystem, and this report seeks to explore this intertwining.

Over the final six months of 2020, five researchers based in Georgia, conducted more than 60 field interviews, undertook ethnographic observation and desk research, and conducted focus group discussions and a national survey in partnership with research company CRRC, to collect the findings in this report. This is the first study of its kind to ever be conducted in Georgia.

Part One of the IEA covers context, infrastructure, regulation, and revenue, and can be found below. Parts Two and Three are published in separate documents. Part Two covers production, distribution, and consumption of information, while Part Three covers engagement, trust, and behaviour, and draws more on qualitative research.

Report Overview

Part One

Context, Infrastructure, Regulation, and Revenue

Executive Summary

Georgia's information ecosystem is rich and plural. TV is the leading medium for accessing information, followed by social media platforms. Both media outlets and citizens are largely able to share facts and opinions freely. There are many challenges, however. The government wields a strong influence over large sections of the media and public opinion. Political parties and groups exert influence over national TV channels, social media pages and groups, and influencers.

Georgia's digital switchover in 2015 was transformative for the broadcasting sector. It spurred growth and innovation in traditional media and led to an increase in the number of TV and radio stations. Parallel growth in Internet and mobile infrastructure has led to an explosion of diverse online information sources. Both traditional and digital media actors expanded their social media presence and adopted interactive and multimedia content strategies to boost engagement with audiences on multiple platforms. Preferred sources of information are skewed by age and geography, with younger more urban people more likely to rely on social media, and increasingly likely to access TV and other traditional media through online channels. Internet access in Georgia is enshrined in the Constitution, and today 83.8 % of Georgian households have access to Internet, while 61.8% of households own a computer.

Facebook is the platform of choice for Georgians, followed by Messenger, YouTube and Instagram. Government institutions, corporations, civil society organizations, movements, and influencers are all active online. Parts of the online discourse, especially user commentary and public group exchanges, are polarized and radicalized, with frequent occurrences of incivility, aggressiveness, and hate speech. Disinformation campaigns and disruptive actions by foreign and home-grown trolls are an ever-present threat. Social media platform companies play an increasingly central role in the Georgian information ecosystem, through both their ranking and recommendation algorithms and their role in content moderation.

Citizens lack media literacy skills in general but are still keenly aware of bias and disinformation. It is common practice by Georgians to read multiple news sources and fact-check by thinking critically. Trust in media is dwindling, with less than one third of Georgians fully or partially trusting media. Citizens believe it is the responsibility of the government and the society at large, and, to a lesser extent, of social media platforms, to curb disinformation.

Family members, friends and co-workers are important sources of information, especially for older citizens. Daily exchange of information happens at homes and offices, in private chats and small community groups on social media platforms. While national media and large online groups are highly politicized and polarized, smaller and more local spaces are more likely to contain healthy discourse and trusted information. Local and ethnic language media outlets are generally more independent, and more likely to adhere to stricter professional standards.

Key Findings

Information Sources

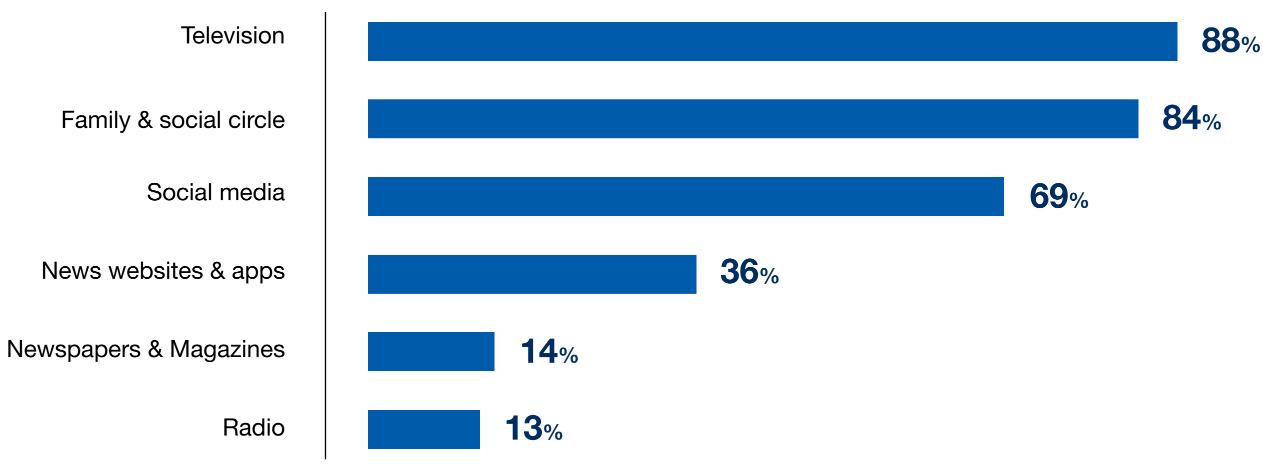
Television is the leading source of information on public affairs for Georgians. In the taxonomy of media systems, Georgia is clearly described as "television-centric". 90% of Georgian households own a TV set. There are more than 100 TV stations and 45 radios available to national and local audiences. Television broadcasting is highly polarized politically, with the majority of large national stations affiliated with political actors. TV consumption is skewed by age group, with older Georgians (+55) much more likely to rely on TV for information than younger populations (18-35). Whilst two thirds of TV users watch TV "all the time", **young people consume much of their TV-generated content through social media and streaming video**.

One out of three digital media users are accessing websites daily. Reflecting overall patterns of Internet access, use of digital media is affected by generational, geographic and technological differences, such that users in the age groups 18-35 and 36-55 are more likely to use web media than older citizens. Over half of Internet users (52%) "frequently" read news headlines, and news agency websites have some of the highest web traffic among all websites in Georgia.

Print media and traditional radio stations have limited circulations and reach. Only 14% of Georgians read newspapers and 13% listen to the radio to get public affairs content. Newspaper readers are mostly older citizens in rural areas. Dwindling newspaper readership in the past decade demonstrates that the print media is no longer the first choice for information on public affairs and politics for Georgians. Radio listeners are mostly people aged 35 to 55, who are more likely to listen to the radio while driving.

The hardest to quantify, 84% of Georgians cite family, friends, and co-workers as primary sources of information on public affairs. Such information exchange takes place in person and via social media. People telephone and text each other to share news, while Internet users also chat in closed groups on Messenger, Viber or WhatsApp. Whilst rumors and misinformation are often associated with person-to-person networks, reliable information from news channels and formal information providers is also disseminated to wider audiences via these networks – for example children may share news updates with their older, less connected parents.

Main sources of information for Georgians



Survey results found roughly 75% of the population use the Internet, with the development of fiber optic networks and mobile Internet spurring growth in the role of both social and digital media.

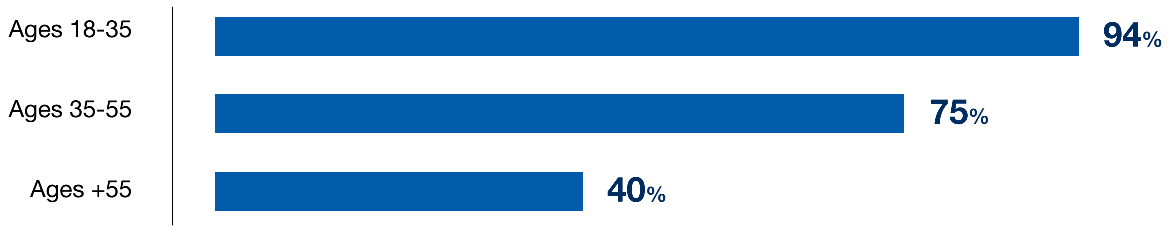
Based on survey results, **over two thirds of Georgians access information on public affairs using social media platforms,** this behavior is most prevalent among the younger population. The graph shows the use of social media to access information on public affairs by age groups. Despite the wide reach of mobile Internet, a digital divide remains, and the use of social media platforms is skewed towards high-income, urban, and tech savvy users. Students and employed individuals are more likely to access platforms via mobile.

Ethnic and minority-language media fill a critical gap. Ethnic minority citizens rely on local minority-language media and national media in their kin countries and are frustrated by the lack of minority-oriented content in mainstream media.

“With fewer information sources these minority communities are particularly prone to misinformation, as well as targeted disinformation.”

While minority language media outlets have relatively small audiences, they play an essential role in the national information ecosystem and warrant greater attention than their size alone would merit.

Use of social media platforms to access information on public affairs

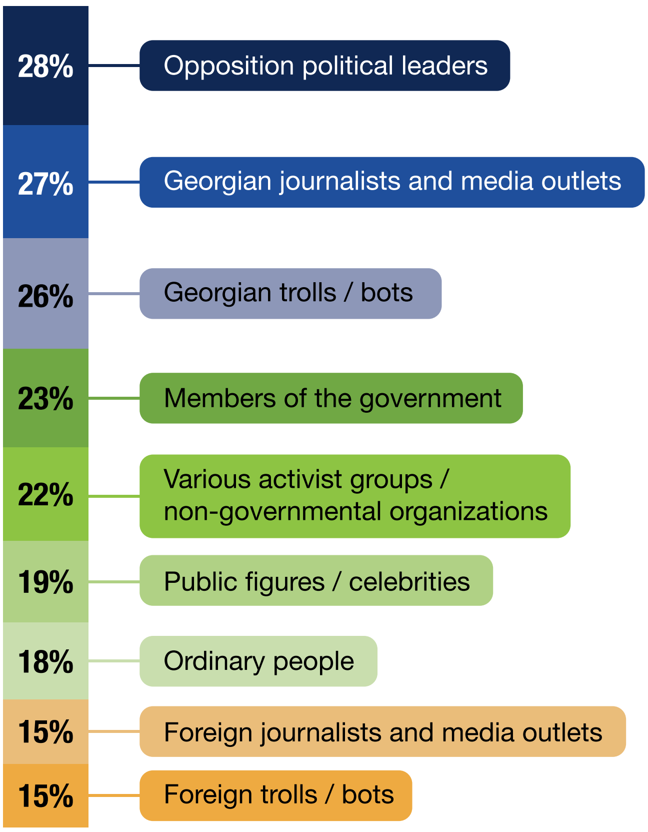


Trust and Media Literacy

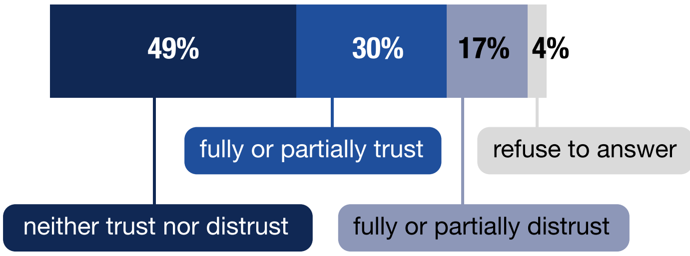
'Passive' news consumption dominates, with consumers unlikely to seek out specific information and reliant on TV outlets and social media feeds to curate stories for them. People are more likely to "scroll" than "browse", with over two thirds of Georgians (72%) consuming mainly information that they "came across". Young people (age group 18-35) are more likely than older populations to actively follow news media pages and influencers, leave groups no longer of interest, or otherwise actively manage their social media feeds. While most young users (90%) and users aged 35 to 55 (80%) can easily find information using search engines, only 59% of those over 55 years old can do the same.

More than half of the population (55%) believe that media are politically motivated with partisan goals. Media consumers are more likely to trust media with an editorial slant that overlaps with their personal views. For Georgians with higher trust in media, individuals name trustworthy journalists who verify information as their reason.

Sources perceived to frequently spread disinformation



Trust in media among Georgians



The public is largely able to identify affiliation and bias in the media. Big, nationally reaching TV stations are generally viewed as favoring either the government or the opposition. Viewers appear to accept political slant and can navigate through politicized coverage by switching between channels.

Georgians show a high level of awareness of disinformation, with 38% reporting they encounter disinformation "often" or "all the time," and just 4% saying that they never see disinformation. Whilst media bias is largely accepted as part of the ecosystem, disinformation is viewed as harmful.

Georgians lack consistent and effective information verification skills. Whilst 40% of people say they can detect disinformation, most cannot explain how they do it. Young people aged 18 to 35 are more likely to verify information than the elderly, who are in turn more likely to rely on intuition and social networks.

There is **high awareness of the prevalence of disinformation, however the perceived source of the issue is unclear,** indicating confusion and a greater need to raise awareness in this area.

Georgians are split over who is responsible for curbing disinformation. The government was viewed as responsible by the largest group (29%) while others believe media outlets and the society at large should limit disinformation. Very few people (8%) perceive responsibility from online platforms to curb disinformation. One fifth of the population believe all stakeholders should strive to limit disinformation.

Digital Platforms

The growing role of social media platforms for production, distribution and consumption of information is a defining feature of the current Georgian Information Ecosystem. Facebook is the most popular platform, followed by Messenger, YouTube, Viber, WhatsApp and Instagram. Two thirds of Facebook users surveyed say they use the platform “all the time”.

Facebook Groups play a significant and highly problematic role in the information consumed by Georgians. Large public Georgian language groups on Facebook align with political actors and push polarizing, aggressive messaging. All major political parties operate a number of these groups and group administrators are often overlapping. Groups are openly bought and sold on the market – including on Facebook itself - in apparent violation of Facebook’s rules. The largest Georgian groups were created when people could be added without active ‘opt-in’, meaning over a million of users were likely added without their explicit awareness. Most Georgians interviewed were unable to name the groups they belonged to, despite content shared in these groups regularly appearing in their Newsfeeds.

Smaller Groups and networks are more likely to be driven by individual users, such as community groups, operating in towns and villages. Some of these community groups are moderated by local media outlets and these are more likely to be viewed positively by users.

Chat applications, such as Messenger and Viber, facilitate active interactions in closed groups. While these closed spaces can be used to spread disinformation, smaller groups facilitate interactions that lead to positive information exchange.

Platforms have greatly impacted engagement patterns with news media outlets. Practically all news media outlets, traditional and digital alike, have active social media presences. Facebook is the priority channel for news media, followed by YouTube and Instagram. TV station pages have the largest followings across all platforms. Video content is among the most consumed type of content on the Internet, with nearly half of the Internet users (49%) “frequently” watching video. While much of the content consumed online is repurposed broadcast content, audience engagement and cross-platform sharing impacts how such media is consumed and received by different audiences.

Digital platforms enable local media to expand geographically, while small digital startups can capture larger audiences with innovative storytelling. As an example, *RegInfo*, a local outlet in Gurjaani, is among most followed channels on YouTube, while *Radio Nor*, a community radio in ethnic-Armenian Ninotsminda, lists among most followed media on Instagram.

Recommendations

While TV remains strong, the transition to digital media is likely to continue. **Media and information providers should continue to embrace the opportunities provided by the digital space, creating and packaging content in ways that engage audiences,** particularly younger people.

Information and awareness-raising activities seeking to reach a wide range of Georgians should utilize both television and social media, as well as niche local or ethnic language media outlets for specific communities. Concentration on digital and social media is less likely to reach older and more rural audiences, whilst a television-only approach will have the opposite outcome. Local and ethnic media have substantial reach and level of engagement with local communities.

To serve increased local demand for news due to Covid-19, media companies need resources and skills. These include altering editorial and business practices, experimenting with distance journalism approaches, specialized skills in health and information verification, new storytelling formats, and utilizing public data to overcome limited access to government sources during the pandemic.

Quality, unbiased journalism and information sources are available in Georgia and should be supported to grow their audiences, develop sustainable business models, and protect themselves from threats.

Media outlets with the largest audiences are more likely to be politically influenced and any support for these organizations should be more qualified and quality-driven.

Local and ethnic-language media outlets fill a key role in the information ecosystem, despite their small size, and are in particular need of support. Assistance should also include access to support infrastructure, such as audience measurement and research, distribution, marketing and sales, IT services, and digital security.

Standards and values of fact-based, ethical, editorially-independent journalism should be taught and promoted by journalism associations, media self-regulatory bodies, journalism education programs, and journalists.

Local or geographically-focused groups and online spaces are important and largely overlooked elements of the ecosystem, and these should also be considered for support. For example, group administrators and other stakeholders could be targeted with training, covering topics like content moderation. These skills are also essential to the growth of online spaces operated by news media.

While the public is largely aware of political bias in the media, understanding and vulnerability to disinformation is a serious problem for both the public and for journalists and information providers themselves. **Media literacy training around topics such as avoiding amplification of misinformation and disinformation would be useful for media stakeholders.** *The Georgian Public Broadcaster* should be an important stakeholder and should become a platform for pluralistic debate and an important source of fact-based, unbiased information.

Strengthening the existing self-regulatory mechanisms and introducing new robust mechanisms to guarantee editorial independence of journalists are essential to addressing growing pressures from political and business interests.

Facebook should publicly clarify and enforce its policies around the buying and selling of groups and pages. Examples of this activity are easy to identify on Facebook and have the potential to facilitate the spread of disinformation and spam, as well as undermine trust in the platform.

Facebook has made changes so that users cannot be added to groups without their active consent, however most members of the largest groups in Georgia appear to have been added before this change was made. **Facebook should consider asking users to opt-in to all groups they are currently part of,** to ensure their Newsfeeds more accurately reflect their interests, and limit spam and other undesirable content.

Networks of accounts and social media assets have been removed from Facebook for 'coordinated inauthentic behavior' following initial monitoring and reporting from local media and civil society – yet the problem clearly persists. **Facebook, YouTube and other social media platforms should proactively investigate disinformation on their platforms, as well as support local actors engaged in this sensitive work.**

Social media platforms with significant numbers of users in Georgia, relative to the population must ensure they have adequate local language capacity to enforce their rules and keep users safe. Platform companies should be transparent about their current automated and human capacity in Georgian and other minority languages.

Most local and ethnic media outlets have 'unverified' accounts on social media, and many smaller outlets may not meet criteria for verification despite the important role they play in the ecosystem. Accounts of individual journalists and information providers also lack verification and are at risk of impersonation or other threats. **Facebook and other social platforms should engage with these stakeholders – many of which also run active and healthy local groups – and facilitate verification and other support as needed.**

Methodology

This research is based on Internews' Information Ecosystem Assessment framework - a methodology for understanding and assessing information flows in a particular context. An Information Ecosystem Assessment (IEA) is an analytical framework that can capture all dimensions of the relationship between information consumers and information supply. The ecosystem approach seeks a human-centered understanding of how people and communities find, value, trust, and share information in their own local contexts, whether or not it comes from the media. The research team utilized the following analysis framework for this report:

1 Macro-level analysis: Information Infrastructure

What are the physical and institutional infrastructures that support information flow in Georgia?

What are the political, economic, legal, historical, cultural, technological factors affecting information flow in the society?

2 Meso-level analysis: Production, Distribution and Consumption of Information

Who (institutions, organizations, individuals) creates information? Who are the key players?

What channels do information providers (institutions, organizations, individuals) use to share information? How does information flow?

What is the extent of information consumption in the society?

3 Micro-level analysis: Engagement, Trust, and Impact

Information need: What are the information needs of individuals?

Access: How do people access information and why?

Sourcing and Sharing: What are the offline and online forms of media engagement with news and information? How do individuals see the role of social media platforms? What sources do platform users rely on?

Trust: What are existing trust networks affecting the flow of information?

Literacy: How are different groups of people susceptible to disinformation?

Influence: What impact does information have? Examining the relationship between information, knowledge, and behavior change.

The report employs the data triangulation method, which relies on learning through multiple methodologies. Through this approach, we sought to describe the wider context and more importantly, elicit valid insights about research questions in the study.

Learning from desk-based research: The history of the post-independence news media, media consumption trends, media ownership as well as legal, economic, and technological infrastructure developments are described based on data generated by the Georgian Department of Statistics and the Communications Commission. The research examined reports and analysis by leading think-tanks and CSOs.

Learning from expert interviews: Insights on the information ecosystem, particularly the supply side, including telecommunications and media business, was obtained through consultations with experts who carry deep knowledge and practical experience of working in the sector.

Learning from media consumption survey: A representative telephone survey of the Georgian population involved a random sample of 1310 respondents throughout Georgia. The survey was conducted in 4 languages: Georgian, Azerbaijani, Armenian and Russian. Respondents were selected on a random sampling basis based on pre-generated telephone numbers. The research tool was a pre-designed questionnaire. The interview lasted an average of 15-20 minutes and covered 5 key issues: information retrieval, social media and Internet use, trust and disinformation. The data are weighted and can be generalized to the adult population of Georgia.

The empirical data required for the present study were collected in November 2020.

Learning from focus groups: Focus groups facilitated the collection of data from individual media users. A total of eight focus groups was conducted in the capital Tbilisi, and in towns across seven other regions (Shida Kartli, Kakheti, Samegrelo-Zemo Svaneti, Kvemo Kartli, Samtskhe-Javakheti, Imereti, and Guria) across Georgia, including in towns densely populated by ethnic Azerbaijani and Armenian populations. The focus groups took place in October 2020.

Focus groups covered the following key issues: access to and need for information, use of traditional and social media, trust in information, and dissemination of misinformation. Each focus group was attended by 6-10 adult participants. Focus groups were conducted in Georgian, Armenian and Azerbaijani languages. The thematic analysis was used to learn from the qualitative data obtained during focus groups.

Learning from interviews: 60 in-depth interviews were conducted to collect insights into how people seek information, what sources they use and why, how they engage with information, and how susceptible they are to disinformation.

Learning from ethnographic observations: Using an ethnographic approach, the study content analyzed 100 posts and 12,888 comments in four public groups on Facebook: Million Georgians, 1.000.000 Georgians, My Support to Gakharia, and With Mikheil Saakashvili - Headed Home ❤️🇬🇪. Further ethnographic observation involved family media consumption observed by trained communication students, enrolled at the Georgian Institute of Public Affairs. The students studied their families and the flow of information within this small network.

Learning from online data tracking and content analysis: Using CrowdTangle a public insights tool owned and operated by Facebook, the researchers analyzed the data from public groups and pages on Facebook.

Data collection was affected by the Covid-19 pandemic; All in-depth interviews and survey activities were conducted online or over the phone, while the focus groups were conducted with the moderator connecting remotely with participants who were physically congregated. Ethnographic observations of media consumption were conducted by a group of students acting as observants in their own families.

Short Background

Georgia is one of the three states of the South Caucasus. Its population of 3.7 million resides in the capital Tbilisi and the regions. The majority of the population is of Georgian ethnicity (86.8%). Ethnic Azerbaijanis (6.3%) and Armenians (4.5%) form the two largest minority groups in the country. Georgia is a multi-party, parliamentary democracy, rated as "*partly free*" in Freedom House's Freedom in the World 2020[1] country assessment.

Following the breakup of the Soviet Union and Georgia's declaration of independence in the 1991 transition, the flow of information has greatly expanded in the country through the law on Press and Mass Media, which abolished censorship and set the foundations for free and independent media to blossom. A new General Administrative Code also introduced important guarantees of access to public information. Since the first years of independence, over a hundred independent newspapers, news agencies and TV stations have been launched to satisfy the need for independent, uncensored news.

In Georgia, the media played a major role in mobilizing citizens to support and defend the democratic transition. Georgians came to appreciate the freedom of expression and stood to defend a free press. The killing of Giorgi Sanaia, a prominent journalist and anchor at independent *Rustavi 2* television in 2001 brought thousands of protesters to the streets in the capital Tbilisi. *Rustavi 2*'s coverage of fraudulent Parliamentary Elections in 2003 led to mass protests and the resignation of the "neo-patrimonial government" of President Shevardnadze. The event, known as the Rose Revolution, brought to power the government of Mikheil Saakashvili and his United National Movement party. The first years of Saakashvili's presidency were marked with progressive reforms in the media and information sphere. Notably in 2004, the Law on Freedom of Speech and Expression decriminalized defamation and introduced protections for journalists' sources. However, the government gradually started tightening its grip over independent media. Several TV stations closed, while businesses with ties to the government took ownership of critical television networks. In 2007, during massive political protests, the government forcefully shut down the opposition *Imedi TV*, damaging studios and chasing journalists out of the building. 2008 saw a further degradation of the media environment due to the war with Russia.

In 2012, the Parliamentary Elections ushered in the Georgian Dream as a result of the "first peaceful, democratic transfer of power since the country's independence in 1991." The Georgian Dream party, which replaced the government of Mikheil Saakashvili, remains in power. Initially the new government allowed for greater media freedom by facilitating the digital switchover and removing licensing requirements for terrestrial broadcasters, but in recent years the government has exerted stronger influence over national TV stations. Government-leaning TV stations, *Maestro, GDS and Imedi TV*, merged their resources in 2017. The change of ownership of *Rustavi 2*, Georgia's most watched opposition TV station, and the voluntary mass exodus of journalists and production teams from the station was a blow to press freedom in the country. Former journalists of *Rustavi 2* created two new television companies: *Mtavari TV* and *Formula TV*. *The Georgian Public Broadcaster,* which by law is required to provide diverse viewpoints and plurality of facts, has been criticized for non-transparent practices and pro-government bias.

The Internet in Georgia is free.

The right to free Internet is enshrined in the Georgian Constitution.

[1] Freedom in the World 2020, Georgia. Freedom House. https://freedomhouse.org/country/georgia/freedom-world/2020

[2] US Department of State (2012). Georgia 2012 Human Rights Report. Retrieved from https://2009-2017.state.gov/documents/organization/204499.pdf

Physical and Institutional Infrastructure

For the past two decades, Georgia's ICT and telecommunications sphere has been developing rapidly with physical infrastructure to support expansion of information flow. Georgia is considered one of the first post-Soviet countries to liberalize the telecom market. Between 2003 and 2008, there were numerous reforms in the field of telecommunications aimed to liberalize and integrate with the international telecommunication community.

Broadcasting

The Communications Commission (ComCom) is the main regulatory authority for the Georgian broadcasting and telecommunications sector. For years, the ComCom faced accusations of a discriminatory licensing policy, with numerous instances of unexplained delays and blockage of radio and TV spectrum allocation and television licenses.

The switchover to digital terrestrial broadcasting was a major event in 2015, and a major success for the ComCom and the government from legal, political, and technological perspectives.[3] The switchover was implemented by the Digital Broadcasting Agency, established by the Ministry of Economy and Sustainable Development.[4] Following the switchover, general and special licensing for television broadcasters were abolished. While a license is still required to use radio frequencies, content producers are now allowed to enter the television broadcasting market through a simplified authorization procedure.

21 authorized private TV broadcasters[5] with national coverage in 2020 (Source: Communications Commission, December, 2020).

1	Imedi TV
2	Georgian Dream Studio
3	Rustavi 2
4	Rustavi 2 - comedy channel
5	Rustavi 2 – Marao TV
6	Silknet Universal
7	Stereo+
8	Studio Maestro TV
9	TV Pirveli
10	Obieqtivi TV
11	Ertsulovneba – the channel of the Georgian Orthodox Church
12	R.B.J.
13	Rugbi TV
14	Palitra TV
15	Mtavari TV
16	Formula TV
17	PosTV
18	Silk Media
19	Kavkasia TV
20	TV 25
21	Marneuli TV

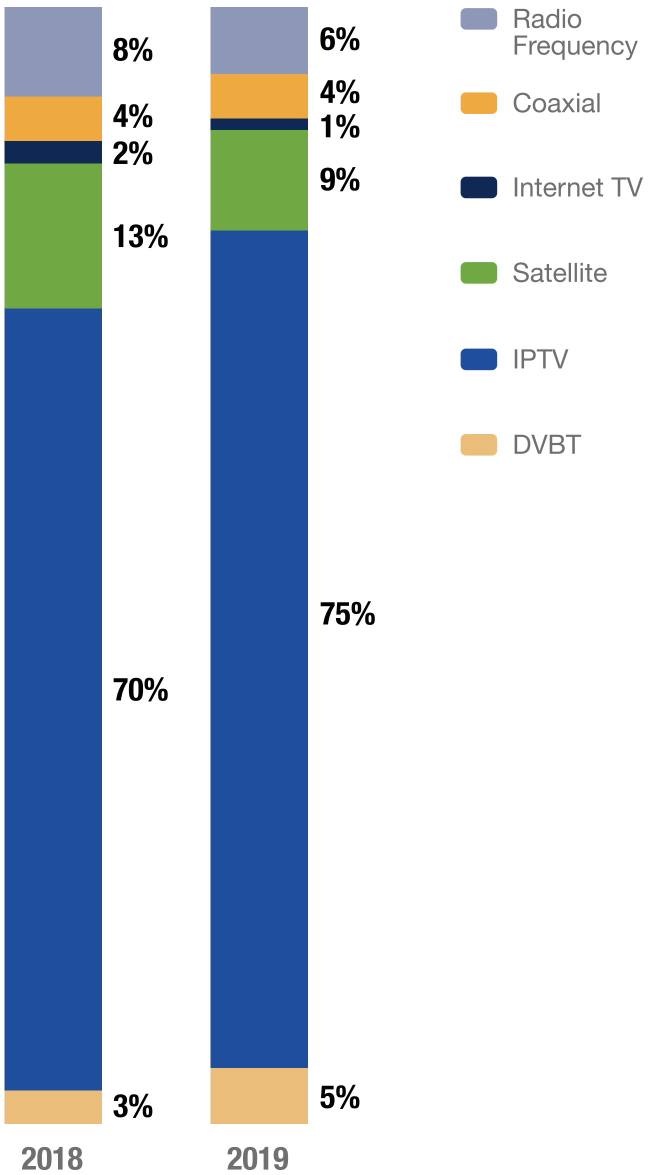
[3] https://www.irex.org/sites/default/files/pdf/media-sustainability-index-europe-eurasia-2016-georgia.pdf.pdf
[4] https://www.transparency.ge/en/content/stub-547
[5] The list of nationally-reaching private broadcasters does not include Georgian Public Broadcaster and Ajara Public Broadcaster, which also broadcast nationwide.

Besides digital broadcasting, cable operators are transmitting television channels to audiences in most cities and towns. Under "must carry" and "must offer" provisions, added to the Law on Broadcasting in 2012, cable operators are obligated by law to carry the signals of all television stations, while TV stations are required to offer signals to cable operators.[6] Prior to these legal changes, many cable providers refused to transmit signals of television stations that were critical of the government, while most national TV stations were controlled by the government, creating an unfair landscape for political opposition. The changes were the result of a successful pressure campaign by civil society groups and independent media outlets[7] ahead of the 2012 Parliamentary Elections. This enabled cable television audiences to access both government and opposition-leaning stations.

In addition to cable and multiplexes, broadcasting is also done by satellite and via the Internet. The number of paying subscribers to broadcast media has also increased – reaching 19% of the total population.[8] IPTV services have become highly popular with audiences because of superior image quality and time shifting available for most of the TV channels. These services are provided mainly by two telecom operators - Magticom (59%) and Silknet (36%).[9]

Unlike television, radio remains on an analog platform and broadcasters require a license to use radio frequencies. In 2019, there were 55 licensed radio broadcasters,[10] of which approximately 30 are broadcasting from Tbilisi. Licensing procedures by regulator since 2012 became easier and resulted in more radio stations gaining access to frequencies.[11]

Distribution of subscribers by technologies



Source: *ComCom annual report, 2019*

[6] https://transparency.ge/sites/default/files/post_attachments/Georgian%20Television%20Landscape%20Report%20English_0.pdf
[7] https://medialandscapes.org/country/georgia
[8] https://comcom.ge/uploads/other/5/5875.pdf
[9] https://comcom.ge/uploads/other/5/5875.pdf
[10] The Communications Commission annual report, 2019. https://comcom.ge/uploads/other/5/5875.pdf
[11] Media Sustainability Index Georgia, 2019. IREX. https://www.irex.org/sites/default/files/pdf/media-sustainability-index-europe-eurasia-2014-georgia.pdf

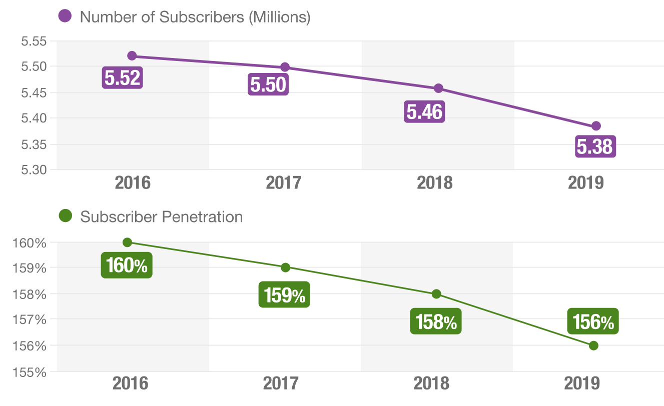
Information and Communication Technologies and Internet Access

Georgia has substantially increased efforts to develop ICTs in the recent years. The use of fiber-optic cable network for Internet access has been steadily expanding. Fixed broadband internet penetration has grown at a lower rate compared to the adoption of mobile internet. Fixed Wireless connection has been the second most-used connection technology in Georgia and is mostly used in rural parts of the country.[12] The use of xDSL (digital subscriber line) has been steadily declining with the development of fiber infrastructure.[13]

According to the *"Survey on Information and Communication Technologies Usage in Households"*[14] of the National Statistics Office of Georgia, in 2020, 83.8% of Georgian households have Internet access, an increase of 4.6% from the previous year. The survey[15] found that 74% of people aged six and over used the Internet in the previous three months. About 24.6% said they had never used the Internet, a decline of about 15.5% from 2016. In the fourth quarter of 2019, the number of subscribers of fixed broadband Internet reached 941,000.[16] In 2019, the share of residential subscribers was 95.3%, and the share of organization and company subscribers – was 4.7%. According to the most recent 2018 data, from the International Telecommunication Union (ITU), the fixed broadband penetration rate (percentage of subscriptions per 100 inhabitants) was 20.9%, and the mobile broadband penetration rate was 45.3%.[17]

Mobile Phone Penetration and Mobile Internet

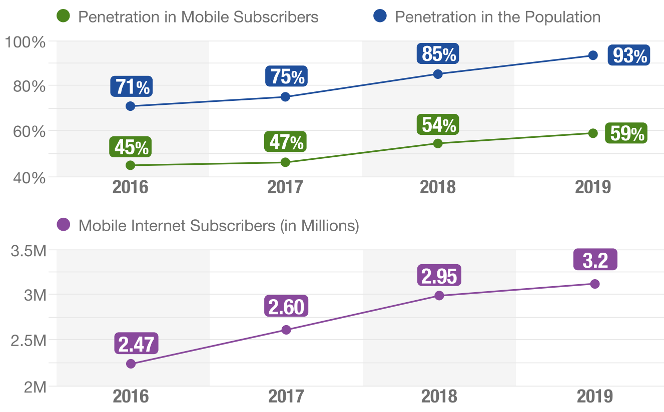
Number of mobile subscribers (million) and subscribers penetration



Source: ComCom annual report, 2019

There were 5.83 million mobile subscribers in 2019 according to the Communications Commission, representing a penetration rate of 156%. Many consumers have more than one mobile number with different providers,[18] are knowledgeable of rates, and use different networks for different services. According to National Statistics Office of Georgia,[19] 86.5% of Georgian population aged 6 and above owns a mobile phone in July 2020.

Number of mobile Internet subscribers (million) and mobile Internet penetration



Source: ComCom annual report, 2019

[12] https://www.itu.int/en/ITU-D/Regional-Presence/Europe/Documents/Events/2020/5G_EUR_CIS/5G_Georgia-final.pdf

[13] https://www.itu.int/en/ITU-D/Regional-Presence/Europe/Documents/Events/2020/5G_EUR_CIS/5G_Georgia-final.pdf

[14] Indicators of using information and communication technologies (ICT) in households (2020) https://www.geostat.ge/en/single-news/1928/indicators-of-using-information-and-communication-technologies-ict-in-households-2020

[15] https://www.geostat.ge/ka/modules/categories/106/sainformatsio-da-sakomunikatsio-teknologiebis-gamoqeneba-shinameurneobebshi

[16] https://comcom.ge/uploads/other/5/5875.pdf

[17] International Telecommunications Union, "Georgia Profile (2018)," https://www.itu.int/itu-d/apis/clients/res/pdf/country_profile/report_GEO.pdf

[18] https://comcom.ge/uploads/other/5/5875.pdf

[19] https://www.geostat.ge/en/modules/categories/106/information-and-communication-technologies-usage-in-households

There has been a steady increase in the number of mobile Internet users in the past decade. According to the regulator, the Communications Commission[20], from 2016 to the end of 2019, the annual growth rate in the number of mobile Internet users was 9%. Penetration of mobile Internet users in relation to the population of Georgia by the end of 2019 was 93%, compared to 71% in 2016.

2G and 3G networks cover approximately 99.98% of Georgia's population.[21] In 2019, the amount of consumed internet traffic by 2G and 3G mobile-cellular technology dropped, while the use of 4G network almost doubled to 77% from 38%.[22] All of the mobile network operators have been investing to expand the reach and capabilities of LTE infrastructures to areas outside of Tbilisi. Magticom and Veon are two operators with the most mobile Internet traffic in the country, followed by Silknet.[23]

While Internet access grew, many users complained about the poor connection quality.[24] Problems with slow internet connectivity have been frequently reported in the media over the past several years, and users submitted 392 complaints about low-quality connections in 2019 according to the ComCom 2019 annual report.[25]

In 2019, Georgia started preparations for 5G networks. ComCom published its 5G Development Strategy and in November 2020 requested comments for planned 5G frequency distribution.[26] Based on the preparatory work carried out as part of the strategy, the commission plans to auction available 700MHz, 800MHz, 3400-3800MHz frequency bands.[27] The introduction of 5G technology is expected to lower Internet tariffs.[28]

ComCom also developed regulations to allow the introduction of mobile virtual network operators (MVNO).[29] This is supposed to allow new entrants into the Georgian mobile Internet market, offering affordable Internet data plans and new services.

Costs

Internet access is generally affordable, monthly 1GB mobile broadband plans are available for as little as 5 laris ($1.5USD) and monthly 20 Mbps fixed broadband subscriptions available for around 30 laris ($10USD). Whilst these costs are low, ITU[30] data from 2019 shows that a monthly entry-level fixed broadband plan costs 3.4% of gross national income (GNI) per capita, compared to Europe's average fixed-broadband basket cost of 1.5% of the GNI per capita. According to official government statistics, the average employed Georgian earned 1,129 laris ($400USD) a month in 2019.[31]

[20] https://comcom.ge/uploads/other/5/5875.pdf

[21] https://www.itu.int/en/ITU-D/Regional-Presence/Europe/Documents/Events/2020/5G_EUR_CIS/5G_Georgia-final.pdf

[22] Annual report of the Communications Commission, 2019. https://comcom.ge/uploads/other/5/5875.pdf

[23] https://comcom.ge/uploads/other/5/5875.pdf
https://www.itu.int/en/ITU-D/Regional-Presence/Europe/Documents/Events/2020/5G_EUR_CIS/5G_Georgia-final.pdf

[24] https://freedomhouse.org/country/georgia/freedom-net/2020

[25] https://comcom.ge/uploads/other/5/5875.pdf

[26] https://www.comcom.ge/ge/regulation/sakonsultacio-dokumentebi

[27] https://www.itu.int/en/ITU-D/Regional-Presence/Europe/Documents/Events/2020/5G_EUR_CIS/5G_Georgia-final.pdf

[28] https://www.google.com/search?client=firefox-b-d&q=the+technology+will+affect+the+tariffs+making+them+lower

[29] https://agenda.ge/en/news/2020/3780

[30] https://www.itu.int/en/ITU-D/Statistics/Documents/publications/prices2019/ITU_ICTpriceTrends_2019.pdf
https://www.itu.int/en/ITU-D/Regional-Presence/Europe/Documents/Events/2020/5G_EUR_CIS/5G_Georgia-final.pdf

[31] Average monthly nominal earnings of employees: https://www.geostat.ge/en/modules/categories/39/wages

Telecommunications Ownership

The Georgian telecommunications industry has moved towards consolidation. As of January 2020, more than three-fourths of the fixed broadband market is controlled by two private ISPs - MagtiCom with a 48.5% market share and Silknet with 31.2%. A similar trend can be seen among mobile internet operators. As of the end of 2019, the market was split among the three companies - Magticom, Silknet and Veon Georgia.[32] According to recent research by Transparency International in Georgia,[33] Magticom acquired operational assets (retail segment) of Caucasus Online, which was the leading company in the market, followed by its acquisition of 100% of Delta-Comm. Through these deals, Magticom became the leading company in both mobile and fixed Internet markets. Silknet, which was a leading company in retail Internet services, bought Geocell, which was a leading company on the mobile Internet and telephony markets. The deal resulted in the establishment of the second largest company in the sector, offering consumers Internet, mobile, and television services.

Demographics and Geography

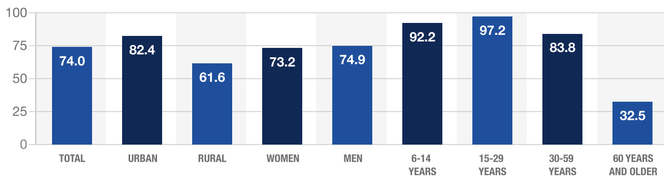
While there is no significant gender gap among Georgians using the Internet, there is a clear digital divide by age and location, with younger people and those living in urban areas more likely to use the Internet than older population in rural areas.

The 2020 National Statistics Office of Georgia survey found that 90.7% of urban households have access to the Internet, compared to just 74.5% of households in rural areas. The regions with the highest internet penetration are Tbilisi and Adjara, at 93.5% and 91.9%, respectively.[34] The same trend is seen in computer ownership. Nationally, 61.8% of households own a computer, however in urban areas the figure is 76.0% compared to just 42.4% computer ownership in rural regions. Households in Tbilisi have the highest rate of computer ownership at 81.4%.

Younger people access the internet significantly more often than older age groups, with 97.2% of young people having accessed the Internet in the last three months, compared to just 32.5% of people over 60. Of the older group, 65.1% have never used the internet.

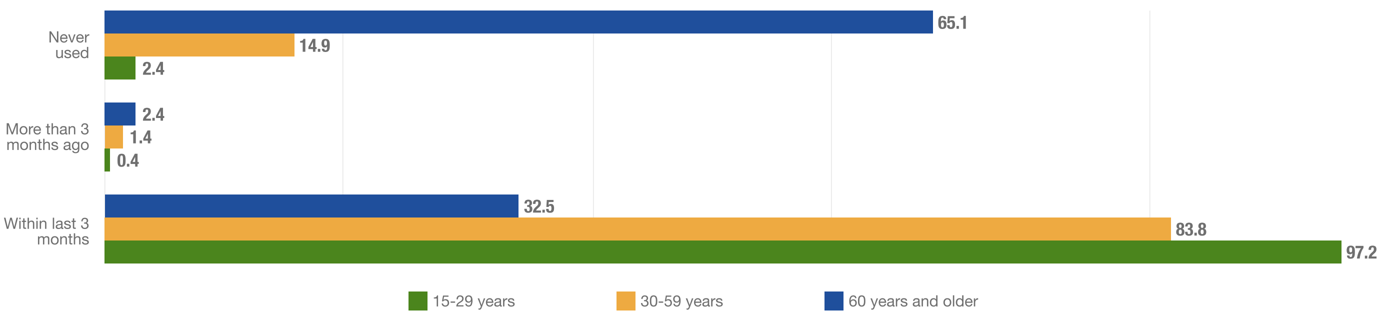
Internet use by individuals by settlement type, gender, and age

The share of population aged 6 years and older who used internet within the last 3 months of 2020 (%)



Source: Geostat.ge

Last Internet use by individuals aged 6 and above (%)



Source: Geostat.ge

[32] Annual report of the Communications Commission, 2019. https://comcom.ge/uploads/other/5/5875.pdf

[33] Transparency International Georgia: Internet Ownership in Georgia. https://transparency.ge/sites/default/files/internet_mplobeloba_sakartveloshi-e.pdf

[34] National Statistics Office of Georgia, “Share of households with internet access,” https://www.geostat.ge/en/modules/categories/106/information-and-communication-technologies-usage-in-households

Despite a narrowing gap, mobile phone ownership is skewed along geographic and age lines. Mobile phone ownership is roughly 91.1% in urban population and 79.7% in rural populations. Since 2016, this number increased in urban areas by 5.7% compared to 10.2% in rural areas. Ownership does not vary significantly by gender, in 2020 with 87.4% of men and 85.8% of women owning a mobile, however people aged 15-29 (97.0%) and 30-59 (96.2%) are almost certain to own a phone, compared to just 78.4% of those aged 60 and above.[35]

Big cities, such as the capital Tbilisi and Batumi, rely on the fiber optic cable network as it is economically more feasible and sustainable. However, other regions, especially more remote, less populous, and mountainous settlements, are not yet connected to fiber. The urban-rural divides seen in internet use are intertwined with the development of ICT in the country. Approximately 83% of urban households benefit from fixed broadband services, while in rural areas the figure drops to 5%.[36]

In 2015, the government announced an "Internetization" and a countrywide broadband development program. Under the initiative, fiber-optic Internet infrastructure should have been extended to 2,000 settlements, with the ambitious goal of providing high speed Internet connection to the 90% of the population by 2020. However, the program did not start until 2020, and then it was scaled down to 1,000 locations. The "pilot" phase of the project in 49 settlements is underway in the Guria region.[37] The Georgian government has also secured funding from the World Bank to connect other settlements over several years.[38] In January 2020, the Georgian government approved a new National Broadband Development Strategy 2020-2025,[39] which aims to "develop infrastructure and transform the country into a digital and information hub in the region."

Some small and medium scale public-private initiatives have been successful in bringing access to geographically remote areas. In 2017-2018, 30 villages and four mountain gorges in high mountainous Tusheti received access to high-speed Fixed Wireless Internet through a community-based initiative from the Tusheti Development Fund, funded mainly by The Internet Society and some international donors, and with in-kind support from the Georgian Government.[40] In 2019, another community-based project funded mostly by international donors and the Georgian government, started in the mountainous region of Pshav-Khevsureti to cover some 76 villages with high-speed wireless Internet.[41]

Print Media Infrastructure

There are about 20 printshops in Georgia, with about five able to operate high performance equipment to print high circulation newspapers. With printshops mostly located in Tbilisi and other large cities, local newspapers centralize their printing operations and transport copies to different regions. During the Covid-19 pandemic lockdowns, local newspapers encountered problems delivering copies from Tbilisi to their readership, as transport and intercity traffic were partially or fully restricted.[42] Print media distribution in Tbilisi and the regions is provided by three companies; *Mercury,* a company affiliated with *Palitra Media Holding*, commands 80% of the market share including distribution of newspapers published by other companies. The other distribution companies are *Press+* and *Sakpressa*. Newspapers and journals are sold in kiosks, newspaper stands and grocery store chains.

[35] https://www.geostat.ge/media/33565/Indicators-of--(ICT)-in-Households---2020.pdf

[36] https://www.itu.int/en/ITU-D/Regional-Presence/Europe/Documents/Events/2020/5G_EUR_CIS/5G_Georgia-final.pdf

[37] http://www.economy.ge/?page=news&nw=1551&lang=en

[38] https://www.worldbank.org/en/news/press-release/2020/08/28/1000-villages-to-get-better-internet-connectivity-as-part-of-world-bank-support-to-georgia-digital-transformation

[39] "Decree No. 60 of the Government of Georgia," Ministry of Economy, January 10, 2020, http://www.economy.ge/uploads/files/2017/legislation/sainformacio_teqnologiebi/fartozolovani_qselebis_ganvitarebis_strategia_da_misi_ganxorcielebis_gegma.pdf

[40] https://www.itu.int/en/ITU-D/Regional-Presence/Europe/Documents/Events/2020/Series%20of%20Webinars/Mzia-Gogilashvili-presentation_ITU_Webinar.pdf

[41] https://agenda.ge/en/news/2019/2050

[42] https://www.mediachecker.ge/ka/mediagaremo/article/81043-ets-sayovelthao-karantinma-adgilobrivi-gazethebis-distribucia-sheaferkha

Governance and Legal Framework

Freedom of Expression

Freedom of expression is enshrined in the constitution of Georgia and in other relevant legislative documents. The Georgian Constitution[43] and the laws on free speech and freedom of media meet internationally accepted standards. The law on Freedom of Speech and Expression, adopted in 2004,[44] recognizes that freedom of speech and expression are lasting, supreme human values. The law prohibits censorship but sets limitations in matters related to incitement to violence, protection of the rights and dignity of others who are threatened. According to Article 3, editorial independence and pluralism of the media, and the right of a journalist to protect the confidentiality of a source are also protected under this law. Access to public information is regulated by the General Administrative Code of Georgia, adopted in 1999.[45]

> “ According to the Code, public information should be open and accessible. ”

Constitutional amendments introduced in 2017 established access to the Internet as a constitutional right. According to Freedom House’s Freedom on the Net report,[46] Georgia retains the status of the country with free Internet. Aside from isolated incidents, the government does not block or filter content on the Internet, nor does it engage in blacklisting websites. The latest transparency reports from Facebook, Google, and Twitter reveal that the government has not issued any takedown requests.[47]

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[43] https://matsne.gov.ge/en/document/view/30346?publication=36

[44] https://matsne.gov.ge/en/document/view/33208?publication=5

[45] General Administrative Code of Georgia. https://matsne.gov.ge/en/document/view/16270?publication=33

[46] https://freedomhouse.org/country/georgia/freedom-net/2020#footnote2_pajw70q

[47] Freedom on the Net. 2020 Georgia. https://freedomhouse.org/country/georgia/freedom-net/2020

Cyber Law and Digital Security Trends

According to Freedom House's Freedom on the Net 2020 report, Georgia's cyberspace is increasingly challenged by numerous cyberattacks.[48] The cyber security system of the country is in need of reinforcement, while the Georgian Government's response to cyber threats has been insufficient.[49] Georgia started enhancing its cyber security system after the 2008 Russia invasion, which was accompanied by cyberattacks against Georgian government agencies.[50]

In recent years, there has been a rise in cybercrimes as reported by the Ministry of Internal Affairs.[51] The most recent large-scale cyberattack occurred in September 2020 and was directed against the Lugar Public Health Research Center in Tbilisi, targeting documentation of the country's management of the coronavirus pandemic.[52] A massive coordinated cyberattack took place in 2019,[53] which affected 2,000 state, private, and media websites. Officials from Georgia, the UK and the US announced in February 2020 that Russia was behind the attack.[54] In the same year, servers of *TV Pirveli*[55] and some other media outlets were also attacked. [56]

Georgia's National Cyber Security Strategy and Action Plan[57] and the Law of Georgia on Information Security were enforced in 2012.[58] The law established a minimum standard of information security. Currently, Georgia has not approved its new Cyber Security Strategy. The Law on Information Security is also being revised.[59]

Media Licensing, Tax, other Laws

There are no significant barriers to entering media business. Besides the authorization requirement mandated for TV channels and licensing requirements for radio stations, the government does not impose any significant entry requirements for the media market.

The law on Broadcasting, adopted in 2004, establishes rules and procedures for broadcasters and regulates the activities of *the Georgian Public Broadcaster*.[60] In 2011, the law was amended with the provision requiring broadcasters to submit detailed information about their ownership and financial sources. In 2012, another major change to the law was the introduction of "must carry" and "must offer" obligations for cable operators to carry all signals in their area.[61]

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[48] https://freedomhouse.org/country/georgia/freedom-net/2020

[49] https://idfi.ge/public/upload/GG/CyberN333.pdf

[50] https://gfsis.org/files/library/pdf/English-2423.pdf | https://idfi.ge/public/upload/GG/CyberN333.pdf

[51] https://idfi.ge/public/upload/GG/CyberN333.pdf

[52] "FM Zalkaliani on cyberattack: 'Georgia won't hold back from naming origin, perpetrators of this action." Agenda.ge. September 4, 2020. Available at https://bit.ly/35mE0an

[53] "Websites of Government Private Agencies Hacked," Civil.ge. October 28, 2019. https://civil.ge/archives/324395.

[54] Cyclical Consumer Goods, "Georgia Blames Russia for Cyber Attack on Its Websites Last October," Reuters. February 20, 2020. https://reut.rs/2C5qU6k.

[55] "Cyber Attack Carried Out against TV Pirvel," InterPressNews. August 13, 2019. https://www.interpressnews.ge/en/article/103426-cyber-attack-carried-out-against-tv-pirveli/

[56] Gugulashvili, Magda, and Narimanishvili, Nino. "Delay on 'Main Channel'—18:00 Hourly Delayed Due to Shutdown," Media Checker. November 13, 2019. https://bit.ly/3f5s4NG

[57] Cyber Security Strategy of Georgia 2012-2015 https://www.itu.int/en/ITU-D/Cybersecurity/Documents/National_Strategies_Repository/Georgia_2012_National%20Cyber%20Security%20Strategy%20of%20Georgia_ENG.pdf

[58] https://idfi.ge/public/upload/GG/CyberN333.pdf

[59] IBID

[60] Law of Georgia on Broadcasting. https://matsne.gov.ge/en/document/view/32866?publication=52

[61] https://www.irex.org/sites/default/files/pdf/media-sustainability-index-europe-eurasia-2014-georgia.pdf

The "Code of Conduct for Broadcasters", adopted in 2009[62] in accordance with the Law of Georgia on Broadcasting, defines the principles, rules and guidelines for the preparation and transmission of the broadcasting programs.

Print media enjoy certain tax benefits, with paper, printing, distribution, and advertising revenues free from VAT (value-added tax).[63] The benefits also apply to mobile newspaper distributors, who operate newspaper stands and other types of direct sales.[64] These distributors are not required to have cash registers, and individuals registered as small entrepreneurs pay 5% in VAT instead of the regular 18% applicable to other businesses. At the same time, broadcast media pays taxes, with representatives of broadcast media raising concerns over tax policies[65] and excessive tax burdens. Television companies are required to pay the standard 18% in VAT on advertising income, which creates tax burdens for medium and small media outlets. All media are required to pay profit, income and property taxes.[66]

While there are no legal or institutional barriers on entry into the media market or journalistic practice, informal norms and editorial practices still interfere with press freedoms. For instance, while there is no direct, institutionalized censorship of media outlets and journalists, media experts believe journalists in politically-affiliated media practice self-censorship.[67] In terms of journalistic scholarships, there is a wide selection of journalism programs *offered* in universities. Media self-regulation and associations.

All TV broadcasters are required to have internal ethics codes and procedures to respond to user complaints, as mandated by the Law on Broadcasting. Over years, media unions and associations have emerged as self-regulatory and support mechanisms with the intention of creating a healthy and vibrant media environment in the country.

The Georgian Charter of Journalistic Ethics (GCJE)[68], is an independent union of journalists founded in 2009 and comprises of 360 individual journalists. The GCJE aims to raise professional and ethical standards and develop mechanisms for media self-regulation. It receives complaints from different stakeholders such as ordinary citizens, public officials, and civil society organizations, and decides on cases of violations of standards of journalism set forth by the Georgian Charter of Ethics. However, GCJE's decisions are non-binding, and it is up to a media organization or a journalist to upheld decisions of the GCJE.

Georgian Association of Regional Broadcasters is an organization uniting regional broadcasters. For years, GARB has been an institution lobbying for the interests of regional broadcast media. In 2017, several members of the organization left GARB to start the Alliance of Broadcasters.

The Alliance of Broadcasters[69], represents 29 regional television and radio stations. It is active in lobbying for legislation and practice regarding broadcast media. It was among the vocal opponents to the 2018 legislative changes, which allowed *the Georgian Public Broadcaster* to sell advertising airtime. The organization produces broadcast content and implements projects for regional broadcasters.

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[62] https://comcom.ge/uploads/other/1/1034.pdf

[63] Tax Code of Georgia. https://matsne.gov.ge/en/document/view/1043717#part_201

[64] Media Sustainability Index Georgia, 2014. IREX.
https://www.irex.org/sites/default/files/pdf/media-sustainability-index-europe-eurasia-2014-georgia.pdf

[65] https://www.irex.org/sites/default/files/pdf/media-sustainability-index-europe-eurasia-2019-georgia.pdf

[66] Tax Code of Georgia. https://matsne.gov.ge/ka/document/view/1043717?publication=172

[67] Media Sustainability Index, 2019, IREX
https://www.irex.org/sites/default/files/pdf/media-sustainability-index-europe-eurasia-2019-georgia.pdf
Media Sustainability Index Georgia, 2017, IREX
https://www.irex.org/sites/default/files/pdf/media-sustainability-index-europe-eurasia-2017-georgia.pdf

[68] https://www.qartia.ge/ka/qartia

[69] http://abcdef.ge/

The Georgian Regional Media Association unites 24 news websites, eight newspapers, and two radio stations. Members pool resources to sell advertising and implement projects.

The Media Advocacy Coalition[70] aims to improve the media environment as well as to safeguard the interests of media organizations and journalists. It is composed of 11 non-governmental organizations, which strive to protect freedom of speech, freedom of the media, support media development and protect the rights of the journalists and media outlets in the country.

[70] http://www.cso.ge/platform.php?slug=koalicia-mediis-advokatirebistvis&lang=en

Advertising and Media Revenue

The Georgian media community has long complained about obstacles to growth in the advertising market, including poorly developed small and medium businesses, currency inflation and fluctuation, tax legislation and technological trends. Advertising revenues are important sources of income for Georgian media, with the largest share earned by the television industry.[71] The expansion of broadcasting following the digital switchover and subsequent removal of TV licensing requirement did not result in the expansion of the advertising market. The market is not big enough to sustain a plurality of media outlets, and some organizations - mostly TV stations - receive financial injections from private owners, derived either from more profitable media assets or other business holdings. These owners view their media channels as tools for their political activity rather than business investments.

Media Revenue

While broadcasters' total revenues from all types of revenue sources have grown in 2019, advertising earnings (share of total revenues) for all television broadcasters saw an estimated 10% decrease from the previous year. Revenue from other sources of income includes donations, content generation, selling broadcast time, and renting out equipment and other activities. Overall, the television market received 95.5 million GEL (about USD$34 million) in 2019,[72] with advertising earnings (share of total revenues) for all television broadcasters worth 68 million GEL in 2019 (about USD$24 million).[73]

[71] https://cmds.ceu.edu/sites/cmcs.ceu.hu/files/attachment/basicpage/1425/mimgeorgiafullreport2020.pdf

[72] https://comcom.ge/uploads/other/5/5875.pdf

[73] https://comcom.ge/uploads/other/5/5875.pdf

Two television stations, *Imedi TV* and *Rustavi 2,* and their affiliated channels shared about 71%[74] of TV advertising revenues, with the former earning 26.7 million GEL and the latter earning 22.1 million GEL. *TV Pirveli*'s ad revenue is 3.8 million GEL, followed by *Silknet* with 2.6 million GEL, *GDS TV* with 1.8 million GEL and *Mtavari TV* with 1.6 million GEL. While the overall figures are not yet known for 2020, the data from the first three quarters show that established players, *Imedi TV* and *Rustavi 2*, continue to dominate the market with advertising revenues.

Total income of regional TV stations was little over 10 million GEL in 2019, with the largest share (74.7%) earned by *Ajara Public Broadcaster*, supported by public funds. Total revenues for radios were at 9.3 million Georgian Lari (about USD$ 3.3 million), according to the Communications Commission (2019).

The advertising market for radio broadcasters has been declining since 2016. In 2019 there was a slight improvement in ad revenue, overall income for radios fell by about 1.8%. Total ad income for the industry was 8.8 million GEL (USD $3.1 million), a little over 2% more than in 2018. In the past five years, the largest amount of ad spending in the radio industry was in 2016, which amounted to 10.1 million GEL (about USD$ 4.2 million).[75] *Radio Fortuna* is the largest player on the market with more than 50% of total revenues. The second largest is *Radio Imedi*, with 10%.

The share of the advertising market for the print industry is unknown for 2019. According to the latest available data from Transparency International - Georgia, in 2018 print advertising was at 1.3million USD (TI, 2018).[76] Most newspapers and magazines rely on copy sales.

Apart from a handful of large TV stations and media holdings, news outlets' business is frail and unable to invest in further development, such as online distribution. According to the most recent study[77] by the Media Development Foundation, the small size and unique linguistic composition of the local market contributes to a sluggish advertising market outside the capital. Local media have limited audience reach, therefore their advertising income is meagre.

State Advertising in Media

There is no state-owned media in Georgia. *The Georgian Public Broadcaster* is publicly funded; however, the state has no direct control over GPB's content. *The Georgian Public Broadcaster* is governed by a board, selected by the Parliament. The last state asset, *Ajara Public Broadcaster*, was turned into a public entity in 2013.

The Georgian Public Broadcaster had the largest budget among television channels in 2019.[78] The funding of *the Public Broadcaster* is set to equal at least 0.14% of the country's GDP for the previous year.[79] In addition, *the Public Broadcaster* can sell commercial advertising. *The Ajara Public Broadcaster* is also governed by a board and supported with public funds, with its budget established as at least 15% of the public funds (0.14% of GDP) received by public broadcasting in the country.

Since 2017,[80] the central government procures broadcast, print and online advertising time and space through consolidated tenders. Only national broadcasters are eligible to enter the procurement process. Regional media do not have access to this funding opportunity. In 2019, state and public organizations spending amounted to 2,8 thousand Georgian Lari (about US$ 965 thousand).

[74] Annual report of the Communications Commission, 2019. https://comcom.ge/uploads/other/5/5875.pdf
[75] Annual report of Communications Commission., 2019. https://comcom.ge/uploads/other/5/5875.pdf
[76] https://docs.google.com/viewerng/viewer?url=https://www.transparency.ge/sites/default/files/advertising-market-2017-eng_2.pdf
[77] http://mdfgeorgia.ge/uploads/library/185/file/eng/eng.pdf
[78] https://docs.google.com/document/d/1dmU7JvlNsgfF-IkpXXZfmCHLv4hLoyDsjqLt8SiusYU/edit
[79] http://mdfgeorgia.ge/uploads//Financial%20Transparency%20of%20Media%202019.pdf
[80] https://www.irex.org/sites/default/files/pdf/media-sustainability-index-europe-eurasia-2019-georgia.pdf

Imedi TV and *Rustavi 2* were the two largest recipients of this funding (59%).[81]

Local government bodies also buy advertising space to share public announcements in some regions. Local bodies buy advertising from formerly state-owned local newspapers. According to the research carried out by the Media Development Foundation, some of these media outlets are spreading anti-western propaganda and hate speech.[82]

Transparency in Media Measurement: Independent Ratings Agencies

The television market in Georgia is measured by two companies:

1. **TV MR Georgia**
Nielsen Television Audience Measurement's official licensee,

2. **Tri Media Intelligence**
Licensed by Kantar Media.

TV MR Georgia has operated in the country since 2005, while Tri Media Intelligence entered the market in 2016. At times, the two companies have provided conflicting ratings and confused prospective advertisers, potentially contributing to the decline in ad spending.[83]

There is no radio listener measurement system available in the country since 2016, and while several large private radios have carried out measurements, these are proprietary data and are limited to internal use.

Almost 1,400 Georgian media companies use the services of *Top.ge* to measure their web audiences.[84] Most online media use Google, Youtube, and Facebook Analytics to measure audiences.

A few years ago, TV MR GE initiated the installation of online media measurement tools,[85] however, these initiatives aimed at developing the advertising market were abandoned since TV MR found it difficult to attract clients and the service was deemed as cost ineffective.[86]

Impact of Social Media on the Ad Market

Advertising in social media has grown in the past few years, affecting advertising business and the media.[87] Social networks, and especially Facebook, with its potential to target specific groups, were found to help Georgian outlets to better serve the needs of their clients - advertisers. While media with the largest audiences benefit from these revenues, the small size of the overall Georgian-language audience on platforms severely limits the significance of these revenues.

For the first time, Facebook opened its ads library after requests from Georgian media outlets and NGOs before the 2020 Parliamentary Elections. According to the library data, a total of **$1,052,423** was spent on Facebook advertising about social issues, elections, or politics since August 2020.[88]

In 2019, state and public organizations paid GEL 981 865 to social media platforms, with government contracts worth GEL 54 551 with LinkedIn, Google and YouTube. Facebook and Instagram accounted for the remaining sum.

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[81] http://mdfgeorgia.ge/uploads//Financial%20Transparency%20of%20Media%202019.pdf

[82] http://www.mdfgeorgia.ge/uploads/library/31/file/eng/MDF_TI-ENG.pdf

[83] https://www.irex.org/sites/default/files/pdf/media-sustainability-index-europe-eurasia-2017-georgia.pdf
http://img.marketer.ge/2016/12/sakartvelos_sareklamo_bazari_2016.pdf

[84] https://medialandscapes.org/country/georgia/organisations/audience-measurement-organisations

[85] IBID

[86] Interview with TV MR representative.

[87] https://www.irex.org/sites/default/files/pdf/media-sustainability-index-europe-eurasia-2018-georgia-2.pdf

[88] https://www.facebook.com/ads/library/report/?source=archive-landing-page&country=GE

Digital agencies in Georgia are slowly catching up with traditional agencies as social media platforms offer new opportunities for targeted marketing. Currently, there are more than 50 digital advertising agencies in Georgia. A handful of these agencies command substantial resources and operate as full-service agencies, offering a variety of services including social media campaigns.[89] Some large media companies have developed their internal digital agencies, or in-house units. Adline, established by *Palitra Media Holding* - which has 11 print publications and 25 websites - is one such advertising agency, intended to give the holding company a competitive edge.

Recently, regional media started embracing engagement marketing practices mostly as a result of training offered by donors. The biggest problem faced by regional media has been traffic generation, although some regional media outlets have managed to overcome this through the quality of engaging content.[90]

[89] Interview with an expert, digital advertising agency representative.

[90] Interview with engagement marketing expert.