



Final Program Report

Core Media Support Program for Armenia  
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## I. EXECUTIVE SUMMARY

The USAID-funded Core Media Support Program for Armenia (CMSPA) began at the very end of September 2004 after a several year hiatus of intensive USAID support to the Armenian media sector; it concluded on September 27, 2009.

In the five years since IREX launched CMSPA, the media landscape in Armenia considerably changed. While Internet access expanded, mobile phones became ubiquitous. According to the International Telecommunication Union, as of 2008 Armenia's mobile phone penetration was 99.99 percent, likely representing the fact that numerous subscribers have multiple lines, as well as numbers that are only in use part of the year by frequent visitors, such as Armenians returning from the diaspora. In fact, mobile phones now outnumber fixed telephone lines by nearly 5 to 1.

New media technologies have leapfrogged developments in more traditional media. Newspapers, though numerous, remain weak sources of information and even weaker viable businesses. Though there are a few independent television stations, news coverage is spotty and journalists are often unwilling to challenge the official government line. Radio remains largely concentrated in Yerevan and is heavily focused on music, entertainment, and some religious programming. Anecdotal evidence indicates that most listeners tune in from their car stereo, only to switch on the television at home. This leaves an information gap and new media tools have the potential to fill that void. For example, SMS figured largely in the organization of protests following the 2008 presidential election when the government implemented a media blackout that only allowed for the distribution of officially approved information.

Politics in Armenia have not evolved as rapidly as has technology. Rather, the politicians have struggled to keep up with the spread of new technology. Indeed, after the 2008 presidential election, media controls tightened and more independent voices were squashed. The media blackout that only allowed for official news in the wake of the protests included government shutdown of websites that did not comply with the regulations. CMSPA'S so-called "Open Source" news source was one of the only outlets to survive these controls as its server was located offshore.

The February 2008 presidential elections and its aftermath represented the most volatile issue to impact Armenia during CMSPA's five years of operation and indeed, affected the program's work. The media's ability to report on the upheaval was severely limited. The troubles began when reports first trickled out that there were flaws in the election system. As a result, thousands of people took to the streets of Yerevan to stage a series of rallies, which in a matter of days turned into a protest camp occupying the area behind the Opera House, which was dubbed "Liberty Square." The camp and associated rallies continued until the early hours of Saturday, March 1, when the authorities, following reports that the protestors had armed themselves, sealed off the area and moved on the crowd. Those that were able to break out of the mayhem at the Opera House regrouped near the French Embassy and were joined by what was estimated to be in excess of 20,000 protestors. By that evening, the crowd had cordoned off the area around the Myansnikyan Monument by dragging buses to block streets. Several violent encounters ensued and reached a peak when protestors began heaving molotov cocktails and soldiers opened fire sporadically.

On the evening of March 1, President Kocharyan declared a 20-day state of emergency for the city of Yerevan. The order included a demand for the cessation of NGO activity as well as a media blackout of all but government statements and was followed by a shutdown of independent news reporting and waves of arrests that continue to this day. The press blackout

was supposed to be limited to “internal political matters” for the duration of the state of emergency – except for official government announcements. While regional media was officially outside of the area affected by the state of emergency order, unofficially all regional media and print houses were visited by the Armenian security service and asked to sign documents stating that they agreed to enforce the limitations in their outlets. In this way all non-government opinions were silenced across the entire nation.

The crackdown on civilian rights extended into September 2008, when the National Assembly passed an amendment to the Law on TV and Radio, which appeared to be designed to further control broadcast activities, granting licenses only to government-controlled or influenced media. One paragraph added to the law stipulated that, in preparation for the change to digital transmission, by July 20, 2010, no broadcast license competitions or tenders would be held. Most experts agreed this moratorium months before the elections in 2012 has nothing to do with the country’s contrived move to digital broadcasting, which only a few broadcasters can afford.

Though the post-election media blackout may have been the most egregious display of authoritarian behavior, other examples arose in the last five years. In December 2005, the National Assembly adopted a bill on amendments to the Armenian Law on Licensing. The new law transferred all licensing authority from the Ministry of Transportation and Communication to the Regulatory Commission and included regulations for a controversial list of new licensing areas, including services providing software, electronic and voice communications, Internet services, and mobile phones.

Other amendments adopted during the same parliamentary session included removing the clause barring Armenians from holding dual citizenship. The reforms were part of Armenia's commitments to the Council of Europe, which could have taken disciplinary measures against Armenia if the vote failed, as they did two years ago when a similar referendum was declared invalid because of low turnout. However, on November 27, 2005, the amendments were supported by 93% of the 1.5 million ballots cast in the vote. A Western-led group of observers brought in by the Council of Europe, however, reported “serious abuse” in polling stations, including ballot stuffing and forged additional signatures on the voters’ register. This and other reports of widespread irregularities cast doubt on the credibility of the officially announced voter turnout of 65%. However, the election monitoring team did not contest the referendum’s validity, saying the vote “generally reflected the free will of those who voted.”

In advance of the 2007 parliamentary elections, the president of the Public TV and Radio Council attempted to remove programs that covered the National Assembly from public television station H1. IREX worked with the Armenian Legislative Strengthening Program and successfully lobbied against the effort, even drawing the condemnation of the then-U.S. Ambassador to Armenia. Additionally, in the run-up to the elections, several cases of violence against journalists in Armenia were recorded. The editor of *Iravunk* newspaper, Hovhannes Galadjyan, was attacked by two men outside his home, while a freelance journalist was also threatened.

The ruling Republican Party of Armenia won the majority of seats in the National Assembly in the May 2007 election. Although widely reported, elections violations were not perceived as unduly influencing the vote, though there was some controversy in the aftermath of the count. Six Central Election Commission (CEC) members ratified the results, while three CEC members representing the Justice Bloc, Rule of Law Country Party and National Unity party refused to sign off on the totals. Felix Khachatryan, a Justice Bloc representative, said the final results were essentially different from the preliminary results, and that “signing this protocol means setting up a monument on the grave of Armenia’s democracy.” CEC Chairman Garegin Azaryan

called the charges ungrounded and then-President Kocharyan decreed his approval of the new government.

Other major developments during the CMSPA program included the Armenian government's signing of a Millennium Challenge pact with the Millennium Challenge Corporation in March 2006 in Washington. Under the terms of the agreement, the Armenian government will receive \$235.65 million within five years to reduce poverty in rural areas and restore infrastructure, roads and irrigation systems. The compact includes a \$67 million project to rehabilitate up to 943 kilometers of rural roads and a \$146 million project to increase the productivity of approximately 250,000 farm households (34% of which are headed by women) through improved water supply, higher yields, higher-value crops, and a more competitive agricultural sector. By the end of 2007, Armenia had received another \$3.27 million under the US Millennium Challenge Account Compact. The funds were slated to be spent on implementation of programs aimed at restoration of village roads, irrigation systems, monitoring and assessment of the program implementation. However, the funds' impact was dampened due to the dollar's devaluation. The dollar dropped from 360 AMD (Armenian drams) to the dollar in January 2007, to 300 drams to the dollar in December 2007. The dram appreciated against the dollar at a rate nearly double that of the euro.

The CMSPA program period was also marked by major investments in mobile phone networks. VivaCell Mobile Communications of Armenia entered the market in 2005. Previously, ArmenTel had been the monopolist on the mobile communications market of Armenia. In August 2005, VivaCell signed a multimillion dollar contract with Alcatel for the construction of a mobile communications network for 400,000 subscribers and more than 200 base stations with the support of GPRS technology.

WiMax availability continued to improve in Armenia, and a new Internet service provider (ISP), Icon Communications, entered the market. This new operator will be the third large-scale broadband ISP to offer unlimited affordable Internet service in Armenia. BeeLine (formerly known as Armentel) remained the dominant traditional provider, but the addition of Cornet and Icon's WiMax services promise to solve the long-standing problem of limited access in the regions. While Icon's product is currently only available in central Yerevan, the company plans to cover the entire country by the end of 2010.

Armenia's tense relations with two of its neighboring countries, Azerbaijan and Turkey, eased a bit during the program years. In November 2008, President Serzh Sargsyan met in Moscow with his counterpart from Azerbaijan, Ilham Aliyev, at a meeting orchestrated by Russian President Dmitry Medvedev. The three signed a declaration committing them to avoiding the use of force and to observe international law as they work to resolve the 20-year conflict in Nagorno-Karabakh. In addition, the declaration reaffirmed the leaders' commitment to the OSCE Minsk Group as the chief mediator in the conflict.

However, that agreement began to fray as Armenia and Turkey signed an agreement to open the countries' borders and revisit the issue of the Armenian genocide. Both countries' parliaments threatened not to ratify the protocols over disputes about the language used in the agreement. Turkey's officials also suggested that they will tie a resolution over the Nagorno-Karabakh territory to the signing of the protocols. Azerbaijan's officials have also expressed frustration with Turkey, its longtime ally, for considering opening the borders while Azerbaijan and Armenia remain in a frozen conflict. Turkey closed its border with Armenia when the conflict over Nagorno-Karabakh began, as a show of solidarity with Azerbaijan.

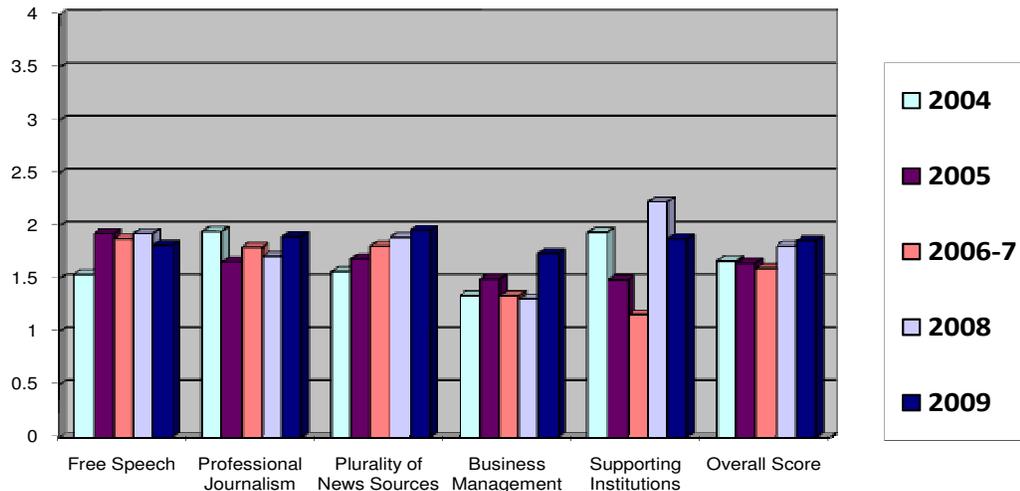
## II. INTRODUCTION

**Media Sustainability Index analysis.** IREX's Media Sustainability Index (MSI) provides in-depth analyses of the conditions for independent media in 38 countries across Europe, Eurasia, the Middle East, and North Africa. Since the Eurasian MSI was first conceived in 2000, in cooperation with the United States Agency for International Development (USAID), the MSI has evolved into an important benchmark study to assess how media systems change over time and across borders. Policymakers, development specialists, and civil society leaders and professionals in transitioning countries increasingly recognize the state of media as a key element of the development agenda, not only in the democracy and governance sectors but also in such fields as economic growth, poverty reduction, health, youth, and gender. The MSI is designed to assist in advancing development in all these areas by analyzing the elements of each country's media system and highlighting where intervention can be most effective in promoting a sustainable and professional media system.

During the five years of the Core Media Support Program for Armenia, a decrease in the frequency and severity of attacks on journalists and the implementation of new laws (specifically a law on access to information and revisions to a law protecting the work of writers) allowed a slight increase in Free Speech in 2005 which remained fairly stable during the program. Self-censorship, ethical breaches, and failure to produce fair and well-balanced stories caused a drop in the Professional Journalism indicator which was nearly completely reversed by program's end. Plurality of News Sources was the only indicator to show a steady climb over the five years of the program. While panelists regularly expressed their doubts that state media do not reflect the entire political spectrum in Armenia, they appreciated the work by the private independent media. More than any government controls, it has been cost and geography that has restricted people from accessing news sources with limited regional internet penetration and print publication distribution. Business Management of media lagged behind the other indicators with media owners largely financing operations with their own funds, poorly applying media research numbers, and not putting enough effort into selling advertising time. Supporting Institutions has shifted dramatically during the years of the Core Media Support Program. Professional associations and NGOs to assist and protect media professionals exist but their abilities are limited. The highest increase for this indicator came in 2008 with the founding of the All-Armenian Mass Media Association, Armenia's first trade association.

Major events in Armenia contributed to the rise and fall of the indicator scores, particularly the May 2007 parliamentary elections and the February 2008 presidential elections. Riots following the presidential election resulted in a 20 day state of emergency for the country and restrictions on media. Armenia's GDP climbed at an average of nearly 13 percent a year during the program period except for 2008 which still managed a 6.8 percent growth amid the elections fall out. The country's economic growth was backed by the 2006 agreement between the Armenian government and the Millennium Challenge Corporation for a five year assistance award to alleviate rural poverty. An increase in the availability of new technology in Armenia, such as a third telecom provider and technology designed to bring wireless communication to both private and corporate users could bring significant and positive developments to the future of Armenian media.

### Armenia’s Progress in the Media Sector 2004-2009 Measured through the Media Sustainability Index



**Overall 2009 MSI Score: 1.86**

- 2009 MSI Score for Free Speech: 1.82
- 2009 MSI Score for Professional Journalism: 1.90
- 2009 MSI Score for Plurality of News Sources: 1.96
- 2009 MSI Score for Business Management: 1.74
- 2009 MSI Score for Supporting Institutions: 1.88

### III. CMSPA PROGRAM RESULTS FRAMEWORK

**GOAL:** To develop a cadre of self-sustainable media outlets that utilizes professional business practices, decreases dependence on political sponsorship and individual business interests, and provides the citizens of Armenia with the news and information relevant to the public’s interest.

CMSPA fell under USAID/Armenia’s Strategic Objective 2.1: Improved Democratic Governance and (IR) 1 Civic Participation Expanded.

**OBJECTIVES:** Under CMSPA, IREX worked toward four key objectives (intermediate results):

**IR 1: Targeted media outlets receive loans and repay them according to a schedule**

As noted elsewhere in this report, the provision of market competitive, program-supported loans was the primary developmental priority driving CMSPA. The program was envisioned by USAID to be highly targeted in nature: assistance initiatives were limited to program borrowers or potential borrowers. With this underpinning, IREX provided intensive technical assistance to

bring borrowers to loan qualification standards; this assistance included on-site consulting provided by international and Armenian experts and targeted development. Under this initiative, targeted outlets benefitted from program-supported assistance and eight media outlets received program-supported loans.

### **IR 2: Targeted media outlets use market research**

Over the course of CMSPA, television ratings became the common currency between media outlets and their advertising clients. Estimates indicated that the television advertising market grew from less than US\$4 million per year when the program began to US\$40 million as the program entered its final year. Serving one's audience took on new meaning, and audience-based management in the television sector grew in acceptance and use in Armenia. IREX incorporated targeted research initiatives to replicate this success in the radio and print sectors. Because of the absence of real distribution capacity and mechanisms, traditional print development programs tended to offer limited impact and IREX introduced a hybrid approach that blended traditional print with on-line publication as an alternative system that distributes print product across a collective network of media outlets. Every activity in the program was geared towards moving the individual targeted outlets towards self-sustainability, commercial loan qualification, and ensuring the repayment of loans. While many factors--such as the availability of competing resources and the economic environment--impacted the sector's willingness to participate in the program, those which participated and qualified for loans improved their business position and their community profile.

### **IR 3: Targeted media outlets improve the professional quality of their product and provide diverse programming and information relevant to the public's interest**

IREX worked to improve the quality of journalism, while also developing local training capacity. Because quality journalism forms the core of a healthy media system that promotes and supports democratic principles, IREX developed a strong core of professional media outlets and journalists who produce objective and balanced news and information. These media cover not only politics, but also important social issues, local topics, and regional issues.

### **IR 4: Armenia's media market is consolidated through the formation and support of networks**

IREX made considerable progress over the life of CMSPA in fostering the creation of national broadcast networks, putting the network component of the developmental indicators years ahead of the planned growth. In the third program year, IREX was instrumental in helping the Radio Hay network grow from a few stations to nearly twenty stations. Regional support of television network affiliates and expanding the print network has benefitted the sector. In the fifth year of the program, IREX continued to support the various network projects and focused on the further development of its alternative print network. Regional outlets saw their periodicals redesigned into a dual format that served both traditional and on-line applications.

### **Key accomplishments of the IREX/CMSPA program included:**

- **Targeted media outlets receive loans and repay them according to a schedule.** Prior to IREX/CMSPA, long-term lending instruments for media outlets had not existed in the Armenian market. While some Armenian commercial banks had ventured into the short-

term loan market for media outlets, interest rates remained prohibitively high. To address the unique needs of the Armenian media sector, IREX developed a loan mechanism and intense training/developmental program through which qualifying Armenian media outlets were given small-, medium-, and large-sized loans, which are repaid according to a set schedule, and improved their knowledge and skills required to manage and grow their businesses.

**Brief facts:**

- 38 outlets applied for program entry
  - 23 successfully met program requirements and entered workplan development stage
  - 16 outlets qualified to apply for loans
  - 13 loans offered
  - 8 loans taken
  - total loan amount: \$470,000
  - loan terms: one to five years
  - interest rate: 12% annually
- **Targeted media outlets improve their profitability and expand their audience.** To reverse the economic basis of benefactor dependence and improve programming, IREX developed a television ratings system that attracted more advertising dollars and provided programming relevant to the public's interest. The introduction of a common currency of credible ratings encouraged advertisers to invest in the market and improved broadcaster sustainability.

**Brief facts:**

The advertising market grew due to advertisers' increased confidence<sup>1</sup>:

2004: \$4,300,000  
2005: \$ 5,850,000.  
2006: \$ 30,395,747  
2007: \$32,000,000  
2008: \$39,000,000  
2009: \$45,000,000

An estimated \$146 million has been invested into the Armenian economy by the private sector during the five years of CMSPA.

- **Targeted media outlets improve the professional quality of their product and provide programming and information relevant to the public's interest.** Through training, consultations, workshops, seminars, study tours on-site consultancy IREX worked to strengthen the professional quality of targeted media outlets throughout Armenia.
- **Armenia's media market is consolidated through the formation and support of networks.** IREX constantly worked on supporting and formation of networks, distributions systems and affiliate relationship development, focusing on broadcast, print and on-line

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<sup>1</sup> Advertising market values listed are best estimates based on advertising agency input, expert assessment, and market evaluation.

network formation and support.

- Network Management Trainings
  - Introduction of the state-of-the art Automation System
  - Transmitter setup consulting by engineers
  - Network expansion and increase of print circulation through supplement distribution
  - Network roundtables
  - Network affiliates on-going support
- **Elections initiatives support elections.** The IREX Core Media Support Program partnered with a broad range of organizations, from members of civil society to the traditional media sector, to provide comprehensive fair and balanced elections coverage. Through its various initiatives, IREX fostered expanded and improved elections content, supported citizen journalism, and provided the media sector and civil society with important pre- and post-election research regarding voter attitudes and measured how the process changed those attitudes.
  - **Alternative Media Project (AMP).** With limited resources, IREX was able to launch a pilot Alternative Media Project – Radio Van, which grew very successfully. At the end of CMSPA, Radio Van was producing alternative content on their website, content that was not broadcast/published through the outlet’s traditional offering. The product includes radio talk shows, interviews, debates, citizen journalism portals, letters to the editors and alternative audio/video materials. Almost all of the content dealt with burning and often “taboo” issues of interest to Armenian citizens:

#### IV. CMSPA PROGRAM ACTIVITIES

As outlined in USAID’s APS (Annual Program Statement) solicitation for CMSPA, the focus of the program was always intended to be highly targeted in nature, and the provision of loans was a crucial driving developmental imperative: the program would only work with potential and eventual program-supported loan recipients. Thus, IREX developed the following program criteria for use in selecting media outlets to target throughout the five year implementation period of CMSPA:

- Legally registered with the proper Armenian authorities
- Existing as a business with at least 12 months operating history or a newly established subsidiary of an existing media business
- 100% privately-owned
- Use of market research in content decision-making
- Diversified funding sources (advertising revenue stream versus benefactor financial support)
- 75% or more of the outlet’s activities are in broad-based media and fall within one of the following: TV broadcasting, radio broadcasting, news agency, advertising agency, print media, broadcast production house.
- An established formal bookkeeping and accounting system
- Demonstration of consistent practice of independent reporting and content
- Broadcast-specific characteristic: Valid broadcasting license issued by Armenia’s National Commission of TV and Radio
- Print-specific characteristic: More than 80% of outlet’s printed materials had to be in Armenian and/or Russian.

As the program matured and as approved by USAID, targeted outlets were classified into the following categories, which determined the level of assistance they received from IREX/CMSPA:

- *Targeted Media Organizations (TMO)* – An organization with which IREX is working on the loan program. These organizations are potential loan applicants (as specified in IREX’s CA with USAID) and have not been rejected from the loan program, withdrawn themselves from consideration for a loan, or refused to comply with loan program review by IREX and evaluation by KPMG.
- *Client Media Organizations (CMO)* – A media organization which will utilize program resources to further the advancement of the overall media sector but may never apply for a loan. This term is typically used for clients of the program’s ratings system initiative and covers a broader pool of program participants than targeted media organizations.
- *Fast-tracked Media Organizations (FTMO)* – A media organization which is in the program’s targeted media organization roster. This type of organization has applied to participate in the loan program, has been accepted by IREX, and evaluated by KPMG. Fast-tracked media outlets have sufficiently demonstrated and documented organizational management skills and loan potential to qualify in an abbreviated version of the development program (6 months or even 3 months, rather than the standard 1 year).
- Certain outlets could join the program as targeted under the special category “*special circumstances outlets.*” These were defined as outlets having special influence on the market or for the purposes of democratization.

A key criterion to becoming a targeted media organization was an individual outlet’s willingness to participate in all program elements (assessments, training, KPMG review, etc). Some outlets in Armenia refused to allow IREX necessary access to their financial records, personnel, etc.; this was an eliminating factor in an outlet being classified a targeted outlet.

IREX partnered with three primary subcontractors throughout CMSPA program implementation:

- *TCGI*: provided technical advice on the program’s loan facility structure and related elements as well as provided expertise to the program’s Credit Review Board.
- *KPMG/Armenia*: provided expertise in media outlet assessment for participation in the project’s developmental program (described under IR 1 below), ratings methodology verification (IR 2 below), and other targeted activities.
- *KPMG/Russia*: provided oversight of KPMG/Armenia and methodology oversight. IREX notes that KPMG/Russia’s role in CMSPA was phased out through mutual agreement and with USAID concurrence in May 2007 due to KPMG/Armenia eventually needing less oversight from their Moscow office and maturation of the KPMG/Armenian technical experts participating in IREX/CMSPA.

To the greatest extent possible, IREX incorporated Armenian consultants, trainers, and local organizations in implementing program elements; international expertise was employed judiciously. IREX also worked and coordinated very closely with other USAID-funded implementers in Armenia as well as the international donor community writ large through out the five year history of CMSPA.

## ***IR 1: Targeted Media Outlets Receive Loans and Repay Them According to a Schedule***

### **IR 1.1 Media outlets receive targeted business development training and follow tailored workplans outlining their development needs prior to loan qualification**

**Targeted media outlets enter the developmental program.** As noted above, the nature of CMSPA, as directed by USAID, was intended to be highly targeted and was driven by the use of loans as a developmental tool (see IR 1.2 below). IREX held open and on-going competitions among Armenian media outlets to participate in the program and outlets selected went through continual rigorous and demanding assessments, training, technical assistance, and oversight. With the goal of meeting requirements to receive commercial loans, IREX designed a sophisticated “staged development” program element that included initial capacity and needs assessment by IREX and KPMG/Armenia. Following this assessment, KPMG/Armenia, under IREX supervision, developed aggressive and customized workplans that qualifying outlets were mandated to follow to develop them into potential loan applicants; the workplans targeted all elements of each media outlet’s operations including revenue stream management, business planning, financial and accounting practices, and human resource management and utilization. While KPMG/Armenia provided intensive on-the-ground advice to the potential borrowers, international expertise was incorporated as needed.

Once outlets entered the developmental program, IREX in cooperation with KPMG/Armenia closely monitored each outlet’s progress along issues outlined in their customized workplans. Over the course of CMSPA, there were several outlets which, despite all efforts, neglected to incorporate into their operations the recommended steps needed to bring them to meet loan qualification guidelines; with USAID assent, IREX scaled back support to these outlets.

With an eye toward developing a pool of potential borrowers for program-supported loans, IREX identified and selected media outlets to participate in the developmental program throughout the first four years of CMSPA. However, mid-way through the final program year, USAID directed IREX to halt all new program lending initiatives (see IR 1.2 below); thus, at this point, IREX suspended active recruitment of outlets to participate in the program’s developmental program.

Over the five year history of CMSPA, 38 media outlets applied for entry to participate in the program. Of those, 23 outlets met program requirements and entered the developmental program. Outlets participating in the targeted developmental program which successfully received program-supported loans were:

- Abovyan TV
- Noyan Tapan
- SIM Tpagratun
- Radio PC (Zangak TV)
- Tsayg TV
- Sirak (Hrazdan TV)
- Qyavar TV
- Radio Van

Other outlets that participated in the targeted development initiative included: Photolure, Khustup TV, *Hingshabti*, STV 1, ARKA news agency, Lori TV, and *Syunats Yekir*

## **IR 1.2 Targeted media outlets develop sufficiently to meet international commercial loan requirements and are granted loans**

**Targeted media outlets successfully complete the developmental program and apply for loans.** IREX continued to utilize the program’s successful workplan development strategy throughout the life of CMSPA. For those applicants that were able to meet immediately the initial on-site examination and needs assessment criteria, the IREX and KPMG/Armenia developed and negotiated individual outlet’s custom-tailored workplans. Each workplan included training recommendations, outlet-specific consultancies, and organizational changes designed to grow their business sufficiently enough to allow them to progress to the loan application stage. These workplans provided each outlet with agreed upon and realistic performance timelines during which they should accomplish the specified goals.

The developmental program approach differentiated between “one year targeted” and “fast-tracked targeted” media outlets. Before the targeted media outlets that satisfied the initial site visits and needs assessment receive assistance, they had to commit to all the provisions of the developmental program including but not limited to workplan activities implementation and accepting the benchmarks to be achieved over the one-year period. Those outlets that successfully accomplished the goals specified in their custom tailored workplan and achieved an acceptable level of self-sustainability graduated from the developmental phase and were allowed to make loan application. However, the fast-tracked targeted outlets that passed the fast-track needs assessment were allowed to enter the loan application stage while they engaged in custom-tailored workplan activities and prior to the normal one year timeline. In all cases, workplans and their associated activities were negotiated prior to loan application, but the implementation of the workplan did not necessarily precede their loan application. It should be noted that all targeted outlets continued to be monitored after loan application.

As targeted media outlets successfully completed the developmental program (described under IR 1.1), IREX launched an initiative to position the potential borrowers as fully as possible to receive loans. IREX further engaged KPMG/Armenia to assist qualified targeted media outlets that reached the loan application stage to prepare for their presentations to the program’s partner lending banks. In September 2007, KPMG/Armenia performed the first loan application assessments for Starcom Media Vest Ad Agency, Tsayg TV, Lori TV, and Arka News Agency. Throughout the remaining program period, the KPMG/Armenia consultants worked with qualifying outlets to discuss and clarify requirements of loan provision and servicing procedures as well as and the loan application forms, including studying the media outlets’ various deliverables, such as business plans and other relevant documents. They met with the management of the media outlets to discuss and highlight the deficiencies in their loan application information packages and to agree on the course of action needed to improve the loan application information packages for each outlet. As a final step, KPMG consultants reviewed each final loan application information package prior to submission to the partner banks.

In early- to mid-2008, in order to streamline the loan application process, selected loans (up to US\$15,000) began to be fast-tracked. These loan recipients were selected for accelerated loan qualification based on their creditworthiness and strategic importance to the media sector. Special consideration was given to whether or not these loans had the potential to assist in the media outlet’s further development and foster workplan related advancement. In addition, these

“initial” loans allowed the media outlets and opportunity to create a credit history that will support their future application for more significant loans.

The following media outlets applied for and received program-supported loans:

Borrower	Loan Start Date	Loan Maturity Date	Loan Amount	Purpose
Abovyan TV	10/1/2008	10/1/2013	AMD 28,300,300	Remodel office premises, acquire TV equipment, relocate broadcast antenna to higher elevation
Noyan Tapan	6/27/2008	6/20/2013	AMD 60,000,000	Procure and install printing equipment
SIM Tpagratun	7/1/2008	6/20/2013	AMD 12,000,000	Purchase printing equipment (A2, offset, sheet-feed) and color management computer
Radio TC (Zangak TV)	12/12/2008	12/12/2013	AMD 6,000,000	Renovate office and procure/install TV equipment
Tsayg TV	1/14/2009	1/14/2012	AMD 5,000,000	Procure and install office heating system
Sirak (Hrazdan TV)	1/16/2009	7/16/2010	AMD 3,000,000	Acquire and install TV equipment
Qyavar TV	2/11/2009	2/6/2014	AMD 6,000,000	Purchase new digital transmitter and antenna array
Radio Van	11/17/2008	11/18/2013	AMD 21,000,000	Enter 99 year lease on office space, space renovation, purchase of office equipment/furnishings and digital equipment

In addition to these eight loan recipients, three more outlets improved their business management processes to the point that they met commercial guidelines and were qualified to apply for loans. All three potential borrowers (initial loans to Photolure and *Hingshabti* weekly and a second loan to SIM Tpagratun) were fully prepared to proceed to the loan application stage in early 2009. However, at the direction of USAID, IREX temporarily suspended its active loan process in spring 2009 and halted it completely in June 2009.

**Loan facility.** As originally conceived in its proposal to USAID, IREX planned to establish a USAID-funded media loan fund with an Armenian bank as the trustee. The bank would administer the funds, including executing and collecting on the loans to media companies on behalf of USAID (with IREX as USAID's representative or advisor). The advantage of this revolving facility was sustainability and long-term impact: a single infusion could have generated financing over extended periods, assuming it was properly managed. The fund would have been

replenished by reflows of principal and interest repayments and would have existed in perpetuity.

Eligible loans would have included media borrowing to improve operating efficiency and/or increase revenue. The loans would have been for both working capital (short-term loans up to two or three years), and for long term (over three years up to 20 years). The long-term loans were originally intended for the acquisition or development of assets with a useful life the same as the loan term, e.g. equipment, buildings, etc.

As originally intended, during the five year technical assistance period of CMSPA, in full consultation with USAID, IREX would identify an existing or establish a new foundation (or its NGO equivalent under Armenian law) to manage the media trust fund after the technical assistance program is over. The foundation/NGO board of directors would make all lending decisions relating to the use of the funds remaining in the trust after the end of the five year technical assistance period. IREX would train staff of the foundation/NGO to assume IREX's role at (or before) the end of the five year technical assistance.

However, at the end of the second program year, legal opinions brought into question the possibility that the Armenian government could interpret IREX's role to be one of an unauthorized "commercial" participant<sup>2</sup> if loan funding was accomplished under the program's initial foundation-centered scenario for funds flow. The situation was resolved by amending the funds flow scenario to include a US-based institution that would provide some separation between the IREX/CMSPA program and the loan funding activity.

Following conversations with USAID/Armenia, IREX and USAID agreed that establishing an Armenian foundation to manage the transfer of funds to local partner banks was no longer an appropriate mechanism. Thus, IREX and USAID agreed to a new approach that eliminated the need for an Armenian foundation and allowed the banks to receive deposits directly from a US-based separate institution which had an official representative in Armenia (ICD, or International Communications for Development, was established by IREX and registered with the Commonwealth of Virginia in January 2007). Under this scenario, ICD established a US-based escrow account (at PNC Bank) to house available loan funds; as directed by IREX's USAID agreement officer at the time, in 2006, IREX made an initial deposit into the IREX/ICD escrow account at PNC bank. As loans were approved by Armenian banks, ICD transferred the loan funds into a deposit account with the Armenian partner banks. These "deposits" earned interest and serves as loan pledges. Essentially, the new structure offered:

- A streamlined transfer process
- An elimination of the ancillary costs of running the Armenian foundation
- Stronger insulation of IREX insulates the program from charges of commercial activity
- Was preferred by the Armenian banks
- Had more built-in protection and offered punitive penalties against the banks in the case of default
- Eliminated the need for time consuming registration and government approval.

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<sup>2</sup> IREX in Armenia is registered as a representative office of an international organization and as such is barred from participating in commercial financing activities.

Once this structure was approved by USAID (March 2006), IREX began the competitive selection process for participating Armenian lending banks. An open announcement was placed in Armenian newspapers to request expressions of interest from all interested local banks. A roundtable was held to provide further details to all interested parties. Individual meetings were held with interested parties to determine their qualifications; a more targeted tender was then announced to qualified parties. The pre-tender roundtable and the tender itself helped explain the purpose and operational approach of the CMSPA-supported loan fund toward financing media companies. In particular, it clarified that CMSPA would help media companies prepare their financing proposals to participating banks and that it would provide capital to participate in the financing of up to 90% of the loan, if and only if the participating bank agrees to make a loan to the media company based on the bank's customary underwriting procedures and policies.

In April 2006, IREX received seven tender packages from Armenian commercial banks interested in participating in the CMSPA loan program. The selection committee consisted of three members: IREX/CMSPA's DCOP for Loans, IREX/CMSPA's Loan Project Coordinator and a TCGI consultant.

Prior to the committee session, each tender package was evaluated and individual summaries were prepared. The session resulted in a preliminary assessment of the packages. IREX sent individual letters to all bidding banks with questions related to their tender packages. In addition, all questions were published on the CMSPA's website. Upon analysis of the answers to these questions, IREX selected the two banks to participate in the loan program: INECO Bank CJSG and ARMINPEX (later Ameria) Bank.

The banks were selected on the basis of the grades they received from the selection committee. The "grading" system was specially developed to assess each applicant's qualifications rather than reputation. Each area of expertise was weighted as per the level of their importance for consideration. Selection committee conclusions were also informed by additional supporting documents and information submitted by banks in their applications.

In more detail, assessment criteria were divided into technical and business criteria. The selection committee considered weighted criteria, each with a corresponding group of sub-criteria: conflict of interest, capacity to assume lending risk, capacity to manage a loan portfolio, capacity to manage donor funds, and the financial standing of the bank. The group also incorporated weighted criteria that included: cost to media borrowers, net return to CMSPA, and risk share, each with a corresponding set of sub-criteria. Each sub-criterion in both groups was rated on a 1 to 5 scoring system, 1 being unacceptable and 5 being excellent. To construct a score, the selection committee determined the total points earned for technical and business criteria and then weighted these "raw scores" with corresponding technical and business capacity percentages. The end result was an overall total score and estimation of the total capacity of the applicant bank.

In addition to the scoring, the selection committee also developed a separate spreadsheet to determine the cumulative return on investment calculated for each bank. Special attention was given to the applicant's readiness to risk share and the extent of the bank's financial involvement. This spreadsheet provided a standardized method of showing the bank and Fund return per each bank.

Following servicing bank selection, IREX began drafting a legal agreement to serve as basis for the banks servicing the CMSPA-supported loans. IREX legal counsel in Armenia as well as TCGI consultants provided analysis and suggestions to be included in the agreement to make the expected document compliant with both Armenian regulations and internationally accepted standards.

Negotiations with the Armenian partner banks were extensive and time-consuming, involving multiple levels of each bank's management structure, IREX senior management, and legal counsel on all sides in Armenia and Washington. In the summer and fall of 2007, the agreements were finalized and executed. The signed agreements encompassed the terms of cooperation between IREX/ICD and the banks, including fees to be paid to the banks (a one-time loan origination fee accompanied by quarterly management fees), the banks' responsibilities toward borrower due diligence procedures, and loan default guidelines.

Concurrently with the partner bank selection and negotiations, TCGI drafted a loan management handbook which outlined the procedures for originating and monitoring the program-supported loans. Generally speaking, this process was:

- a. *Develop a concept report:* following successful completion of CMSPA's developmental program (see IR 1.1 above), IREX staff in Armenia, in consultation with the prospective borrower, developed a concept report which outlined in preliminary terms the purpose of the loan that the borrower envisioned.
- b. *Review of concept report by IREX/ICD Credit Review Board (CRB):* once completed in the field, IREX/CMSPA loan specialists forwarded the concept report for initial review and approval to proceed to the next stage. The IREX/ICD Credit Review Board consisted of: TCGI (which assessed the financial position of the prospective borrower), IREX/DC program staff (Linda Trail, who assessed the loan in terms of viability in terms of overall media development objectives and managed the CRB process), and IREX/DC financial personnel (IREX's chief financial officer, Michael Lavelline, who provided accounting analysis).
- c. *Loan facilitation report developed:* following CRB approval of a borrower's concept report, IREX staff in Armenia, again in concert with the prospective borrower, developed a loan facilitation report. This report provided extensive information on issues including the borrower's organizational history, financial position, and analysis of the projected impact of the prospective loan on the borrower's overall revenue stream and financial position. After its review, the CRB forwarded any questions or clarifications to Armenia to be addressed with the borrower.
- d. *Borrower referred to potential lender:* Following CRB review and approval of the loan facilitation report, the CRB provided formal authorization to the ICD representative in Armenia (CMSPA chief of party Bob Evans) to refer the borrower to one of the program's partner lending banks.
- e. *Borrower applies for loan:* Following CRB authorization, the ICD representative in Armenia referred the potential borrower to a program lending bank to file a formal loan application and the bank would initiate its own internal due diligence and review process. IREX notes that it removed itself from the banks' internal loan application and review processes.
- f. *Loan given:* Following the banks' formal application and review procedures, they made a formal decision on executing the loan and signed loan agreements directly with each borrower. Assuming a positive result, IREX/ICD transferred the loan principle amount to its account in the appropriate partner lending bank in Armenia. The CMSPA loan

principle was held in a special holding account at the bank. As principle payments were made by the borrower, a corresponding amount was “transferred” from the ICD holding account to a “reflow” account (which also held the interest payments).

- g. *Loan monitoring:* Under the terms of its agreements with the partner banks, IREX staff in Armenia actively monitored each loan performance. The banks submitted quarterly loan reports, which were reviewed by IREX personnel in Armenia and Washington, DC. IREX loan experts in Armenia regularly liaised with the partner banks to troubleshoot any potential or actual loan repayment issues.

**Post-CMSPA loan management.** As noted above, the original vision of the loan program was that it would serve the media sector for many years following the conclusion of the original five-year CMSPA cooperative agreement period. However, in early 2009, the program’s last envisioned year, USAID informed IREX that USAID would not be fully funding IREX’s cooperative agreement. The cooperative agreement’s original program description and budget envisioned \$2.2 million of program funds going into the loan fund; at the direction of USAID, IREX made an initial deposit in 2006 of about \$900,000 into escrow at PNC Bank in Washington, DC for this purpose. The subsequent reduced funding of IREX’s cooperative agreement ceiling meant that the originally envisioned \$2.2 million program fund investment into the loan mechanism would not be possible and thus created a scenario that lacked the economy of scale to maintain the loan fund mechanism long-term as originally envisioned. Additionally, even after the conclusion of the fifth year, most of the program-supported loans were still in the early stages of repayment, with years left before they are paid off.

In June 2009, IREX submitted a loan options concept paper which outlined three possible scenarios for managing the program-supported loans after the September 27, 2009 close of CMSPA, which was under review at USAID until late July. In July 2009, IREX met with USAID technical, legal, financial, and contractual personnel in Yerevan to further discuss loan management options post-program. At that time, USAID informed IREX that it was investigating the possibility of transferring the CMSPA-supported loans to an on-going U.S. Department of Treasury loan facility which would take over management and oversight of them. This option remained under review by USAID until weeks before the scheduled end of CMSPA before it was determined that the Department of Treasury option was no longer possible.

Late in the afternoon of September 25, 2009, IREX received direction from its USAID agreement officer on managing the CMSPA-supported loans after the program closed on September 27. This direction specified:

- USAID will not extend the Cooperative Agreement, provide additional funding, nor reimburse costs associated with this program or the loan guarantee accounts after September 27.
- USAID will not forward fund costs anticipated after September 27 for this IREX program or management/oversight of the IREX loan guarantee accounts. Prepayment of such costs is precluded.
- USAID authorizes IREX to retain ownership of the funds (in the Armenian banks only) that are currently guaranteeing outstanding media loans.
- USAID authorizes IREX to retain ownership of the funds (in the Armenian banks only) that are proceeds from repaid media loan principal and interest on those loans.
- Any USAID funds on deposit in the Armenian banks pending disbursement as media loans (excluding 3 and 4) must be returned to USAID. No new loans may be made with USAID funds.

- IREX must agree to use the funds that it will retain (3 and 4) for the purposes of the Cooperative Agreement.
- In its final report for this Agreement, IREX will include detailed information on the status of the accounts as of the last day of the Agreement.
- At least once a year, IREX will report the status of the funds and confirm to USAID/Armenia that the funds are being used in a manner consistent with the purposes of the Cooperative Agreement.

Following the receipt of this direction, IREX began putting in place structures and procedures to manage the CMSPA-supported loans until the last one is paid off (approximately 4.5 years after the close of CMSPA). IREX/ICD will maintain a limited, discrete loan management role until the final CMSPA loan is paid-off. IREX/ICD retains obligations in Armenia related to the program-supported loans that necessitate it remaining legally involved in the loan management process.

A key issue in the post-program loan management will be ensuring to the greatest extent possible that the lending banks have no need to initiate collection activities if a borrower goes into default, thus weakening the Armenian media sector. IREX notes that within weeks of CMSPA's closure, two borrowers (Noyan Tapan and Abovyan TV) became delinquent in making payments on their program-supported loans. After intervention and discussion with the Armenian lending banks and the media outlets themselves, the delinquent payments were made. As of the time of writing this final program report, all CMSPA-supported loans were current.

As directed by USAID, IREX will report annually to USAID on the overall status of the loans and on an as-needed basis if a program borrower fully defaults on their obligations. IREX will monitor loan repayments over the next year and make recommendations to USAID as to when and how to begin dispersing "reflow" funds to support the Armenian media sector.

IREX had earlier transferred remaining funds on deposit in the ICD escrow account at PNC Bank back to the U.S. government, and in October it closed this account and opened a regular business account. Loan repayment funds (principle and interest) being held in "reflow" accounts in the Armenian partner banks were transferred to the ICD business account. Additionally, IREX put in place on-going post-program loan management and monitoring procedures.

As directed by USAID on September 25, below is detailed information of the status of the IREX/ICD accounts held in the program's associated accounts at the Armenian partner banks.



14.10.2009 No. 1357

**ՏՈՒՆԵՐ**

Միջազգային արժույթի ՍՊՈՋԵՐԱԼ ՍՊՈՋԵՐԱԿԱՆ ԿԱՌՄԱՆՈՒԹՅԱՆ ԿԱՌՄԱՆՈՒԹՅԱՆ ՀԱՄԱՐ ԿԱՌՄԱՆՈՒԹՅԱՆ ԿԱՌՄԱՆՈՒԹՅԱՆ ՀԱՄԱՐ 205002000771 հաշվառման արժույթի 27.09.2009 թ-ի դրությամբ հաշվառման կազմակերպությունը:

**REFERENCE**

This is to certify that INTERNATIONAL COMMUNICATION FOR DEVELOPMENT holds an account 205002000771 with INECOBANK CJSC Yerevan, RA. The balance of the above-mentioned account as of 27.09.2009 amounts:

հաշվառման կազմակերպության անունը	հաշվառման կազմակերպության հաշվառման համար	արժույթի միավոր	Հաշվառման կազմակերպության կողմից
Ազգային արժույթի հաշիվ Current account	2050020007711101	AMD	52,832,322.00
	2050020007711102	AMD	3,970,848.50
	2050020007711103	AMD	5,470,025.45
	2050020007711104	AMD	4,265,826.07
	2050020007711105	AMD	2,059,073.30
Շրջանային հաշիվ Current account	2050020007711001	AMD	19,538,394.00
	2050020007711020	USD	3,072.51

Տեղեկությունները ստորագրված են հաշվառման կազմակերպության կողմից:

This reference is given for representation by request.

Chief Executive Officer

Միջազգային Կոմիտեի



A. Babayan

J. Babayan

Acting Chief Account

Հաշվառման կազմակերպության



S. Stepanyan

S. Stepanyan

AMERICA BANK

Հաշիվների մնացորդներ 27.09.2009թ.			
Քաշիվ	ԱՍՎանում	Արժ.	Կրեդիտ
03574320100	ԶԱՐԳԱՑՄԱՆ ՍԻՋԱԶԳԱՅԻՆ ԿԱՊԻՏ ԿՈՐՊՈՐԱՑԻԱ	000	8,035,808.20
03574320101	ԶԱՐԳԱՑՄԱՆ ՍԻՋԱԶԳԱՅԻՆ ԿԱՊԻՏ ԿՈՐՊՈՐԱՑԻԱ	001	11,012.23
33610010700	ԶԱՐԳԱՑՄԱՆ ՍԻՋԱԶԳԱՅԻՆ ԿԱՊԻՏ ԿՈՐՊՈՐԱՑԻԱ	000	24,054,999.70
33610010800	ԶԱՐԳԱՑՄԱՆ ՍԻՋԱԶԳԱՅԻՆ ԿԱՊԻՏ ԿՈՐՊՈՐԱՑԻԱ	000	17,850,000.00
33610010900	ԶԱՐԳԱՑՄԱՆ ՍԻՋԱԶԳԱՅԻՆ ԿԱՊԻՏ ԿՈՐՊՈՐԱՑԻԱ	000	5,400,000.00



**Linda Trail**

**From:** Sona Petrosyan [sonaalex@msa.lru]  
**Sent:** Thursday, November 19, 2009 6:51 AM  
**To:** Linda Trail  
**Subject:** Fw: ICD account balances from Ameria as at 27Sep

here are the balances, now will find a hard copy scan and send -----Original Message-----  
**From:** Sona Petrosyan <sonaalex@mail.ru>  
**To:** Linda Trail <ltrail@irex.org>  
**Date:** Fri, 23 Oct 2009 16:14:11 +0400  
**Subject:** ICD account balances from Ameria as at 27Sep

> Dear Linda,  
 >  
 > Please find below the ICD account balances from Ameria as at 27Sep as required (the scan and hard copies will follow later for your records):  
 >  
 > AMD Current Account 8,035,608.2  
 > USD Current Account 11,012.23  
 > Three AMD Deposits 24,054,999.7  
 > 17,850,000.00  
 > 5,400,000.00  
 >  
 > First two lines are so called "extra funds", first in AMD, second in USD. Lines 3 - 5 are deposits - amounts pledged as collateral in AMD.  
 >  
 > You can always check ebs.am site for the foreign exchange rates.  
 >  
 > Best,  
 > Sona.  
 >

### IR1 CMSPA Program Indicators<sup>3</sup>

**Result 1:** Armenian media outlets apply for entry into the targeted developmental loan program.

**Indicator:** Number of outlets that have applied for program entry.

**Program's CA Goal:** 20

**Baseline:** N/A

**Year One:** 12 (Ijevan Studia, Tekhnopolis Ltd, Shant TV, Noyan Tapan, Sevan Newspaper, Lori TV, Fortuna TV, Tsayg TV, Radio Hay, Gala TV, Mig TV, Arka)

**Year Two:** 5 (Cumulative 17) (ArmeniaNow, Hrazdan TV, Kyavar TV, Starcom Media Vest, STV1)

**Year Three:** 3 (Cumulative 20) (City FM, Kumayri Newspaper, SIM Tpagratun).

**Year Four:** 14 (Cumulative 34) (Lragir.am, Nork publication, Vardadzor Monthly, Peri publication, Syunyats Yerkir, Media Group, Radio Van, Abovyan TV, Zangak TV, Photolur News Agency, Shrijapat weekly, Kamq + monthly, Sosi TV and Shrijadardz monthly).

**Year Five:** 4 (Cumulative 38) (Hingshabti weekly, Monarch TV, Khustup TV and Tsiatsan Newspaper)

**End of Program Indicator Assessment:** Cumulatively, 38 Armenian media outlets applied for entry into CMSPA's targeted developmental loan program, exceeding the program's cooperative agreement goal of 20 by 18 outlets.

**Result 2:** Armenian media outlets participate in the targeted development program.

**Indicator:** Number of outlets that agree to an on-site examination and meet program requirements.

**Program's CA Goal:** 20

**Baseline:** N/A

**Year One:** 10 outlets entered the targeted development program (Shant TV, Noyan Tapan, Sevan Newspaper, Lori TV, Fortuna TV, Tsayg TV, Radio Hay, Gala TV, Mig TV, Arka).

**Year Two:** 5 (cumulative 15) targeted media outlets entered the developmental program (ArmeniaNow, Hrazdan TV, Kyavar TV, Starcom Media Vest, STV1).

**Year Three:** 2 (Cumulative 17) targeted media outlets entered the developmental program (Kumayri Newspaper, SIM Tpagratun)

**Year Four:** 10 (Cumulative 27) targeted media outlets entered the developmental program (Syunyats Yerkir, Media Group, Radio Van, Abovyan TV, Zangak TV, Photolur News Agency, Shrijapat weekly, Kamq + monthly, Sosi TV and Shrijadardz monthly).

**Year Five:** 2 (Cumulative 29) targeted media outlets entered the developmental program (Khustup TV, Hingshabti weekly)

**End of Program Indicator Assessment:** Cumulatively, 29 Armenian media outlets agreed to allow an on-site examination and met program requirements, exceeding the program's cooperative agreement goal of 20 by 9 outlets.

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<sup>3</sup> Over the five year history of CMSPA, IREX conducted annual program indicator studies and provided the results to USAID/Armenia. Although not required by its cooperative agreement, IREX complied with a request from USAID/Armenia technical staff to provide semiannual updates to program indicators. At the midway point of the program and as mandated in its cooperative agreement with USAID, IREX contracted with Social Impact to conduct an external assessment of CMSPA; results of this review were provided to USAID.

**Result 3:** Armenian media outlets meet developmental program requirements and pass KPMG needs assessment.

**Indicator:** Number of outlets who successfully meet program requirements and enter workplan development stage.

**Program's CA Goal:** At least 10 outlets move into the workplan development program.

**Baseline:** N/A

**Year One:** 3 (Shant TV, Radio Hay, Tsayg TV)

**Year Two:** 4 (Cumulative 7) (Lori TV, Arka, Noyan Tapan, MIG TV)

**Year Three:** 3 (Cumulative 10) (Armenia Now, Starcom Media Vest, STV1)

**Year Four:** 8 (Cumulative 18) (Hrazdan TV, Kyavar TV, Sim Tpagratun, Syunyats Yerkir, Media Group, Radio Van, Abovyan TV and Zangak TV)

**Year Five:** 5 (Cumulative 23) outlets pass needs assessments and move on to workplan development during the fifth year (Photolure News Agency, Shrijapat weekly, Sosi TV, Khustup TV and Hingshabti weekly).

**End of Program Indicator Assessment:** Cumulatively, 23 Armenian media outlets met CMSPA program requirements and entered the workplan developmental stage, exceeding the program's cooperative agreement goal of 10 by 13 outlets.

**Result 4:** Media outlets advance sufficiently to meet loan application requirements.

**Indicator:** Number of outlets that meet loan application requirements.

**Program's CA Goal:** At least 10 outlets are qualified to apply for loans over the four-year life of the program.

**Baseline:** N/A

**Year One:** N/A

**Year Two:** N/A

**Year Three:** N/A

**Year Four:** 13 outlets are qualified to apply for loans (Radio Hay, Tsayg TV, Lori TV, Arka, Noyan Tapan, Starcom Media Vest, SIM Tpagratun, STV1, Zangak TV, Hrazdan TV, Kyavar TV, Abovyan TV and Radio Van)

**Year Five:** 3 (Cumulative 16) outlets are qualified to apply for loans during the fifth year (Khustup TV, Hingshabti weekly and Photolure News Agency).

**End of Program Indicator Assessment:** Cumulatively, 16 Armenian media outlets met CMSPA loan application requirements, exceeding the program's cooperative agreement goal of 10 by 6 outlets.

**Result 5:** Successful media outlets are offered loans.

**Indicator:** Number of loans offered

**Program's CA Goal:** 10 loans are offered over the life of the program.

**Baseline:** N/A

**Year One:** N/A

**Year Two:** N/A

**Year Three:** N/A

**Year Four:** 8 loans are offered (Tsayg TV, Noyan Tapan, SIM Tpagratun, Zangak TV, Hrazdan TV, Kyavar TV, Abovyan TV and Radio Van).

**Year Five:** IREX had originally planned to support 3 additional loans (for a cumulative total of 11 program-supported loans) in the last year of the program (Photolure News Agency, a second loan to SIM Tpagratun, and Hingshabti weekly). However, at the direction of USAID in early 2009, IREX suspended all loan program activities, thus limiting the total number of program-supported loans to 8.

**End of Program Indicator Assessment:** Cumulatively, 8 Armenian media outlets received program-supported loans. *As noted above, IREX had been in the process of working with its Armenian partner lending banks to provide 3 additional loans in year five of CMSPA but suspended this process at the direction of its USAID agreement officer in early 2009.*

**Result 6:** Borrowers meet repayment terms

**Indicator:** Number of outlets that pay on-time

**Program's CA Goal:** 8 outlets pay on-time over the life of the program

**Baseline:** N/A

**Year One:** N/A

**Year Two:** N/A

**Year Three:** N/A

**Year Four:** 100% of the Media Outlets that accepted the loans pay on-time.

**Year Five:** 100% of the Media Outlets that accepted the loans pay on-time.

**End of Program Indicator Assessment:** Although IREX planned to refer a total of 11 potential borrowers to the program's partner lending banks (which would have fulfilled the program's CA goal of 10), ultimately 8 Armenian media outlets received program-supported loans, and they were all up-to-date on their loan payments at the close of CMSPA.

## ***IR 2: Targeted Media Use Market Research***

**IR 2.1 Independent media use market research.** IREX/CMSPA undertook major media market and ratings initiatives throughout the five year life of program. Major initiatives are outlined below.

**Yerevan-based television ratings research.** In the first year of CMSPA, IREX make a tender announcement regarding the selection of a ratings research organization for a 120 household Yerevan pilot program in November of 2004, with the winner, the Armenian Sociological Association (ASA), chosen in early 2005. The one-year pilot program started in June 2005. The project was designed to demonstrate ASA's ability to perform within acceptable standards and to provide a one year learning curve prior to implementing the critical national ratings project. During the probationary period, ASA received training on the subtleties of performing TV ratings research that met international standards and best practices. This "learning curve" applied to ASA and extended to media outlets' (including advertising agencies) acquisition of necessary skills to utilize research data as well as building advertiser confidence. Throughout August 2005, IREX worked with ASA and their IPM partner in Georgia to verify the integrity of TV ratings pilot program and launch TV ratings diary panels in Yerevan. While no data was available for public dissemination until after the system is certified by a KPMG assessment in December 2005, the diary panels started providing television audience data at the close of the reporting period. On September 22, IREX announced a tender for TV monitoring in support of the Yerevan-based pilot TV ratings project and, as a secondary goal, to assist TV managers in tracking any possible unauthorized broadcast of advertising spots by company employees.

The final report on the results of the beta test was submitted to IREX by Armenian Sociological Association (ASA) on November 25, 2005. The beta test covered a period from August 2005 thru September 2005. However, it was found that timeframe for the beta test was reduced by 30%. On November 30, 2005, the final report on the diary panel for September was submitted to IREX. In addition, regular monthly summary ratings reports had been submitted starting in September 2005. These summary reports were a collection of the weekly reports that have been supplied to all media outlets since the official launch on December 2005.

IREX took several proactive measures with ASA in order to better control the diary completion process. Respondents should be selected by random sample. When interviewers visited their respondents, they looked at three control parameters: placement of diaries (diaries should lie near the TVs), diaries cannot be filled in advance, and TV viewing during previous days should be marked. Monthly reports were also to include information about the results of diary filling control based on above mentioned three control parameters.

In early 2006, Natalia Baukina, a leading consultant from KPMG Russia, visited Yerevan to conduct an assessment of the Television Audience Measurement methodology applied by the Armenian Sociological Association (ASA) and the Institute for Polling and Marketing (IPM). She reviewed the methodology, compared it with industry best practices, and conducted an in-depth investigation to ensure that the research meets international standards and is an accurate representation of the diary information. The assessment also checked the demographic make-up of the diary panel, the accuracy of the reporting of the data recorded in the diary panels, and the credibility of the system in general.

During April 2006, IREX continued to provide its clients with information about the demographic composition of the Yerevan TV viewing audience, with a focus on age, gender, social status, income level, occupation, marital status, etc. IREX provided its clients with ratings data for all 22 channels broadcasting in Yerevan and provided TV outlets with custom tailored ratings reports that would meet their programming decision needs.

During July 2006, IREX provided its clients with the final data from the pilot diary program. During the seven months since the ratings were publicly launched, the IREX/CMSPA research department had more than 90 visits from individual clients. This included multiple visits by advertising agencies such as Twiga ad agency (18 visits) and Starcom Media West ad agency (10 visits).

The program was credited with:

- Growing the advertising market from US\$4 million per annum to an estimated US\$40 million per annum and growth continues.
- Fostering the adoption of audience-based management across all elements of the broadcast sector and much of the remaining media sector.
- Attracting a global alliance partner (AGB) who invested US\$800,000.
- Expanding the initiative to nationwide state-of-the-art peplemeter-based data collection.
- Achieving both privatization and self-sustainability by funding the entire project through subscription revenues. AGB has assumed all program expenses and will continue to run the national ratings system as a private and self-sustainable initiative supported by subscriptions from advertisers, agencies and broadcasters.

In July 2006, a final report on Market Research TV Ratings Project was submitted to IREX by the Armenian Sociological Association for acceptance. The program was merged with AGB Nielsen's current worldwide operations and was expanded to provide nationwide data in Armenia.

During the nine months that CMSPA provided television ratings data, 4,527 diaries were collected from the respondents.

**National ratings research.** Based on the success of the Yerevan-based ratings initiative, IREX began implementing plans to expand the program to a national level. IREX began expanding the Television Audience Measurement (TAM) system into a national ratings system in June 2006.

IREX received four applications to participate in the national ratings project tender and examined all tender applications for choosing a research organization which would conduct research on national television ratings and Yerevan television monitoring. Only three of the four research organizations submitted answers and explanations to best and final questions. As a result of this process, IREX selected TV MR AM, a division of IPM and TV Monitoring AM, to conduct the expanded ratings initiative. The organization is also associated with the AGB Neilson, a strategic investor in the ratings program which had invested \$400,000 in peplemeters for the Armenian market. Contract negotiations were concluded in May 2006.

In January 2007, KPMG/Russia submitted a final report on the TAM (Television Audience Measurement) and the TV Monitoring system assessment. The final report found that the TAM system implemented by TV MR AM in Armenia operated in compliance with established international TAM methodology and best practices. According to best practice recommendations related to reporting, TV MR AM used high-quality software with a high level of flexibility to produce a wide range of final ratings and reporting formats. However, for the next survey KPMG/Russia recommended that TV MR AM increase the size of the sample panel to at least 180 households.

TV Monitoring AM provided TV monitoring services in Yerevan using the advanced international peplemeter technology. TV Monitoring AM performed monitoring of daily grids in line with the best practice: Broadcast time was divided into separate events; TV programs were classified according to applied categories; all the information on broadcasts was backed up and stored for a specific period of time; and double checking is performed for advertising spots. The KPMG review did not disclose any significant discrepancies between the TV monitoring process performed by TV Monitoring AM and the TV monitoring standards used in best practice. Thus, in general, TV Monitoring AM provided TV monitoring services in Yerevan following the international standards. However, the following discrepancies were identified:

- It was recommended to keep tracks of ads of questionable nature broadcast on TV channels regarding the tobacco and strong alcoholic beverages which are against the current Advertising Law of Armenia amended in 2002.
- It was recommended to extend the archiving period for keeping the monitoring database from 2 to 4-5 months in order to decrease the risk of breaching the contract obligations related to providing the sound evidence of its high quality services;
- It was recommended to certify the TV monitoring services provided to the clients during a certain period of time by issuing the Certificate/ Affidavit of Monitoring Services and providing it to the client as the evidence of high quality and compliance with the contract obligations;
- It was recommended to include in the text of a contract with clients the clients' obligation to keep/ hire in its staff the qualified/ certified personnel as the key contact person(s) for working with Arianna software.

In February 2007, IREX signed two contracts--one for Yerevan TV monitoring and the other for National TV ratings services--were signed with TV Monitoring AM and TV MR AM.

Based on the agreement, TV MR AM was to provide IREX with national TV ratings data for Armenian TV channels corresponding to accepted international technical standards. The ratings data for the eight TV channels--which were on the current client list of TV MR AM (H1, Shant, Dar21, ArmenAkob, NorAlik, Yerkir Media, Russian First, and Rossia)--were provided daily and integrated into the analytical software Arianna. The ratings data for the rest of the channels will be provided in monthly quarter-hour reports in Excel format. Regional TV ratings services have been implemented in all ten marzes of Armenia divided into four regions (Region 1 - Lori/Tavush, Region 2 – Aragatsotn/Armavir/Shirak, Region 3 - Gegharkunik/Kotayk, Region 4 - Vanadzor/Ararat/Synik).

IREX continued to monitor television advertisements 24 hours a day, seven days a week. TV Monitoring AM provided TV monitoring services for Yerevan TV channels corresponding to accepted international technical standards. The monitoring data for the 10 TV channels, which were on the current client list of TV Monitoring AM (H1, H2, Armenia, Shant, Dar21, ArmenAkob, NorAlik, Yerkir Media, Russian First, and Rossia) were provided weekly, integrated into analytical software Arianna. The monitoring data for the rest of the channels was provided in monthly reports in Excel format.

**Targeted regional research (television and radio)[TRR].** With the merger of the IREX/CMSPA television ratings system into AGB Nielsen's overall ratings research, program resources were freed up. In late summer 2006, IREX subsequently reallocated these funds and used them to support both radio and targeted media in the regions. This initiative provided media outlets with much needed, custom tailored research and was used to verify the data supplied by the newly launched AGB Nielsen peplemeter system. The first phase of this initiative was conducted in Gyumri for radio and television audience measurement as well as the identification of marketing strategies as they apply to the unique regional makeup. The pilot initiative offered a unique proactive approach wherein media outlets participated in both the design and implementation of the project. Consultants were embedded in various outlets and worked actively with programming and marketing personnel to maximize the impact of the initiative. The Gyumri project was also used to produce a practical working template for the broader tender announced in September 2006.

In September 2006, IREX announced a tender for identifying a qualified research organization to conduct additional targeted research for regional media outlets. The project was designed to help outlets adopt and practice audience-based management, present their products' advantages to advertisers, and strengthen their position as a network affiliates. The research process further fostered the adoption of audience-based management in the regions. Radio research served to provide the first data that corresponded to international standards and television research complemented existing program elements. IREX involved the regional outlets in every facet of the targeted research. IREX engaged in training activities before and after the research data was made available and included outlets in the development and execution of the research projects so that the targeted outlets not only understood the data but were also able to adopt the appropriate business strategies and engage the feedback cycle. To this end, research consultants conducted on-site trainings for regional outlets before, during, and after the actual research is conducted.

Following KPMG/Russia's final assessment of the national television ratings system, KPMG/Russia specialist Natalia Baukina agreed to train the KPMG/Armenia team to conduct assessments of targeted ratings research. Since advertisers' confidence has been important to the success of the TRR initiative, media outlets felt that it was necessary to reinforce the validity of the original data by providing independent certification. IREX, with the assistance of KPMG/Russia, trained KPMG's Armenian staff in the use of the appropriate methodology necessary to conduct independent certification of the targeted regional research. The fact that targeted regional TV and radio outlets expressed their need for certification of the various reports in order to bolster the perceived credibility of the data with advertisers is very encouraging and demonstrates a newfound level of sophistication. This is an example of the impact of IREX's work with the targeted media outlets and clearly demonstrates the value-added impact of long-term training, on-site consultancies, and embedded researchers combined with a stream of credible and useable research.

On August 17, 2007, KPMG/Armenia started its assessment of the IREX targeted regional research project conducted under contract by Marketing Communications (MC) in eight cities of Armenia: Spitak, Hrazdan, Sevan, Gavar, Gyumri, Vanadzor, Ashtarak and Stepanavan. The assessment was initiated to ensure that MC followed acceptable research standards and practices. KPMG studied the various research elements of TRR to verify that MC used the most reasonable methods and has consistently followed its proposed research methodology throughout the TRR. The KPMG assessment team was tasked with verifying the compliance of the TRR with the MC's methodology on the basis of sample testing to disclose whether the following research components complied with the stated MC's methodology:

- Sampling (representativeness, sample size, sampling method, sampling error);
- Data collection (interviewers' training, field control);
- Data coding and entry;
- Data processing; and
- Data reporting.

KPMG studied research elements of TRR to verify that MC incorporated the most reasonable methods, followed its research methodology and consistently applied the standards during the TRR.

KPMG's final assessment report contained the following recommendations:

- During pre-testing, MC should conduct interviews with respondents, prepare status reports, and communicate those to IREX. The pre-testing stage should be conducted as a beta test that is used to improve the survey instrument.
- MC should be more transparent by providing its methodology for calculating the sample size as well as appropriate references of existing best practices with regards to sampling parameters (sampling error, confidence level and confidence interval).
- MC should have on file the CVs of interviewers or, as a substitute, obtain written confirmation from its regional supervisors certifying that only experienced, well trained and appropriately skilled interviewers conducted the surveys.
- MC should provide IREX with training participant attendance lists and ensure that all participating supervisors sign as evidence of having attended the training.
- MC should closely follow the quality control targets set by the methodology and ensure that regional supervisors assume personal responsibility for the achievement of these targets.

Particularly for quality control purposes, MC should have required its regional supervisor to provide supporting documents and/or status reports on the quality control procedures performed.

- The data entry control list should be complete in terms of the complete traceability of each questionnaire entered into the SPSS data file with the data entry specialist.
- MC should ensure that a double-entry approach be used to check the quality of data entry. However, it is worth mentioning that while double entry will improve the quality of the product, it will also increase the cost.

In early 2008, IREX launched a second round of targeted regional research; the goal of the second round of this research project, primarily targeting regional broadcast media, was to further strengthen advertiser confidence in the burgeoning regional market. Advertisers were supplied with a constant flow of fresh research that has served to reinforce the original findings and trend analysis. It also helped advertisers feel that their purchase decisions were based on continuous and predictable behavior patterns, upon which they can reliably invest. Marketing Communications (MC) measured audience knowledge/awareness of individual TV/radio broadcasters, availability (reception of stations), and quality of reception. TV/radio viewing/listening behavior was also measured by time segments, evaluation of different media channels by different criteria, evaluation of programs, ad perceptions and awareness, lifestyle and consumption, demography and demographic segmentation. In February 2008, MC completed 2,757 interviews for this second phase in the following cities: Spitak, Hrazdan, Sevan, Gavar, Gyumri, Vanadzor, Ashtarak, and Stepanavan. In March 2008, IREX published its second in a series of reports from the program's targeted regional broadcast research project.

In April 2008, a symposium was held for directors and heads of advertising departments from nine Armenian TV and radio stations on targeted regional broadcast research. The symposium was conducted by IREX/CMSPA consultant Petros Petoyan, director of Marketing Communications (MC). Petoyan presented IREX's latest research results and methodology and offered an analysis of the data and an evaluation of general media behavior in Armenia. The research was conducted in the cities of Armenia by sampling households and respondents, processing the data collection, inputting the data into SPSS, and finally analyzing it.

The participants discussed both the results of the radio research (signal reception, listening habits, markets, and audience attitudes) and the television research (viewing habits, audience awareness of TV channels as brands, most viewed/trusted programs and reporters/announcers, and regional differences in program popularity) during the symposium. IREX also provided targeted regional broadcast outlets with both electronic and hard copies of reports and presentation materials. Up-to-date research findings have become important management tools for targeted broadcast media outlets and limited internet access makes such distribution critical. The entire research project was designed in a way that helps broadcast outlets move towards better serving TV viewers' and radio listeners' needs. The goal of the research was to provide regional outlets with a better understanding of how research is developed and used. The broadcasters have embraced the concept of audience-based management techniques that discipline media outlets to structure their programming with a priority to meeting viewers/listeners' needs and attracting advertisers.

The symposium was followed up by a KPMG Armenia assessment of the research project in May to ensure that MC followed prescribed research standards and practices. The report will

describe the main results, observations and conclusions of the assessment, in particular regarding MC's methodology and compliance with the stated methodology through sample testing.

In July 2008, KPMG/Armenia provided IREX with an assessment of the program's Targeted Regional Research 2 (TRR 2) initiative, implemented by Marketing Communication (MC). The TRR 2 project is an ongoing series of research initiatives that cover eight Armenian cities (Spitak, Hrazdan, Sevan, Gavar, Gyumri, Vanadzor, Ashtarak and Stepanavan). KPMG/Armenia was asked to review the research methodology, including sampling, data collection, interviewers' training, field control, data coding, data entry, data processing and data reporting, with the overall objective being to verify that MC used reasonable methods, followed the prescribed research methodology, and consistently applied it during the TRR 2.

The key findings of the TRR 2 assessment were as follows:

- MC has generally, applied the prescribed research methodology during the data collection, entry and processing.
- The company had recruited new interviewers for the TRR 2 project. Only those interviewed who demonstrated good performance during the previous TRR were selected for the TRR2.
- The questionnaire for the TRR 2 project has mainly remained the same, except for changes made in accordance with comments received from IREX and/or changes agreed with IREX based on previous experience and comments received from the targeted media outlets.

**National print survey.** In December 2008, independent research consultants Samson Mkhitarian and Artur Mkrtychyan conducted a national survey designed to focus on the evaluation of print media's impact across 15 cities in 10 marzes of Armenia (Talin, Ashtarak, Artashat, Etchmiadzin, Sevan, Hrazdan, Vanadzor, Spitak, Gyumri, Artik, Goris, Kapan, Sisian, Noyemberyan, Yeghegnadzor) and Yerevan. The sample size of the survey was 3,000 individuals with a sampling error of +/-1.6%. While this national study focused on print, it also contained a small sampling of broadcast questions. These broadcast questions were used to track trends between the national semi-annual broadcast surveys that used to occur 90 days before the national print survey but were curtailed when unforeseen obligation shortages forced the program to cut expenses.

**Media monitoring.** The Yerevan-based media monitoring program, which complemented IREX's television ratings project, started providing important information to the media sector. Beginning in January 2006, the organization TV Monitoring AM provided IREX with weekly reports on advertising data per channel, certifying not only the occurrence of specific advertisements but also their actual air time and duration. These reports can be used by broadcasters, advertising agencies, and other advertisers to provide certification that ads ran as planned and can be used for market and competitive analysis.

At the request of IREX, TV Monitoring AM installed their analytical software at the IREX office in Yerevan to enable IREX to provide interested organizations with ratings data on daily basis.

In February 2006, IREX got agreement with TV Monitoring AM to add one more channel (Channel 9) to the eight channels they were already monitoring.

Throughout the bulk of the remainder of CMSPA, TV Monitoring AM continued to provide IREX with weekly reports on advertising data per channel certifying not only the occurrence of a specific advertisement according to media plan but also its actual time and duration for the use of broadcasters, advertising agencies and advertisers.

Based on this monitoring data, IREX found that advertising minutes made up more than 10 minutes (600 seconds) per hour for majority of the monitored channels. However, according to the Law on Advertising, advertising is prohibited to be more than 10 minutes (600 seconds) in an hour. In addition it was found that along with the improved advertising revenue, broadcasters had dramatically increased the illegal insertion of alcohol and tobacco advertisements.

## **IR 2.2 Independent media use increasingly sophisticated business management techniques**

**Media outlets trained to use ratings research.** With the advent of Yerevan-based, national, and targeted regional research efforts, IREX launched a comprehensive and extensive training initiative for media outlets and advertising agencies on issues including: building buy-in to ratings as a management tool, raising the economic impact of increased international advertiser confidence, use of focus groups, and evaluating general media behavior. Training formats included group training, symposiums, internships, and on-site consulting. In latter program stages in order to take full advantage of the newly available internal research capacity and the regional ratings data, targeted members of the media sector were trained in the use and utility of this research. Thus, IREX launched an embedded research program that helped media outlets to understand the process of harvesting and using audience research, which enabled outlets to develop independently and use their own research. From content development to advertising sales, feedback mechanisms needed to remain an integral part of the process.

Marketing Communications (MC) research consultants conducted pre-survey training in late November of 2008 and post-survey follow-up evaluations in early March 2009 for targeted broadcast media outlets in eight Armenian cities: Martuni, Abovyan, Kapan, Hrazdan, Sevan, Gavar, Gyumri and Vanadzor. By developing a methodology that allowed the research team to work with outlets before, during, and after the project the recipients/users of the data were able to localize the research. The team was then able to customize the data to best meet the individual outlets' needs while maintaining continuity from survey to survey. In addition, outlets then worked as a team with the researchers to determine the best use of the data after the research was completed. The embedded approach offered the media outlets direct involvement in the development of the methodology before the surveys and helped them understand and use the data after the survey was completed.

On the print side, research consultants Samson Mkhitarayan and Artur Mkrtychyan conducted pre-survey training for media outlets in late November 2008. This training not only included an overall assessment of the media outlets' research needs but also provided an opportunity for the outlets' staff to be involved in the development of the survey. The end product was designed to provide them with a customized tailored survey that also met the continuity requirements for the national research. The surveys, training and evaluations were performed for targeted print media outlets across 15 cities in 10 marzes of Armenia (Talin, Ashtarak, Artashat, Etchmiadzin, Sevan, Hrazdan, Vanadzor, Spitak, Gyumri, Artik, Goris, Kapan, Sisian, Noyemberyan, Yeghegnadzor) and Yerevan.

**Training on radio management.** During CMSPA, IREX offered training in radio management strategies to select radio outlets. Directors and managers of radio stations received training in topics including better sales coordination, programming, and network-affiliate relationships. Through use of group trainings and on-site consulting, radio stations participating in CMSPA were given crucial management tools needed in order to compete in Armenia's media market.

As a follow-up to the program's August 2008 radio internship in Ukraine for network management and that focused on the Radio Lux network, IREX organized another study tour for Radio Hay network participants and other targeted outlets in December 2008. During their six-day stay in Ukraine, the Armenian radio managers visited five radio stations around the country. Discussion topics included: advertising sales, the role of marketing research, sophisticated price structures and the formation mechanisms and agency cooperation. During the Kyiv segment, radio specialists focused on the use of cooperative synergies with agencies. In the regional cities – Melitopol, Berdyansk, and Zaporizhya – they concentrated on direct sales strategies for small towns. The participants included: Radio Hay Vanadzor (Vanadzor, Lori region), Radio Hay Gyumri (Gyumri, Shirak region), Radio Hay Sevan (Sevan, Yerevan), Radio Hay (Yerevan), Radio Van (Yerevan).

**Training on newspaper management strategies.** Throughout all program years, IREX provided comprehensive training to print outlet leadership to address the particular issues faced by newspapers in Armenia's media market. While television remained the dominant medium in Armenia throughout the life of CMSPA, print outlets were very often less susceptible to governmental pressure and provided in-depth reportage that, by its nature, television cannot. Over the life of CMSPA, IREX offered training to targeted print outlets on topics including: alternative distribution mechanisms, circulation, and generating advertising revenue.

In addition to group training and on-site consulting, in 2008 IREX sent managers of targeted print outlets to Ukraine to discuss "Print Media Management and Regional Elections Coverage." Participants visited three leading regional newspapers in Melitopol, Kremenchuk, and Feodosia and spent two days at each outlet meeting with local editors, publishers, and reporters. The Armenian participants were introduced to the successful management, advertising, and distribution strategies of the newspapers and were shown how various specialists achieve results in their respective workplaces.

As a follow-up, representatives from three of Ukraine's leading regional newspapers together with IREX consultant Oleg Khomenok conducted on-site consultations on newspaper management strategies. At each media outlet, the representatives of the Ukrainian newspapers discussed how they used their knowledge to meet the needs of Armenian regional newspapers. They also discussed how the study tour helped them further develop their management, advertising, and distribution strategies.

**Training on sophisticated media planning.** Directors and programming managers from media outlets from Yerevan and the regions participated in a training effort focused on media planning, led by Evheniya Bliznyuk. Bliznyuk's work gave her an opportunity to develop a keen sense of various outlet's capabilities and needs and a special awareness of the Armenian media market. Participants were invited to discuss the crucial elements of media planning including: the process of media plan development, budgeting, possible campaign results, challenges of client acquisition and maintenance, and importance of synergies in media planning. On the last day of the symposium, participants were assigned to prepare self-promos of their own companies, based on the knowledge gained during previous days of the symposium.

## IR 2 CMSPA Program Indicators

**Result 1:** Media outlets use market research.

**Indicator:** Number of targeted television outlets that have pricing structures based upon ratings.

**Program's CA Goal:** 7 targeted media outlets use ratings based pricing by project end.

**Baseline:** N/A

**Year One:** 1 targeted TV outlet used ratings based pricing (Shant TV).

**Year Two:** 4 targeted TV outlets had pricing based upon ratings. (Shant TV, Lori TV, Tsayg TV, MIG TV)

**Year Three:** 5 targeted TV outlets had pricing based upon ratings (Lori TV, Tsayg TV, STV1, Hrazdan TV, Kyavar TV).

**Year Four:** 7 targeted TV outlets had pricing based upon ratings (Lori TV, Tsayg TV, STV1, Hrazdan TV, Kyavar TV, Zangak TV, Abovyan TV)

**Year Five:** 8 targeted TV outlets use ratings based pricing by the end of the fifth program year. (Lori TV, Tsayg TV, STV1, Hrazdan TV, Kyavar TV, Zangak TV, Abovyan TV, Khustup TV)

**End of Program Indicator Assessment:** Cumulatively, 8 targeted Armenian media outlets had pricing structures based upon ratings, exceeding the program's cooperative agreement goal of 7 by 1 outlets.

**Result 2:** Advertisers trust market research.

**Indicator:** International advertisers increase their budgets

**Program's CA Goal:** 50% of International advertisers increase their budgets over the life of the project with initial impact seen in second year. Annual targets are: 20% second year, 30% third year, and 50% after the fourth year as compared to the 2005 baseline number.

**Baseline:** N/A

**Year One:** 3 of 12 of international advertisers have reported that they increased their advertising spending in 2005 compared to 2004.

**Year Two:** 7 of 12 of international advertisers have reported that they increased their advertising spending in 2006 compared to 2005.

**Year Three:** By the end of the third year 8 of 12 international advertisers have increased their budgets since the program began.

**Year Four:** By the end of the fourth year 9 of 12 international advertisers have increased their budgets since the program began.

**Year Five:** 10 of 12 of international advertisers will have increased their budgets since the program began.

**End of Program Indicator Assessment:** At the close of the program, 83% of international advertisers will have increased their budgets, exceeding the cooperative agreement goal of 50% by 33%.

**Result 3:** Advertisers increase spending.

**Indicator:** On average individual international advertisers increase their spending

**Program's CA Goal:** Advertiser increase they're spending by 50% over the life of the project with initial impact seen in second year. Annual targets are: 20% second year, 30% third year, and 50% after the fourth year as compared to the 2005 baseline number.

**Baseline:** N/A

**Year One:** 3 of 12 of international advertisers have reported that they increased their advertising budget in 2005 compared to 2004.

**Year Two:** 7 of 12 of international advertisers have reported that they increased their advertising budget in 2006 compared to 2005.

**Year Three:** By the end of the third year 8 of 12 international advertisers increased their spending since the program began.

**Year Fourth:** By the end of the fourth year 9 of 12 international advertisers increased their spending since the program began.

**Year Five:** By the end of the fifth year 10 of 12 of international advertisers increased their spending since the program began.

**End of Program Indicator Assessment:** At the close of the program, 83% of international advertisers will have increased their spending, exceeding the cooperative agreement goal of 50% by 33%.

**Result 4:** Outlets have developed multilevel sales and marketing strategies

**Indicator:** Number of targeted media outlets that use multilevel pricing structures. \*\*\*

**Program's CA Goal:** 50% of targeted outlets in the regions and 75% of targeted outlets in the major metropolitan areas with initial impact seen in second year. Annual targets are: 20% second year, 30% third year, and 50% after the fourth year as compared to the 2005 baseline number. In the major metropolitan areas annual targets are: 30% Second year, 40% Third year and 75% the fourth year as compared to the baseline number.

**Baseline:** Zero

**Year One:** 1 Yerevan based outlet (Shant TV) and no regional targeted broadcasters use multilevel pricing structures.

**Year Two:** 3 Yerevan based outlets (Shant TV, Radio Hay, City FM) and 2 regional targeted broadcasters (Tsayg TV and MIG TV) use multilevel pricing structures. The adoption of audience-based management style by the Armenian television outlets has been possible only after the introduction of the Yerevan diary TV ratings project. The availability of television audience research made it feasible for the TV stations to implement sophisticated management strategy.

**Year Three:** 5 targeted outlets in the regions (Tsayg TV, Radio Hay Gyumri, Lori TV, STV1, Radio Hay Sevan) and 5 targeted outlets in the major metropolitan areas (Starcom Media Vest, Radio Hay, Arka, Noyan Tapan, SIM Tpagratun) by the end of the third program year.

**Year Four:** 6 targeted outlets in the regions (Tsayg TV, Radio Hay Gyumri, Lori TV, STV1, Radio Hay Sevan, Kyavar TV) and 6 targeted outlets in the major metropolitan areas (Starcom Media Vest, Radio Hay, Arka, Noyan Tapan, SIM Tpagratun, Photolure News Agency) by the end of the fourth program year.

**Year Five:** 7 targeted outlets in the regions (Tsayg TV, Radio Hay Gyumri, Lori TV, STV1, Radio Hay Sevan, Kyavar TV, Khustup TV) and 7 targeted outlets in the major metropolitan areas (Starcom Media Vest, Radio Hay, Arka, Noyan Tapan, SIM Tpagratun, Photolure News Agency, Radio Van) by the end of the fifth program year.

**End of Program Indicator Assessment:** 14 out of 17 (82.3%) program targeted media outlets had developed multilevel sales and marketing strategies at the end of CMSPA, exceeding the program's CA goal.

**Result 5:** The advertising market grows due to advertisers' increased confidence.

**Indicator:** Dollar value of advertising market.

**Program's CA Goal:** 100% increase with impact seen starting in second year. Annual targets are: 40% second year, 60% third year, and 100% the end of the fourth year as compared to the 2005 baseline number.

**Baseline:** Initial reported market estimates set at \$4,300,000

**Year One:** Total advertising market size is US\$ 5,850,000.

**Year Two:** Total advertising market size is US\$ 30,395,747 in 2006.

**Year Three:** US\$32,000,000 or US\$27,700,000 increase by the end of year three.

**Year Four:** US\$39,000,000 - 44,000,000 increase by the end of year four.

**Year Five:** US\$45,000,000 - 50,000,000 increase by the end of year five.

**End of Program Indicator Assessment:** At the close of the program, the size of the Armenian advertising market had grown ten-fold over the baseline estimate of \$4,300,000, exceeding the cooperative agreement goal.

**Result 6:** Print media outlets adopt business management strategies that lead to wider print distribution.

**Indicator:** The volume of print circulation as indicated by CMSPA audits of targeted outlets.

**Program's CA Goal:** Targeted outlet newspaper circulation increases by 100% over the life of the program with impact seen starting in second year. Annual targets are: 40% second year, 60% third year and 100% by the end of the fourth year as compared to the 2005 baseline number.

**Baseline:** The average print run for targeted outlets was 1,000 copies.

**Year One:** The average print run for targeted outlets was 1,000 copies

**Year Two:** The average print run for targeted outlets was 1,000 copies

**Year Three:** The average print run volume for targeted outlets is increased to 4750 during the third program year.

**Year Four:** The average print run volume for targeted outlets is increased to 5000 during the fourth program year.

**Year Five:** The average print run volume for targeted outlets is increased to 5500 during the fifth program year.

**End of Program Indicator Assessment:** The average print run for targeted outlets met the program's CA goal of 5500.

**Result 7:** Newspaper ad sales increases to take advantage of growing advertising market.

**Indicator:** Percentage of targeted print media outlet space dedicated to advertising

**Program's CA Goal:** Space utilization increases 100% giving a strong proxy indicator of market revenue with initial impact seen in second year. Annual targets are: 40% second year, 60% third year, and 100% fourth year as compared to the 2005 baseline number.

**Baseline:** N/A

**Year One:** Average percentage of targeted print media outlets space dedicated to advertising is no more than 7.7%. However it should be noted that this figure includes print publications that are basically advertising only with little or no editorial content. The actual adjusted figure for traditional print is below 7%.

**Year Two:** Average percentage of targeted print media outlets space dedicated to advertising is 10.43%. This represents a 35.4% increase over year one and a 40% increase over baseline and meets the targeted goal.

**Year Three:** Average percentage of targeted print media outlets space dedicated to advertising in 2007 was 16.6% which represents a 59.1% increase over year two and 176% over the established baseline.

**Year Four:** Average percentage of targeted print media outlets space dedicated to advertising by the end of the fourth year is 24%.

**Year Five:** Average percentage of targeted print media outlets space dedicated to advertising by the end of the fifth program year will be 25%.

**End of Program Indicator Assessment:** The percentage of advertising space in targeted print media at the end of CMSPA was 25%, a three-fold increase in the year one assessment of 7.7%, thus exceeding the program's cooperative agreement goal.

**Result 8:** Targeted radio outlets adopt audience-based business management strategies that lead to wider audience appeal and greater revenue potential.

**Indicator:** Increased targeted radio outlet audience numbers as indicated by regional surveys.

**Program's CA Goal:** Targeted radio audience increases by 100% with impact seen starting in second year. Annual targets are: 40% second year, 60% third year, and 100% fourth year as compared to the baseline number.

**Baseline:** 10-12% of total radio audience share is self-reported as belonging to targeted radio outlets.

**Year One:** 18-20% of total radio audience share belonged to targeted radio outlet as verified by CMSPA research.

**Year Two:** Radio audience share of the targeted radio outlet is 19.6%, which is increased by 43.8% compared to the baseline number.

**Year Three:** Targeted radio audience share is 23.2%, which is increased by 110% compared to the baseline number.

**Year Four:** Targeted radio audience share is 32% by the end of the fourth year.

**Year Five:** Targeted radio audience share will be 33% by the end of the fifth year.

**End of Program Indicator Assessment:** The percentage of targeted radio outlets whose audience numbers increased was 33%, an almost three-fold increase in the year one assessment of 10-12%, thus exceeding the program's cooperative agreement goal.

**Result 9:** Targeted radio outlet revenue increases as a result of the adoption of multilevel sales methods.

**Indicator:** Percentage of airtime sold on targeted outlet increases.

**Program's CA Goal:** Indicator goes up 75% giving a strong proxy indicator of market revenue with impact seen starting in second year. Annual targets are: 40% second year, 60% third year and 75% fourth year as compared to the baseline number.

**Baseline:** 46.7% of commercial airtime sold.

**Year One:** The average percentage of commercial airtime sold in targeted radio outlets was 84.6%, which was increased by 72.4% compared to the baseline number.

**Year Two:** The average percentage commercial airtime sold in targeted radio outlets was 85.6%, which was increased by 83.3% compared to the baseline number.

**Year Three:** The average percentage commercial airtime sold in targeted radio outlets was 81.2% which was increased by 190% compared to the baseline number in 2007.

**Year Four:** The average percentage commercial airtime sold in targeted radio outlets is 85% by the end of the fourth year as reported by targeted radio outlets.

**Year Five:** The average percentage commercial airtime sold in targeted radio outlets was 86% by the end of the fifth year.

**End of Program Indicator Assessment:** The average percentage of airtime sold in targeted radio outlets at the close of year five of CMSPA was 86% which exceeded the program's CA goal of 75% by 11%.

### ***IR 3: Targeted Media Outlets Improve the Professional Quality of Their Product and Provide Diverse Programming and Information Relevant to the Public's Interest***

#### **IR 3.1 Journalists follow accepted and recognized professional standards**

**Journalism skills training.** Throughout the five year course of CMSPA, IREX conducted extensive training on various aspects of professional journalism skills. Training participants obtained skills in issues surrounding good story writing, reporting, appropriate use of information sources, interviewing techniques, modern journalistic standards, photojournalism, newspaper design, website design, ethics, and fact verification. Participants also received training in specialized journalism topics including health care, economic, and social issues reporting.

Courses were built on discussions and group/individual exercises, enabling the participants to report stories using the information and skills gained through IREX training.

**Media Advisor Project (MAC).** In December 2005, IREX/CMSPA launched its Media Advisor Consulting (MAC) initiative. This program was designed to foster trainer mentoring by institutionalizing and formalizing the mentoring process for members of targeted media outlets. Contractual obligations guaranteed that consultants foster one-on-one relationships with targeted media trainees. A select cadre of the program's best international consultants received a stipend to formally mentor their charges for a multi-year period. The program helped Armenian media professionals as they conducted their day-to-day business by maintaining consultant contact and assistance over extended periods between and following the trainings. An additional benefit was that the consultants stayed "plugged into" the Armenian reality. This not only assisted the trainees but increased the effectiveness of the consulting trainers. One of the outcomes was the fact the connected consultants also became so familiar with the unique Armenian environment that they started recommending training components themselves.

IREX's cadre of MAC consultants included Rich McClear (radio), Roger Bird (business management), Stan Matthews (investigative reporting), Mark Milstein (photojournalism), and Ed Henninger (newspaper design)

**Supplement production.** Over the course of CMSPA, IREX worked with international organizations, the donor community, and Armenian journalists to produce myriad newspaper supplements. IREX leveraged the supplement production process to provide Armenian journalists with hand-on, but supervised, training in story research and writing as well as firsthand experience in producing stories on specialized topics. Supplements were distributed by hand on the streets as well as through being inserted into targeted newspapers.

Supplements produced under the auspices of CMSPA included:

- The British Embassy funded the program's "Decision 2007" supplement, which included eight pages of articles. 25,000 copies were printed and distributed in six cities (5,000 distributed by hand on the streets of Yerevan).
- The project went on to produce an overall elections supplement. 80,000 copies of the supplement were printed but held from distribution.
- In June 2007, IREX produced and distributed 25,000 of an eight-page piece that served as a follow up post elections version of the two previous "Women and Politics" supplements. The piece was developed with Armenian journalists and profiled the issues and women as they stood after the elections. This "Women and Politics" post-elections supplement was distributed using a national print outlet, six regional print outlets and one on-line publisher.
- In spring 2007, 15,000 copies of a healthcare supplement were distributed as an insert through newspapers. As a complement to the newspaper supplement, CMSPA's research department designed a survey on the healthcare sector of Armenia and inserted this piece

into the supplements. The survey contained two parts: a tear-off sheet, which respondents had to keep, and questionnaire which respondents submitted to the kiosks where they bought the newspaper.

- In January and February 2008, CMSPA's MAC consultants worked with 13 Armenian journalists to produce stories for a presidential elections insert that covered the 12 most important issues identified by a IREX CMSPA's December 2007 national voters survey.

Starting from January 2009, IREX undertook preparation and production of monthly eight-page supplements examining a broad range of important topics. As part of the Alternative Media Project (AMP, see below), the supplement program was, by its very nature, training intensive and was designed to improve journalists' professional style and increase the level of quality content in participating traditional print publications. From February through April the supplements' content production and distribution process followed the same alternative media protocol as previous projects wherein the piece was published on-line and widely distributed by participating outlets to increase print circulation. However, for the 2009 mayoral elections, financial considerations limited distribution of the supplement print versions to the city of Yerevan. Following the Yerevan mayoral elections, the supplements were once again printed and distributed throughout the country; thereafter, however, the publication was transformed into an on-line publication and was not be distributed in print. Each supplement had a six-week production cycle preparation stage commencing one month prior to publication.

Supplement reporters chose their topics from research results and their story angles were developed with the help of IREX/CMSPA consultants. The reporters received guidance on reporting issues and draft articles were edited by IREX personnel.

Supplements produced under this initiative included:

- Consumer Rights Protection in Armenia. Prior to the production of its February issue, IREX partnered with State Agency for Protection of Market and Consumer Interests, National Consumers Association and Consumer Rights Protection NGO to hold a one-day roundtable on current issues in consumer protection in Armenia based on which supplement stories were to be generated and developed following the roundtable. Participating journalists received in-depth instruction from IREX consultants and partnering organization representatives on what to focus on and how to cover consumer issues.
- Presidential Elections One Year Later. This supplement examined developments in the year since the presidential elections focusing on progress made by the government towards economic developments, major reforms, fighting against corruption and substantial social changes.
- Socio-economic issues, migration and job creation in Armenia. In a cooperative initiative with the Armenian government's State Tax Service, SPSS, Eurasia and CRRRC, IREX produced a supplement featuring socio-economic issues, migration and job creation in Armenia. Reporters working on the supplement received a three-day training course on the coverage of socio-economic issues in mid-February 2009. The various story ideas were drafted by reporters with the help of IREX/CMSPA consultants. IREX international consultants on design and photojournalism also offered their assistance to reporters in creating a dual purpose (HTML/traditional print) design and schooled on sourcing appropriate photos their products. Each consultant provided training in their respective

areas of specialization. The design consultant competitively selected a design template from the local designers' submissions. In addition, the photojournalism consultants met with each reporter to help them develop strategies and shoot their own story related photographs. The supplement content production process provided reporters with real world experience in the use of investigative reporting techniques and hone skills acquired during IREX training.

- Print and On-Line Supplement on Yerevan Elections and Press Freedom in Armenia. To support free and fair elections and to present comprehensive information to local and international community, CMSPA produced a supplement on the Yerevan elections which includes the results of the IREX/CMSPA pre-election survey and an analysis of each party's nominee for mayor. The journalists presented analyses of each candidates' and party's stand on major issues concerning Yerevan residents and also included an extensive review of the candidate's financial and professional holdings as they relate to the office. The supplement will included a special section on voter rights and information from partnering NGOs.

**Alternative media project (AMP).** Alternative media became an overarching theme for IREX/CMSPA in the final phase of the program. The development of cross-cutting synergies, involvement of citizen journalists, and the provision of alternative sources within traditional media impacted every facet of the program. IREX found that Armenia offers a unique operating environment that has yet to develop fully. That means the media sector need not be threatened by the gradual introduction of connectivity and new technologies such as WiMAX. The limited availability and viability of these emerging technologies meant that their proliferation does not have to damage traditional media. However, to avoid being displaced by alternative media, traditional media must evolve and embrace the new frontier of on-line publishing and wireless connectivity as well as citizen journalism. By treating these as beneficial partners that could complement traditional media's business, they can actually improve content and reach. With the right approach, traditional media can use alternative media to provide a broader spectrum of perspectives as well as additional and cumulative methods of content delivery.

As the program entered year five, IREX took its original alternative media program to the next logical step and offered improved site development and access to select media outlets. Previously the program worked primarily with the dual purpose (traditional vs. online) redesign of traditional regional print outlets and helped those with connectivity improve their own web presence through on-line site development. The next wave expanded the program to include broadcasters and traditional print outlets in a new pilot initiative designed to expand both web-access and media participation in providing a variety of web-based services such as multicasting and blog rooms. IREX found that while many broadcasters have some sort of web presence, those sites were not interactive, did not offer alternative perspectives, and were ill-suited to coexist with the type of news propagation necessary to promote alternative media development. This meant that even those outlets that offered rudimentary sites required a great deal of assistance before they could accomplish the level of multicasting and interactivity that tomorrow's media market will demand. Future viewers/listeners and readers will demand that traditional media include news content that does not simply mirror their usual offering but also broadens the perspective and scope of the outlet's coverage.

The AMP pilot program required that participating outlets host a feedback section on their site that is receptive to citizen journalism and include an open blog area as well as a traditional letters-to-the-editor reader response area. By hosting these sites, participating outlets offered a

broader base of news and information that has not been “filtered” by the usual self-censoring mechanism found in most Armenian editorial departments. It should also be noted that the AMP initiative also recognized that bloggers are, by their nature, not professional journalists and IREX created training and moderating activities designed to foster that sector’s adoption of the established best standards and practices from ethical conduct to journalistic quality and integrity.

IREX/CMSPA implemented this pilot program in three phases and by using multiple teams of specialists in three media outlets (Radio Van, Radio Hay and Armenia Now).

- a) Phase one involved a CMSPA assessment of the pilot outlet’s current equipment, connectivity (including optimization of the “last mile”), on-line presence, and their future potential to improve these areas. This was not based upon a self-evaluation but rather involved a visiting CMSPA team of experts.
- b) Phase two had a second team of CMSPA design specialists work with the outlet’s management to provide the outlet with an optimized design that meets the MO’s needs and satisfies the program requirements. In addition, the team worked with participating outlets to hire a webmaster as a long term on-site consultant to manage the outlet’s site and serve as custodian of the equipment for the balance of the program term.
- c) Phase three saw the outlets producing alternative news and information and offering expanded public venues such as letters-to-the-editor and blog rooms.

Although certain AMP initiatives had to be scaled back due to budgetary restrictions, the alternative media program was designed to both support and complement IREX/CMSPA’s multi-faceted approach to developmental work and to strengthen the program’s post-loan workplan development and loan compliance efforts.

**Elections initiatives.** The second year of the program witnessed the constitutional amendments referendum in November 2005. In addition, Yerevan elections for local council and community head took place on September 18 and 25, 2005. Local elections in the Marzes took place on October 9, 16, and 23, 2005. The IREX program was well-positioned to take an active part in elections initiatives by expanding its media monitoring activities and by promoting fair and accurate reporting. In the lead-up to parliamentary elections slated for 2007 and presidential elections in 2008, IREX organized a series of specific trainings and activities for targeted media outlets in year two of the program in order to lay important capacity building groundwork. IREX focused efforts across targeted print and broadcast media to train media editors and management to foster independence from the influence of political groups and the Armenian government while covering election campaigns; in latter program years, this effort included new and alternative media strategies

In the lead-up to parliamentary elections in 2007 and presidential elections of 2008, IREX organized a series of specific trainings and activities for outlets in order to lay important groundwork. In addition to the specific training activities, the program fostered broadcast debate production through a series of training initiatives and supported the production of a series of public interest newspaper supplements. All elements of the elections initiative were designed to strengthen the participating media outlets editorial content and profitability. For example, IREX’s print media initiative included an innovative program that addressed several pressing business issues while fulfilling the need for a comprehensive elections program. The program linked six print media outlets in a syndicate that centralized design facilities, used state of the art

electronic distribution, and offered advertisers the ability to purchase space in a nationally distributed print product.

For print media, IREX supported training and consulting efforts to improve the coverage of regional news in national newspapers and to improve the coverage of election news in regional newspapers. IREX provided elections coverage training for newsroom editors as well as various elections coverage training for reporters. As described above, IREX supported the production of several election-related newspaper supplements.

For broadcast media, IREX supported a broad based training effort to improve the coverage of broadcast election news and the production of broadcast elections debates. IREX also provided training for broadcast reporters on post-elections coverage.

The winter 2008 launch of the IREX/CMSPA open-source web site (<http://www.amnewsservice.org>) was a huge success. It exceeded all expectations during the run-up to the 2008 presidential elections, clocking more than 15,000 visits a day at peak, and produced three times the expected editorial content. In addition, it fostered the successful independent development of regional supplement projects, introduced infographics, and offered a new level of professional photo usage. The site promoted networking between local journalists and helped international media and other interested international community members to better understand the challenges of working in Armenia. While the initial plan was to produce 25 articles, in all more 66 were added to the site. In addition, the program negotiated with Photolur photo agency to provide 342 photos for the site, all pre-captioned and available to Armenian targeted outlets at a discount. By the time of the election on February 19, the site had posted 107 articles that were reported to have been re-published 102 times and produced 198 infographics and 342 photos. The site was hosted by ArmeniaNow and operated separately from the IREX/Armenia site.

The program's final elections initiative for the Yerevan mayoral contest in May 2009 yielded a specialized supplement, the expansion of an elections web portal, alternative media work, and pre- and post-elections surveys. In March 2009, IREX launched a new web project called "Election Center 2009" ([www.election.amnewsservice.org](http://www.election.amnewsservice.org)) dedicated to the May 31 Yerevan mayoral elections. The project is designed to provide an interactive gathering point to accumulate the information and provide a minute-by-minute flow of noteworthy news through one Internet source. The new web site contains on-line data, articles, and news on pre-election developments as well as the elections process itself. The source is updated frequently with editorials from participating journalists and bloggers as well as new articles from popular Armenian outlets such as *Aravot*, *Azg*, *168 zham*, and *Lragir.am*. The site also has links to the Armenian political parties' web sites. "Election Center" also employs a cadre of Armenian journalists and bloggers that create an opportunity for users to engage in an interactive exchange of views on ongoing political events and developments. The Election Center web site is cross-promoted on various popular outlets' sites: [www.lragir.am](http://www.lragir.am), [www.aravot.am](http://www.aravot.am), [www.azg.am](http://www.azg.am), [armenianow.com](http://armenianow.com) and [irex.am](http://irex.am). More sites will be added as the elections approach.

To prepare citizen journalists as catalysts in support of free and fair elections through alternative media, IREX/CMSPA organized a two-day training event on the use of blogging during the elections in Armenia. On April 29-30, 2009 Armenian blog specialists and IREX consultants discussed the importance the fourth estate and how alternative content, such as citizen journalists and blogging, are necessary informal information sources when traditional media is

of questionable credibility. Attendees were also schooled in the various ways to improve their personal credibility by adhering to the highest journalistic standards.

Attendees included, concerned citizens, skilled journalists, journalism students from Yerevan State University, local bloggers, web designers and a web translator from Radio Van.

In partnership with IWPR, IFES, CI and GIPA, in May 2009 IREX implemented a cross-border alternative media blogging initiative as part of the program's elections coverage. The initiative brought together journalists and journalism students from across the Caucasus, including regional journalists, Armenian and Georgian students from GIPA, and four on-line publication specialists. Participants were shown how to create instant media presence and provide a broad spectrum of fact-based, balanced, real-time blogs. Participants were then asked to cover the Yerevan city council elections on May 31 using internet technologies such as blogging platforms, twitter, flickr, youtube, Facebook, and international journalism blogging networks. The journalists' accreditations were submitted to the Central Elections Commission, and they were given elections observer credentials. On the day of the election, teams were sent to various polling stations where they reported events as they occurred. In addition, some teams were assigned "roving" reporter duties and reported events such as the 20 buses seen illegally transporting voter from Gyumri to Yerevan. In all, 57 stories were produced and were featured on sites such as [www.caucasusreports.com](http://www.caucasusreports.com), [www.thismonth](http://www.thismonth), [wordpress.com](http://wordpress.com), [www.thismontharmenia.wordpress.com](http://www.thismontharmenia.wordpress.com), [www.iwpr.net](http://www.iwpr.net), [www.yerevanelections.wordpress.com](http://www.yerevanelections.wordpress.com) and [www.election.amnewsservice.org](http://www.election.amnewsservice.org)

On elections day in May 2009, IREX/CMSPA, through an agreement negotiated with BeeLine (one of the two leading telecommunications providers, formerly Armentel), sent out 6000 messages an hour to Yerevan mobile phone subscribers. Over the course of eight hours, a total of 48,000 messages were sent voters prompting them to vote responsibly and reminding them to check out the program's elections news coverage on [caucasusreports.com](http://caucasusreports.com). The message read as following: "Please remember to vote. For the latest elections news check out [caucasusreports.com](http://caucasusreports.com)". The hits measured on the site went up by a factor of 40 on elections day compared to the preceding days' average.

### **IR 3.2 Managers adopt audience-measurement tools to provide news and information to their viewers, listeners, and readers**

**Training on the use of audience-measurement in programming and story decisions.** Over the course of CMSPA, IREX worked with directors and managers of programming departments in various Armenian broadcast outlets to establish guidelines for the use of audience measurement in programming and story decisions. Market developments fostered by IREX made these issues increasingly important for managers. IREX in cooperation with AGB Nielsen Media Research, provided outlets with a unique opportunity to discuss pressing audience measurement and programming issues with prominent consultants from AGB Nielsen Media Research and media investment companies such as New Studio in Kyiv. These efforts made it possible for media managers to devise innovative localized solutions to audience acquisition and retention, improving the decision-making processes based on ratings, the use of advanced technologies and market research, as well as decision making related to program content. At the same time international consultants brought examples from western media markets, drew on their similar experiences in Georgia and Ukraine, and encouraged participants to adopt new standards and practices.

The following topics were presented to the participants and discussed in detail during sessions: programming, effectiveness of programming strategy, the specifics of TV, thematic settings of TV schedule, and description of channels. During the sessions, the important concept of positioning was reviewed in detail. Another key topic was dedicated to programming of commercials, break factors and how to decrease them, how to manage migration waves, and using programming as a weapon (which included: effectiveness of competition, thematic counter-programming, target audience, unique formats and projects, technicalities and instruments of counter-programming, and assessment of effectiveness).

**Incorporating market research strategies into outlets' daily management.** The interaction of focus group studies, professional consultant/partners, and embedded researchers helped IREX to ensure that the targeted regional broadcast and print outlets adopt audience based management. IREX worked closely with media outlets, research organizations and professional assessors at KPMG to produce a bundled product that offered better utility for its clients as well as a growth tool for all involved. The initiative not only fostered the media sector's adoption of audience-based management but also improved the research sector as well as the business sector by developing media-related skills for professional organizations such as KPMG.

During the training process, on-site consultations for targeted media outlets were conducted. Specialists met with representatives of targeted TV and radio outlets and used this opportunity to provide training for the targeted media outlets' management on how questionnaires are designed, interviews conducted, data input into statistical software, the proper coding of data done, and data analysis performed.

For select outlets, such as Zangak TV and Syunyats Yekir, IREX employed embedded researchers who worked with the outlet before and after the research was conducted to help the outlet's management understand better the viewing preferences and opinions of their audience. For example, for Zangak TV, surveys determined which were the most preferred and trusted channels for information, the frequency and the average viewing hours of those channels, overall audience satisfaction with programming on those channels, the degree of trust in news programs, the ranking of programs watched by first, second and third priority, programs that audience members would most like to see included in Zangak TV's offering, the audience perception and acceptance of advertising, the public level of awareness regarding Zangak TV, and the general demography and demographic segmentation. The research findings helped Zangak TV management to improve the process of decision making in television programming, as well as for their strategic planning and decision making.

IREX organized a focus group study for Zangak to provide further training to media managers with hands-on experience in audience based research that is closely associated with content and outlet decision making. The focus group participants were selected from a list of permanent viewers of the channel, and it also served as a training opportunity for management to adopt qualitative research as an important decision making tool. In this way, IREX has bridged the gap between training on how to use research and actually internalizing the need for audience based management.

The *Syunyats Yekir* initiative provided the newspaper's management with hands-on experience in audience-based research that is closely associated with content decision making. In this way, IREX has bridged the gap between training on how to use research and actually internalizing the need for audience-based management. The training was organized by IREX to help *Syunyats Yekir* management to improve its publication. During the focus group discussion,

participants looked for areas of improvement in product appeal, content credibility, and target or niche audience identification. The participants were selected among the publication's readers through a posted announcement. The focus group also served as a learning curve for the outlet management to adopt qualitative research as an important content decision tool. The roundtable discussion also determined the participants' overall satisfaction with *Syunyats Yerkir* as an independent and trusted local media outlet in Kapan. *Syunyats Yerkir* management was also trained and provided with a tutorial on how to organize and conduct a focus group.

### IR 3 CMSPA Program Indicators

**Result 1:** Targeted media outlets use market research to make programming decisions.

**Indicator:** Number of outlets employing research in decision-making

**Program's CA Goal:** 50% of programming decisions incorporate market research with impact seen starting in second year. Annual targets are: 20% second year, 30% third year and 50% fourth year as compared to the baseline number

**Baseline:** Before the beginning of CMSPA, broadcasters did not use market research in programming decision-making, and only after the start of CMSPA, it has started to use market research for programming decision-making.

**Year One:** 1 targeted television outlet (Shant TV) and 2 targeted radio outlets (Radio Shant, Radio Hay) report that they use some sort of limited market research to make programming decisions.

**Year Two:** 4 targeted TV outlets (Shant TV, Lori TV, Tsayg TV, MIG TV) and 3 targeted radio (Radio MIG, Radio Hay Gyumri, Radio Hay) outlets report that they use market research to make programming decisions.

**Year Three:** 5 targeted television (Lori TV, Tsayg TV, STV1, Hrazdan TV, Kyavar TV) and 5 targeted radio outlets (Radio Hay, Radio Hay Gyumri, Radio Hay Sevan, Radio Hay Gavar, Radio Hay Hrazdan) report that they use market research to make programming decisions by the end of the third program year.

**Year Four:** 7 targeted television (Lori TV, Tsayg TV, STV1, Hrazdan TV, Kyavar TV, Zangak TV, Abovyan TV) and 7 targeted radio outlets (Radio Hay, Radio Hay Gyumri, Radio Hay Sevan, Radio Hay Gavar, Radio Hay Hrazdan, Radio Hay Kapan, Radio Van) report that they use market research to make programming decisions by the end of the fourth year.

**Year Five:** 8 targeted television (Lori TV, Tsayg TV, STV1, Hrazdan TV, Kyavar TV, Zangak TV, Abovyan TV, Khustup TV) and 8 targeted radio outlets (Radio Hay, Radio Hay Gyumri, Radio Hay Sevan, Radio Hay Gavar, Radio Hay Hrazdan, Radio Hay Kapan, Radio Van, Radio Hay Meghri) report that they use market research to make programming decisions by the end of the fifth program year.

**End of Program Indicator Assessment:** At the end of the program, 16 out of 17 targeted media outlets (94.1%) reported that they used market research to make programming decisions, exceeding the program's CA goal.

**Result 2:** Targeted broadcasters break ratings down by niche groups.

**Indicator:** Ratings reports reflect age, income, gender and diverse population demographics.

**Program's CA Goal:** 30% of all targeted outlets monitor niche audiences with impact seen starting in second year. Annual targets are: 10% second year, 20% third year and 30% fourth year as compared to the baseline number

**Baseline:** N/A

**Year One:** This impact will follow the introduction of ratings.

**Year Two:** 1 targeted television outlet (Shant TV) monitors niche audiences.

**Year Three:** 2 targeted television outlets (Lori TV and Tsayg TV) monitor niche audiences by the end of the third program year.

**Year Four:** 3 broadcast outlets (Lori TV, Tsayg TV and Kyavar TV) monitor niche audiences by the end of the fourth year.

**Year Five:** 4 targeted television outlets (Lori TV, Tsayg TV, Kyavar TV, Khustup TV) monitor niche audiences by the end of the fifth program year.

**End of Program Indicator Assessment:** 4 out of 17 targeted media outlets (23.5%) reported that they monitored niche audiences at the end of CMSPA, which falls somewhat short of the program's CA goal.

**Result 3:** Targeted outlets reach diverse audiences.

**Indicator:** Number of targeted outlets that initiated minority, gender, and other programming for diverse groups

**Program's CA Goal:** Overall programming and viewing for disadvantaged groups increases by 25% with impact seen starting in second year. Annual targets are: 5% second year, 15% third year and 25% fourth year as compared to the baseline number

**Baseline:** N/A

**Year One:** There is no verifiable indication about availability of programming for diverse groups; however, 3 targeted television outlets (Shant TV, Tsayg TV, MIG TV) and 2 targeted radio outlets (Radio Hay, Radio Shant) reported that they have programs for diverse groups.

**Year Two:** 4 targeted television outlets (Shant TV, MIG TV, Tsayg TV, Kyavar TV) and 3 targeted radio outlets (Radio Hay, Radio MIG, Radio Hay Gyumri) had programs for diverse groups.

**Year Three:** 5 targeted television outlets (Tsayg TV, Kyavar TV, Hrazdan TV, Lori TV, STV1) and 4 targeted radio outlets (Radio Hay, Radio Hay Gyumri, Radio Hay Sevan, Radio Hay Gavar) carry programs for diverse groups by the year of the third program year.

**Year Four:** 6 targeted television outlets (Tsayg TV, Kyavar TV, Hrazdan TV, Lori TV, STV1, Abovyan TV) and 5 targeted radio outlets (Radio Hay, Radio Hay Gyumri, Radio Hay Sevan, Radio Hay Gavar, Radio Van) carry programs for diverse groups by the end of the fourth year.

**Year Five:** 7 targeted television outlets (Tsayg TV, Kyavar TV, Hrazdan TV, Lori TV, STV1, Abovyan TV, Khustup TV) and 6 targeted radio outlets (Radio Hay, Radio Hay Gyumri, Radio Hay Sevan, Radio Hay Gavar, Radio Van, Radio Hay Meghri) carry programs for diverse groups by the year of the fifth program year.

**End of Program Indicator Assessment:** 13 out of 17 (76.5%) of targeted media outlets carried programs for diverse groups at the end of CMSPA, thus exceeding the program's CA goal.

**Result 4:** Advertisers demonstrate interest in targeting diverse niche groups.

**Indicator:** Advertisers and agencies develop campaigns that target diverse niche groups.

**Program's CA Goal:** 30% of all advertising is niche specific with impact seen starting in second year. Annual targets are: 10% second year, 20% the third year and 30% the fourth year as compared to the baseline number.

**Baseline:** N/A

**Year One:** This impact will follow the introduction of ratings.

**Year Two:** 10.5% of advertisers and advertising agencies developed campaigns that target diverse niche groups.

**Year Three:** 23% of all advertising is niche specific by the end of the third program year.

**Year Four:** 30% of advertisers continue to improve niche marketing initiatives by the end of the fourth year.

**Year Five:** 33% of advertisers will continue to improve niche marketing initiatives by the end of the fifth year.

**End of Program Indicator Assessment:** At the end of year five of CMSPA, 33% of advertisers reported that they will continue to improve niche marketing initiatives, which exceeds the program goal of 30% by 3%.

#### ***IR 4: Armenia's Media Market is Consolidated Through the Formation and Support of Networks***

##### **IR 4.1 Consolidation is fostered as a natural force in an audience-based market**

**Network formation training.** Throughout CMSPA, IREX provided technical support and training to facilitate the formation of print and broadcast networks.

*Television:* In late August 2005, IREX worked with Shant TV to initiate a staged launch of the Shant TV national network using microwave relays. This network had seven member stations--including the hub station Shant TV in Yerevan and stations in Gumri, Vandazor, Spitak, Sevan, Gavar, Hrazdan--on a live national network which covers 80% of Armenia. Two additional stations (in Abovian and Charentsavan) were waiting for relay transmitters to be able to receive the national feed. Although the formation of the network had not yet been formally announced or registered as a separate entity, IREX approached this initiative as a pilot project so that the future possibility of an international satellite distribution system was not undermined. The network was conceived to be two-way in four cities, meaning that stations will be able to provide news feeds from the regions back to Yerevan during the upcoming elections.

The launch was the result of intensive, training, consultation, meetings and negotiations over several months which included a microwave backup to the proposed satellite network and an initial launch of the national network using this feed. In late July, things came together as the state relay company, Armenian Television Network Close Stock Company, had growing concerns over the prospect broadcasters in Armenia abandoning the microwave feed. IREX negotiated the price down from \$10,000 a month to \$2500 per month with the first month free for testing.

*Radio:* In June 2007, IREX/CMSPA invited Russian consultants Alexei Popov, Armen Grigoryan and Pavel Nepomiluev to perform on-site consultancies for its targeted media outlet Radio Hay on radio management, automation software usage, installed automation software and shared with Radio Hay employees skills in its maintenance. During the course of the consultancies the group developed a custom written version of Digispot to manage the network's general sales and programming. The automation system will place Radio Hay at the cutting edge of automated management systems.

Seven radio managers from Armenia participated in a study tour to Ukraine focused on radio management and network relations in August 2008. Organized by IREX, participants visited one of the leading network's head and affiliate stations in Ukraine (Radio Lux offices in Kyiv, Uzhgorod, and Lviv).

The group spent three days in Kyiv with the consultants of the head office and another two days in Uzhgorod and Lviv, one day in each city. The main topics discussed with representatives

from the network and their affiliates included network synergies, profit sharing, advertising advancement, programming issues (both network and local), technical equipment and software, branding, marketing, sales, internal communication and relations between the network and affiliates. The group was tasked with preparing a strategy paper that will show how they plan to apply the improvements they have seen in their respective networks back in Ukraine. A follow up study tour of select participants is planned for December 2008.

*Print:* In January 2007, five print media outlet editors from the regions and two web designers from Yerevan-based on-line publications participated in a symposium on print network development.

The first day was dedicated to demonstrating how Keystone serves the Budapest Sun on-line weekly publication by providing a web site, full graphics development, experienced design team, business consultants, and administrative interfaces, which allows the publication of a full version of the paper. In addition, the on-line publication has of the capability to generate extra revenue, thus contributing to the traditional outlet's self-sustainability.

Participants raised several questions and concerns related to establishment of web sites, which were explored on the second day. The issues raised were: should a manager of a media outlet consider getting a website, will this detract from the outlet's core business, key decision points such as revenue flow, accessibility and market position. Dynamic versus static web site options were reviewed, as well as web page creation process with sequenced implementation steps. The important component of cost of website development and maintenance was discussed.

The consultants argued that the benefits of launching a web site and its revenue generating capability are not a given in developing economies. The main focus of developing media should be to concentrate on the establishment of print networks and use the ancillary benefits that the internet offers.

Editors from print media outlets, each of them and jointly, expressed an opinion that this workshop would serve as additional incentive to start activities toward establishing stronger traditional print media before pursuing web sites for their print outlets.

The broad demand for improved design gave IREX/CMSPA good reason to increase on-site consultancies in the regions. However the pattern of highly trained professionals migrating to the capital city once they had achieved the requisite level of proficiency led the program to the launch of a centralized design facility in August 2007 to support regional print outlets' efforts to provide a better quality product. While regional on-site consultancies will remain an important part of the program, the new initiative will also provide regional print media with an immediate opportunity to streamline operations by outsourcing their initial design and layout to the IREX/CMSPA centralized design facility. The design facility is located in IREX/CMSPA's office, and its service is overseen by designer, Vahe Dionesyan who has a proven history of implementing design projects, including CMSPA's supplements. Print outlet editors work one-on-one with the designer to improve graphic elements and layout structures. Each outlet is led through the process of not only designing an individual paper but of producing a custom "style guide" that will provide the outlet with a consistent high quality product on a regular basis. Follow up on-site consultations by such well known experts as Ed Henninger help to ensure that the design elements are incorporated seamlessly at each outlet.

By September 2007, the success of the IREX CMSPA's centralized design facility had exceeded all expectations. The facility's initial targeted regional newspaper clients have embraced the initiative with great enthusiasm. After an initial meeting at the design facility, one of the first participants, *Tufashkharhi Arorya*, was compelled to completely redesign its upcoming issue immediately before taking it to their printing house. The editor-in-chief, Anahit Nahapetyan, worked closely with the CMSPA designer to develop a completely new and improved front page design. Readership feedback was overwhelmingly positive and the new design was credited with increasing sales. The initial enthusiasm caused other newspapers to line up for similar services.

#### **IR 4.2 Affiliate networks develop advertising synergies to compete with national broadcasters**

**Regional markets develop as attractive spot markets for networks.** As the affiliate networks have developed, they have struggled to encourage advertisers' niche buys in the regions. At the beginning of CMSPA's third program year, the perceived value of local markets was negligible. However, program initiatives helped regional outlets to approach and capture national and international advertising revenue. The adoption of a common standardized primetime package for national affiliate networks was delayed by the tremendous financial success of the network. IREX laid the groundwork for further improvement in its various television network development conferences and round tables and continued to offer additional targeted assistance such as on-site consultancies and targeted research to help networks develop pricing and sales strategies, ad sales departments, and financial infrastructures to support the profit centers. In addition, advertising agencies actively participated in the program and were poised to purchase local advertising and the associated local spot buys. Sophisticated niche marketing and pricing strategies were introduced to promote international buys. In addition, various network affiliates continued to improve their localized opportunities allowing them to also harvest the local advertising available to them in each small market.

#### **IR 4 CMSPA Program Indicators**

**Result 1:** An independent affiliate broadcast network is established with a Yerevan station at its center.

**Indicator:** Number of affiliated stations in targeted program

**Program's CA Goal:** 30% of independent targeted broadcasters belong to affiliate networks with impact seen starting in second year. Annual targets are: 10% second year, 20% third year and 30% fourth year as compared to the baseline number. The program focus was moved to regional broadcasters and attracted more non-affiliated broadcasters. This skewed the data down over the life of the program. It should also be noted that such numbers tend to come down in developing markets during elections so while progress was made in the first (non-election) program years some relapse occurred.

**Baseline:** N/A

**Year One:** 4 targeted affiliate stations (Hrazdan TV, MIG TV, STV1, Shant TV Gyumri) having joined an independent affiliate broadcast network with a Yerevan station at its center, and out of these four, three (Hrazdan TV, MIG TV, STV1) joined during August-October 2005.

**Year Two:** 10 targeted affiliate stations are members of an independent affiliate broadcast network (Tsayg TV, Lori TV, Hrazdan TV, MIG TV, STV1, Kyavar TV, Shant TV Gyumri, Radio MIG, Radio Hay Gyumri, Radio Hay Gavar).

**Year Three:** 9 targeted affiliate stations (Tsayg TV, Lori TV, Hrazdan TV, STV1, Kyavar TV, Radio Hay Gyumri, Radio Hay Gavar, Radio Hay Hrazdan and Radio Hay Sevan).are members of an independent affiliate network by the end of the third program year.

Please note that the current indicator was increased from 10% to 40% at the suggestion of USAID.

**Year Four:** 10 targeted affiliate stations (Tsayg TV, Lori TV, Hrazdan TV, STV1, Kyavar TV, Radio Hay Gyumri, Radio Hay Gavar, Radio Hay Hrazdan, Radio Hay Sevan, Radio Hay Kapan) are members of an independent affiliate network by the end of the fourth program year.

**Year Five:** 12 targeted broadcasters (Tsayg TV, Lori TV, Hrazdan TV, STV1, Kyavar TV, Khustup TV, Radio Hay Gyumri, Radio Hay Gavar, Radio Hay Hrazdan, Radio Hay Sevan, Radio Hay Kapan, and Radio Hay Meghri) are members of an independent affiliate broadcast network by the end of the fifth program year.

**End of Program Indicator Assessment:** 12 out of 13 targeted broadcasters (92.3%) were members of an independent broadcast network at the end of the program, thus exceeding the program's CA goal.

**Result 2:** Targeted affiliate networks improve business practices in the regions.

**Indicator:** Number of targeted regional affiliated outlets that sell local ads

**Program's CA Goal:** 50% of the targeted regional television outlets generate local revenue with impact seen starting in second year. Annual targets are: 20% second year, 30% third year and 50% fourth year as compared to the baseline number.

**Baseline:** N/A

**Year One:** While impact was not expected until the second year the early accomplishment of an independent network launch has provided an accelerated impact in this area. Today 2 targeted regional affiliated outlets (Shant TV Gyumri, MIG TV) attempt to sell local advertisements.

**Year Two:** 6 targeted regional affiliated outlets (Hrazdan TV, STV1, Shant TV Gyumri, Kyavar TV, Radio MIG, Radio Hay Gyumri) sold local ads.

**Year Three:** 9 targeted regional affiliated outlets (Tsayg TV, Lori TV, Hrazdan TV, STV1, Kyavar TV, Radio Hay Gyumri, Radio Hay Gavar, Radio Hay Hrazdan and Radio Hay Sevan) sold local ads by the end of the third program year.

**Year Four:** 10 targeted regional affiliated outlets (Tsayg TV, Lori TV, Hrazdan TV, STV1, Kyavar TV, Radio Hay Gyumri, Radio Hay Gavar, Radio Hay Hrazdan and Radio Hay Sevan, Radio Hay Kapan) sold local ads by the end of the fourth program year. Please note that the current indicator was increased from 20% to 75% at the suggestion of USAID. The data shows that the program has reached the third year goal and that further efforts will be directed towards sustaining this progress over the life of the program.

**Year Five:** 12 targeted regional affiliated outlets (Tsayg TV, Lori TV, Hrazdan TV, STV1, Kyavar TV, Khustup TV, Radio Hay Gyumri, Radio Hay Gavar, Radio Hay Hrazdan and Radio Hay Sevan, Radio Hay Kapan, Radio Hay Meghri) will be selling local ads by the end of the fifth program year.

**End of Program Indicator Assessment:** 12 out of 13 (92.3%) targeted broadcasters were selling local ads at the end of CMSPA, thus exceeding the program's CA goal.

**Result 3:** Targeted affiliate networks offer a shared time slot time for national advertisers.

**Indicator:** Number of targeted affiliate broadcasters that carry network programming.

**Program's CA Goal:** 75% of targeted affiliates share a prime time schedule with a Yerevan based station with impact seen starting in the second year, Annual targets are: 30% second year and 40% the third year and 75% the fourth year as compared to the baseline number.

Note: The removal of "client" media outlets pushed the indicator to 100%.

**Baseline:** N/A

**Year One:** While impact was not expected until the second year the early accomplishment of an independent network launch has provided an accelerated impact in this area. 4 of the targeted affiliate broadcasters carry network programming.

**Year Two:** 9 targeted affiliate broadcasters carried network programming.

**Year Three:** 9 targeted affiliate broadcasters (Tsayg TV, Lori TV, Hrazdan TV, STV1, Kyavar TV, Radio Hay Gyumri, Radio Hay Gavar, Radio Hay Hrazdan and Radio Hay Sevan) carried network programming by the end of the third program year.

**Year Four:** 10 targeted affiliate broadcasters (Tsayg TV, Lori TV, Hrazdan TV, STV1, Kyavar TV, Radio Hay Gyumri, Radio Hay Gavar, Radio Hay Hrazdan, Radio Hay Kapan and Radio Hay Sevan) carried network programming by the end of the third program year.

**Year Five:** 12 targeted affiliate broadcasters (Tsayg TV, Lori TV, Hrazdan TV, STV1, Kyavar TV, Khustup TV, Radio Hay Gyumri, Radio Hay Gavar, Radio Hay Hrazdan, Radio Hay Kapan and Radio Hay Sevan, Radio Hay Meghri) continue to carry network programming by the end of the fifth program year.

**End of Program Indicator Assessment:** 12 out of 13 (92.3%) targeted broadcasters carried network programming at the end of CMSPA, thus exceeding the program's CA goal.

**Result 4:** Targeted affiliate networks successfully compete in the national market.

**Indicator:** Targeted affiliate networks garner a percentage of the national advertising market.

**Program's CA Goal:** Targeted affiliate networks take 25% of the targeted television advertising market with impact seen starting in second year. Annual targets are: 5% second year, 15% third year and 25% fourth year as compared to the baseline number.

**Baseline:** N/A

**Year One:** N/A

**Year Two:** The targeted affiliate television network took the 19% of the targeted television advertising market.

**Year Three:** Targeted affiliate networks take 21% of the targeted television advertising market by the end of the third program year.

**Year Four:** Targeted affiliate networks take 25% of the targeted television advertising market by the end of the fourth year.

**Year Five:** Targeted affiliate networks take 26% of the targeted television advertising market by the end of the fourth program year.

**End of Program Indicator Assessment:** At the end of year five of CMSPA, 26% of the targeted television advertising market was taken by targeted affiliate networks, which exceeded the program goal of 25% by 1%.

## V. CONCLUSIONS AND LESSONS LEARNED

During the five year history of CMSPA, Armenia experienced numerous events that had impact on the development of the country and its political and economic conditions, which in turn had an impact on the development of the independent media sector.

In particular, the 2008 presidential elections and their aftermath represented the most volatile issue to impact Armenia during CMSPA's five years of operation and affected the program's

work. The media's ability to report on the upheaval was severely limited. The troubles began when reports first trickled out that there were flaws in the election system. As a result, thousands of people took to the streets of Yerevan to stage a series of rallies, which in a matter of days turned into a protest camp occupying the area behind the Opera House, which was dubbed "Liberty Square." The camp and associated rallies continued until the early hours of Saturday, March 1, when the authorities, following reports that the protestors had armed themselves, sealed off the area and moved on the crowd. On the evening of March 1, President Kocharyan declared a 20-day state of emergency for the city of Yerevan. The order included a demand for the cessation of NGO activity as well as a media blackout of all but government statements and was followed by a shutdown of independent news reporting and waves of arrests that continue to this day. The press blackout was supposed to be limited to "internal political matters" for the duration of the state of emergency – except for official government announcements.

Despite ongoing political and economic struggles, CMSPA had considerable impact on the independent media sector. One of the most visible impacts of CMSPA was the expansion of commercial loans to media outlets. Prior to IREX's work, most media outlets were unable to acquire loans; those that were able to borrow successfully were subject to punitive interest rates and other restrictive conditions. IREX worked with key Armenian lending institutions to set parameters for the program-supported loans. Concurrently, IREX worked with targeted media outlets to improve their business operations to meet commercial loan qualification. In total, eight media outlets received loans. As noted elsewhere in this report, IREX had an additional three potential borrowers prepared to apply for loans, which would have fulfilled CMSPA's program goal, but at the direction of USAID IREX suspended all new lending initiatives in early 2009.

At the close of the program, all borrowers were current on their loans. Since the program ended, IREX put in place a limited management structure to manage the eight CMSPA-supported loans. While some borrowers have missed payments since CMSPA ended, IREX was able to work with the borrowers and the banks to ensure the missed installments were made. As of the writing of this final program report, all loans were current with their repayments.

The goal of IR 2 of CMSPA was for targeted media to use market research. IREX accomplished this in two ways. First it launched several complementary media market research initiatives, thus establishing ratings and audience-based research as a driver of advertising revenue and content generation. Second, it designed and implemented a comprehensive training program for media outlet professionals and advertising agencies on various aspects of audience-based research and its business applications.

An important aspect of CMSPA was for targeted media outlets to cover relevant news and information so that citizens could be more informed of what their political leaders are doing. IREX developed a strong core of professional media outlets and journalists who produce objective and balanced news and information. These media covered not only politics, but also important social issues, local topics, and regional issues.

IREX made considerable progress over the life of CMSPA in fostering the creation of national broadcast networks, putting the network component of the developmental indicators years ahead of the planned growth. In the third program year, IREX was instrumental in helping the Radio Hay network grow from a few stations to nearly twenty stations. Regional support of television network affiliates and expanding the print network benefited the sector. In the fifth

year of the program, IREX continued to support the various network projects and focused on the further development of its alternative print network. Regional outlets saw their periodicals redesigned into a dual format that served both traditional and on-line applications.

As evidenced by IREX's Media Sustainability Index scores over the life of CMSPA, for the most part Armenia's media sector improved in overall scoring as well as in the component indicator scores. Conceptually, loans as a development tool was a unique approach to media development and IREX was successful in meeting the terms of its Cooperative Agreement with USAID in all respects. However, there were elements of Armenia writ large and the media sector that made structuring the loan component of CMSPA particularly challenging. First, Armenia's economy remains weak in key respects which, in combination with the recent global financial crisis, impacted media outlets' business performance and their ability to qualify for loans. Second, several large international donors include grants to media outlets in their work in Armenia; overcoming the "grant mentality" among media outlets—and locating media outlets which demonstrated commitment to taking loans at commercial interest rates instead of opting for grants—was a particular challenge.

Armenian media today is influenced by official sources of information. National television channels are either controlled by the government or pro-government businesses. As the most accessible form of media for most Armenians, this presents a challenge for the average citizen who wants access to independent sources of news and information. Newspapers – though numerous – remain weak both in their content and as sustainable businesses. Radio is more often listened to as a source of entertainment rather than for news. Online media are growing. Internet access outside Yerevan remains a challenge, though the potential for greater impact is substantial.

In fact, the biggest change in Armenia's media sector in the last five years has come in the new media world. Internet penetration – through relatively small – has rapidly grown. According to the International Telecommunication Union, Internet users have grown from 0.13 percent in 1998 to 6.2 percent in 2008. The small community that is online has developed a vibrant presence. News, information, and ideas are exchanged and discussed. Protests – like those that followed the 2008 presidential elections – are sometimes organized using digital technologies like the Internet and text messaging. In addition to news Web sites, blogs, and wikis, social networking has provided a more interconnected way to share information. Links are shared with friends, recommended, and commented upon. Investigative journalists publish their work online and subsequently in newspapers. Even with these positive indicators, however, the full potential of digital media awaits the extension of Internet connectivity, though Armenia's information technology sector has grown in recent years with some outside investment.

Given the continuing global financial crisis, IREX believes that future media development efforts in Armenia should not exclude business operations. However, recent technological advances in new and alternative coupled with the expansion of WiMax and Internet access throughout Armenia provide a unique window of opportunity to work with independent media to further develop their on-line capabilities. IREX launched several groundbreaking alternative media initiatives in the final phase of CMSPA which should prove a solid foundation for future media development initiatives in Armenia.