

PILLAR 3: STRENGTHENING MEDIA MARKETS

ISSUE

- The development of pluralistic media markets in Africa is constrained by limited investment flows and revenues: (a) shortage of available loan or equity capital at levels required (under \$5m) (b) weak audience and content management systems which depresses advertising revenues (c) lack of a good media data base and analytical framework (d) poor regulatory environment. The growth of private media requires new commercial lending in higher-growth economies and availability of more capital to medium-sized players.

SCOPE OF ACTIVITIES

- An investment and loan facility to provide mezzanine funding for the independent media - most investors seek investment opportunities at or above \$10million. There is demand for capital at levels for emerging media which falls below the radar.
- The facility would support small and medium independent media businesses which face a problem of undercapitalisation and help (i) guarantee quality production (ii) on time and (iii) distributed in a consistent and verifiable pattern. These businesses are particularly vulnerable and their growth is specially targeted by this programme. Funding would support programming, addressing underinvestment in *equipment*, facilities and technical support
- Increasing income revenues flows (advertising)– by strengthening research capacity on advertising verification, content and editorial monitoring/analysis, audience measurement and media research - which is low, and lacks industry-wide support and recognition outside a few countries.
- Strengthening market data. Media owners have a dearth of information about the behaviours and taste preferences of their audiences. There is minimal data of the type required by investors in media (capital and revenue) and very little content-based information to support advocacy and media legislation activities.
- Reforming the regulatory framework and improving the enabling commercial investment climate to (a) promote private public partnerships between private equity investors and underfunded state-owned media corporations and (b) support the creation of appropriate, new digital technologies - audio-visual, telephony, the Internet and print - targeting low income earners and speakers of Africa's popular indigenous languages.

OUTPUTS

- A new investment and lending facility targeted at emerging and medium independent media provide funding to underwrite small/medium long term debt which cannot be mobilised through local markets or financial institutions; or assisting by bringing smaller investments to market by bundling them, or assisting them to corporatize their operations.
- Establishment of independent, self financing audience and content management systems by industry in 10-12 countries.
- Media Research and Business Planning programme (MRBPP) with a research and advisory capacity to provide investors, practitioners and advertisers with access to a reliable

Draft Working Paper Pillar 3 Strengthening Media Markets

market analysis and database covering a uniform wide range of aspects of all media institutions on the continent.

METHOD OF OPERATION

- For the Investment and lending facility develop a proof of concept pilot with the IFC, AfDB and SAMDEF to determine the level of potential interest in pursuing the new financing instrument. If there is an uptake with the first round of projects (\$10m), the funding would go to scale (\$50m) to provide financing (e.g. debt, quasi-debt, working capital facilities) on a project by project basis. Based on its success, the ILF would leverage public and private equity.
- The programme would build on the mapping done by Emerging Markets Group (EMG) for AMDI and produce regular audits of the media landscape in Africa. It will establish a panel of experts to develop investment climate reports.
- Assisting in the creation and/or strengthening of in-country research bodies through the identifying and strengthening pan-African media research organisation(s), and the creation of national Joint Industry Committees (JICs). It will pump priming first national audience measurement reports – this would be done in association with PAMRO
- Funding would be approved by an investment panel established by the AMI Board. Its composition could include private investors and official developments banks who may be interested in co financing.

INPUTS

- Lead Manager
- Funding for audience measurement programme (\$6m)
- Policy and Research (\$2m)
- Investment and Loan facility (\$50m)

COST

- The total cost is \$58m.