Indirect and direct subsidies for media: the European experience

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The authors of the report argue that indirect media subsidies – such as tax breaks – risk endangering media pluralism since they enable large outlets to strengthen their market position, potentially at the expense of smaller players. Conversely, direct subsidies – such as grants – are instrumental in ensuring the survival of smaller media outlets which might otherwise be forced to close down.

Nevertheless, the rationale for allocating subsidies needs to be carefully addressed. Should states prioritise efforts to help beneficiaries stay in business, save jobs and weather economic crises or should subsidies be value-related with a view to improving diversity or "greening news deserts"? These issues are addressed in the report and illustrated through four case studies.

Serbia: generous public support and the threat of political parallelism

In 2014, the Serbian Government mooted the idea of co-financing public interest content as part of an attempt to regulate a chaotic media scene and ensure media integrity. Under the new Law on Public Information and Media, local governments were offered a mechanism for allocating funding on an annual basis to media projects that serve the public interest.

As well as presenting clear arguments for financial sustainability and innovation, applicants need to define which target groups will benefit from their activities. Proposals are assessed by commissions appointed by the local authorities which must include independent media experts. In general, media professionals share a positive view of this model, although certain shortcomings related to selection criteria and transparency have been noted.

Croatia: state aid as a last resort for media

State media subsidies in Croatia are distributed by the Electronic Media Diversity and Pluralism Incentive Fund which finances the production of audio-visual and electronic content in both non-profit and commercial media. Criteria used for evaluating projects include innovation, cultural development and public interest goals. The Fund derives its income from the broadcast licence fee (representing 3% of the total amount collected).

In addition, the Council for Electronic Media offers financial aid to non-profit media (particularly online) while the Ministry of Finance and the Croatian Competition Agency contribute state aid to TV and radio programmes, both commercial and non-profit. Two types of subsidies are distributed, in accordance with EU competition rules, with specific allocations for non-profit media. However, since these funds are quite limited, the authors of the report consider that a more targeted approach towards this sector would be advisable.

Sweden: public support for general news

Of the five direct subsidies available to Swedish media, two (amounting to approximately half of the available budget) are limited to the production and distribution of newspaper content. They are aimed at supporting small outlets and at maintaining a pluralism of information and ideas.

Funds are allocated by a politically neutral Media Subsidies Board which "pays particular attention to the extent to which planned interventions can be expected to strengthen democracy by promoting public access to independent news coverage". Furthermore, the Institute for Media Studies in Stockholm tracks the "survival" of news media in local communities and, as a result, public subsidies are also aimed at addressing "blind spots" in news provision.

European Union: a commitment to transparency and details

The European Commission's Education and Culture Executive Agency channels grants through Creative Europe which operates highly structured and complex evaluation procedures. Key criteria include diversity, relevance and innovation as well as an analysis of already existing initiatives.

Nevertheless, while working towards an impression of "objective" evaluation, EU funding schemes retain sufficient flexibility to make reasonable adjustments that reflect the scale, focus and strategy of the media outlets they support. The evaluation procedures were developed according to new principles of public management and associated ideals of efficiency "imported" from the business arena.