

INCENTIVES FOR MEDIA STARTUPS TO ENHANCE THEIR SUSTAINABILITY

STANDARD SETTING DOCUMENT

This document is part of a series of Standard Setting Documents prepared by Maharat Foundation to stimulate public discourse on media law reform in Lebanon in line with freedom of expression. This comes within the framework of the "Media Reform to Enhance Freedom of Expression in Lebanon" project, implemented in collaboration with Legal Agenda and Media and Journalism Research Center, with the support of the European Union.

1 Key messages

1. Media startup projects represent an economic and structural model parallel to traditional media institutions. They are products of digital technologies and their role is increasing both in the media and the general economy, as audience consumption habits change. Media startups interact directly with their audience, responding to their needs and relying on new and diverse sources of financing.
2. Media startups in Lebanon face a variety of obstacles that hinder their progress: including the socio-economic crisis since 2019, the collapse of the banking sector and the Lebanese currency, the limited size of Lebanese markets, the lack of funding for sustainability, the absence of regulating laws, incentives, and more.
3. These media startup projects are on the rise globally and are committed to providing content that serves the public interest and acts as a watchdog on public authorities. They strive for innovation and diversity in form, content, and business models. Therefore, democratic countries seek to provide incentives for their sustainability to encourage diversity in the media landscape.
4. Governments, media regulatory bodies, public institutions, and donors should respond to the challenges of sustainability facing media startups that serve the public interest to encourage their development, which benefits the development of media markets.

2 Summary of the main recommendations



To the authorities:

- Improve the political, legal, and commercial environment for media startup initiatives by removing barriers to market entry and enhancing administrative procedures for registration to make them accessible and affordable.
- Establish mechanisms to support and incentivize media diversity and the sustainability of media startups.
- Implement legislation prioritizing ownership transparency to increase trust in media outlets associated with the public interest and enhance competition regulations.



To the media sector:

- Introduce entrepreneurship education in media faculties.
- Enhance the capacities of students and journalists to innovate in content creation, business models, and audience engagement in line with ongoing digital transformation



To the international community:

- Launch specific and diverse funding and support mechanisms, as well as tailored grants designed to support media startups and independent media development organizations.

New business models have emerged in modern information societies, opening the door to a new trend in media entrepreneurship and the establishment of media companies that rely on innovative and creative approaches to content delivery. Media startups have succeeded in carving out a niche for themselves in the parallel media landscape alongside traditional media, playing unique roles in communication, shaping public opinion, and serving the public interest. Additionally, they contribute to the economy and provide services as drivers of market and knowledge economies, generating new job opportunities. These projects have received significant encouragement in many countries to activate their contribution to economic development, offering opportunities for youth to fulfill their aspirations and develop new media services.

In Lebanon, the digital revolution has played a significant role in providing independent content, challenging the dominance of traditional media outlets largely controlled by political parties. However, legal, financial, and structural challenges have had deep impacts on independent media projects and hindered the development of startups in the media sector. There is also a lack of legal awareness within the entrepreneurship community, which often prioritizes marketing and commercial affairs while overlooking the important legal framework for entrepreneurs and innovators.

In addition to the constraints imposed by stringent licensing and registration requirements, which discourage independent media startups from entering the field and lead to a lack of diversity and a decline in the media market, these challenges are not the only barriers to sustainability. Changes in information consumption and the impact of social media platforms and major technology companies have created simultaneous opportunities and challenges, making information more accessible and open, which has led to a decline in trust in the media. Additionally, audiences are less willing to pay for information, leading to a shift in the advertising landscape.

This situation has prompted European countries, for example, to enact public policies to protect diversity and pluralism in the media. Many regulatory bodies have allocated budgets to support media startup projects and have established mechanisms to enhance transparency in the media, finance the sector, and provide incentives such as tax exemptions and allocating a share of public advertising or grants to the media.

Similarly, in Lebanon, by developing laws, lifting restrictions, and providing incentives, a more dynamic environment can be created for media startups. This would ensure the emergence of a diverse and vibrant media landscape that reflects the country's diversity and promotes innovation in the media sector.



List of Standards

1. Improving the supportive environment for media startup initiatives that serve the public interest at various levels, including legal, administrative, and financial aspects, enabling them to launch, grow, and thrive.
2. Developing support mechanisms for media startups that serve the public interest and constitute a fundamental public benefit that should not be subject to market logic.
3. Enhancing media ownership transparency and mitigating media concentration by supporting the establishment of media startups.
4. Removing restrictions and lowering barriers to establishing media startups, facilitating their legal form as non-profit entities to reduce tax liabilities, ease acceptance of grants, and encourage the public to subscribe, contributing to their sustainability.
5. Developing new economic models to ensure the sustainability of these emerging media startups, such as funds that promote collaboration among donors and encourage investment to support the media.
6. Keeping pace with technological advancements and enhancing the necessary infrastructure to launch media initiatives.
7. Teaching entrepreneurship and initiative launching at universities, especially in journalism faculties, to enhance students' ability to identify opportunities and transform innovative ideas into actionable projects.

This paper is part of the project "**Media Reform to Enhance Freedom of Expression in Lebanon**," in collaboration with Legal Agenda and Media and Journalism Research Center, supported by the European Union. It is based on two research papers: the first background paper prepared by both Dr. Maria Bou Zeid on "Incentives for Media Startups in Lebanon amid the Turmoil: Challenges and Opportunities" and the European expert Attila Mong on "Public interest journalism startups in Europe: trends, players, challenges and incentives".

The **first paper** addressed the key factors influencing the emergence of a nascent media sector in Lebanon, outlining the legal challenges facing media initiatives, as well as the financial and banking challenges since 2019.

The entrepreneurial landscape in the media field has significantly declined, even halting altogether due to the multiple crises that have afflicted the country since 2019, starting from the COVID-19 pandemic to the Beirut port explosion and subsequent financial crises. The recent financial crisis has added an additional layer of difficulties to the existing ones, such as limited access to technical talent, political instability, and the limited size of the Lebanese markets.

The **second paper** discussed the European experience in the field of media startups institutions and how the media environment has evolved in recent years. It presented the difficulties facing these initiatives due to challenging economic conditions, despite the positive contribution of technological advancements in changing consumer habits regarding media consumption. Moreover, public interest journalism has declined due to funding crises, audience preference for free media, and a general decline in media freedoms.

Technological advancements in recent years have led to a decline in the traditional economic model of media, which relied on advertising and subscriptions. European media outlets, for the most part, are seeking alternative sources of funding to ensure their sustainability, particularly online. In this environment, media startup initiatives have emerged committed to their audience and dedicated to serving the public interest. Their ambition is to reclaim the spaces, audience, and professional roles lost by traditional media. They are characterized by a willingness to experiment with new approaches in sustainable development and business models.

The discussion also addressed the absence of governance in addressing the urgent laws necessary to keep pace with media developments, such as the digital transformation strategy, a new media law, and the establishment of a regulatory authority for the sector. All of these projects are still lingering in the corridors of parliament, while there appears to be a pressing need to ensure freedom in establishing media projects within the laws and to activate electronic signatures. Moreover, there is a need to regulate and legislate subscriptions and donation campaigns for media platforms and stations.

On the Governance level

- Improving the political, legal, and business environment for media startup initiatives by removing barriers to entry into the market, enhancing administrative registration mechanisms to make them accessible and cost-effective.
- Introducing indirect financing methods through incentives and financial support: tax exemptions and reduction of value-added tax for media products along with reductions in social security contributions.
- Establishing effective partnerships between the public and private sectors to provide opportunities that positively contribute to various initiatives.
- Updating and enacting legislation, including media laws, to create a safe environment for journalists.
- Addressing brain drain and promoting a culture of innovation.
- Establishing dedicated public funds to support public-interest journalism with independent councils overseeing fund distribution, ensuring transparency.
- Removing existing barriers to market entry: promoting the establishment of new companies and dismantling obstacles hindering the entry of public-interest media, including not only simplifying bureaucratic registration procedures but also ensuring that these procedures are easily accessible, cost-effective, and efficient.
- Implementing legislation prioritizing ownership transparency to increase trust in public-interest media and enhance competition rules.

On the Media institutions level

- Taking steps towards offering entrepreneurship courses, especially in journalism faculties and media institutions in Lebanon.
- Providing students with practical knowledge and the critical thinking skills necessary for engagement in the dynamic media industry, enhancing their ability to identify opportunities and turn innovative ideas into viable projects.
- Developing a diverse range of activities and competitions for university students to help discover and nurture hidden talents, and foster a culture of creativity.

On the donors and media development organizations level

- Launching specific and diverse funding mechanisms and grants tailored to support media startups to incentivize nurturing innovative ideas.
- Supporting independent media development organizations to assist new initiatives in finding suitable programs and grants, thereby improving their management strategies, funding, and audience reach.
- Focusing on emerging projects to produce innovative and interactive digital content to meet the increasing demand from the audience, in line with the growing use of smartphones and high-speed internet access.
- Prioritizing the development of skills among media workers to enhance their expertise in this constantly evolving field, ensuring competitiveness and adaptability of the workforce to entrepreneurial initiatives.

On the international level

- Communicating with the Lebanese diaspora worldwide as an extension of the narrow local market.
- Establishing external partnerships for exchanging expertise and services.
- Connecting with international platforms and global advertising companies."

