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UKRAINE

Throughout 2016, Ukraine underwent painful transformations, many pushed through only because of pressure from civil society. Against a background of economic slowdown and reform, the growth of political populism, the third year of war in the east, and increasing disappointment among average people coping with the declining quality of life, there were signs of progress, such as increased government transparency.

In 2016, the state made public numerous state registers and databases. More than 10,000 data sets are available at the [data.gov.ua](http://data.gov.ua) portal, mostly in an open data format. The [spending.gov.ua](http://spending.gov.ua) portal discloses public spending. Outstanding achievements include the launch of the electronic public procurement system ProZorro, recognized by the World Procurement Award; electronic declarations of more than 100,000 public officials; and establishment of new anticorruption bodies, and destatization reform, which will not only increase public funds in communities but also the potential for local corruption. The law enforcement system still needs to be reformed in 2017; judicial reform launched in late 2016. The challenge for journalists and civil society will be to use public data to make the government more accountable.

According to a column by the director of an NGO and member of a coalition for reform, the year 2017 marks a tipping point for Ukraine's commitment to reforms. Any further resistance could finally bury the foundations of the tectonic changes that government has managed to lay down under tremendous pressure from experts from various sectors and civil society. The third sector can and must influence the shape of the agenda and require these changes from the state.

In the media sector, impunity for crimes committed against journalists persists, but the number of attacks decreased. High hopes are pinned on the formation of the public broadcasting service, which launched in early 2017; it needs to secure new management on a competitive basis, acquire public funding, and undergo reorganization and reprogramming. Local government resistance delayed and complicated the planned privatization of the state print media, but it is proceeding. The panelists welcomed the disclosure of broadcast media owners, but noted that pluralism of Ukrainian media is still secured primarily by the variety of oligarchs' interests.

The panelists expressed the most concern with the quality of journalism, compliance with professional and ethical standards, and low media literacy of the population, which is susceptible to manipulation through Internet and new media. Overall, they noted improvements, as demonstrated by increased scores for Objective 1 (freedom of speech) and Objective 3 (plurality of news), but the scores for other objectives changed little. The professional journalism and the business management objectives remain within the "unsustainable, mixed system" range. The country's lack of economic growth and the media's slim prospects for financial independence perpetuates its dependence on owners and fuels the declining quality of journalism and the public's growing distrust of media.

# UKRAINE at a glance

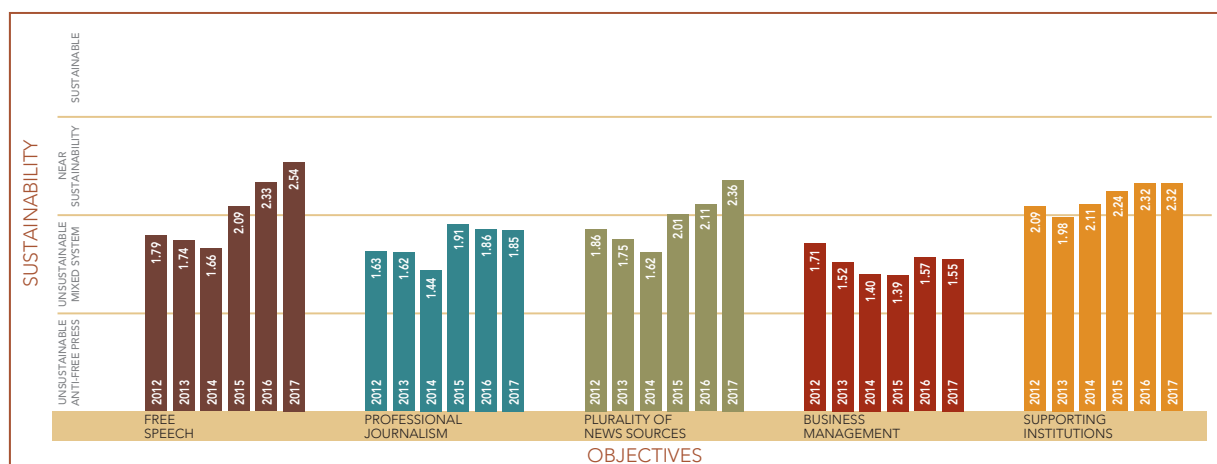
## GENERAL

- > **Population:** 44,429,471 (July 2015 est., CIA World Factbook)
- > **Capital city:** Kyiv
- > **Ethnic groups (% of population):** Ukrainian 77.8%, Russian 17.3%, Belarusian 0.6%, Moldovan 0.5%, Crimean Tatar 0.5%, Bulgarian 0.4%, Hungarian 0.3%, Romanian 0.3%, Polish 0.3%, Jewish 0.2%, other 1.8% (2001 est., CIA World Factbook)
- > **Religions (% of population):** Orthodox (includes Ukrainian Autocephalous Orthodox (UAOC), Ukrainian Orthodox - Kyiv Patriarchate (UOC-KP), Ukrainian Orthodox - Moscow Patriarchate (UOC-MP), Ukrainian Greek Catholic, Roman Catholic, Protestant, Muslim, Jewish (2013 est., CIA World Factbook)
- > **Languages:** Ukrainian (official) 67.5%, Russian (regional language) 29.6%, other (includes small Crimean Tatar-, Moldavian-, and Hungarian-speaking minorities) 2.9% (2001 est., CIA World Factbook)
- > **GNI (2015-Atlas):** \$113.2 billion (World Bank Development Indicators, 2017)
- > **GNI per capita (2015-PPP):** \$7,840 (World Bank Development Indicators, 2017)
- > **Literacy rate:** 99.8%; male 99.8%, female 99.7% (2015 est., CIA World Factbook)
- > **President or top authority:** President Petro Poroshenko (since June 7, 2014)

## MEDIA-SPECIFIC

- > **Number of active media outlets:** Print: 1,364 newspapers and 1,677 other periodicals (State Committee on Television and Radio, 2016); Television: 42 national channels, 130 regional channels, and 201 local channels; Radio: 15 national, 57 regional, and 223 local radio stations (National Council for Television and Radio Broadcasting, 2014)
- > **Newspaper circulation statistics:** The top three dailies: (all private) *Fakty i Kommentarii* (576.26), *Segodnya* (499.73), *Vesti* (394.06). (TNS audience research MMI Ukraine, 2016).
- > **Broadcast ratings:** Top television: Inter, 1+1, Kanal Ukraina, STB, ICTV, Novyi Kanal (all private, ITC-Nielsen television panel, December 2016)
- > **News agencies:** Interfax (private), UNIAN (private), Ukrainski Novyny (private), LigaBiznesinform (private), RBC-Ukraine (private), RIA Novosti Ukraine (private), UNIA Ukrinform (state-owned)
- > **Annual advertising revenue in media sector:** Television: \$207.5 million; Print: \$41.3 million; Radio: \$14.6 million; Internet: \$114.8 million (2016 est. All-Ukrainian Advertising Coalition)
- > **Internet usage:** 21.88 million (July 2015 est., CIA World Factbook)

## MEDIA SUSTAINABILITY INDEX: UKRAINE



## MEDIA SUSTAINABILITY INDEX 2017: OVERALL AVERAGE SCORES



### CHANGE SINCE 2016

▲ (increase greater than .10) □ (little or no change) ▼ (decrease greater than .10)

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

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

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

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

Scores for all years may be found online at <https://www.irex.org/msi>

## OBJECTIVE 1: FREEDOM OF SPEECH

Ukraine Objective Score: 2.54

The panelists highlighted well-developed Ukrainian legislation, but stated that problems persist with enforcement and society's weak reaction to free speech and media freedoms violations. The general director of a television company noted that Ukrainian legislation on free speech corresponds to international standards. The Constitution supports it and the laws on information, print mass media (press), television and radio broadcasting, etc., regulate it. It is not possible to set aside legislative mechanisms for free speech protection, even in a state of emergency. "However, one does not even need a state of emergency to simply switch off television and radio broadcasting," a panelist said. "There were two cases in early 2015 when a regional energy company switched off electricity for the local transmitter of state-owned Concern RRT for the failed payment of debts, cutting off broadcasting for the whole oblast. No one warned, explained, or apologized, no one was punished for this, but electronic media became hostages of the situation," they noted.

According to the director of a media-focused NGO, the problems with law application and compliance with the legislation as well as negative court practices remain. An editor of a regional newspaper noted that despite legal provisions that support free speech, violations of this freedom do not stir public outrage; in fact, in some cases, the public itself, fueled by an intolerance

### LEGAL AND SOCIAL NORMS PROTECT AND PROMOTE FREE SPEECH AND ACCESS TO PUBLIC INFORMATION.

#### FREE-SPEECH INDICATORS:

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

to other opinions and general radicalization, is behind the threats to journalists. The public does not condemn crimes, aggression, or persecution of journalists, prompting the panelists to suggest the need for education efforts.

The board chair of an international NGO working in Ukraine, said, "The key conflict in Ukrainian society, when the Constitution and the laws are more or less fine, is that the oligarchic regime uses governmental institutions to spread poverty in Ukraine by abusing enforcement of the laws and rendering the state unable to play the role of fair arbiter. Therefore, the main challenge for civil society and media is to perform more self-governance and promote self-regulation, up to replacing the governmental functions."

One panelist stated that broadcast licensing is not a fully transparent, well-understood, and fair process, and the criteria are unclear. Some outlets did not receive a license at all some were required to take all available frequencies, which is very expensive (for instance, TV-4 had to take five frequencies); and others could choose one or two frequencies among those available (TRC Rivne-1, TC VTV Plus, etc.). "Licensing fees remain substantial, and television companies are held hostage. In 2016, the regional television company TV-4 had to prolong its license for analog broadcasting, which has to end in mid-2017, for UAH 75,000 (\$2,765), as after four years, the transition to digital television is not yet completed in the country," the same panelist added.

A regional NGO media lawyer commented that a prerequisite for obtaining a license is forging an agreement with Zeonbud, a monopoly in digital transmitting, which imposes high prices. All attempts to recognize it as a monopoly have failed in the Ukrainian courts. "The initial intention for introducing digital broadcasting was to allow for more broadcasters, but the competitions in previous years were so nontransparent that those who were broadcasting for some 20 years did not win the licenses, and it has not yet been remedied. Applications are not evaluated objectively; the judgments never include comments or explanations," the panelist said. "And the current National Council on Television and Radio Broadcasting has not established the proper procedure to make it more objective. The law says that with the transition to digital broadcasting, valid licenses will last and be re-registered for digital, but there is no established procedure for that either."

In lawsuits against a few companies, the courts confirmed the right of Zeonbud to switch off the channels for debts, regardless of license status. The next judicial step could be to oblige the National Council to cancel the licenses of such companies.

“For the first time in history, threats to journalists were investigated and punished. The number of investigations solved increased due to the establishment of interagency working groups consisting of journalists’ organizations, the president’s administration, the Security Service of Ukraine, the Ministry of Interior, and the general prosecutor’s office...” a panelist said.

According to a panelist, journalists’ dependence on media owners is a serious problem. “It looks standard by law, but social rules are superseding the laws. As a result, journalists often report only ‘safe’ topics. The brightest example for this is state or municipal media. In spite of the new law, they are still the slaves.”

Ukraine’s Cabinet of Ministers set June 30, 2017, as the date for switching off analog broadcasting. A member of the National Council commented to a media outlet that, they would not rush this because of insufficient coverage for digital broadcasting and a lack of set-top boxes for the poor, but the key reason is that Zeonbud is a nontransparent monopoly, and there are no alternatives, as Zeonbud received all the frequencies. The Russian Federation also continues analog broadcasting. Analog frequencies are necessary for 4G development, but mobile operators have not yet developed and shown a return on investment of 3G networks.

Since December 2016, the National Council can fine broadcasters and providers for various violations of the law regulating such penalties. Before it could not use this sanction properly, as its fines were to be approved by the Cabinet of Ministers, which actually omitted their approval, except for 2015.

The editor in chief of an investigative journalism outlet stressed that by law, licensing is fine, but they have heard about bribes squeezed out to prolong licenses. It is not a state policy, but that matters little to media managers forced to pay more on a regular basis.

A panelist added that the law does not regulate the status of Internet media, although various draft laws have been under development since 2002. There is only the National Register of Electronic Information Resources, which contains about 164 entries of print media websites—a small sliver of what is actually available online. The director of a pro-democracy think tank, emphasized that it became necessary to register Internet publications as media because websites that cannot be identified disseminate large volumes of unverified information, fake data, and mudslinging campaigns without being held accountable.

The director confirmed that the market entry and tax system for media do not differ from other types of business. Local media, as a rule, use simplified taxation systems, and the print media continue to enjoy value-added tax exemption on sales and subscriptions.

Ukraine improved its position in the 2016 World Press Freedom Index by Reporters Without Borders from 129 in 2015 to 107. And yet, according to a Ukrainian media watchdog organization, 264 press freedom violations occurred in unoccupied parts of Ukraine in 2016—15 percent less than in 2015. Twelve cases were registered in Donbass and 31 in Crimea, bringing the total to 307 cases. Of those, 108 related to obstructing journalists’ professional activities—mostly by individuals, law enforcement officers, and local government. However, there were 30 physical attacks—a reduction by almost half compared to 2015—but the organization noted, for the second year, that private individuals were behind most of the attacks. The remaining cases included 43 instances of threats and intimidation by individuals and deputies, and 30 cases of restricting access to public information (primarily by governmental authorities).

A national media outlet documented 297 violations of journalists’ rights, including a murder and threats; 139 physical attacks; and 105 cases of preventing access to information. Kyiv and the Dnipro and Poltava oblasts experienced the most violations.

Journalist Pavel Sheremet was brutally murdered: blown up in his car on July 20, 2016, in downtown Kiev. The panelists suspect that non-Ukrainian forces organized the murder, and they believe that despite the president’s commitment to a full investigation, solving the case is beyond the capacity of Ukrainian law enforcement. A media adviser for an international NGO, suggested that the disturbing murder was intended to have a chilling effect on journalists, and it definitely increased self-censorship.

One journalist, writing for a digital media outlet said, “The trend of last year was such that a demonstrative murder did not inspire the unity of the journalism community required to solve the crime. Only one team of journalists undertook their own investigation of the murder, along with law enforcement. So

the trend is as follows: the murder of a journalist is no longer considered a major topic or concern for democratic society.”

By the end of 2016, no journalists continued to be detained in Donbass, but Roman Sushchenko, Ukrinform’s French correspondent, was accused of espionage and arrested during a private visit to Moscow. Also, Crimean journalist Mykola Semena was convicted of extremism and trespassing on the Russian Federation’s territorial integrity for investigating a Crimean trade blockade.

The director of a media monitoring organization, said that the law enforcement system has shown more activity since October 2015. Before 2015, they solved just 1–3 cases per year—a number that jumped to 11 cases in 2015. According to their organization, the courts received 31 criminal cases in 2016: 20 under article 171 of the Criminal Code (preventing journalists from professional activities), 9 under article 345-1 (threats or violence against journalists), and 1 under article 347-1 (damage to journalists’ property). “For the first time in history, threats to journalists were investigated and punished. The number of investigations solved increased due to the establishment of interagency working groups consisting of journalists’ organizations, the president’s administration, the Security Service of Ukraine, the Ministry of Interior, and the general prosecutor’s office. In 2016, the number of attacks on journalists dipped 40 percent from 2015, probably because of local elections that year, but there were 20 percent more threats,” they said, “However, half of the cases are being lost in the courts.” Average people—guards, doctors, teachers, or even passersby—commit two-thirds of attacks on journalists, they added.

The same panelist also criticized the weak reactions by politicians—particularly in the Ministry of Interior and Ministry of Defense—to threats against journalists. In May 2016, for example, a website collected data on Donbass separatists, and their foreign supporters published the hacked list and personal data of 4,000 Ukrainian and foreign journalists accredited by the so-called Donetsk People’s Republic. Moreover, the publication accused them of cooperating with separatists. Some journalists received threats as a result. Eventually, the website removed the data, but the criminal case against the website stalled, and it continues working as a registered media outlet. “The reaction to the publication of journalists’ personal data should have been stronger. Also, the recertification of police inspectors failed—old cadres remained, and there will be more haphazard management—therefore, the number of investigations solved will depend on political will and instructions from the top rather than the system itself,” said the panelist.

In September 2016, some protesters burned tires and set the pro-Russian Inter channel’s news production office on fire. The criminal investigation is ongoing; some people suspect a

connection to supporters of the current minister of interior, Arsen Avakov, who bad-mouthed the channel. A journalist commented that some Ukrainians are tired of consuming Russian propaganda; indeed, some law enforcement managers and journalists, as well as a certain segment of Ukrainian society, rejoiced in the attack, but the violent approach to rebuking Inter cannot be condoned in a civilized society.

One panelist emphasized that the government is unable to investigate and prosecute crimes against journalists. Already, it has taken more than a year to investigate the well-documented case of a journalist from Schemy (an investigative program of Radio Liberty); the court returned the case for investigation, for the third time, to the military prosecutor, who closed the case, @\* added. @!^ said that the performance of the governmental institutions is awful, and impunity hinders the security of every citizen, not just journalists, and the severity of the situation should motivate the public to get involved.

The secretary of @!^\* @!^ -journalists, named impunity for crimes against journalists the key problem of Ukrainian journalists. The government and law enforcement bodies profess support for journalists’ rights, but the absence of punishment for those responsible for crimes against journalists creates the impression that those crimes do not merit political outrage. The contrast with the Yanukovich era is that the current officials sigh deeply in these instances, whereas Yanukovich’s officials did not even sigh. The panelist mentioned the case of the *Vechirni Cherkasy* photographer, who was beaten by some 15 policemen during Euromaydan. His case has been one of two success stories held up by the interagency group, but the court discharged the one and only suspect in December 2016.

A panelist pointed to progress in public broadcasting and the start of press destatization. The public broadcasting supervisory board was set up in late 2015 according to the procedure; it is represented by 17 trusted members and has been pushing for reforms. The public joint stock company National Public Television and Radio Company of Ukraine was set up in January 2017. The panelist also mentioned that some regional affiliates of the national broadcaster turned down from carrying state-procured coverage saw their newscasts improve, as they were freed from official news about the mayor and governor. However, another panelist, editor of an investigative reporting outlet, said that has not happened at state television in their region.

The law on destatization came into force in early 2016, so it is too early to judge the results. According to a media monitoring organization, 233 municipal newspapers out of 667 listed (as of January 2014, including Crimea and occupied Donbass) entered the pilot group, and a total of 550 editorial teams submitted their resolutions to their founders.

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One panelist said the first pilot stage of destatization should have been completed by the end of 2016; however, approval of the list of municipal press for the first wave of destatization was approved very late, in November 2016, and the local governments, accustomed to municipal newspapers serving as their mouthpieces, reacted extremely negatively. Happy to sabotage this process, they left it off their voting agendas. Some municipal media filed lawsuits in response, and not all courts ruled in their favor. In other cases, local officials introduced changes to statutes to exert more control, or to replace chief editors with more obedient candidates.

A panelist mentioned that the Ternopil oblast government appointed an outlet's editor in chief over the candidate the newsroom and journalism community supported. The panelist recalled the coercive replacement of the editor in chief of another regional outlet and how her car was set on fire to deter her from suing for her position. The panelists concluded that the law is progressive but not protected from local government interference. A panelist added that an outlet allegedly connected to an ex-governor, will be privatized well by the 'right' hands. They also noted that it still amounts to a redistribution of resources, as all these municipal media have other assets, and their market niches are attractive, as local people need information.

According to one panelist, journalists' dependence on media owners is a serious problem. "It looks standard by law, but social rules are superseding the laws. As a result, journalists often report only 'safe' topics. The brightest example for this is state or municipal media. In spite of the new law, they are still the slaves." The panelist expressed the hope that without state subsidies, set to end in 2018, most municipal media would disappear, just as collective farms disappeared quickly without funding. Another panelist noted that those newspapers that chose to be in the first wave of destatization are the leaders; they have been preparing for self-sustainability.

Libel has been considered a civil law issue since 2001; the law details responsibility for offending the honor and dignity of a person. The plaintiff must prove that the defender (journalist) disseminated unfaithful information. One panelist said that court practices in defamation cases are more or less stable and correspond to European standards, with a few exceptions. Court fees for appealing court decisions might be a burden for defendants, though, amounting to 110 percent of the first instance claim fee (40 percent of a minimum salary).

A panelist added that for Internet media, under the Civil Code of Ukraine and the 2009 Resolution of the Plenum of the Supreme Court of Ukraine, the author of the article or the website owner may be named the defendant in the lawsuit, but the

plaintiff must establish and identify him or her. It is impossible to hold unnamed online media journalists or people who leave offensive comments anonymously responsible for libel because of the absence of Internet media regulations if they cannot be identified, they said. Another panelist mentioned that it is sometimes possible to appeal to Internet providers for help in identifying those who registered a domain name, the location of hosting, and the location of the computer used to add or edit web content—information that can be used both in favor of, and against, journalists.

A panelist emphasized that during 2016, Ukraine showed amazing progress in opening automated access to many databases, and they are confident access will continue to improve.

One panelist confirmed the level of access to public information sources is now rather high, as several dozen data sets are now open for the public and journalists to download, including various state registers of companies, real estate, court decisions, e-declarations, the ProZorro e-procurement system, and state treasury transactions ([spending.gov.ua](http://spending.gov.ua)). Getting information from officials remains complicated, though, the panelist noted. Another panelist said that while governmental bodies are required to publish open data sets online, RPD's 2016 monitoring of official websites showed they have a long way to go.

One panelist added that the ombudsman on human rights is failing to cope with requests for specific information. After sending information requests all over Ukraine, another panelist noticed that some regions, such as Odesa, did not respond; others responded but with differing levels of detail.

In February 2016, the parliament added accountability for illegal denials of access to public information to article 171 of Ukraine's Criminal Code, providing for a fine or arrest. Media lawyers warned then that criminalization of access to public information is an excessive, hard-to-implement measure. A panelist's investigative reporting agencies have filed at least five lawsuits on accessing public information violations. The ombudsman forwards such complaints to the police, but they simply close the cases, the panelist said. Filing lawsuits is expensive and time consuming. "Therefore, we stopped writing information requests as journalists and instead write them as citizens to hold the guilty responsible under article 212-3 of the Code of Ukraine on Administrative Violations."

The authorities also resort to blocking journalists from accessing events: in Lutsk, the head of oblast administration established so-called civic guards for this purpose in 2016.

One panelist confirmed that despite positive legislative changes, including the Resolution of the Plenum of the High Administrative Court on September 29, 2016, referring to ECHR decisions and expanding access to public information, the state does lack mechanisms to enforce court rulings, and, moreover,

people have to pay for filing motion. They added that smart officials hurry to submit sensitive information, such as resolutions on land allocations, to archives, which are not covered by the law on access to information, thus further complicating access.

The law does not restrict access to and use of local and international news sources. However, one panelist highlighted as progress the observation that Ukrainian journalists are quoting Russian media less frequently, with restrictions imposed on access to Russian media because of propaganda. Another panelist agreed that journalists became more attentive to European sources, but still, even in covering local events, they lose in terms of speed to Russian media. For instance, Russian media might publish firsthand accounts of significant events in the eastern conflict zone in an hour or so, and Ukrainian media would reprint Russian newswire coverage rather than search for local sources. Another panelist added that there is no commonly accepted standard for fair use of intellectual property either for foreign or Ukrainian news sources.

One panelist noted that entry into the profession is free and unrestricted, but that sometimes leads to another problem when unqualified people pose as journalists and discredit the profession. Another panelist noted that article 171 of the Criminal Code does not protect photographers, camera operators, Internet journalists, and bloggers.

## OBJECTIVE 2: PROFESSIONAL JOURNALISM

Ukraine Objective Score: 1.85

One panelist believes that media owners fuel the low level of quality, factual journalism; they are more interested in having media serve as a mouthpiece for their interests. Owners also require paid-for stories tied to advertising goals, and *jeansa* (commissioned stories) are usually interpreted as advertising in Ukraine. According to another panelist, the reasons for low-quality journalism—especially a lack of fact-checking, balance, and usage of multiple sources of information, and the failure to prevent corruption and *jeansa*—include poor-knowledge-level journalists, bias, lack of technical equipment, and poor pay for journalists and other media workers.

A panelist explained that the lack of professional standards is the result of the declining education standards generally, brain drain, and sagging advertising market. However, they also believe that wide opportunities opened for public media. Another panelist described it as a vicious cycle: the downward spiral of advertising money lowers the quality of content and increases *jeansa* and self-censorship, which in turn drives away audiences, further shrinking the advertising market.

One panelist cited low salaries, along with poor education and low media literacy of the audiences, as the key reasons for low

professionalism of journalists. Another panelist noted that compliance with professional standards remains low in national as well as regional media and that regular media monitoring of the national private and to-be-public television channels showed great problems with balance and objectivity of news. Journalists very often cite their opinions in news and do not distinguish between facts and comments. Problems persist with ethical standards compliance and usage of hate speech, and few journalists are guided by ethical codes.

To one panelist involved in regional media monitoring, the situation has grown catastrophic over the last several years. The panelist used to observe mostly failures to distinguish fact from opinion and ethical code violations, but now that is accompanied by inaccurate and unreliable information. They added that trust in journalists has sunk so low that people are asking about criminal responsibility for journalists. Many suffer from low professionalism, fail to check facts, and publish fake information and press releases. Many journalists are treated as liars, servants of the government, and servants of separatists. Another panelist blames poor education, low intellectual level of journalists, and poor language. “They lack motivation to be journalists, and salaries in the regions are terribly low.”

One panelist attributed 80 percent of noncompliance with standards to low professionalism and 20 percent to media owners. Monitoring of online media shows great problems with sources: 90 percent of content flows from official press releases and social networks, which are not processed and verified, and often do not point to a source at all. The panelist blames the attempts by owners to exert more pressure on journalists and the reign of *jeansa*. If in earlier times political *jeansa* prevailed, now there is a lot of economic *jeansa*.

## JOURNALISM MEETS PROFESSIONAL STANDARDS OF QUALITY.

### PROFESSIONAL JOURNALISM INDICATORS:

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



A panelist commented that there is a big gap between pay levels of journalists in national and regional media. “Regional journalists earn extremely low salaries, although in Kiev, salaries are also much lower now than a few years ago. This undermines the independence of journalists and their attitudes toward their duties.”

A panelist noted, “Due to low revenue, quality journalism is dying, and there is almost no economic journalism. In the regions, readers do not have sources of information on entrepreneurship, business, making money, etc. Support for coverage of these issues is as important as support for investigative reporting.”

In November 2016, monitoring of the 10 most popular Ukrainian online media for compliance with three professional standards (balance of viewpoints, reliability, and separation of facts and opinions) and sharing of socially important news highlighted the leaders of compliance, such as Ukrinform (state news outlet).

In response to Ukrainian media’s heavy reliance on politicians, opinion leaders, or eyewitnesses from social networks, a media monitoring organization launched an online database of experts for the media in October 2016. It also noticed that men are quoted far more frequently than women are, with 83 percent of stories citing comments from men. However, women heavily prevail in the journalism field and among journalism students.

“Since Ukraine’s independence, *jeansa* has become a chronic disease of Ukrainian media, evolving from payment envelopes to individual journalists, to cash-filled suitcases to top managers and owners, to industrial-scale deals. Now, top management is ensuring that individual journalists have not been paid for commissioned stories. It’s not only cash hidden from taxation but also official payments through advertising agencies for

information campaigns,” wrote a journalist interviewing an online news editor. This online publication, considered a leader in compliance with professional standards, initiated its own media literacy project to fight *jeansa*: with its own media monitoring and content analysis software, it analyzed about 1,000 websites and identified 773 websites containing stories about ex-president Yanukovich’s cronies. It followed the idea of another digital media outlet, which published analysis of allegedly commissioned stories covering Viktor Medvedchuk at 10 leading Ukrainian news sites in September 2016. The editor calls upon more colleagues to join them.

According to a panelist, the media’s already low adherence to professional standards has slipped even further, especially the ethical aspects. They believe more initiatives from individual media outlets to approve and comply with their own codes may improve the situation.

The director of a media association, also recommended conducting trade discussions to bring professionals together to discuss ethical problems—a proposal supported by another panelist as well. They stressed that there is no professional discussion within the journalism community on acute issues: Facebook discussions look more like clashes than attempts at constructive dialogue.

A panelist added that slipping compliance in regard to ethical standards is especially noticeable in covering the war, with some journalists showing killed and wounded people, demoralizing funerals, and exposing details of families and children of internally displaced people. Another panelist pointed to lapses including print journalists publishing propaganda pieces as editorial content and said that journalists often present their own opinions rather than unbiased and objective reporting.

One panelist raised the problem of journalists’ loyalty toward media owners who influence editorial policy. Noting that a self-regulatory body for ethical standards in journalism named a new chair—whom he described as a well-known and respected journalist—in late 2016, they expressed hope that adherence to ethical standards will improve.

Panelists also noted that the newly established independent media council passed a dozen decisions on contradictory media cases posted online, and its criticism did not go unnoticed by the media community. Both organizations declared their readiness to cooperate and reinforce each other.

The military conflict in eastern Ukraine influenced the quality of journalists’ work, as well. In 2016, a media NGO interviewed 47 journalists and editors from 42 media in different regions of Ukraine. The poll showed that Ukrainian media lack

institutionalized practices for reporting conflicts, and journalists are guided by their own experiences rather than editorial standards. Generally, the Ukrainian journalism community understands the importance of objectivity and balance, but they hesitate under the stakes presented by the conflict. “The research showed that journalists often accept self-censorship (often influenced by public opinion) and avoid issues that may damage the reputation of Ukrainian military men and favor Russian propaganda,” added a panelist.

One panelist pointed to two news outlets, one which stays silent about the conflict, while another writes about hardships of people in occupied territories but never mentions the reason: Russian aggression. A publications in Odesa display overtly anti-Ukrainian editorial policy.

Still, a panelist stressed that most self-censorship is tied to media owner positions rather than the war, as only a few journalists are covering the military conflict. One panelist also connected self-censorship to low salaries and job insecurity, but another objected to the notion that salaries are so low that journalists do not care.

A panelist stated that media cover all key issues; if you cannot find something at one oligarch’s media, you’ll definitely find it in another. Another panelist said that media do not pay enough attention to important social and political topics; rather, they provide surficial coverage and often lack background—for instance, covering a sharp increase in utility prices, journalists replaced experts’ explanation with sketchy comments from officials.

One panelist commented that there is a big gap between pay levels of journalists in national and regional media. “Regional journalists earn extremely low salaries, although in Kiev, salaries are also much lower now than a few years ago. This undermines the independence of journalists and their attitudes toward their duties,” the panelist said.

Another panelist said that pay levels of journalists and other employees of regional and local media, especially television, are low, as media revenues are insufficient, but the fee for broadcasting the signal amounts to one-third of a television company’s total expenditures. Moreover, media fail to nurture personnel, who quickly depart for more advanced regions such as Lviv or Kyiv, or move abroad.

“The minimum salary in at one outlet in Rivne has been UAH 4,000 (\$148) per month since September 2016. Other media in Rivne can offer, for similar work, as little as UAH 3,000 (\$111). Larger salaries can be earned at central television channels or grant-funded projects,” one panelist commented.

A panelist said that news and information programs at major television channels take up less airtime than entertaining content, with exceptions for some changes in UA:Pershyyi programming. They said that after Euromaidan, 1+1 channel

news improved and became more serious, but they are once again shifting to more entertainment. One panelist added that readership of online news also declined noticeably during the last year; another feels that this is explained by people’s fatigue from bad news.

The panelists generally agreed that the level of technical equipment is sufficient, and technologies are frequently updated and growing more affordable. However, one panelist said that regional media can’t afford everything they wish. (Including, another panelist added, regional affiliates of the public broadcaster.) For instance, technical equipment for producing and disseminating news at TV-4 is insufficient for mobile work or live broadcasting, and there is a lack of telecruisers for television bridges.

The panelists agreed that investigative reporting is the only area that has been booming over the last few years—to a substantial extent, because of donors’ support. One panelist noticed an increase in regional investigative reports and in regional journalists’ demand for investigative journalism training.

According to another panelist, though, niche reporting is almost nonexistent; the market of business publications, for example, is in deep crisis. “We notice active development of corporate media in various industries—agriculture, for instance. But international and economic journalism is absent. This impoverishes content of media, preventing the audience from obtaining a wide picture of social and political processes in the country and in the world,” the panelist said.

One panelist added that some economic reporting in recent years could possibly be traced to *jeansa*, but with the market downfall, *jeansa* also shrank, and there is nothing to read in local media; it’s either “parquetry” (slang as *jeansa* but for official news) news about officials or terribly unprofessional coverage. Another panelist noted, “Due to low revenue, quality journalism is dying, and there is almost no economic journalism. In the regions, readers do not have sources of information on entrepreneurship, business, making money, etc. Support for coverage of these issues is as important as support for investigative reporting.”

A panelist stated that several strong economic and business publications became extinct in 2013 and 2014; the remaining publications with economic sections are full of economic *jeansa* and lack expert commentary and analyses. Political analysis is also absent: one cannot find simple answers about the candidates before the elections. All other beats, such as health care, education, and culture, are poorly covered.

According to one panelist, regional media lack funds, qualified cadres, relevant salaries, and other resources for investigative

and niche reporting. At this stage, a public broadcaster, which does not need to hunt for advertising money, might be successful at beat reporting.

One panelist noted that during the last two years, reporters connected more with international context. The panelist also believes that specialized media cannot obtain market support, so they need to be supported by donors. Another panelist pointed out the development of narrow niche industrial media that enjoy affluent advertising money in the areas of medical and pharmaceutical, agriculture, and cardboard.

### OBJECTIVE 3: PLURALITY OF NEWS

Ukraine Objective Score: 2.36

According to a Ukrainian sociological institute, at the end of 2016, 45 percent of Ukrainians did not trust the media and only 26 percent trusted it. Back in April 2012, almost the opposite—28 and 40.5 percent, respectively—was true. The reasons, panelists speculated, might include the information war with Russia against the backdrop of military conflict, political fights between the oligarch owners of major media, and public conflicts among the journalists. All of these issues sharpened Ukrainians' distrust of state and public institutions. On the other hand, according to a news magazine article, public demand for alternative sources pushes them to social networks, where they are even more easily manipulated by fake news or inspired campaigns.

According to a June 2016 survey, on a near-daily basis, 64 percent of Ukrainians obtain political information from national Ukrainian television channels; 36 and 33 percent from Internet and social networks, respectively; and 30 percent watch local television channels. The levels of trust and distrust in Ukrainian television are 50 and 39 percent, respectively; Internet is 48 and 17 percent; local television channels are 47.5 and 31 percent; social networks are 42 and 19 percent; and local print media are 41 and 24 percent. Of Ukrainians who are older than 18 years, 42.5 percent use the Internet every day or almost every day, and another 17 percent use it a few times a week. Ninety percent of Internet users use at least one social network. The most popular are VKontakte (59 percent), Odnoklassniki (50 percent), Facebook (39 percent), and Google (33 percent).

According to the USAID U-Media's 2016 media consumption survey,<sup>1</sup> television channels are still the main source of information for 82 percent of Ukrainians. Twenty-eight percent of respondents used radio and 23 percent used printed press in the 30 days before questioning. The survey also revealed a drop in trust of Russian media, an increase in people getting their

<sup>1</sup> <http://www.slideshare.net/umedia/usaaid-umedia-annual-media-consumption-survey-2016-eng>

news from the Internet, and a growing awareness of ownership of local and national media.

Internet use is up, including news sites and social networks. In 2016, 67 percent of respondents said they use the web to get news, compared to 64 percent in 2015. Television is still the main source of news for Ukrainians, but it is continuing a downward slide in popularity. The number of Ukrainians reporting that they watch television news has declined 10 percent over the past two years, from 89 percent in 2014, to 79 percent in 2016. Nevertheless, television remains the most popular means for people to get information, chiefly because of its traditional hold over audiences older than 35.

One website counted 21 million unique visitors (hosts) per week. In the second quarter of 2016, Factum Group metered that 66.1 percent (22 million) of Ukrainians older than 15 years old used the Internet once a month or more often. The digital gap of Internet penetration decreased between women (54 percent) and men (46 percent), cities and villages (Internet penetration in rural areas reached 60 percent). Almost a quarter of Ukrainians above 65 years old use the Internet. Faster penetration is caused not only by the natural digitalization of Ukraine but also by exclusion of Donbass areas, where the digital gap was always more substantial.

There are a sufficient variety of news sources in Ukraine, a panelist said. Even while cable networks restrict a number of Russian television channels because of anti-Ukrainian propaganda, citizens can watch them on the Internet or via satellite. Access to Western media is unrestricted by the government, aside from barriers of language and affordability.

One panelist commented that there are diverse news sources only in that the state-owned media do not dominate the market,

### MULTIPLE NEWS SOURCES PROVIDE CITIZENS WITH RELIABLE AND OBJECTIVE NEWS.

#### PLURALITY OF NEWS SOURCES INDICATORS:

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

A panelist commented that the law on transparency of media ownership is progressive, but in fact, it changes little, as society does not grasp the importance of knowing media owners.

but news quality, especially in reliability and objectivity, remains a problem. One panelist agreed and added that coverage of events may differ substantially at various private media. Another noted that the insufficient local media available in district centers and villages reflects limited advertising money for local markets.

According to a panelist, access to digital television is restricted, as not all consumers can afford the additional devices (set-top boxes) required, and receivers must be a certain height. For instance, neither analog nor digital signals can reach three districts in the south of Ternopil oblast because of the absence of a tower and transmitter station. Another panelist added that in some parts of Chernigiv, Sumy, and Kherson regions neighboring Russia, people may not have access to Ukrainian media, but they are covered by Russian television.

The government has completed construction of a 150-meter transmitter in the Chongar village of the Kherson oblast, and it plans to start broadcasting four radio stations to Crimea. FM broadcasting will reach only several districts in northern Crimea, and the next step must be digital television.

Four local anti-Ukrainian television channels along with Russian television are available in the occupied Donbass territories. Some Ukrainian broadcasters might be available in some occupied places, but the closest towers were destroyed, and the Donetsk transmitter is stronger. Several local newspapers and websites there also disseminate propaganda and misinformation. The alternative sources of news are Ukrainian websites and social networks. Research noted that no Ukrainian media produce content for dwellers of occupied territories.

On January 12, 2017, the National Council banned the Russian television channel Dozhd' (Rain) on cable networks. The organization defended the move because Dozhd' showed a map of the Russian Federation with Crimea, which violates Ukraine's territorial integrity, popularized law enforcement bodies of the state aggressor, and broadcast Russian advertising. A Ukrainian media council endorsed the regulator's decision, using the three-step test for restricting human rights. Freedom House, Reporters Sans Frontiers, Human Rights Watch, and the Committee to Protect Journalists criticized that decision. Freedom House pointed out that another channel, the German-registered Teleklub, only suffered temporarily restriction for similar violations.

In 2016, the parliament improved the 2015 law banning broadcasting of Russian movies produced after January 1, 2014; the law was easily bypassed by issuing false documents on origin. Since September 2016, a new law excluded Russian programming from the quota of European products for television and radio broadcasting (except for satellite). A new law on radio quotas of Ukrainian songs and Ukrainian language coverage came into force in November 2016: quotas will increase gradually from a respective 25/50 percent of songs/language in 2016 to 35/60 percent at the end of 2018.

One panelist emphasized the progress in reforming public broadcasting. Although reforms have not progressed as fast as expected, a lot has been done in legislation to transfer the state-owned company into a public joint stock company. And while the rating of the reformed UA:Pershyyi is rather low, the channel is actively changing its programming approach: it seriously improved the quality of newscasts, launched a number of programs on socially important topics, and broadcast independent investigative reporting programs.

In addition to the challenges of reorganization and securing full funding from the state budget, public broadcasting has to undertake a tremendous redesign of its content toward high-quality coverage of socially important issues and adjust its orientation to meet the needs and values of Ukrainian citizens, which will take at least two to three years, media experts said at a public broadcasting press conference in January 2017.

A panelist added that print press destatization just started in 2016. It is positive progress, as very often state media at the regional level were de facto local government mouthpieces promoting local officials instead of informing the public. However, it is meeting resistance from local government, as officials are loath to lose such a tool of influence.

Panelists said that news agencies are relatively independent. One panelist said, though, that while classic newswires might not noticeably reflect government positions (or viewpoints of their owners—oligarchs or media tycoons), their websites are a different story and might be full of pro-owner content. According to a panelist, regional television stations subscribe to and use agencies' news, but another panelist added that local print media could not afford such services.

Private media produce their own news content, but one panelist noted that there is a tendency for some Ukrainian media to copy-paste content from other media.

According to the 2015 law, all broadcasters and providers had to disclose their final beneficiary owners online by April 2016. It became publicly known that Inter channel is owned by Dmytro Firtash, along with Valeriy Khoroshkovskiy, Serhiy

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Lyovochkin, and Svitlana Pluzhnikova. StarLightMedia Group (STB, Novyi Kanal, ICTV) is owned by Viktor and Olena Pinchuk. Ukraina channel is owned by Rinat Akhmetov. The 1+ 1 channel belongs to Ihor Kolomoyskyi, along with Ihor Surkis. However, an unknown Cyprus citizen owns ZIK channel. The final beneficiaries of the one and only digital multiplex provider Zeonbud, according to disclosed ownership documents as of December 2015, were three citizens of Cyprus and one UK citizen. The law forbids ownership of Ukrainian television and radio companies by entities registered in offshore zones, listed by the Cabinet of Ministers, with Cyprus being an exception.

One panelist commented that the law on transparency of media ownership is progressive, but in fact, it changes little, as society does not grasp the importance of knowing media owners. A lot of work has to be done to inform the population about the significance of this information. Owners use their media to influence politics, change public opinion, and as a tool for protecting their interests. They do interfere with management and editorial policy. Major media are in the hands of several conglomerates; it has been that way for many years. If one watches 1+1 channel and Inter, one would get the impression of two different countries—the country of Kolomoyskyi and the country of Lyovochkin and Firtash. The absence of Western investments in the media sector also negatively influences the situation, as major media owners are local oligarchs and also Russian oligarchs, in some instances.

One panelist sees the positive trend in revealing such information, but another does not expect systematic changes without restricting the rights of oligarch media owners. Another panelist stressed that Zeonbud owners are proxies, but this monopoly controls the key button for the entire digital broadcasting in the country. On the Internet, it is much harder to identify web owners, as there are no addresses, contact information, nor any responsibility, they added.

A panelist referred to research of media ownership in 10 regions of Ukraine: 90 percent of television and radio owners became known, some owners remained proxies; in print media, they publish data on owners; for Internet media, it was almost impossible to trace anything. In the fall of 2016, a national media institute studied transparency of ownership, management, and editorial policy of 221 media outlets in 10 cities of Ukraine: the highest level of transparency was in press (scored 5 of 7) and in television (3.5 of 7). The worst level of transparency was in radio and online media (2.7 of 7). Only 8 percent of regional media publish financial data about themselves; only 19 percent share their editorial principles and policies. Only 45 percent of media disclose information about their owners and chief editors.

One panelist added that if religious groups and national minorities have access to coverage of their communities, the media tend to avoid covering sexual minorities. Audiences in

Ukraine's western regions would not accept such coverage, some panelists believe. Another panelist suggested that there should be programs to persuade journalists of the need to cover niche topics, including "divergent" people. The panelist noticed a handful of good stories on sexual minorities in regional media, but said the general picture remains complicated.

#### OBJECTIVE 4: BUSINESS MANAGEMENT

Ukraine Objective Score: 1.55

The general economic situation in the media is rather unstable, one panelist said. It is influenced by the broader economy, the war, and the large oligarch groups as owners that treat the media as a tool for influence rather than a business.

According to one panelist, Ukrainian media are not businesses, and this predetermines all problems in the media industry. Systematic changes are not possible without economic buoyancy, the panelist said, although focused changes in some media are possible.

One panelist explained that amid Ukraine's unstable economy and the flagging advertising market, Ukrainian media are not sufficiently efficient and self-sustaining. They added that investors, for the most part, keep online media afloat. Managers are not always properly trained in financial analysis, marketing, and human resources. Local and regional media might be considered self-sustaining but not efficient as businesses, given their large expenses, small staff salaries, and insufficient ad revenue. "Over 26 years, TV-4 has been sustainable, with some ups and downs; now it is difficult. Now it is just surviving due to declining advertising and one-third of its budget being consumed by both analog and digital broadcasting. Now we can talk about the profits and development only during election campaigns," a panelist said. National channels soak up local advertising money through "local advertising inserts." State and municipal broadcasters also collect local advertising. Large brands rarely advertise at the local level, as most regional media rely on direct contacts with advertisers rather than advertising agencies.

One panelist named two specialized agencies working with regional media and noted that the share of advertising in print media placed via advertising agencies dropped to 35 percent, while the rest is obtained through direct sales to clients.

A panelist added that governmental financing of municipal media continues to distort the market, create noncompetitive advantages for certain media, and degrade content. The panelist emphasized that media controlled by the local government are not independent; their managers typically befriend politicians. Public funds lead to their dependence on the authorities.

One panelist agreed that this creates dishonest competition, as they take in commercial advertising—the major revenue source of private media—but they are funded with taxpayers' money.

Another panelist emphasized that it would be worthwhile to conduct training workshops on media business issues and to create opportunities for editors and owners of profitable media businesses to share their success stories. For instance, the session on how media can become independent and profitable during the Donbass Media Forum was very popular.

One panelist noted that Rivne has had private television and radio, and two or three newspapers operating since the 1990s. "They are self-sustaining or profitable, but not effective, as shown by their abuse with placing jeans; in fact, they are leaders in placing jeans. Until it becomes unprofitable and media face punishment for placing jeans, jeans will exist," the panelist said.

A panelist noted, "Media justify hidden advertising by the lack of other funding. During four years of monitoring, we documented more *jeansa* in state and municipal media." Discussing how to prevent *jeansa*, panelists admitted that existing legislation requires marking advertising to distinguish it from journalism. However, paid-for stories are popular among advertisers because they do not contain classic signs of advertising. Another panelist noted that media market leaders could have established a standard against hidden advertising; a panelist added that key advertisers should refuse to place hidden ads and to cooperate with the media that abuse that principle.

One panelist said that a legally required quota for advertising for broadcasters is an outdated norm and that businesses could regulate this themselves by researching audience preferences and placing advertising accordingly. Another panelist, however, as a consumer, insisted on the standard of publishing a schedule of advertising if it exceeds a certain time limit.

### INDEPENDENT MEDIA ARE WELL-MANAGED BUSINESSES, ALLOWING EDITORIAL INDEPENDENCE.

#### BUSINESS MANAGEMENT INDICATORS:

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

"Over 26 years, TV-4 has been sustainable, with some ups and downs; now it is difficult. Now it is just surviving due to declining advertising and one-third of its budget being consumed by both analog and digital broadcasting. Now we can talk about the profits and development only during election campaigns," a panelist said.

According to a national media outlet, the second echelon channels such as Tonis, Espresso, and NewsOne, are looking for new investors or co-owners. The article assumed that channels from the large oligarch holdings are covered by owners who previously spent about \$120,000–130,000 per year, but now they spend about \$30,000–40,000 because of local currency devaluation. It's especially hard on the smaller channels. One of the interviewees told reporters that a small channel might cost \$150,000 per month; in the best of times, maintenance of channel 112 cost up to \$1 million per month. Another interviewee assumed that NewsOne costs are \$200,000 per month and channel 112 are \$750,000 per month. A media expert confirmed that these figures are likely.

The law entered into force on January 1, 2017, reduced the number of channels in the Universal Programming Service (channels that cable networks must provide) to two television channels and three radio stations of the PJSC National Public Television and Radio Company of Ukraine, parliamentary channel Rada, and local and regional terrestrial analog and digital television channels. National commercial television channels were to conclude agreements with the cable network providers. Cable networks expected that channels would pay for distribution via cable networks; however, national television groups set prices for their content. Moreover, they require payment for the whole package of channels, provided in "social" packages (with the cheapest sets of channels for the poor). Because of this, cable television and Internet protocol television may become more expensive for consumers. On the other hand, people can acquire set-top boxes for DVB-T2 standard and use digital broadcasting. In turn, providers require coding of the paid-for channels on satellite. This may become an information security threat for Ukraine, as the number of Russian channels freely available on several satellites is growing.

For most regional private newspapers, advertising, subscriptions, circulation sales, and owner subsidies are the main sources of income. According to one panelist, the decline of advertising

volume and outflow of advertisers to other segments has hurt media badly, along with the drop in circulations and transition to other patterns of media consumption. A panelist said that a large advertiser in Rivne, would pull its advertising if media dare to say something unflattering. However, another panelist objected, stating that advertisers could not influence their channels' editorial policy. They try to diversify sources of income, having started a digital department, conducting more below-the-line marketing, streaming, etc.

One panelist said that an imbalance persists in the advertising market between television and other media, and between the capital and the regions. A panelist confirmed that regional media work with national advertising agencies, but the latter do not care about fair selection; they would be more interested in larger discounts, and regional media cannot influence this process. According to another panelist, media in liberated territories in the east of Ukraine are barely surviving on their meager advertising.

According to the director of a television sales firm, the market started to grow in 2016, and television channels were satisfied in principle, but the crisis is far from over.

According to an advertising coalition, the 2016 media advertising market, which includes television, radio, print, and Internet, totaled UAH 10.346 billion (\$381.7 million)—an increase of approximately 27 percent from 2015. It projects 28 percent growth of the total market in 2017.

The same coalition also reported that the 2016 television advertising market increased to UAH 5.676 billion (\$209.43 million), which is up by 36 percent from 2015. Television sponsorship was up 65 percent because of global trends and the restriction of direct beer advertising. Television may grow by 31 percent in 2017. Print outlets' ad revenue amounted to UAH 1.130 billion (\$41.7 million) in 2016, although they were not compared with the UAH 1.320 billion (\$48.7 million) in 2015 because of a change of methodology. According to the forecast, print may grow by 17 percent in 2017.

The forecast looks particularly promising for radio advertising, expected to grow by 20 percent in 2017. In 2016, it increased by 31 percent to UAH 400 million (\$14.759 million). Of this figure, UAH 290 million (\$10.7 million) went to national radio, UAH 39 million (\$1.44 million) to regional, and UAH 71 million (\$2.62 million) to sponsorship. Internet advertising grew by 33 percent to UAH 3.140 billion (\$115.86), with 28 percent growth predicted for 2017.

According to one panelist, there are no subsidies, credit guarantees, or other privileges for private media. Another panelist said that state and municipal media receive subsidies according to the law, and the subsidy amounts vary from region to region. State funds for covering local government activities also differ in

various regions, fully depending on local authorities. In the course of destatization reform, privatized media will be able to use their existing offices for 15 years and retain the trademark of the newspaper. Yet they will lose state subsidies and privileges, so the reform will weaken their position.

Funding of state-owned and municipal media undergoing reform will dry up by the end of 2018. According to a digital media outlet Lviv's oblast council provided UAH 500,000 (\$18,450) in its 2017 budget to support newspapers that will be privatized at the first stage of reform. Zaporizhzhya's city council plans to finance a municipal newspaper at UAH 1 million (\$36,900), and Kiev's city council set aside UAH 3 million (\$110,690) for its print media. The public broadcasting company should receive UAH 1.3 billion (\$47.97 million) from the state budget in 2017.

For the majority of regional media, professional market research is unaffordable, one panelist confirmed. "In transferring to digital broadcasting, we, along with Zeonbud, do not receive detailed data on signal coverage; they just draw me some circles of 'assured reception,'" the panelist said. Professional research firms do not measure regional media ratings, which would not be profitable. Local advertisers usually do not use ratings data, and sometimes, especially during elections, ratings data are not objective. Local-level advertisers and media are not literate in rating online platforms and content. Another panelist said that local media lack even enough skill to use available tools for online media such as Google Analytics.

One panelist emphasized that analysis of the press and online media market is distorted and incomplete. Advertising monitoring in the regional press is not conducted at all; a media business association identified that as an acute need. According to another panelist, because of substantial shrinking of the advertising market (a drop of 75 percent in 2014 and 2015), advertising agencies are manipulating data in order to channel the largest share of advertising to television. Therefore, they recommended launching the monitoring of regional press advertising and training regional media in advertising sales and audience building.

Regular television audience research has been ordered by the Industrial Television Committee (ITC), which unites four main television groups (Inter, 1+1, Ukraina, and Pinchuk's StarLight Media), five kanal and four main media groups (Publicis Groupe Media, Omnicom Media Group, ADV Group, Group M), and Media Arts Group Ukraine Agency. Since 2014, ITC has contracted Nielsen and the Communication Alliance for this purpose.

Since May 2016, the television panel has been changed to update parameters: the total sample was reduced to 2,840 households: 1,900 representing cities with populations greater than 50,000 and 940 from towns and villages under 50,000. The sample is representative for all Ukraine (except Crimea and Sevastopol).

Since early 2016, a data consulting company has measured the radio audience. The Industrial Radio Committee (IRC), which prolonged its contract for 2017, mentioned that a number of regional radio companies joined the research as well. IRC unites the largest radio holdings: TAVR, Ukrainian Media Holding, Business Radio Group, Lux, and network advertising agencies Publicis Groupe, ADV Group (Initiative), Group M, UMG, and Radio Expert, as well as the Independent Association of Broadcasters (IAB) as managing partner.

One panelist stressed that the television panel, formed in the 1990s, is overdue for reform. Another panelist added that a number of existing Internet measuring tools overlap, and every year they become more accessible and easy to use.

There is no audit bureau to certify circulation statistics of print publications, which for the most part are not considered reliable. Surveys are produced such as the Print Media Index (10,000 interviews in the largest cities of Ukraine), National Readership Survey (5,800 interviews in the largest cities), Marketing and Media Index on consumer behavior toward brands and media preferences, and CMeter—a new tool to measure online audience and monitor advertising.

## OBJECTIVE 5: SUPPORTING INSTITUTIONS

Ukraine Objective Score: 2.32

Ukraine has a fairly well developed network of trade associations, media trade unions, and media-supporting NGOs. Trade associations include the ITC, the IAB, the IRC, the Ukrainian Media Business Association (renamed UAPP), and the Association of the Independent Regional Publishers of Ukraine in print media. The Internet Association of Ukraine unites providers and the Ukrainian Association of Internet connects advertisers.

Trade associations support the professional interests of independent media, said a panelist. They provide information and legal support, training, competitions, grants, and development of joint projects for television and radio companies from various regions. For instance, the IAB promotes collaborative solutions for that sector, and its members offer a number of useful services. IAB maintains the exchange service of television programs between regional broadcasters.

Professional associations and unions made journalists' security and assistance to those in need their key priority in 2016, according to one panelist. Special programs to support internally displaced journalists from Donbass and Crimea assisted journalists captured in Donbass, arrested in Russia, or persecuted in Crimea. For instance, one union channeled funds for legal support to journalists in Crimea, Russia, and in the so-called Luhansk People's

Republic. This union is also deeply integrated into international journalists' communities such as the International Federation of Journalists, the European Federation of Journalists, and the OSCE Representative on Freedom of the Media.

One panelist believes that in some regions, however, union chapters are not efficient. Out of all of TV-4's staff, only two or three journalists are union members. Young professionals do not even consider entering the union, as they do not feel the need for support or assistance. Another panelist agreed that union chapters do not work at all in many regions, and the media trade union is functioning properly, to the point that some newsrooms are ready to quit. Another panelist stressed that a lot of reform in regional union chapters depends on local journalists, and sometimes the younger reporters are too passive.

One panelist mentioned that in 2016, media organizations were involved in scandals and fighting for influence and resources, undermining their credibility. Another noted that certain organizations of journalists went through internal organizational crises. Their managing bodies were reelected, but both organizations lost trust among their colleagues as well as the donors. No one is betting that they will manage to restore it, the panelist said.

On the contrary, the media council set up by five media NGOs launched activities in 2016. It is a regular civic monitoring and consulting body designed to establish high professional standards in journalism and to mediate instances of noncompliance with media laws, international standards, or ethical violations. In addition to its expert conclusions, the media council submits its recommendations to the governmental bodies and other stakeholders to improve media regulations. According to

### SUPPORTING INSTITUTIONS FUNCTION IN THE PROFESSIONAL INTERESTS OF INDEPENDENT MEDIA.

#### SUPPORTING INSTITUTIONS INDICATORS:

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



A panelist explained that the media council began to evaluate content that the National Council was afraid to touch. They expose wrongdoing in media, passing recommendations, but they lack law enforcement authority. “In this sense, NGOs started replacing the functions of the state.”

One panelist, media advocacy NGOs are often more effective than the journalists’ unions. The panelist explained that the media council began to evaluate content that the National Council was afraid to touch. They expose wrongdoing in media, passing recommendations, but they lack law enforcement authority. “In this sense, NGOs started replacing the functions of the state,” they added. Another panelist welcomes this important step toward self-regulation.

One panelist said that academic programs for journalists are very weak on practical components and not well regarded by the media. Also, there are very few young male journalists among the students. Another panelist confirmed that the number of journalism degrees awarded does not correspond to market demands.

In October 2016, a national media outlet presented pilot ratings of Ukrainian departments or schools of journalism. The Journalism School of the Ukrainian Catholic University emerged as the leader (scoring 20 of 23), followed by the Kyiv Mohyla School of Journalism (18.5), Zaporizhzhya National University (17.75), B. Grynshenko’s Kiev Institute of Journalism (17.25), and Yu. Fedkovych Chernivtsi National University.

A panelist commented that 43 universities offer journalism degree programs, but the quality of education is declining. The industry is not satisfied with its graduates, as confirmed by 2016 research. Formally, curricula are well balanced between theory and practice, but graduates and the media industry criticize the course content. Most cite dissatisfaction with the content of courses, lack of practical opportunities, and overall low quality of teaching. The lack of connection with the media industry remains one of the most serious problems. Many newsroom employees do not have a journalism education, nor do they feel that they need a degree. Most departments and faculties are weakly integrated into an international context; only a few cooperate with foreign partners. One panelist added that communication from these journalism schools with external audiences is symptomatic: only 20 have their own websites, and only 2 of those provide detailed information on professors, students, graduates, curricula, schedules, and other activities. Other websites are rarely updated and lack sufficient substance.

According to one panelist, short-term trainings are rather effective—and needed—but most of them are conducted with support from foreign donors. There are no donor-funded programs for advertising and marketing experts, cameramen, and producers. A majority of such programs are sponsored and not always affordable for regional media employers. Another panelist believes that media organizations should train journalists in professional standards and popularize ethics codes in order to increase the professional level of their work.

A panelist remarked that donors define the priorities of the available training events, and they do not always correspond to the industry’s needs. The panelist recommended that newsrooms conduct their own in-house training instead. Training workshops on media business topics would make sense as a start, they added. Another panelist said online media personnel need training in using online analytical tools, audience research, traffic, etc.

The printing facilities market is fully demonopolized. One panelist mentioned that Russia remains the key supplier of cheap newsprint to Ukraine; currently, Russia has a quota for supplies to Ukraine, requiring two months’ advance payment for newsprint.

One panelist underscored two issues related to print distribution: (1) the policy of kicking off the kiosks (so-called small architecture forms) from the cities leads to reduced newspaper stands in the downtown areas, consequently reducing access to press, and (2) rising prices for the services of Ukrposhta, against the backdrop of rising utility fees, leading to a drop in subscriptions. Recently, Ukrposhta announced a 40 percent increase for delivery of sold copies; the same may be expected for subscriptions. In January 2017, print media complained that Ukrposhta delayed payment of about UAH 300 million (\$11.07 million) collected for their subscriptions.

In broadcasting, said a panelist, there are two monopolies: the private Zeonbud in digital transmission and state-controlled Concern RRT for analog. Their pricing is not transparent and fair, but often inflated, and it is a tremendous double burden for regional and local broadcasters forced to broadcast both digital and analog signals. According to one panelist, the system for transmitting and receiving the signal does not correspond to the consumers’ requirements. There could be alternative providers for transmitting but the state monopoly does not allow the installation of additional transmitters on its territory.

Since December 2014, Zeonbud has been fighting in court with the Anti-Monopoly Committee, which recognized it as a monopoly and fined it UAH 44 million (\$1.62 million) in December 2014 and again in December 2015 for UAH 44.5 million (\$1.64 million). However, Zeonbud won its appeal to the Highest Appeal Commercial Court of Ukraine in 2016.

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Channels 1+1, Inter, and UA:Pershyyi have the largest analog coverage. Coverage of digital broadcasting must be about 95 percent, but estimates place it, possibly, at 80–85 percent. This means that about 10 percent of the poorest people in small towns and villages, or around five million people, may lose access to television. Some households may switch to satellite broadcasting, where Russian channels are freely available.

ICT infrastructure continues gradually developing, and many technical innovations are available in the country. The panelists agreed that mobile networks are monopolized, but without political consequences. Mobile operator Kyivstar declared substantial expansion of 3G coverage in 2017, including to the towns with under 10,000 people. One panelist has observed overloaded mobile networks, especially during streaming, and 3G is still not available in some towns, and the signal is not always sufficient and high-quality in oblast centers. One panelist concluded that the “last-mile” problem remains, and the gap between large cities and rural areas in Internet and other technologies persists also.

According to one outlet, major providers agree to provide speeds of “up to 100 Mbit/s” of broadband Internet connection. Since January 1, 2017, the National Commission on Regulating Telecommunications and Informatization obliged all providers to indicate their minimum speed—a move designed to spur providers to invest in infrastructure and improve quality of services. The largest Internet providers, Ukrtelekom and Volya, which use older technologies (asymmetric digital subscriber line and data over cable service interface specification, respectively), declared their minimum speed at 64 Kbit/s. The second-largest company by the number of Internet clients, Kyivstar, indicated a minimum speed at 10Mbit/s unless otherwise provided by the agreement. Surprisingly, many other providers using modern optic fiber technologies did not indicate high levels of guaranteed speed. There are about 6,000 registered providers, too many for the National Commission on Regulating Telecommunications and Informatization to monitor.

*The panel discussion was convened on December 12, 2016*