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Nebojsa Cagorovic
Dan De Luce

Management Systems International, Inc.
600 Water Street SW
Washington, DC 20024
(202) 484-7170
mfanning@msi-inc.com

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Executive Summary

Free, independent media build democracy, promote open debate and help hold governments and public institutions accountable. Research has shown that a free flow of information bolsters economic competition, education levels and public health standards. In Croatia, a few courageous news organizations helped expose abuses of power, wartime atrocities and corruption committed by the previous HDZ government. Vigorous, balanced journalism that holds government, institutions and businesses accountable will be crucial to Croatia's development in the post-Tudjman era.

USAID commissioned this assessment to examine the state of the media sector in Croatia in the new political climate, to evaluate the activities and efficacy of the IREX ProMedia II project launched in 1999 and to propose recommendations for possible adjustments to the media assistance project. The two-member assessment team was asked to consider how media development efforts should be adjusted to the improved political conditions prevailing in Croatia since the elections of 2000.

Overview of the media sector

Legal reforms and a more open political climate have strengthened media freedom and pluralism in Croatia since the end of autocratic rule by former President Franjo Tudjman and the HDZ. State television (HTV) no longer promotes an explicit partisan agenda or ethnic, religious prejudice. News media are free from direct political control and the more open political atmosphere has encouraged journalists to cast aside the practice of "self-censorship". Citizens have access to a relatively wide range of information, news sources and opinions, including critical coverage of the government and the opposition.

Although a significant degree of pluralism is taking root, the quality of journalism remains flawed. Similar to other transitional societies, news coverage often displays a lack of balance, incoherent presentation, factual errors, intellectual passivity and crass sensationalism designed to boost circulation. Self-regulation through a "court of honor" has failed to raise standards and media outlets are not familiar with the concept of news ombudsmen to handle complaints. Government ministries and other institutions must share some of the blame for this low level of journalism by failing to provide timely, accurate information to the public.

Compared to other post-communist societies or other former Yugoslav republics, Croatian journalism ranks relatively well and there are signs that the level of journalism is gradually improving. The news media has begun to broaden its coverage beyond mere high politics, reporting on health care services, pension reform, privatization, sexual harassment, racism and other issues. Journalists have proven receptive to organizations that approach them in an open, articulate manner.

Media law and policy

The legal and policy environment for the news media has changed for the better in some respects. The highest court struck down a law that prohibited criticism of the

country's top five government officials. The state news agency's editorial independence is better protected under new legislation, the state monopoly on newspaper distribution has been dismantled and the new law on state television represents a step towards public service broadcasting.

Despite this progress, a flawed legal and regulatory framework poses the biggest obstacle to the development of a robust private and public media sector. A less restrained government could exploit existing legal and regulatory weaknesses to interfere with state-owned broadcasting, manipulate licensing regulation, meddle with state-owned daily newspapers or stifle criticism through existing defamation laws. Current legislation and regulatory oversight are insufficient to ensure that state television evolves into a genuine public service broadcaster, that commercial stations have equitable access to frequencies and advertisers and that the planned privatization of the broadcasting sector is transparent and fair to potential investors. Without a healthy commercial broadcasting market, state television will never be forced to change its inefficient and incompetent practices and pluralism and democratic debate will suffer as a result. This monopolistic environment also discourages foreign investment in the broadcasting market.

Laws on defamation in the civil and criminal code, coupled with the judiciary's failure to follow European Court case law or to resolve a backlog of more than 1,000 lawsuits, pose a continuing threat to freedom of expression, journalistic inquiry and political satire. There is also a lack of adequate anti-trust laws and regulations to ensure competition and pluralism prevail in the media market.

Journalists, media managers and civil society activists have begun to identify these legal issues but have yet to organize themselves effectively to influence pending legislation and regulatory practice. The defeat of the HDZ in 2000 removed a direct threat to media freedom that had previously galvanized independent-minded journalists and, as a result, a certain degree of complacency has set in. The government and parliament have also failed to define a clear strategy for the development of the media sector.

State television's dominant, monopolistic role

State television overshadows radio and newspapers as the most influential medium, with an overwhelming 87 percent of the public getting their news from HTV. Radio news has a 66 percent daily audience and newspapers have a daily readership of 37 percent, according to an Inter-Media survey. Unlike radio that relies heavily on agency reports, newspapers help shape the news agenda and are read closely by society's decision makers. Daily use of the Internet is ranked at four percent and is expected to grow significantly. Major media outlets have all launched websites.

Although it no longer displays blatant partisan bias or ethnic intolerance towards minorities or neighboring states, HTV's news programming remains flawed and appears vulnerable to political pressure. Genuine public service broadcasting is an alien concept that is not understood or accepted among many working at HRT or the political establishment. A law on HRT adopted in 2001 represented a step forward in some respects but produced a contradictory management structure and left the door open to parliamentary and government interference.

In contrast to the broadcast sector, the print media are privately owned except for the state-run dailies Vjesnik and Slobodna Dalmacija . The print sector is saturated and publishers subsidize dailies and weeklies for political influence or as part of a battle for market share. Instead of advertising, street sales provide the majority of revenue.

The privatization of the former state-owned Tisak distribution company, which had been used by the previous regime to exert financial pressure on independent-minded publications, has created more equitable commercial conditions for print media. The print sector is increasingly dominated by a single private publisher, Europa Press Holding, which is backed by the major German publishing firm WAZ. Although another foreign-backed publishing firm competes with EPH, there is some concern among journalists about a possible monopoly takeover of the print market.

IREX ProMedia's achievements

Through direct aid, management advice and journalism training, IREX has played an instrumental role in building an increasingly free, independent media sector in Croatia. IREX helped establish the country's first commercial network alternatives to state television and radio news. Providing alternative news sources has bolstered the free flow of information, strengthened pluralism, raised journalistic standards and paved the way for more commercial competition. CCN television should serve as a model for similar undertakings in other transitional societies.

IREX has strengthened management skills in the media sector through expert advisers and sponsored audience research. Through its work with industry associations, IREX has helped empower journalists and media managers to define their common interests and to pursue professional development. By identifying key issues, IREX has helped improve the legal and regulatory conditions for the media sector. Working with the Croatian Journalist Association and other USAID implementing organizations, IREX has helped improve the quality of journalism through a series of seminars with reporters and government ministries and professional communities.

IREX ProMedia II's Cooperative Agreement was written in 1999 when Tudjman was still in power. The agreement expires in 2004 and there is approximately \$1.1 million remaining in the project budget. Given the improved political climate and the limits of the Cooperative Agreement's remaining budget and time span USAID and IREX will have to focus on a few priorities that carry the greatest impact for media development.

Recommendations

The future course of this country's media sector will be decided in large part through pending media-related law and regulatory policy. Therefore this assessment team believes that IREX should place the highest priority on media law and policy reform efforts for the remainder of its Cooperative Agreement, acting as a catalyst and a trusted source of information for journalists, industry associations and human rights/civil society activists. The allocation of staff time and resources should reflect this priority. Under its Cooperative Agreement, IREX has been assigned the goal of supporting sustainability within the media sector. The best strategy for achieving that goal is to shape a legal landscape that provides for genuine competition.

IREX has already conducted valuable work in this area and has by no means ignored media law issues. But with limited time and resources, IREX should intensify and expand its efforts and goals to promote a legal environment that will foster the free flow of information, journalistic inquiry and a robust commercial media market. In cooperation with USAID and other implementing organizations, IREX should also explore the possibility of providing technical assistance for advocacy efforts on legal reform. The ultimate objective should be to ensure that an ad-hoc alliance or new NGO serves as a watchdog and monitor of media law and free speech issues after IREX and USAID have departed.

Although it has already made a major contribution to promoting commercially viable media, IREX should continue to pursue further audience research and related technical assistance as planned. To its credit, IREX/Croatia has recognized that the absence of reliable surveys has hampered the growth of commercial broadcasting.

To improve the quality of journalism, IREX should continue to sponsor inter-professional seminars that have proved a cost-effective method of raising both journalistic and public affairs standards. In addition, IREX may want to explore promoting the concept of news ombudsmen to help media outlets address audience concerns. IREX also should identify useful texts for translation on journalistic practice and media law.

Since the elections of 2000, IREX has shifted its emphasis towards transferring skills and information instead of direct aid to media outlets. IREX has made significant progress in phasing out direct aid, ending sponsorship of CCN's fiber optic lease. It should now move to end any remaining direct aid to the Association of Independent Radio or the CJA within a clear timetable, preferably by the end of 2002. With IREX involvement in CCN coming to a close, an appraisal examining CCN's status, history and IREX's options for the handover of property should be prepared by the IREX staff and a relevant consultant. Such an appraisal would provide guidance for any future decisions on assistance to CCN and would be useful for similar undertakings elsewhere.

Apart from consultancies and part-time clerical help, IREX manages its numerous activities with a modest staff of one expatriate and one Croatian national. It may be necessary to eliminate or cutback on some activities to ensure the staff is not stretched too thin or to make more use of local contractors. It may also be useful for IREX, working in cooperation with the USAID mission, to conduct a fresh review of the roles and responsibilities of the IREX/Croatia staff and its contractors to accompany the current review of IRs and this assessment exercise. Those activities that carry the greatest potential for having a lasting effect on the sector – such as media law reform or media market research – should take precedence over day to day advice to commercial media or general journalism training seminars.

A number of issues affecting the future of the media sector are primarily economic policy issues that will be decided through pending legislation and the privatization process. It is beyond the scope of IREX's mission and capabilities to follow these developments. To ensure transparency and fair competition for potential investors, USAID may wish to consider closer monitoring of pending telecommunications legislation and the planned privatization of the broadcasting sector possibly through its privatization or competitiveness activities.

Once the IREX Cooperative Agreement expires, USAID may want to consider commissioning an annual review of the media sector to ensure legal and regulatory issues are monitored for the duration of the USAID program in Croatia.

I. Media Law and Policy Environment

The legal and regulatory environment for the news media has improved following the parliamentary and presidential elections of 2000. An undemocratic law that forbid criticism of the country's top five government representatives has been struck down by the constitutional court, helping to create the conditions for more open debate in the media. State monopoly ownership of the newspaper distribution company Tisak has been dismantled, with private publishing companies and a state tobacco company owning a majority stake. A new law governing the state HINA news agency provides some protection against political interference by introducing the principles of editorial independence and transparency to the agency's operations for the first time.

The new Law on Croatian Radio Television (HRT) adopted in February 2001 provides a legal framework for public service broadcasting but important recommendations from the Council of Europe and other international bodies were ignored. As a result, the law fails to provide minimum safeguards for editorial and management independence and allows for arbitrary interference by the parliament and the government. By creating a Board of Management appointed and dismissed by the parliament, the law undermines the role of the HRT Council which is ostensibly supposed to be representing the public interest through its pluralistic representation. Real power rests with the politically-appointed Board of Management. Government ministries are granted extensive authority to interfere with HRT by "supervising the legality of the HRT operation" (Article 35, Law on HRT). The law also creates an incoherent management structure by mixing management and supervisory duties among the HRT Council, the Board of Management, the Director and the chiefs of program.

One potentially positive element of the HRT law calls for creating a separate Transmitters and Communications company based on the broadcaster's transmission infrastructure. This transmission company, which includes talented and experienced engineers, could eventually attract foreign investment for mobile phone services, wireless communications and other telecommunications ventures. This branch of HRT is already selling satellite services to foreign firms. Requiring HRT to pay for its transmission costs and creating a separate communications infrastructure company represents a first step towards a more competitive broadcasting and new media sector.

The Law on HRT makes no mention of the long-promised privatization of the third channel. But numerous sources told the assessment team they expect the privatization to go ahead sometime in the next 12 months. If the third channel of HRT is privatized it would almost certainly attract the interest of major foreign media companies, presuming the process was transparent and fair.

The parliament has yet to adopt a comprehensive law governing telecommunications and broadcasting issues, creating an uncertain business climate for domestic broadcasters and foreign investors.

Amendments to the existing telecommunications law in 2001 have created a weak regulatory body, the Council on Radio and Television, which is appointed by the parliament. Members of the Council can be dismissed at will at any time on vague

grounds. The Council issues licenses but has no authority to monitor compliance by broadcasters, participate in planning the allocation of spectrum, address complaints or impose sanctions for violations of license conditions. The Institute of Telecommunications, appointed by the government, prepares and plans a frequency plan and the structure of radio and television licensing. After the Council awards a license, the contract on the license is concluded by the Institute. The Inspector for Telecommunications, another government appointee, monitors the performance of broadcasters. The existing law thus allows for political interference and pressure in the broadcasting regulatory process, threatening media freedom and fair commercial competition.

Private broadcasters, the Council of Europe and others have called for a separate broadcasting law instead of including these issues in a broader telecommunications law.

The current Council on Radio and Television is widely viewed in and outside the media industry as an inefficient and incompetent body that has failed to introduce coherence and fairness to the regulatory landscape. Clear violations of broadcasting regulations are not enforced and license renewals are ignored or delayed without cause. Although it does not display a partisan political bias, the Council has done little to dismantle the distorted situation it inherited.

The ministry of culture has prepared an extensive list of principles on media legal issues that may form the basis of a general law on media. In an interview with this assessment team, the assistant minister of culture responsible for media affairs (Jadran Antolovic) said that a new media law will be proposed by June or July and that it could provide an opportunity to amend flaws in the Law on HRT and the draft Law on Telecommunications. The list of principles includes anti-monopoly rules limiting cross-ownership of different media and market share, provisions allowing journalists to protect their sources and more lenient treatment of libel issues. There are also extensive rules for registration of media, which could provide a means for political interference.

The country's civil and criminal defamation laws and the judiciary's enforcement of these laws continue to pose a threat to journalistic inquiry, political satire and freedom of expression. A court in March ordered the weekly Feral Tribune to pay a 200,000 kuna (\$23,750) fine linked to defamation suits dating back to 1998. The court ruled that the weekly should pay the fine as compensation for mental anguish allegedly suffered by a lawyer and an art custodian who were portrayed in an article. The Feral articles cited in the lawsuit called a Zagreb lawyer anti-Semitic and fascist for claiming the Jews had brought the Holocaust on themselves "by robbing and insulting other nations". The Committee to Protect Journalists, the International Federation of Journalists and Croatian human rights organizations condemned the court decisions.

The Croatian judiciary does not clearly distinguish between public and ordinary persons in defamation cases nor does it interpret the law based on European Court of Human Rights precedents. Neither the judiciary nor the government has made an attempt to address the backlog of libel cases that were filed during the Tudjman era. The issue has yet to be addressed in an informed debate and there remains widespread ignorance among journalists, lawyers and judges about domestic and EU law on

defamation. Although understandably concerned by the court's interpretation of defamation law, media organizations are failing to instill a sense of ethics and responsibility among editorial staff. The Croatian Journalist Association (CJA) runs a voluntary "court of honor" that tends to be ignored and has failed to prevent lawsuits. The Croatian Helsinki Committee for Human Rights, which has recently formed a committee on media issues, has called on the government to address the defamation problem through legislative reform (repealing criminal libel) and judicial reform to ensure freedom of expression is respected under EU and international norms.

The OSCE mission has expressed concern over the interpretation of some provisions in the criminal code that prohibit public discussion of pending cases. State prosecutors recently threatened to file criminal charges against an HRT anchor, Denis Latin, for a program that discussed the judiciary and pending cases.

Croatian law does include provisions for access to information though it applies only to journalists instead of the general citizenry. A closed culture prevails within public institutions and reporters have yet to take advantage of their legal rights to gain access to information held by government bodies. The existing law could provide the basis for a proper access to information law. Introducing the principle of open access to information in Croatia would be an invaluable contribution to bolstering transparent governance, pluralism and the free flow of information.

With the draft telecommunications law pending and the preliminary outline for a media law being prepared, the government and parliament appear poised to decide pivotal media law issues sometime in the next 6 to 18 months. These decisions will affect media freedom, the development of the commercial media sector and the degree of pluralism and foreign investment allowed in the Croatian market for years to come.

Although the ministry of culture has sought the views of the CJA and private broadcasters, the media industry and civil rights experts have yet to organize themselves to ensure the best legislative outcome and to convey their concerns to the public and the political leadership.

The CJA has focused on anti-monopoly issues and has made some effort to convey its views to the government and the OSCE mission. But the CJA has not approached media law issues in a strategic way and seems to ignore broadcasting law. The Croatian Helsinki Committee for Human Rights has recently formed a "Council for the Media" that at least has defined the key media and free speech issues at stake and is comprised of highly respected journalists and legal experts. It is far from clear

II. IREX ProMedia II activities and achievements

USAID awarded a Cooperative Agreement to IREX ProMedia II in September 1999 with a budget of \$5,050,000. With the autocratic rule of the HDZ due to be tested in elections, the Cooperative Agreement (CA) had been designed to address a number of direct threats to media freedom, pluralism and the commercial survival of news outlets. The difficult conditions that applied at that time improved dramatically following the defeat of the HDZ at parliamentary and presidential elections in 2000. Out of the original award of \$5,050,000, approximately \$1.1 million remains in the budget for IREX ProMedia II/Croatia as of March 2002.

The CA set out five main areas for media assistance:

- Marketing and Business Management
- Association Development
- Fiber Optic TV/Radio networks
- Legal Assistance Program
- Journalism Education

These objectives were accompanied by numerous and ambitious Intermediate Results (IRs) and indicators. Many of these IRs and indicators have been fulfilled and other indicators are no longer relevant, (see part IV. Consolidation of Priorities/IRs)

To adjust to the changed political climate, the USAID Cognizant Technical Officer and IREX have proposed to reduce or merge the original IRs in the Cooperative Agreement. The USAID mission is currently conducting a review of its IRs generally and media-related activities will be included in this PMP exercise. (IREX's objectives and adjusted IRs as listed in a new Workplan of March 13 are discussed in part IV and V).

IREX's activities have focused on developing national commercial broadcast networks with high quality news programs, transferring business management skills to commercial broadcast and print media, assisting and advising media associations, promoting higher quality journalism through specific consultancies and seminars, providing support for legal defense and encouraging media law reform.

Broadcast networks: CCN

Launching and sustaining the Croatian Commercial Network required the largest investment of staff time and financial resources. With a fiber optic network originally leased by IREX, CCN linked seven local stations in Zagreb, Split, Osijek, Varazdin, Cakovec, Pula and Rijeka. IREX succeeded under a strict time table, managing to get CCN on air in time for the 2000 election parliamentary and presidential campaigns. The coalition that won the parliamentary vote and President Stipe Mesic have said CCN provided an invaluable alternative source of information for voters compared to the HDZ-biased state television.

CCN has been widely praised for the quality of its news programming, with newspapers and magazines welcoming its fresh, concise approach. "Although HTV

has thousands of employees and an annual budget that is measured in the millions of dollars (\$225 million), CCN with a few employees and an immeasurably smaller budget still produces better news,” the weekly Nacional wrote in its January 20 issue. CCN has won awards for best news program from a panel of peers in the Croatian Journalist Association and a reporter for the network has won an award for the best broadcast news series. A survey conducted by Metron/Ventura agency issued in April, 2001, stated that 47.6 percent of those polled preferred CCN to state HTV. Only 31.1 percent said they preferred the government-owned television.

CCN has been the first to report some important news stories. When the Belgrade government announced it was moving to arrest Slobodan Milosevic last year, CCN reported the announcement live at 7:20 p.m. HTV failed to inform its viewers for more than two hours.

In the assessment team’s interviews with those in and outside the media, CCN news received unanimous praise as a better source of information than HTV. Most believed that HRT had made some adjustments to its evening news program in an attempt to compete with CCN’s product. The only minor criticism that emerged in some quarters was disappointment with CCN’s weak signal, which is hard to pick up in some towns.

CCN has raised the stakes in commercial broadcasting by providing a high quality news program at a fraction of the cost of HRT’s “Dnevnik”, proving the value of competition and the benefits of independent-minded journalism. The talented, young editors that have made CCN a success represent a new generation of broadcast journalists that believe in political neutrality and public service rather than subservience and servility. These CCN journalists will undoubtedly become influential leaders in their profession and help shape the media industry in Croatia.

By television standards, CCN was launched on a miniscule budget. The whole project has cost approximately \$2 million. About ten times that amount was spent in neighboring Bosnia-Herzegovina by donor governments on a similar project that never reached the journalistic standard of CCN.

Other donor governments and organizations have endorsed CCN through additional financial support. The Open Society Institute contributed \$90,000 in August of 2000, the Swedish Helsinki Committee donated \$25,000 and Press Now of the Netherlands provided \$32,000 this year.

CCN faces an uphill struggle for advertising revenue in a monopolistic market. HRT can spend public money from its license fee to buy expensive films and entertainment programming and then purchase advertising at a low rate designed to undercut commercial broadcasters. HRT has a monopoly on national frequencies and partial networks such as CCN are limited to five hours of daily broadcast time. HRT is allowed to operate in a financially reckless fashion. The government has made HRT exempt from the Value-added Tax (VAT) and has forgiven \$25 million of accumulated VAT.

A comparison with the Slovene media market illustrates the distorted nature of Croatia’s television advertising sector due to monopolistic conditions. The television advertising market in Slovenia is about 90 million German marks and a commercial

broadcaster has a 60 percent share of the market. In Croatia, with twice the population, the advertising market amounts to 110 million German marks and state television has at least 90 percent of that market, according to one market research source. Even taking into account Slovenia's higher standard of living, Croatia's TV advertising market is clearly stifled and has not expanded since 1999, while the smaller print and radio markets have grown by about 10 to 15 percent a year.

Even in markets without monopolies, commercial television requires a period of investment before showing commercial profitability. But CCN does not have the luxury of investment capital to establish its position in the market. The network is managing to break even through advertising and barter deals but its financial status remains tenuous due to the monopolistic market.

IREX has provided expert editorial and business advice to CCN but it remains unclear if CCN's management is capable of carrying out a well-planned marketing and programming strategy. A lack of reliable and detailed audience research has also hampered CCN's development. Even if it does manage to find the weak spots in HRT's schedule, CCN will remain dependent on a small number of advertisers and therefore highly vulnerable to predatory practices by HRT. It is possible that a foreign company interested in a regional platform for the Balkan market could invest in CCN or that CCN could cut its operating costs by concentrating exclusively on a news programming service.

The US embassy and USAID created CCN, and later AIR, with the aim of providing an alternative, balanced source of news for Croatian citizens in an autocratic climate. This was a political – not commercial – goal. By any measurement, IREX has succeeded in fulfilling the original goals set out for CCN. Given the improved political climate, it is not the duty or the responsibility of USAID or IREX to guarantee CCN's long-term commercial profitability, especially given the legal and regulatory obstacles in place. A major multi-million dollar investment -- larger than USAID's donation thus far -- would be required to ensure CCN's longer term financial stability

Although IREX has stopped contributing direct financial assistance to CCN, it provided a management consultant in 2001-2002 to offer marketing and programming advice to the network. IREX also retains title to fiber-optic terminal equipment at each station and at network headquarters and to most network production and editing equipment.

Broadcast networks: AIR

The Association of Independent Radio (AIR) network, which was launched in April 2001, is comprised of 13 local stations across the country that broadcast using a satellite system sponsored by IREX.

Many of the network member stations have well-established audiences and solid advertising revenue. Unlike the television market, HRT's dominance of radio has declined since 1995 and more than 100 local stations have managed to secure a significant share of advertising revenue. The AIR network is competing in a more

accessible market, with a healthier private sector and inherently lower operating costs than television.

In a partnership with IREX, the BBC World Service agreed to provide a daily Croatian-language news program from a Zagreb studio that serves as the headquarters for the network. The BBC has paid for an editorial staff, extensive training of journalists and a newly-equipped and remodeled studio.

IREX sponsors the satellite transmission costs (about \$10,000 per month), rental of offices, an administrative assistant and a marketing director. IREX has stated that it plans to end sponsorship of the satellite transmission link by September 2002.

With no editorial costs, a promising network of stations and a quality news service, the AIR network should be well-placed to cover its modest operating costs and eventually generate profit for its member stations. A training session with a business consultant sponsored by IREX led the network leadership to seek out a marketing director. IREX does not plan to provide further business consultancies to AIR. The AIR network has gotten off to a smooth start but it has yet to forge a clear marketing strategy.

The IREX/BBC partnership has established a credible, high quality, national alternative to the state radio news at minimum expense to USAID. Its editorial independence is ensured by BBC's role. IREX has fulfilled the original goals set out for the television and radio news networks and market forces -- as well as legal conditions -- will determine whether AIR will succeed commercially.

Marketing and Business Management

IREX has provided business and marketing advice through domestic and expatriate consultants to numerous broadcast and print outlets in various regions. This management advice was also provided to the Croatian Journalist Association.

As the only international organization in Croatia emphasizing business management skills for news media, IREX has been an invaluable source of advice and information for media managers and editors. Recipients of business skills training told the assessment team that the guidance was extremely helpful and recounted how it had forced them to question their assumptions about the management of their news organizations. Some managers said there was still a lack of practical books on management and marketing available in the Croatian language.

There is no question that IREX's seminars and consultancies have helped plant the seeds for commercially viable print and broadcast sectors and passed on skills to new media managers. But IREX has also been careful to avoid micro-managing these news organizations and has recognized that training must allow managers to take responsibility for their own decisions.

For example, tension among staff at one radio station was resolved through IREX consultant work. During the drafting of a business plan at Radio Borovo, an ethnic Serb station in Eastern Slavonia, the management was forced to draft meaningful job

descriptions. As a result, tension among staff members dissolved because the new job descriptions set out a clear division of tasks and roles.

IREX has also tried to assist commercial media to secure reliable, detailed audience research that would help attract advertisers. IREX worked with InterMedia, a Washington-based non-profit organization, to use the results of a survey on audience habits and trends. Most audience research in Croatia has tended to be self-serving and unreliable, making it difficult for advertisers to find their target audience. IREX is planning to sponsor an audience survey that would meet international standards. A tender for this survey will be issued in the near future. This survey would be accompanied by technical assistance as appropriate to ensure the commercial stations had the knowledge and skills to make full use of the market research. Such an independent and detailed audience survey would be the first of its kind in Croatia and would bolster the development of the commercial media sector.

Association Development

IREX has fostered the development of media industry associations that promote the interests of commercial broadcasters, media freedom, journalistic ethics and professional standards.

IREX ProMedia I helped establish the Independent Association of Television stations (NUT) in 1999, which lobbied successfully for legal amendments that lifted restrictions on networks among broadcast stations.

ProMedia II has continued to work with NUT, sponsoring meetings occasionally and serving as an informal clearinghouse for communication among journalists and media managers on legal issues. Unlike AIR, NUT is focused on lobbying and does not manage a radio network. IREX provides no direct financial support to NUT.

The Association of Independent Radio stations (AIR) was founded in the winter of 2001 with assistance and advice from IREX ProMedia II. AIR has joined forces with NUT occasionally to lobby for legal or regulatory reform on important issues threatening commercial broadcasters.

NUT and AIR, working with café shop owners and the Croatian Chamber of Commerce, lobbied the government agency ZAMP/HUZIP (which represents authors and composers) in 2001 to review and restructure the fees charged for music rights. A series of meetings held from April to September last year produced improvements in government copyright policy and more equitable fees for private broadcasters. IREX played a helpful role throughout, arranging a meeting space and paying for an attorney familiar with copyright issues.

Although NUT and AIR have worked in cooperation with the Croatian Journalist Association (CJA), NUT and AIR tend to focus on broadcast issues and CJA tends not to involve itself in broadcast regulatory questions in detail.

Through management advice from a domestic consultant sponsored by IREX, the CJA has improved and centralized its financial administration. This reorganization and business advice helped CJA secure a commercial loan to repair and improve its

main asset, the Novinarski Dom (Journalist House), which is rented out for special events and various tenants.

IREX also has worked with the CJA to organize numerous seminars and discussions that have sought to raise journalistic standards and stimulate professional development (see Journalism Education).

IREX provides a grant to CJA to pay the salary of the general director, Albert Kapovic, who has been a valuable advocate for reform at the association. The grant (approximately \$2,300 per month) is due to continue through September 2002.

IREX's domestic business consultant has advised CJA to conduct a strategic planning exercise and to prepare a business plan. The business plan has been discussed for at least a year but the CJA has yet to finish the task. The CJA is a large organization with 2,000 members and even its own management acknowledges that it sometimes moves slowly. Its varied activities mix elements of a professional association with a trade union or guild. For many leading journalists and editors and civil society leaders outside the media community, the CJA is perceived as a less than dynamic organization plagued by inertia. The CJA management is also caught in the middle of a debilitating circulation war between the country's two main publishers, EPH and Sytria, which has divided the journalistic community.

The CJA leadership has been consulted by the ministry of culture on a proposed draft of a media law and has sent written comments to the ministry, including suggestions for anti-monopoly and cross-ownership provisions. The OSCE mission credited the CJA with identifying the potential risks of monopoly ownership and with seeking to shape the debate on this issue.

The CJA also played an important role in the drafting of a new law governing the state news agency HINA, which resulted in a more transparent, independent framework for the state agency. The CJA leadership is also planning to propose a collective contract for journalists that would ensure minimum rights for those working for media companies.

The general manager of the Dubrovacki List newspaper plans to form an association of small newspapers that could share content and features and sell joint advertising. IREX will assist the effort as appropriate, providing advice and possibly sponsoring a founding meeting.

By supporting and advising NUT, AIR and the CJA, the IREX mission in Croatia has made a vital contribution to media freedom and the emergence of a commercial media sector, helping journalists define and defend freedom of expression, lobbying for reforms to allow commercial competition and raising journalistic standards and ethics.

Journalism Education

The quality of journalism in Croatia is flawed but better than that of many post-communist states and former Yugoslav republics. A myriad of factors contribute to poor journalism in Croatia, including distorted market conditions, a lack of student news outlets for aspiring reporters, a flawed university system, a circulation war that

produces lowest-common denominator coverage and short-sighted owners who do not put a priority on training. Government representatives and institutions have yet to learn how to communicate with the public in an open, accurate and effective way.

In this transitional environment, IREX has helped raise standards and audience expectations through training and direct support of independent-minded news media. As described earlier, CCN has already forced improvements at state television and AIR's BBC local language service is setting a new standard for accuracy, balance and depth for radio news. AIR journalists are also receiving extensive training from the BBC.

In the print media, foreign investment has yet to stimulate a higher quality of journalism and instead has encouraged lowest-common-denominator reporting aimed at boosting circulation. But there are some signs for hope. The state-owned daily Vjesnik has begun to restore its reputation and many of those interviewed by the assessment team named the paper as the most reliable news source. The state news agency HINA has also improved with the new political climate and is considered more responsible and accurate than most newspapers and magazines.

One obstacle to training journalists is a lack of practical books in Croatian that could serve as a guide and inspiration for the craft. Moreover, there are no student or youth news organizations that could serve as training grounds except for a radio studio at the journalism faculty that has yet to evolve into a dynamic student outlet.

The poor quality of journalism is partly due to the failure of government agencies and institutions to effectively convey their views to the public. Organizations that have cultivated the media and conducted thorough and straightforward public affairs work have found the media receptive and able to report accurately and fairly. The media affairs staff member of the women rights' group, BaBe, has managed to persuade the media to report on domestic violence and sexual harassment by providing clear and consistent information. The USAID pension reform project has received constructive, balanced media coverage due its extensive public affairs or "public education" efforts.

In cooperation with the CJA, IREX has organized a series of inter-professional "Culture of Dialogue" seminars that bring journalists together with government institutions or professional communities. These seminars force journalists to better understand the institutions that are the subject of their reporting and allow spokesmen and leaders of these institutions to better understand how to convey their views, expertise and professional dilemmas.

As a result of a discussion session between journalists and the Ministry of Interior, a new unit has been added to the Croatian Police Academy curriculum that addresses relations with the media. Reporting on police issues has improved markedly, with the interior ministry providing more information in a timely manner. The Ministry of Labor and Social Welfare decided to sponsor more discussions with journalists following an IREX-sponsored seminar on "minors and the media". These series help improve the quality of journalism by raising awareness of reporters about specific subjects and institutions while also helping improve the quality of public affairs work.

IREX has also sponsored journalist courses conducted under the auspices of the CJA and tried to leverage expertise and activities of other USAID implementing organizations. IREX is working with ABA/CEELI to develop a booklet that will include a basic explanation of judicial procedures and a glossary of legal terms to help improve the quality of reporting on the judiciary.

IREX is working with AED to bring NGOs and media together to encourage NGOs to better utilize the media and to raise awareness among journalists of NGO expertise. IREX and AED have been cooperating on such activities since 2000 under a previous contract.

The International Republican Institute (IRI) has recently established a young journalists' club that is supposed to complement its training efforts with government spokesmen. This club includes many talented young reporters who are open to learning new concepts and approaches to reporting and journalistic ethics. IREX is providing experts as appropriate and is in regular communication with IRI.

Although coordination in this area appears excellent, the assessment team found it unusual that a new journalist association would be created separately from IREX – which is an organization that focuses exclusively on journalism training, media management advice, association building and other media development efforts. As IRI is an organization that works with political parties and institutions (or with the ruling coalition in this case), it is possible that the young journalist club could be perceived by some in the news media community as having a certain pro-government bias or potential bias. This kind of perception, even if it was false, would be difficult to overcome.

There is also a risk that a lack of careful coordination could result in unnecessary duplication in the journalism training field. As always, it will be important for the USAID mission to ensure these two implementing organizations are pursuing complementary, distinct contributions to democracy and media development.

The U.S. embassy, through SEED funds, sponsors numerous journalism training activities in Croatia, including trips and fellowships at news organizations and university journalism programs. IREX is in regular communication with the US embassy and this journalism training appears to complement IREX's work in Croatia.

Legal Assistance

The Cooperative Agreement for IREX ProMedia II was informed by HDZ government's attempts to stifle independent-minded media. The agreement called for funding legal assistance and advice to media or journalists that had been targeted by lawsuits or government harassment. IREX was instructed to provide oversight for a Legal Defense Fund set up previously under ProMedia I. The CA called for IREX to support legal reform efforts in cooperation with the CJA, the European Union and the OSCE mission and to assist with CJA media freedom initiatives.

The Legal Defense Fund project has been completed and the legal and political environment has improved significantly, as described earlier in this report.

There is clearly no longer a need for direct legal assistance to news media organizations or for urgent campaigns fighting assaults on freedom of expression. IREX has adapted to the new conditions and has assisted media associations lobbying for more equitable copyright fees, broadcast licensing regulations and other media law issues. It has provided meeting space, sponsorship or legal expertise for the associations as appropriate and has monitored parliamentary debate on pertinent issues. In its communication with local media and correspondence with USAID and IREX headquarters, IREX/Croatia has emphasized the continuing monopolistic barriers to fair competition in the broadcasting sector, particularly in television. IREX has also created a data base of more than 1,000 pending defamation cases that can serve as a starting point for resolving the problem through judicial or other reforms.

As described earlier, media associations that IREX helped establish lobbied successfully for changes in music copyright fees. After months of effort in 2001, NUT and AIR and allied organizations managed to persuade ZAMP/HUZIP (which represents authors and composers) to review and restructure the exorbitant fees charged to private broadcasters. At the request of the associations, IREX has commissioned a comparative legal survey of copyright regulations in other countries to help the lobbying effort.

The original CA envisaged media associations created by IREX and other NGOs serving a watchdog role on media freedom issues. Subsequent quarterly reports by IREX expect this activity to be taken up in the final year of the project. In its regular reporting IREX/Croatia has tended to view its role as responding to potential legislation when it is taken up by the parliament.

By supporting the development of media associations that have lobbied for their interests and by providing advice and pertinent information, IREX has contributed to the reform of media law and regulations.

Note on the IREX Sustainability Index

The USAID mission asked the assessment team to address the value of the IREX Sustainability Index as it applies to Croatia, and more generally. The index is a tool that attempts to measure the freedom of journalism, quality and quantity of sustainability, and comparative basis. It can provide some kind of evidence to serve as a basis for program comparisons. Croatia's ranking appears appropriate based on the assessment team's evaluation.

The index also provides a new tool for the development of media. The kind of research and the kind of evidence that has evolved in other areas, such as performance of education, health, and implementation of other development programs, and what kind of media assistance has proven most effective in those areas, can be applied to the media. It can help to identify an improvement of the index, and a number of other areas, such as freedom and democracy.

Nevertheless, the index is not a simple tool. It is a complex tool that requires a good understanding of the practice of journalism, and the kind of evidence that is required. The index is a tool that is not a simple tool. It is a complex tool that requires a good understanding of the practice of journalism, and the kind of evidence that is required. The index is a tool that is not a simple tool. It is a complex tool that requires a good understanding of the practice of journalism, and the kind of evidence that is required.

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IREX's most effective methods

In evaluating IREX's activities, the assessment team found some approaches and efforts emerged as particularly effective. The following is a summary of what has worked best in the Croatian project in the view of the assessment team.

- 1. Carefully calibrated direct support for launch of broadcast networks*

Direct financial support for transmission or other operating costs has proven effective in the initial stages of establishing broadcast networks by allowing the recipients to concentrate on recruiting talent and putting out a high quality editorial product. This temporary direct support was accompanied by technical assistance in the form of business management advice. In the case of CCN, the direct support was gradually phased out with a final phase of business management advice and market research. A similar pattern has been followed with the AIR project. IREX has made sure to emphasize the temporary nature of its assistance and the media outlets that have received help in the past understand they will stand or fall based on their ability to compete in the media market. This type of direct financial support was crucial in 1999-2000 when Croatia was moving towards a more open, pluralistic environment.

2. Business advice to promising partners

IREX has focused its management advice on news media outlets that are open to new approaches instead of spreading its expertise too widely without effect. Productive relationships have been cultivated over time with newspapers such as Glas Istre and broadcasters such as Radio 101. IREX has played an instrumental role in helping nurture some of the most promising news organizations across Croatia.

3. Building and advising effective media associations

Assisting and advising new associations has proven more effective than providing advice to older organizations. IREX has successfully fostered effective media associations by sponsoring founding assemblies, providing meeting space and offering management and legal advice. These associations, such as NUT and AIR, have secured important amendments to media legislation and copyright policies.

IREX's successful role in assisting the associations lobby for more equitable copyright fees last year is an excellent example of how IREX has helped empower the commercial news media to defend its legitimate interests. Years of association development work paid off. It was IREX that sponsored NUT's original founding meeting several years ago. Now IREX is providing legal expertise to help NUT and other associations make their case to the government and the public. Lessons from this experience should prove invaluable in future media law reform work.

In the case of the CJA, there appears to be a limit to how much can be accomplished even with excellent business management advice and direct support. The CJA is an important organization and IREX has rightly chosen to engage constructively with the association, which has produced some fruitful results. But such a large and cumbersome organization may not be able to move beyond its limitations and habits under its present leadership, no matter how useful and practical the advice it receives. IREX plans to phase out sponsorship of the general director's salary in September 2002, coinciding with the completion of a long-delayed business plan.

4. Improving journalism through dialogue with institutions

IREX has helped improve the quality of media coverage of specific subjects and institutions through the inter-professional seminars set up in cooperation with the CJA. Instead of general journalism courses these events have focused attention on a specific subject area and gathered the main actors in that field. These types of seminars might be even more effective if there was a written product or set of principles that came out of the discussions.

5. Supporting regional or minority voices

Radio stations serving the Serb community in Eastern Slavonia and other media outlets with strong local identities have received invaluable assistance and expert advice from IREX since 1999. Despite the trauma caused by years of conflict in the region, these media organizations -- which no longer require direct support -- help bolster pluralism, tolerance and cultural diversity in Croatia and the wider region.

III. OPTIONS

The following is a list of possible options as to how to proceed for the duration of the Cooperative Agreement for IREX ProMedia II and beyond. Some of these options may be applied in combination.

1. Continue with the IREX workplan and approach as planned.

The workplan of March 2002 calls for further **broadcast network development** through support for AIR's satellite transmission costs and other office operating expenses until September 2002 (\$557,100); **print sector development** through assistance for a new small newspaper association (\$18,000); efforts to **improve business viability of independent media** through a Croatian consultant advising media outlets and the CJA as appropriate (\$25,800); **market research** with IREX funding a more detailed audience survey in 2002 that will rationalize the media market, *help commercial stations and enable USAID/IREX to assess its efforts* (\$114,000); **quality journalism** activities with more inter-professional "Culture of Dialogue" seminars in coordination with the CJA (\$65,000); **lobbying for media law reform** is to be pursued when the parliament takes up key laws and through comparative legal research for broadcasters campaigning for reform of copyright fees (\$15,000); **developing self-supporting associations** through technical assistance for the NUT, AIR and CJA as well as payment for one management position at the CJA.

This option places an emphasis on the development of the broadcast networks and further journalism education activities, including the last stage of direct support for transmission and other operating costs at AIR and market audience research. It proposes further sponsorship of a *director's salary at CJA (to September 2002)* and support for business advice through a Croatian consultant at news media outlets that are not specifically named. Under this option, several areas are covered but media law reform receives a relatively low priority and is not integrated with association building efforts. As a result, IREX might fail to seize on important opportunities to help influence pending media law and regulation.

2. Increase support for broadcast network development through business management advice, purchasing of programming and other direct aid

Planned support for the CCN and AIR networks would be increased in an attempt to ensure long-term commercial viability for the two networks. This support would come in the form of more business management advice to both CCN and AIR through 2003, market research as planned and significant staff time at IREX devoted to advice and guidance at CCN and AIR. Other activities would have to be scaled back accordingly, including business viability consultancies to other media, journalism education seminars and media law reform. Under this option, support for the two networks might continue beyond the expiration of the IREX cooperation agreement in 2004.

This option would try to consolidate the success of CCN and AIR, assisting the networks that have received the biggest USAID/IREX investment thus far. This would be a reassuring step for those who view commercial success for the networks as a top priority. The disadvantage of this approach is that it is expensive, ignores

other important areas and still carries the risk of failing to achieve commercial stability.

3. Phase out or cease all direct financial support

Accelerate IREX plans to phase out all direct financial support to AIR, the CJA and any other news media organizations. IREX would be strictly enforcing its own stated policy of emphasizing skills and information over direct material support.

Valuable resources would be freed up for training and similar activities and media outlets would be forced to rely on their talent and leadership. Direct aid to CCN has already been phased out but cutting off direct support to AIR immediately could disrupt the network just when it is moving towards commercial sustainability. Such an approach also ignores the legal and regulatory obstacles faced by commercial stations.

4. Place a higher priority on media law reform efforts

Under this option, IREX would place the highest priority on helping relevant associations and NGOs to lobby for media law and regulatory reform, removing obstacles that have stifled the development of a commercial broadcasting sector.

This option calls for strengthening and expanding current activities in this area, adopting a more aggressive approach instead of waiting for the parliament to take the initiative. Acting as a catalyst, IREX could identify key actors and form an ad-hoc working group of relevant organizations that would define the media law reform agenda, seek out potential allies for reform, educate the public and specific constituencies and plan how to lobby for its adoption. Outside legal expertise and translation of relevant materials would be provided as appropriate. As a credible source and honest broker within the media arena, IREX proved its ability to foster reform last year when it assisted media associations that successfully lobbied for changes in government policy on copyright fees.

This option would not require significant expenditure of financial resources but would require elaborate efforts by the IREX/Croatia staff. It assumes that the governing coalition is at least somewhat receptive to reforming the legal environment and to relinquishing its control over some state-owned media. Emphasizing legal reform would not preclude pursuing other IREX activities such as market research or journalism education. Association development activities, which have already succeeded in fostering three media associations, would be incorporated into legal reform efforts.

IREX would be focusing its energies on the main obstacles to a free, independent media sector. Such an option could produce some degree of confrontation with the ruling coalition and drain valuable staff time without any guarantee of success. Perhaps the biggest potential obstacle would be overcoming the rivalries within the journalist community and between the media associations and other civil society NGOs.

5. Promote news ombudsmen/readers' editors

This option is a supplementary activity that can be added to any of the other options. News organizations in Croatia often fail to understand the concerns and interests of their audience and fail to answer their complaints and queries with care and attention. For news organizations, a readers' editor or news ombudsmen represent a kind of customer service representative, correcting errors and monitoring the quality the product. Through a seminar with a guest news ombudsmen and translated material, IREX could introduce the concept. If a media outlet or outlets expressed a strong interest in the idea and appeared ready to pursue it, IREX could experiment with a pilot news ombudsman project at a specific newspaper or station.

Such an option carries no prohibitive expenditure in time or money and might succeed in improving journalist standards and preventing some lawsuits against Croatian media. The risk would be that the concept would be dismissed out of hand by news organizations unwilling to pay one of their staff to work as an ombudsman.

6. Increase support for journalism education

This option addresses the low quality of journalism in Croatia by putting a higher priority on journalism training and educational activities. This would include translating relevant books into Croatian, having expatriates train local instructors, extended on-site editorial consultancies that target specific news media, the forging of closer relations with the journalism university faculty and more events similar to the current "Culture of Dialogue" series.

Under this option, an area of concern to other members of the USAID and USG mission in Croatia would be addressed by IREX with a significant investment of remaining resources. Journalism training is particularly inexpensive compared to other types of media assistance and avoids political controversy or conflict with the current government.

This option would be cost-effective but might not carry a lasting impact on the media sector. It assumes a connection between better journalistic practice and journalism training activities that has yet to be firmly established in post-communist settings. A myriad of economic, legal and social factors conspire to produce irresponsible, shoddy reporting in post-communist, post-war states. Journalism training tends to be more effective when it is closely monitored and tracked over time and is coupled with other activities, such as business training for managers, market research, direct aid, association building or lobbying for legal reforms. The conditions that give rise to quality journalism include firm legal protection for freedom of expression, a viable, competitive commercial sector free from political control and transparent regulation of broadcast licensing.

7. Increase USAID monitoring of broadcast sector privatization

To ensure transparency and fair competition in the commercial broadcasting sector, USAID may wish to consider closer monitoring of pending telecommunications legislation and the planned privatization of the third channel of HTV possibly through

its privatization or competitiveness activities. (This option falls outside of the scope of the IREX/Croatia mission).

8. Assess CCN's status and history, advise on property handover

Given the time and resources invested in the Croatian Commercial Network (CCN) and similar efforts devoted to its less successful predecessor, the Mreza initiative, it may be a useful moment to examine the status of the network now that USAID/IREX direct support has ceased.

IREX, USAID and a relevant consultant or consultants should prepare a written appraisal of the CCN project, reviewing its original goals and history, its current status, possible scenarios for future development and recommendations on the handover of the title to donated property. This should be a concise, accessible report, prepared in less than three weeks, that would be of practical use for similar media projects elsewhere and for USAID and IREX program officers in Washington DC. An appraisal of the AIR project could be added to the report in due course.

IV. Consolidation of priorities/IRs

The ambitious Intermediate Results and indicators set out in the original Cooperative Agreement (CA) of 1999 have been met in many cases, including the establishment of country-wide commercial television and radio news networks (IR1.1), the development of media industry associations (IR 4), support for Serb minority media outlets (IR 2.4), the provision of business management advice to media outlets (IR2.2.2) and legal assistance to threatened news organizations (IR3.1). Some indicators are no longer relevant in the altered environment, including the reform of the Tisak newspaper distribution company (IR 4.1.1), *equipment for model stations* (IR2.2) and donations to the Legal Defense Fund (IR 3.1.1). Other indicators were pursued but cannot be fulfilled because conditions are not conducive, such as proposals for *audit bureaus of control* that publishers have yet to support (IR4.1.1).

The following is a proposed revision of the IREX ProMedia II Workplan of March 13, which merges some IRs and eliminates others. Print sector development (currently IR 2.2.2) is eliminated and the small newspaper association activity is incorporated into the media law reform category (IR3). Broadcast sector development (IR1.1.1) enters a final stage and is phased out in 2003. Journalism education activities (IR2.1) continue as planned.

1. Media Law and Policy reform

(IR3, Legal and regulatory framework supports free speech, IR3.2, Laws define and guarantee access to public information, IR3.3, Media licensing is fair and apolitical; fees are not unduly burdensome).

By emphasizing media law and policy, IREX will be concentrating its resources on the primary obstacles to sustainable, independent media. This category incorporates Association Development activities (IR 4.2, IR 4.2.1), including the planned small newspaper association. IREX has successfully fostered media associations and now can assist these groups in lobbying for legal or regulatory reform.

(IR3.1, Free Speech protections are enforced, has been completed and can be eliminated in the new political conditions IR3.1.1 can also be eliminated as a legal database has been created. Now this database should be used as a tool for media law reform efforts. IR3.2 and IR 3.3 can be merged into a single category for media law and policy reform)

2. Market research

(IR1.3, Media outlets use market research to increase revenue and strengthen their audiences)

As already planned, IREX should fund more detailed research in 2002 to obtain better statistics on audience/readership habits and on market share data. Such market research will represent an important contribution to the evolution of a viable commercial sector by providing reliable data. Stations should also receive training to instruct stations in the use of the research data. As planned,

IREX should assist with the production of technical coverage data, using HertzMapper software. The software produces precise data about the exact geographic coverage or “footprint” of a station, which is crucial for business and marketing activities.

3. Broadcast sector development
(IR1.1.1, *Independent media networks compete with state owned media*)

National, private alternative television and radio networks have been successfully launched and direct assistance to CCN has ceased. Direct aid for AIR should be phased out by 2003. An appraisal on CCN should be carried out. IRs related to this category therefore should be eliminated by the winter of 2003.

4. Business viability
(IR1.2, *Media outlets use business plans and effective management techniques*)

IREX has provided valuable management and marketing advice to media outlets and associations through a highly capable domestic consultant. With the emergence of foreign investment and competition in the print sector, further consultancies may no longer be necessary. New opportunities for the domestic consultant should be identified in the broadcast sector (possibly with the AIR network) or this activity should be phased out by 2003.

5. Quality Journalism,
(IR2.1, IR2.3, IR2.4, *Journalists will follow recognized and accepted standards for reporting, Media reflect the diverse interests of citizens, including minorities through the inter-professional dialogue series*)

This category can be renamed, as proposed in the WorkPlan, as “Improved Journalism Standards”. This entails continuing with the effective interprofessional dialogue series conducted in cooperation with the CJA as well as other activities with ABA/CEELI, AED and IRI.

In addition, IREX could introduce the concept of news ombudsmen or readers’ editors and assist with the translation of textbooks on journalism, media law or media management. Training seminars to encourage more balanced coverage of minority communities by national media may also be useful.

V. Conclusions and Recommendations

Through its support of independent media before and after the Tadjman era, IREX has made an invaluable contribution to the strengthening of democracy and pluralism in Croatia. Since 1999, no other donor government or organization has invested the money, expertise and attention to promote media industry associations, alternative broadcast news networks, business management skills for media managers and journalism education. IREX enjoys tremendous credibility throughout the media industry as a trusted source of knowledge and expertise.

The new political environment since the elections of 2000 and a number of legal reforms have strengthened media freedom and improved the conditions for commercial media outlets. The print sector is largely privately owned, except for two state-owned daily newspapers, and there is significant foreign investment. The former state monopoly on distribution has been dismantled and the courts struck down a law banning criticism of the top five government officials. Commercial radio stations are gaining ground on state radio and a new IREX-sponsored private network should be well-placed to compete against HRT news programming. State television still holds a dominant position with a monopoly on country-wide frequencies and a virtual monopoly on national advertising revenue. Despite these barriers, a television network of local stations launched by IREX has embarrassed state HTV with its dynamic, concise news program. Although the quality of journalism is generally lacking, Croatia compares well with most post-communist states and citizens have access to a range of news sources, information and opinions.

The legal and regulatory framework for media allows for monopolistic conditions in broadcasting and too much government interference in the television and radio sector. The Law on HRT fails to provide genuine editorial independence, a coherent management structure or fair conditions for commercial broadcasters. The Law on Telecommunications fails to deliver independent regulation of broadcast licenses and leaves plenty of space for government interference. The regulatory body that oversees broadcast licensing, the Council on Radio and Telecommunications, fails to fulfill its responsibilities in an effective, coherent manner. Provisions for defamation in the civil and criminal code and the judiciary's interpretation of that legislation remain problematic, with a backlog of more than 1,000 cases. Potential monopolies may emerge in the print sector without adequate limits on cross-ownership.

Many vital legal and regulatory issues may be decided in the next 18 months. USAID and IREX will therefore need to set out a legal reform strategy with a degree of urgency. The Ministry of Culture is preparing an overarching media law that may revisit some broadcasting issues and introduce reforms on monopoly ownership but may also impose stricter regulations on the registration of media. There is widespread speculation that the government may decide to go ahead with the privatization of the third channel of HTV within the next 12 months.

RECOMMENDATIONS:

- *Media law and regulatory reform*

The future of the news media in Croatia will be decided in large part through pending media-related law and regulatory policy. This assessment team believes that IREX should place the highest priority on media law and policy reform efforts for the remainder of its Cooperative Agreement, acting as a catalyst and a trusted source of information for journalists, industry associations and civil society activists. The allocation of staff time should reflect this priority. Pursuing this recommendation should not require a radical expenditure of financial resources. Association development efforts, which are completed for the most part, should be incorporated into this category if possible, including the proposed small newspaper association.

IREX should consider forming an ad-hoc group of relevant associations or NGOs to define the media law reform agenda, seek allies that share common interests and incentives, educate the public and stakeholders about the main issues and plan how to lobby for the reforms. IREX may conclude that purely commercial issues will have to be treated in a separate working group. Legal advice and translated material should be provided by IREX as appropriate.

IREX should also explore the possibility of providing technical assistance for advocacy training, possibly in cooperation with other USAID implementing organizations.

The legacy of the IREX/Croatia mission should be to ensure that an ad-hoc alliance or new NGO serves as a watchdog and monitor of media law and free speech issues after IREX and USAID have departed.

- *Market research*

IREX should continue to pursue market research and related technical assistance as set out in the latest workplan. A lack of reliable audience research has hampered the growth of commercial broadcasting in Croatia. By conducting a tender for a detailed audience survey, IREX would be setting a precedent for reliable research that would help rationalize the commercial sector, assist CCN, AIR and other private outlets secure more advertising revenue in difficult conditions and enable USAID and IREX to better evaluate their own efforts.

- *Improve business viability of independent media*

IREX should continue business plan training through its domestic consultant but only if IREX has identified the media outlets that are worthy and receptive to such training. The CJA has received this useful training and now must implement the advice.

- *Quality Journalism*

To improve the quality of journalism, IREX should continue to sponsor inter-professional seminars that have proved a cost-effective method of raising both journalistic and public affairs standards. As much as possible, these seminars should be designed to produce some kind of document that summarizes key principles or guidelines for journalists (such as the ABA/CEELI project).

In addition, IREX should explore promoting the concept of news ombudsmen or readers' editors to help media outlets address audience concerns. IREX should also identify useful texts for translation on journalistic practice and ethics, media law, self-regulation and management as appropriate.

- *End direct aid by 2003*

Direct financial support to the AIR network covering satellite transmission costs should be phased out this September as planned, assuming the network continues its progress and that market conditions do not deteriorate dramatically. Other direct aid to AIR should be phased out as well at the same time. If unforeseen obstacles arise, IREX should commit to a strong timetable for cutting off direct financial support.

Direct financial support to the CJA should cease no later than September 2002 and a promised business plan should be completed before that time.

- *Appraisal of CCN project*

CCN was launched quickly in a difficult political climate with a political objective – to provide a balanced alternative source of television news. By any measure, IREX has succeeded in delivering a high quality alternative to state HTV news that has improved journalistic standards and bolstered pluralism. CCN may or may not succeed commercially in the long-term but that should not be the criteria that defines how the project is evaluated. If USAID decided this was the new goal for the CCN project, the remaining IREX ProMedia II budget would be utterly inadequate for such a task. Guaranteeing CCN's commercial success would require a substantial, multi-year, multi-million dollar commitment.

IREX has recently ceased providing direct financial support to CCN. This is an appropriate moment for IREX, USAID and a relevant consultant or consultants to prepare a written appraisal of the CCN project, reviewing its original goals and history, its current status, possible scenarios for future development and recommendations on the handover of the title to equipment. This should be a concise, accessible report, prepared in less than three weeks, that could be of use for similar undertakings and for the duration of the USAID mission in Croatia. An appraisal of the AIR project could be added to the report in due course.

- *Program management and personnel*

The IREX staff enjoys excellent credibility within the media sector and has successfully guided the project towards the fulfillment of many of the project's goals and objectives. Apart from expatriate and domestic consultancies and part-time clerical help, IREX manages its numerous activities with a modest staff of

one full-time expatriate and one full-time Croatian national. It may be necessary to eliminate or cutback on some activities to ensure the staff is not stretched too thin or to make more use of local contractors. For example, it is probably no longer possible or appropriate for IREX staff to devote significant time to advising CCN and, after 2002, the AIR network.

As IREX shifts towards media law reform issues, it may require consultants with more legal rather than business management expertise.

It may also be useful for IREX, working in cooperation with the USAID mission, to conduct a fresh review of the roles and responsibilities of the IREX/Croatia staff and its contractors to accompany the current review of IRs and this assessment exercise. Since 1999, the head of the IREX/Croatia mission has yet to be given a personnel evaluation and this should clearly be addressed promptly. Given the new conditions in Croatia and this assessment exercise, IREX headquarters may wish to revise the job description of the head of the IREX/Croatia mission.

- *Monitoring privatization of broadcast sector*

(This recommendation falls outside the scope of IREX's assignment or capabilities but is crucial to the subject of this assessment). To ensure transparency and fair competition in the commercial broadcasting sector, USAID may wish to consider closer monitoring of pending telecommunications legislation and the planned privatization of the third channel of HTV possibly through its privatization or competitiveness activities. A lack of transparency in this field could discourage foreign investment and hold back the country's technological development. The national television monopoly is already holding back the growth of the advertising market, much to the dissatisfaction of some private companies in Croatia.

- *Annual audits of media sector*

After the expiration of the IREX ProMedia II Cooperative Agreement in September 2004, USAID may still need to follow legal and other developments in the media sector. USAID may wish to consider commissioning an annual review or audit of the media sector to ensure legal and regulatory issues are monitored for the duration of the mission in Croatia.

VI. Assessment methodology

The assessment team leader, Dan De Luce, visited Washington DC on February 26-28 to discuss the ProMedia project in Croatia with USAID and IREX representatives, collect relevant documents and plan the information gathering work in Croatia with a senior MSI consultant, Jim Fremming. De Luce met Peter Graves, Senior Media Adviser at USAID, and Anne Convery, democracy adviser at USAID, to discuss the Scope of Work (SOW) and hear their views of the media situation and IREX's work in Croatia. De Luce also met with Mark Whitehouse and Luiza Dobrzynska, Junior Program Officer, at IREX to discuss the SOW. The senior program officer responsible for the ProMedia II project in Croatia was unavailable due to a family emergency.

USAID and IREX provided relevant background material, including the USAID Croatia Strategic Plan 2001-2005, Croatia R4, the Media Sustainability Index 2001 and IREX ProMedia II quarterly reports. The team leader, in consultation with team member Nebojsa Cagorovic, sent a draft workplan from Washington DC on February 28 to the USAID mission in Croatia as required under the SOW.

Upon arrival in Zagreb, the team met with the USAID Cognizant Technical Officer, Tom Rogers, to discuss the SOW and the proposed workplan. The CTO instructed the team to eliminate one of the elements included in the SOW that called for offering specific advice on how to revise ProMedia's Intermediate Results. This meant deleting one section of the assessment report as outlined in the SOW. Upon submission of the draft assessment, USAID suggested adding a simplified analysis of the IRs.

The team also held its first meeting with the IREX ProMedia II staff, discussing the best information sources in and outside the media industry. The assessment secured interviews with sources in several main categories: broadcast media – journalists and managers, print media – journalists and managers, state television, media industry and journalist associations, the business sector (foreign and domestic companies), media marketing agencies, civil society organizations, universities, international organizations such as the OSCE, other donor governments, minority community media and other USAID democracy contractor organizations.

During the assessment period, the team monitored both state HTV and Croatian Commercial Network evening news programs and national and regional newspapers and magazines.

IREX ProMedia II provided invaluable assistance helping the assessment team contact numerous information sources and secure relevant material and surveys.

During the first week the team visited two important regions where IREX has provided assistance and where there are significant minority communities, Eastern Slavonia and Istria. The team visited an ethnic Serb radio station in Vukovar, Radio Borovo, which has received IREX business advice, and discussed IREX activities with domestic consultant Gordana Svirac. In Osijek, the team interviewed a prominent regional journalist who is leading a regional exchange

and training initiative that brings together reporters from a region covering Croatia, Serbia and Bosnia-Herzegovina. In Istria, the team interviewed editors at Glas Istre and Novi List, two newspapers that have received IREX assistance and that have preserved their financial and editorial independence for the past decade. The team interviewed the director of an affiliate station of CCN, TV Nova, in Pula and met engineers and registered transmitter inspectors from the University of Zagreb electrical engineering faculty.

The team spent the remainder of its time in Zagreb, conducting numerous interviews in all relevant categories and following up key issues with the IREX staff. Throughout the assessment, the team members stayed in regular communication with the USAID CTO. During the second week of the assessment, the team met USAID Mission Director Pamela Lane Baldwin to discuss preliminary findings and possible recommendations. Ms. Baldwin instructed the team to hold an exit briefing with the U.S. ambassador or other embassy staff if possible (along with relevant USAID representatives). The mission director also asked that the assessment team briefly address the usefulness of the Media Sustainability Index employed by IREX.

The team held an exit briefing on Tuesday, March 19, with the Deputy Chief of Mission, the USAID CTO, the USAID Program Officer and the incoming USAID Democracy Officer. A second, more detailed exit briefing was held on Wednesday, March 20, with USAID CTO and head of IREX ProMedia II/Croatia. The team provided a draft assessment one week following departure from Croatia on March 28. Following comments from USAID, the final document will be provided to USAID/Croatia three weeks following departure, on April 11.

VII. Appendices

Appendix A

List of Contacts

Peter Graves, Senior Media Adviser, EE/DG/CSM, USAID, Washington DC

Anne Convery, Consultant, EE/ECA, USAID, Washington DC

Mark Whitehouse, IREX, Washington DC

Jill Jarvi, Senior Program Officer, IREX, Washington DC

Luiza Dobrzynska, Junior Program Officer, IREX, Washington DC

Pamela Lane Baldwin, Mission Director, USAID mission to Croatia

Tom Rogers, Media and Local Government Advisor, USAID mission to Croatia

John Newstrom, IREX ProMedia II/Croatia

Davor Glavas, IREX ProMedia II/Croatia

Gordana Svirac, IREX consultant based in Eastern Slavonia

Alessandro Fracassetti, spokesman, Head of Public Affairs, OSCE mission to Croatia

Eni Ambrozic, Editor in Chief, Glas Istre, newspaper

Zeljko Zmak, General Manager, Glas Istre

Drazen Klaric, Editor in Chief, CCN

Milenko Vinkovic, Director, CCN

Svetozar Sarkanjac, desk editor and media trainer of interregional journalist workshop, Glas Slavonije

Srdjan Tatic, Director of Radio Borovo, ethnic Serb station in Eastern Slavonia

Srdjana Nikolic, Marketing Director, Radio Borovo

Bruno Ogorelec, Director of Media Scan, daily review of Croatian print and broadcast media

Kresimir Macan, Head of Public Relations, HRT

Allen Docal, Public Affairs Officer, United States Embassy

Borut Zemljic, Managing Director of Mediana Fides, media market research agency

Jonathan Stoneman, BBC World Service consultant to AIR, editor-in-chief

Denis Mikolic, Manager of TV Nova in Pula and President of NUT (TV Association)

Prof. Borivoj Modic, Faculty of Electrical Engineering and Computing, University of Zagreb, chartered broadcasting technical expert

Antonio Sarolic, M.Sc.E.E., Faculty of Electrical Engineering and Computing, University of Zagreb

Miljenko Marin, editor of culture section of Novi List, Rijeka's daily newspaper

Damir Prpic, Director of Kvarnerski Radio from Crikvenica and president of AIR

Nikola Percin, Technical Director, Director of Transmitters and Links, HRT

Graeme Mooreland, broadcast business consultant (based in U.K.) for IREX, advising CCN.

Kenneth Bricker, Resident Program Officer, Croatia, International Republican Institute (IRI)

Margarita Assenova-Bugajska, Program Officer, Central and Eastern Europe, IRI

Prof. Marina Mucalo, Faculty of Journalism and Vice Chair of Telecommunications Council

Steve Austermler, Head of Office, Croatia, ABA/CEELI

Sanja Sarnavka, Press/Media coordinator of BaBe (Be Aware Be Emancipated, Women's rights NGO)

Tamara Pavlica, Program Director, Radio 101 in Zagreb

Ed Grosso, Head of Office in Croatia, USAID Croatian Privatization Project, Price Waterhouse Coopers,

Chris Homan, Public Education Advisor, USAID Croatian Privatization Project, Price Waterhouse Coopers

Blazanka Kostic, Public Education Specialist, Price Waterhouse Coopers

Vesna Alaburic, barrister and expert on media law

Suzi Jasic, Director, GONG, election monitoring NGO.

Zarko Puhovski, Chairperson, Croatian Helsinki Committee for Human Rights

Bozidar Novak, journalist and head of Council on Media, Croatian Helsinki Committee for Human Rights

Dragutin Lucic, President, Croatian Journalist Association (CJA)

Mario Bosnjak, General Secretary, CJA

Albert Kapovic, International Secretary, CJA

Carl Larkin, Chief of Party, Karana, public education program,

Michael Waske, Field Representative for Croatia, American Center for International Labor Solidarity

Christian Maetz, Marketing and Sales Director, VIP mobile telephone operator
Jadran Antolovic, Assistant Minister and head of media law group, Ministry of Culture

Partial list of documents:

USAID Cooperative Agreement (CA) with IREX/ProMedia II, September 1999

USAID Quarterly Monitoring Reports, IREX ProMedia II/Croatia, 2000-2001

Program Highlights, IREX ProMedia II/Croatia, 2000-2001

IREX ProMedia II Workplan for 2001-September 2002, March 2002

Croatia R4, April 2001

USAID Croatia, Strategic Plan 2001-2005

Overview of USAID Programs, Croatia

Media Sustainability Index 2001, IREX

Press Freedom Survey 2000, Freedom House

Law on Croatian Radio Television (HRT), adopted 2001, *Law on Telecommunications* (amended 2001), English translation

Analysis and Comments on Law on HRT and Law on Telecommunications by K. Jakšić Ph.D., Council of Europe, OSCE, Previous OSCE legal analyses on Law on HRT and Telecommunications

Reform of Croatian Radio and Television, A report commissioned by USAID, by IREX ProMedia and BBC World Service Training

InterMedia, Media in Croatia: A National Survey, February 2001

Mediana Fides, media audience data

Forging War: The Media in Serbia, Croatia, Bosnia and Herzegovina, Mark Thompson University of Luton Press (1999)

Appendix B

Scope of Work for Croatia ProMedia Assessment

I PURPOSE OF ASSESSMENT

The purpose of this assessment is to provide recommendations to USAID Croatia on the needs of the Croatian independent/commercial media sector, evaluate aspects of the IREX ProMedia project and provide recommendations for any necessary adjustments to the project based on the sector assessment.¹ The assessment will evaluate the state of the Croatian independent/commercial media sector in terms of financial sustainability and of providing balanced information and will also identify impediments to balanced independent media. The assessment will then evaluate the impact of ProMedia II and its success in meeting its intermediate results, concluding with recommendations for improving program effectiveness.

II BACKGROUND

Support for independent media is an important component of U.S. democracy and governance assistance. Balanced information is particularly important in a transition country such as Croatia where people face increasing demands to make responsible and informed decisions as citizens of a democracy. Furthermore, as economic reforms take place it will be important for citizens to make fundamental choices that affect their quality of life and the political future of their country.

In 1999, USAID/Croatia tendered and awarded a five-year Cooperative Agreement to IREX to implement ProMedia II. When the program description for ProMedia II was written Croatia was ruled by an authoritarian government headed by President Franjo Tudjman. The environment for independent media was difficult; legislation prohibited or limited the expansion of independent broadcast media and the state carried out overt harassment and persecution of independent journalists. Millions of dollars in potential libel suits served to intimidate journalists. The only information permitted to reach a nation-wide television and radio audience was provided by the state broadcaster that served the purposes of the ruling regime. Under these circumstances, ProMedia II was designed to strengthen Croatian independent media with an emphasis on the broadcast sector where the overwhelming majority of Croatians continue to get their news and information.

In December 1999, Franjo Tudjman died. Parliamentary elections were held in January 2000 closely followed by Presidential elections. Within a span of approximately two months, Croatia had begun the process of changing from a country dominated by an authoritarian to a country on the verge of democracy. By the middle

¹ All references to ProMedia in this scope pertain to Croatia ProMedia II.

of 2001, Croatia was demonstrating that it was a sustainable democracy with a reform government committed to fundamental changes in a number of sectors.

Unfortunately, one of the sectors where the government has NOT been committed to change has been the media sector, where new laws governing telecommunications and state-controlled media have been passed that reinforce the role of official media. This has been achieved by allowing the state television and radio company (HRT) concessions on the value added tax, increases on television subscription fees, and continued government subsidies. These conditions allow HRT to sell advertising at below market rates that distorts the market value of broadcast advertising. In many ways state-controlled media behave like any other monopolies: lack of competition results in a poor but expensive product.

Whereas ProMedia I and the early days of ProMedia II openly confronted the state media and the former regime, ProMedia II has now found itself in a different environment. In this new environment, the greatest threat to independent media is a weak economy and a liquidity crisis that afflicts the entire country, limits advertising revenues and undermines independent media that tends to rely on commercial revenues to exist.

III ACTIVITIES TO DATE

To date, ProMedia II has conducted the following activities:

- ❑ Management training for newspapers and stations has enabled partner media to reduce costs and increase profits thereby becoming more solvent and self-sustaining. This has been difficult to do in a weak economy where some stations are located in regions with 60% to 80% unemployment.
- ❑ Inter-professional dialogues to bring various sectors together with the press to foster understanding and improve the quality of journalism. These have included dialogues between medical doctors and journalists, Ministry of Interior Police and journalists, NGOs and journalists, the Croatian Central Bank and journalists.
- ❑ The development of the country's first television network linking seven commercial stations that reaches approximately 80% of the population and provide independent news and information. This network has had an incremental impact on state-controlled television, which has been forced to improve its standards due to competition.
- ❑ The development of the country's first radio network linking 12 stations and providing independent news and information in cooperation with the BBC.
- ❑ Support for Serbian language radio stations in Easter Slavonia that serve the ethnic Serbian population in the region and address refugee and returnee issues.
- ❑ The development of the Association of Independent Radio stations and the Association of Independent Television stations. These associations have successfully lobbied for changes in media-related legislation and have conducted colloquiums and lectures on issues important to independent media such as pending legislation and national media policies.

- The sponsorship of journalism courses conducted under the auspices of the Croatian Journalist Association has assisted the Association to remain one of the region's most respected independent journalist associations.

Impediments encountered to date include:

- Failure of the government to pass the new law on HRT. This failure has impeded reform of the state-controlled media and has not created a more competitive operating environment for both commercial and state media.
- A weak economy that has forced print media to become increasingly sensational in its coverage of events and to include non-newsworthy events to sell newspapers.
- Personnel turnover in commercial media. ProMedia II has spent significant resources training media professionals in the private sector. In turn, these professionals have been lured from the private sector to state media. This is a positive step insofar as properly trained media professionals are entering the state-controlled media but it has made it difficult to maintain continuity, particularly in the television network.

IV STATEMENT OF WORK

Program Implementation

- The contractor responsible for this assessment will produce a report on the past, current and planned activities of IREX under the ProMedia II Cooperative Agreement (CA) which became operative on September, 1999. This report will include an assessment of the program's impact to date and will provide recommendations regarding future direction and activities. The contractor will visit ProMedia II partner stations and newspapers to elicit feedback from independent media on the program's impact and on the current needs of the sector.
- The following topics are illustrative of the issues that Mission Croatia would like the contractor to address. These should not constrain the contractor from pursuing other relevant issues based on its experience in the region.
 - Are the Intermediate Results framed in the original ProMedia II Cooperative Agreement still relevant to strengthening the independent media sector in Croatia? USAID would like to see contractor recommendations for limiting the number of IRs, eliminating those that seem out of date or irrelevant and allowing relevant IRs to stand in the CA.
 - Where has ProMedia II been most successful and where has it been least successful in terms of achieving the IRs stated in the CA?
 - Is ProMedia II focusing enough attention on the regions outside of the capital; is enough attention being paid to smaller regional and community media?

- To what extent is IREX fostering sustainability in its activities? USAID would like contractor recommendations for sustainability in the activities undertaken by ProMedia II.
- Is the ProMedia II program addressing activities according to the resource allocations outlined in the original Cooperative Agreement?
- Is sufficient survey work being conducted to provide independent media with the statistical data needed to both sell advertising and to teach media professionals the importance of quantitative information for programming purposes?
- Is ProMedia II fostering improved journalism? "Improved journalism" is not clearly defined in the ProMedia II CA. The contractor will determine how IREX defines and intends to measure improved journalism. If improved journalism is not quantitatively definable as a measurable outcome, the contractor may recommend eliminating or rewording this IR in the CA.

Program Management

- Should IREX consider changes in the skills of its staff to address changing circumstances in the Croatian media sector?
- Insofar as strengthening the viability of independent media implies increasing revenues, how is IREX addressing this need in the media sector?
- Is the staff of IREX correctly distributed among the predominate IRs of the Cooperative Agreement in terms of the current and future needs of the Croatian media sector?
- Are ProMedia resources correctly distributed among the IRs of the Cooperative Agreement taking into consideration current and future needs of the Croatian media sector?

V CONTRACTOR BACKGROUND AND SKILLS

- The assessment should be conducted by a U. S. contractor with at least 5 years of experience in the region's media sector, preferably with a background and understanding of the Croatian media sector. The contractor should have an understanding of media in transition countries and the commercial issues that media encounter in a weak or transitioning economy.
- Considering the limited resources available for this assessment, USAID expects the contractor to provide a team of one expatriate professional and one Croatian counterpart. The Croatian counterpart should understand the Croatian media sector, provide contacts, act as an interpreter and be familiar with typical issues in the media sector of transition countries.

- The contractor should have experience in assessing or evaluating USAID media programs and have experience with media assistance programs in the CEE.
- The contractor will not substitute for individuals selected as team members without the prior approval of USAID/Croatia. If substitutions must be made and if USAID/Croatia does not concur with the substitutions, the assessment will be cancelled or postponed.
- Prior to arrival in Croatia the contractor will review relevant documentation that outlines issues in the Croatian media sector. This will include the work thus far accomplished by ProMedia II and documented in past weekly, monthly and quarterly reports, the IREX Workplan, the ProMedia II Cooperative Agreement, USAID/Croatia's Five-Year Strategic Plan, R4 and other documents provided by the Mission and considered important for an understanding of the principle issues in the Croatian media sector. The contractor will also review past assessments of the ProMedia program.²

VI ASSESSMENT METHODOLOGY

It is anticipated that the contractor will take three days to become familiar with Croatia ProMedia II through documents provided by USAID; two weeks in Croatia for research and assessment and two weeks to write the final document for a total of thirty days allowing for a six-day week (see budget for details). As preparation for this assessment the contractor will become familiar with the ProMedia program by meeting with USAID/Washington staff in the Europe and Eurasia/Democracy and Governance bureau responsible for backstopping the Mission on their media program. The contractor will also meet with IREX Washington staff as part of its preparations for the assessment.

Although most of the contractor's work can take place in Zagreb, its team will be expected to make at least two trips to the field for discussions with ProMedia II partner newspapers or stations.

The contractor will provide a draft assessment one week following departure from Croatia. Based on this document, USAID will make recommendations for focusing on specific issues and the final document will be provided to USAID/Croatia three weeks following departure from Croatia.

VII DELIVERABLES

1. In preparation for the award, the contractor will provide a proposal including a description of the proposed assessment design, work schedule, biodata for the contractor and the Croatian national. The contractor will agree to a telephone interview if requested by the USAID Mission.

² There was an assessment completed by Development Alternatives International (DAI) on Croatia's media program in 1998 and an assessment completed by Freedom House on the state of investigative reporting in the region. Croatia was one of four countries assessed in the Freedom House study.

4. The contractor shall provide USAID/Croatia with an electronic copy of the draft assessment within one week of departure from Croatia and a final copy within three weeks of departure from Croatia. The draft report will address the six parts outlined in this Scope of Work and any other issues the contractor believes have a bearing on the objectives of the assessment.

The contractor will spend no more than five days preparing the final document. This document will include:

- Part I: Executive Summary
- Part II: An assessment of the changes that have taken in the media environment since the original ProMedia II program description. This will include an assessment of new and pending legislation and an analysis of the changes that are implied in pending and new legislation and the impediments and opportunities provided by the Croatian legal environment.
- Part III: An assessment of ProMedia II activities and achievements. This will include impediments to the achievement of ProMedia II's original goals and a section on "what works and what does not work."
- Part IV: Options that the contractor identifies as areas in which IREX could focus assuming the current media environment remains stable.
- Part V: Conclusion and prognosis for USAID media assistance and its potential impact.
- Part VI: An assessment of areas of the original program description recommended.

VIII LOGISTIC SUPPORT

The contractor shall provide its own logistic support, including but not limited to travel, transportation, clerical services and office support, interpretation, communications. Expenses for logistic report shall be accounted for in the contractor's daily rate.

IX TECHNICAL DIRECTION

Technical direction during the performance of this delivery order will be provided by Tom Rogers, Activity Manager for Media, USAID/Croatia. USAID Mission Telephone: (385) (1) 604 0909. Rogers' cell phone number: (098) 206 851. E-mail: trogers@usaid.gov. Fax: (385-1) 6040920.