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Financing and Independence of Media in Armenia

Today, media outlets often need more credibility due to their financial sources. Financial transparency and independence of the mass media are among the critical issues for many countries, including Armenia. This package is a set of studies presenting the general situation in Armenia regarding the issue, addressing legal regulations, the main obstacles to media funding, the correlation between media independence and trust in it, and other issues. It includes proposals aimed at increasing media financial transparency.

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PREFACE

In the modern world, mass media have an important role and significance in the socialization of society and for the people in making political, economic, cultural, social, and other decisions. However, along with the increase in the role of media, there is the problem of decreasing trust in mass media due to political and economic influences on them. Such financial influences imply serving someone's interests by the mass media, which can directly or indirectly impact journalistic work. Therefore, the independence of media financing becomes vital for the media's credibility.

The problem of the decrease of trust caused by media financing is relevant both for Armenia and for different countries of the world. Therefore, the purpose of this research is to study the effects of sources on media financing on their activities in the Republic of Armenia, highlight the media financing formats, identify the attitudes of different groups of society towards the media, and understand the degree of trust in the media depending on their funding sources.

This document is a comprehensive set of studies of the problem that include:

- The legal study on the financial security of mass media and the corresponding proposals in the legal sphere,
- The general situation of the media's financial and news independence and the political dependence of the media in Armenia,
- Obstacles to the financial independence of mass media in Armenia and recommendations around the general regulation of the problem,
- Research of the Institute of Liberal Politics, recommendations and the results of the sociological survey,
- Policy paper based on the research mentioned above.

We have implemented this sociological research to understand the issues of funding channels, sources, approaches to their search, media independence and the ability to operate transparently in Armenia, including focus group discussions with different groups of society and in-depth interviews with media representatives working in Armenia. ILP conducted four focus group discussions in Yerevan according to the principles of purposive sampling. With the questions

of the in-depth interviews, we aimed to determine the independence of the media, financing and the interdependence between the media and the politician, the degree of trust in the media, and the transparency and accountability of the media. The media representatives also answered questions about diversifying the media's financial resources. We present the summaries of the interviews at the end of this package as appendices.

The studies and research presented here aim to give the existing legal regulations on the issue in Armenia, to identify the influence of the choice of funding sources on media independence, to study the main obstacles to media funding in Armenia, to consider the perceptions of media independence and the interrelationship of trust in the media and other issues.

The results of the studies and research presented in this package will contribute to media transparency and increase trust in mass media. We want to note that the submitted proposals contain essential elements of reforming the sector and introducing new mechanisms, models, and formats for financial independence.

1. LEGAL STUDY ON ENSURING FINANCIAL TRANSPARENCY OF MASS MEDIA

It is difficult to overestimate the influence of the right to freedom of speech in establishing a democratic state and preserving democratic values. Freedom of speech is a fundamental right enshrined at the constitutional and conventional levels. The possibility of realizing that right can have a historical impact on social processes - the social-political, educational-pedagogical, and socio-cultural impact of media (both traditional and non-traditional) is undeniable. Accordingly, setting a high responsibility bar is more than justified concerning subjects carrying out news activities.

However, on the other hand, the regulation of the problem should have a balanced nature because the legitimate freedom of speech may suffer in the process of regulation, resulting in an opposite outcome: the democratic institutions built over decades may suffer.

Moreover, in a society where the level of media literacy is deficient, and the average individual cannot distinguish objective fact from subjective opinion, quality factual analysis from evaluative judgment, data manipulation, or simply unprofessional work, at the same time, the media field is filled with such excesses of freedom of speech as insult, slander, various manifestations of hate speech, it is crucial to identify where the bias or marked subjectivism of a specific entity carrying out news activities comes from, sometimes also extremism, the result of which can be political tensions with severe consequences.

We believe that citizen has the right to know from where the information delivered to them is managed and financed and to choose based on whether they want to use the appropriate sources, whether they trust the mass media funded by one or another means, and having the proper influence.

The disclosure of financial sources can lead to both a decrease and an increase in the credibility of the respective news media and, in general, bring the public closer to the point where the actual degree of credibility of the information offered to them is more visible and understandable.

1.1 Current legislation and existing issues

According to Article 42 of the Armenian Constitution (“Freedom of Expression”):

1. *Everyone shall have the right to freely express his or her opinion. This right shall include freedom to hold own opinion, as well as to seek, receive and disseminate information and ideas through any media, without the interference of state or local self-government bodies and regardless of state frontiers.*
2. *The freedom of the press, radio, television and other means of information shall be guaranteed. The State shall guarantee the activities of independent public television and radio offering diversity of informational, educational, cultural and entertainment programmes.*
3. *Freedom of expression of opinion may be restricted only by law, for the purpose of state security, protecting public order, health and morals or the honour and good reputation of others and other basic rights and freedoms thereof.¹*

Pursuant to Article 10 (“Freedom of Expression”) of the European Convention for the Protection of Human Rights and Fundamental Freedoms (hereinafter “the Convention”):

1. *Everyone has the right to freedom of expression. This right shall include freedom to hold opinions and to receive and impart information and ideas without interference by public authority and regardless of frontiers. This Article shall not prevent States from requiring the licensing of broadcasting, television or cinema enterprises.*
2. *The exercise of these freedoms, since it carries with it duties and responsibilities, may be subject to such formalities, conditions, restrictions or penalties as are prescribed by law and are necessary in a democratic society, in the interests of national security, territorial integrity or public safety, for the prevention of disorder or crime, for the protection of health or morals, for the protection of the reputation or rights of others, for preventing the disclosure of information received in confidence, or for maintaining the authority and impartiality of the judiciary.²*

¹ Constitution of the Republic of Armenia (2015), Article 42, Available at: <https://www.president.am/en/constitution-2015/> (Accessed: 11.10.2023).

² European Convention for the Protection of Human Rights and Fundamental Freedoms (1950), Article 10. Available at: https://www.eods.eu/library/CoE_European%20Convention%20for%20the%20Protection%20of%20Human%20Rights%20and%20Fundamental%20Freedoms_1950_EN.pdf (Accessed: 11.10.2023).

Thus, we can make some important notes:

- First, freedom of opinion or speech or expression includes both active and passive components. In particular, the active component implies having one’s own opinion, searching for and disseminating information and ideas, and the passive component is receiving information and ideas, which can be realized only in the presence of relevant actual opportunities.
- Second, the state has certain functions to guarantee the realization of this right, defined by Article 42, Part 2 of the Constitution. Here we especially want to emphasize:
 - a) guaranteeing the freedom of the means of information and
 - b) guaranteeing the operation of independent public television and radio.
- Thirdly, this right is among the rights subject to limitation, only in the conditions of the presence of legal bases defined by the Constitution (Part 3 of the same article).
- Moreover, the realization of the right to expression can take place without the intervention of state and local self-government bodies and regardless of state borders and without limitation of form (by any means of information).
- However, according to the Constitution and the Convention, this does not mean that certain formal requirements and sanctions cannot be provided by the law, based on the need to ensure the legal institutions that are considered a priority in a democratic society.

Based especially on the last protocol, this document examines the passive component of freedom of expression, the freedom to receive information and ideas, especially in terms of how it is possible to reveal the sources of funding of media entities.

Here, we first consider it necessary to refer to the World Press Freedom Index. Thus, in 2023, according to the data compiled and published³ by the international organization “Reporters without borders” (French: Reporters sans frontières or RSF⁴), Norway is in the leading position (“green”: 85-100 points) (95.18 points), Ireland (89.91 points), Denmark (89.48 points), Sweden (88.15 points), Finland (87.94 points), Netherlands (87 points), Lithuania (86.79 points), Estonia (85.31 points)⁵.

³ Reporters without Borders (2022), *Methodology used for compiling the World Press Freedom Index 2023* (2022). Available at: https://rsf.org/en/methodology-used-compiling-world-press-freedom-index-2023?year=2023&data_type=general (Accessed: 11.10.2023).

⁴ Website of “Reporters without Borders” International Organization. Available at: <https://rsf.org/en> (Accessed: 11.10.2023).

⁵ Full list of 2023. Available at: <https://rsf.org/en/index> (Accessed: 11.10.2023).

Thus, according to the report, *the Norwegian legal framework protecting press freedom is strong. The media market is vibrant, with a strong public broadcaster and a diverse private sector with publishing companies guaranteeing broad editorial independence.*

As of 2023, no violation of the rights of any journalist or other media worker has been found in Norway.

According to the same report, despite the pluralistic environment, the media in Armenia remains polarized. The country is facing unprecedented levels of misinformation and hate speech, especially regarding the Nagorno Karabakh territorial dispute between Armenia and Azerbaijan. Thus, Armenia ranks 49th among 180 countries studied (70.61 points).

If misinformation and hate speech are issues to be solved in the civil and criminal domains, respectively, the polarization of the media field, in the sense that they are financed by different currents and the news is delivered in a way that favors the funder, is very difficult to rule out in ways acceptable in a democratic society, but it is possible to identify the sources of financial flows, at least for the purpose of identifying the persons concerned, which is consistent with Article 10, paragraph 2, of the Convention.

Here, let's consider what kind of regulations are in force in this regard in the domestic legislative field.

Chapter 12.1 of the Law of the Republic of Armenia "On state registration of legal persons, state record-registration of separate subdivisions, institutions of legal persons and individual entrepreneurs" (amended on June 03, 2021, HO-246-N) defines the legal entity's beneficial owners' obligation to disclose and publish that data.

In particular:

According to parts 1 and 2 of Article 60.2:

The legal person registered in the territory of the Republic of Armenia shall be obliged to possess reliable information concerning its actual beneficiaries and the grounds for being the actual beneficiary of the legal person.

With the view to disclose the information provided for by part 1 of this Article, the legal person shall be obliged to conduct periodically, but not less than once a year, a due diligence by keeping all documents relating to it. (...)⁶

⁶ Law of the Republic of Armenia "On state registration of legal persons, state record-registration of separate subdivisions, institutions of legal persons and individual entrepreneurs", 12.1 chapter, article 60.2 Available at: <https://www.arlis.am/DocumentView.aspx?DocID=173485> (Accessed: 11.10.2023).

As per the regulation of part 1 of Article 60.3:

The legal person registered in the territory of the Republic of Armenia shall, based on the results of due diligence envisaged by this Law, submit to the Agency a declaration concerning the actual beneficiaries thereof.⁷

According to part 2 of the same Article:

In the declaration concerning the actual beneficiaries, information on the following shall be included:

- (1) (...);
- (2) on listing of shares of the legal person or permission of trade on the regulated market (hereinafter referred to as "listing");
- (3) on listing of stocks of the legal person fully controlling the legal person, on the legal person holding listed shares (...), as well as on the share participation of such a legal person;
- (4) on the share participation of the state, a community or an international organisation in the authorised capital of the legal person;
- (5) on the actual beneficiaries of the legal person (...);
- (6) on the grounds of a person being an actual beneficiary and on controlling the legal person separately or jointly with the natural or legal person affiliated therewith;
- (7) on the interim legal persons (...).⁸

Violation of the rules of disclosure of information on beneficial owners causes administrative responsibility (Article 169.29 of the Armenian Code on Administrative Offenses, amended on June 03, 2021, HO-252-N).

Thus, on the one hand, the law imposes the primary obligation to identify its beneficial owners on the legal entity, on the other hand, it establishes the obligation to declare this data (beneficial owner (BO) declaration).

Moreover, this obligation is defined for the legal entity itself, because it was considered illogical to define the obligation to declare for the real beneficiary of the individual entrepreneur (it is assumed that the beneficial owner of the individual enterprise is the given individual).

And what kind of organizational and legal form should an entity engaged in media activity have?

⁷ Law of the Republic of Armenia "On state registration of legal persons, state record-registration of separate subdivisions, institutions of legal persons and individual entrepreneurs", 12.1 chapter, article 60.3. Available at: <https://www.arlis.am/DocumentView.aspx?DocID=173485> (Accessed: 11.10.2023).

⁸ *Ibid.*

According to the provisions of Article 3, Clause 3 of the Armenian Law “On Mass Media”:

A legal or natural person, including an individual entrepreneur, who distributes media on his own behalf is a media activity.

Moreover,

If a media activity provider in the Republic of Armenia carries out separate stages of that activity on the basis of transactions concluded with other persons (pure distributor, publisher, etc.), then those persons, in the sense of this law, are not media activity providers.

Thus, the provisions of the law leave maximum freedom to the choice of the person carrying out media activity to decide what organizational and legal form it should have (any type of legal entity or private individual) or none at all (natural person).

Several issues follow from the above mentioned:

a) *Media outlets that are private individuals or natural persons will not submit a declaration of ownership of the beneficial owner.*

b) *In any case, media outlets that are legal entities or other persons, which are not covered by the Armenian legislation (competency or jurisdiction), regardless of the target audience (media outlets registered in foreign domains) are also excluded from the scope of the law.*

c) *For many years now, social media platforms have given every citizen the opportunity to make his material or his opinion available to the general public, without carrying out news activities in the traditional sense. Moreover, very often private individuals can have a much larger audience than, for example, decades-old newspapers, magazines, news websites and other mass media or individual journalists.*

Taking these facts into account, special regulations have been introduced in various legal systems in order to interpret the concept of “journalist” as broadly as possible, which makes it possible to provide additional guarantees to persons engaged in relevant activities, and to impose equal responsibility on the journalist.

These entities, however, are still excluded from the scope of regulation of this provision of the law, because they do not meet the relevant standards in the legal sense.

d) *Despite the fact that the beneficial owner’s declaration is open and tax-exempt information, which can be searched and found for every legal entity on the website⁹*

⁹ Government of Republic of Armenia, website of electronic register. Available at: <https://www.e-register.am/am/> (Accessed: 11.10.2023).

of the State Register of Legal Entities of the Ministry of Internal Affairs of the Republic of Armenia, however, this does not mean at all that the problem of disclosure of information about the actual beneficial owners is solved by the submission of that declaration. Identifying the real beneficiaries is a serious problem all over the world, which requires in-depth analytical work¹⁰ with the facts in each case.

Coming to the special laws, it is necessary to emphasize that the Armenian Law “On Mass Broadcasting” and the Armenian Law “On Audiovisual Media” have certain requirements, the implementation of which gives an opportunity to get an idea about the sources of financial resources of the entities engaged in specific media activities. Thus, in accordance with Article 12 of the Armenian Law “On Mass Media” (“Transparency of Financing Sources”):

1. *The income of the mass media is generated from advertising, other paid airtime, sales of self-produced printed periodicals, video, audio and video-recording materials, subscription contributions, contributions of founders, money allocated or donations from sponsors and financial resources received from other sources not prohibited by law.*
2. *The media activity operator, as of March 31 of the current year inclusive, is obliged to publish the financial results of the previous year in the regular issue of the media released on a physical medium (if it is released) and on the home page of the website with a domain registered on the Internet and hosted under the heading “Annual Report” according to the sources of income mentioned in part 1 of this article.¹¹*

In other words, first of all, the subject carrying out news activities can receive income from any source, which is not directly prohibited by the law. On the other hand, media outlets are obliged to submit a report on the generation of their funds every year, publishing these reports in the media¹². However, the financial report only sometimes includes precise data on the sources of financing.

¹⁰ More details about the problem see *Transparency International Anti-Corruption Center (2021), Transparency of beneficial ownership: international experience and Armenian practices*. Available at: <https://transparency.am/assets/documents/1643014090-44187-797.pdf> (Accessed: 11.10.2023);

¹¹ Law of the Republic of Armenia “On Mass Media”, article 12. Available at: https://mediainitiatives.am/wp-content/uploads/2017/11/RA-Law-on-Mass-Media_EN.pdf (Accessed: 11.10.2023).

¹² Annual financial reports of “Hetq” media: Available at: https://hetq.am/hy/financial_report (Accessed: 11.10.2023).

For example, in the “Financial Report” section¹³ of the website of the “Hetq” news agency¹⁴, we can see active links with which it is possible to see the reports submitted by the news agency by year. Still, for example, from the most recent report¹⁵, which is 2021, it is not at all clear from which sources the financial income of the given media came; more specifically, those sources are not mentioned, it is the report of the “Investigative Journalists” NGO (Tax ID: 02554073) about the progress and the goals of the programs implemented by the latter.

Whereas for example, “Union of Informed Citizens”¹⁶, which also has the status of a non-governmental organization and engages in media activities (Tax ID: 01261445), among the annual reports¹⁷ published on its official website, includes information on the organization’s team (employees), partners, programs, income (both the amount and the source) and costs.

Similarly, “Khoski Ishkanutyun”, registered as a non-governmental organization (Tax ID: 00193376), which publishes the newspaper “Chorrord Ishkanutyun” and also runs a news website¹⁸, unlike the newspaper it publishes, has not even published information on the legal entity carrying out news activities on the website (full name, organizational-legal form, location, number of the certificate of the state registration of the legal entity (or the registration of its separate subdivision operating on behalf of the legal entity), the date of issuance, and if the person carrying out media activity is a natural person, then his/her name, surname, address, if he/she is an individual entrepreneur, then also the number of the state registration certificate and the date of issuance), taking advantage of the “expired” provision of Article 11, Part 1 of the Armenian Law “On Mass Media”, according to which the obligation to publish this and other information extends only on media released on physical media.

The website also needs to include the annual (financial) reporting section. Moreover, publishing that report in the mass media makes it possible to consider the law’s requirement fulfilled legally, but the problem still needs to be solved in practical terms. The problem of the accessibility of that information in the form of publication, in this case, is obvious.

¹³ Ibid.

¹⁴ Ibid.

¹⁵ The annual financial report of “Hetq” media for 2021. Available at: <https://hetq.am/static/content/pdf/Financial%20reports/Financial%20Report%202021.pdf> (Accessed: 11.10.2023).

¹⁶ Website of “Union of Informed Citizens” NGO. Available at: <https://uic.am/> (Accessed: 11.10.2023).

¹⁷ Reports of the NGO “Union of Informed Citizens”. Available at: <https://uic.am/our-reports> (Accessed: 11.10.2023).

¹⁸ Website of “Chorrord Ishkanutyun” newspaper. Available at: <https://www.4rd.am/> (Accessed: 11.10.2023).

Thus, even between news outlets with the same organizational and legal status, the difference is evident in whether the law applies actually or only formally.

On the other hand, publishing the annual financial report only on one’s website or in a newspaper may also cause another practical problem, as finding the relevant issue in the newspaper may be a problem, and the website may be temporarily or permanently closed. And if the report is needed, seeing it can become quite problematic.

And as already mentioned, the requirement to submit reports does not apply to non-traditional media entities. At the same time, it would be beneficial for society to understand where this or that blogger’s or influencer’s position on any issue comes from, how objective or subjective they are, and why.

The settlement of the mentioned problem would be significant during the pre-election period. In a highly politicized society, where there is no state program aimed at increasing media literacy, and the programs implemented by civil society structures are of a short-term nature, naturally highly dependent on funding, it would be helpful to at least understand and realize “who pays for relevant music.”

Moreover, traditionally, political forces have had and have “their” news outlets, where they naturally cannot find material contrary to the founders’ and editors’ will and interest. In this regard, it would also be helpful to see the decision-makers and sources of funding openly.

According to the regulation of the 1st and 2nd parts of Article 189 of the Armenian Code on Administrative Offenses:

Failure to publish the financial report of a mass media within the time frame established by law causes a fine to be imposed on the media activity operator in the amount of three hundred to five hundred times the minimum wage.

The same violation, which is committed again, after the application of administrative penalty measures, within one year causes the imposition of a fine on the media activity operator in the amount of five hundred to seven hundred times of the established minimum salary.¹⁹

It should only be added here that separate regulations are provided for audiovisual media in the law with the same name (Article 14 on sponsorship, prohibited sponsorship, rules for placing advertisements, Article 19 on broadcasters’ and operators’ sources of income, their publicity, etc.).

¹⁹ Code on Administrative Offenses of the Republic of Armenia, Article 89. Available at: <https://www.arlis.am/documentview.aspx?docid=73129> (Accessed: 11.10.2023).

Referring to the international documents, we should note the following. According to the European Media Freedom Act (adopted on 16 September 2022)²⁰:

Media service providers will have to ensure transparency of ownership by publicly disclosing such information and take measures with a view to guaranteeing the independence of individual editorial decisions.

In this regard, it is also necessary to emphasize that in accordance with clauses 4.5 and 4.6 of the Committee of Ministers' CM/Rec(2018)1 Recommendation²¹ to Member States on Media Pluralism and Media Ownership Transparency:

- States should adopt and implement legislative or other equally effective measures that set out disclosure or transparency obligations for media in a clear and precise way. Such obligations can include the following information:
- legal name and contact details of a media outlet;
- name(s) and contact details of the direct owner(s) with shareholdings enabling them to exercise influence on the operation and strategic decision making of the media outlet. States are recommended to apply a threshold of 5% shareholding for the purpose of disclosure obligations;
- name(s) and contact details of natural persons with beneficial shareholdings. Beneficial shareholding applies to natural persons who ultimately own or control shares in a media outlet or on whose behalf those shares are held, enabling them to indirectly exercise control or influence on the operation and strategic decision making of the media outlet;
- information on the nature and extent of the shareholdings or voting rights of the above legal and/or natural persons in other media, media-related or advertising companies which could lead to decision-making influence over those companies, or positions they may hold in political parties;
- name(s) of the persons with actual editorial responsibility;
- changes in ownership and control arrangements of a media outlet.

The scope of the above criteria for disclosure or transparency obligations for the media includes legal and natural persons based in other jurisdictions and their relevant interests in other jurisdictions.

²⁰ European Commission (2022) European Media Freedom Act: Commission proposes rules to protect media pluralism and independence in the EU. European Commission. Available at: https://ec.europa.eu/commission/presscorner/detail/en/ip_22_5504 (Accessed: 11.10.2023).

²¹ Recommendation CM/Rec(2018)1 of the Committee of Ministers to member States on media pluralism and transparency of media ownership (Adopted by the Committee of Ministers on 7 March 2018 at the 1309th meeting of the Ministers' Deputies). Available at: https://search.coe.int/cm/Pages/result_details.aspx?ObjectId=0900001680790e13 (Accessed: 11.10.2023).

1.2 Regulation Proposals

Before moving on to the actual proposals, we should consider several realities.

It is equally crucial that the regular implementation of media activity also requires standard and total (stable) financing for any activity. Moreover, the more serious the financing, the more opportunities the media activity provider can have, from which society can benefit and suffer.

However, it is also necessary to remember the impact and role of news and its quality in society, so these structures bear a higher responsibility than organizations engaged in many other types of activities.

On the other hand, imposing additional duties and sanctions on entities carrying out media activity should not harm the possibility of realizing freedom of speech because free speech and freedom of expression of opinion are essential tools and guarantees of democracy.

For the complex solution of the problems discussed in this document, it is necessary to implement programs to increase the media literacy of the broad layers of society.

It is necessary to emphasize that the regulations proposed by this document can only be found at the level of the law, not the sub-legislative act.

Moreover, we believe it is more expedient to amend Articles 3, 11, and 12 of the Armenian Law "On Mass Media".

- First of all, it is essential to consider the activities of people who carry out news activities in other ways, such as bloggers, public opinion-makers, or influencers, in addition to those who carry out news activities in "classic" ways (the Law on Mass Media refers to them as a news agency, media outlet, and journalists)²².

It is proposed to set standards by law, in which case it will be possible to refer to a person as a performer of journalistic activity, applying the relevant procedures.

Moreover, it is imperative to include the goal of reporting in the standards.

- Secondly, as presented above, in practice, the fulfillment of the obligation to submit annual reports defined by Article 12 of the Armenian Law on "Mass Media" is manifested in different ways, and finding the information published on one's websites or in print media can be problematic, accordingly, it is recommended:

²² About the legal possibility of considering entities that carry out news in non-traditional or innovative ways as journalists, for more details: Hovhannisyan A. A., Ayvazyan M. G., (2020) "Media Law" training manual. Yerevan 2020, pages 9-25.

a) establish a standard form of the annual report, thanks to which it will not be possible to submit arbitrary documents instead of the prescribed content of the annual report (including income from advertising and other services, transfers from sponsors, grant income, donations, property and non-property rights, income derived from them, etc., with a mandatory indication as well as the specific source of financing (breakdown of revenue generation of the previous year, size), as well as to all entities participating in decision-making and included in management bodies (controlling persons).

b) establish a provision for posting these reports on <http://e-register.am>, <http://azdarar.am>, or another similar website, or create a system similar to the declaration system²³, where there are already relevant windows, and you must enter the data. In the latter case, there will not be a need to define a standard form.

c) to extend the reporting requirement to all entities carrying out media activity, regardless of the organizational legal form (legal/physical person, private individual, persons engaged in non-traditional media activity).

Accordingly, all news outlets will present their reports in the same way and on the same platform, which will be public and easily accessible; it will include such information that will allow the public to get an idea of the specific political and other direction of the given news outlet.

²³ Website of Declaration System Register. Available at: <https://registry.cpcarmenia.am/> (Accessed: 11.10.2023).

2. FINANCE AND MEDIA INDEPENDENCE

2.1 General Situation

The specialized international organizations assess the situation in Armenia's information sector mostly positively. In particular, in the world ranking of "2023 World Press Freedom Index"²⁴ published by "Reporters Without Borders", Armenia recorded another progress, moving from 51st to 49th place and securing a leading role in the post-Soviet region, yielding only to the Baltic states and to Moldova. At the same time, both "Reporters Without Borders" and other reputable sources note that despite its pluralism, the Armenian media field is extremely polarized, and the country faces an unprecedented level of misinformation and hate speech. This is due not only to the Karabakh conflict and hostile Armenian-Azerbaijani relations but also to the ongoing information wars on the internal political front.

The fierce competition between political forces, which has been formed in Armenia since the first days of independence, has spread on the pages of newspapers and on the air, dividing the media field into opposing camps. This situation with its new features was preserved even after the "Velvet" revolution in 2018.

We can divide the history of the Armenian media sector in the last five years into two distinct phases. Immediately after the change of government in 2018, the main feature was that the pro-government media segment was inferior to the opposition media. That was because the former government members continued to possess enormous financial resources and spent a significant part of them on the informational component of the political struggle. On the other hand, the new government was satisfied with its advantage in social media and public communication platforms. It did not put much pressure on the mass media of the opposing camp. The individual harassment was not systematic. The situation began to change in mid-2019 when the ruling team faced the threat of diminishing unconditional political advantage. Accordingly, steps were developed and initiated

²⁴ Reporters without borders (2023) 2023 World Press Freedom Index – journalism threatened by fake content industry. Available at: <https://rsf.org/en/2023-world-press-freedom-index-journalism-threatened-fake-content-industry> (Accessed: 11.10.2023).

in several directions to shift the balance of forces in the information market. Several repressive laws were adopted, and other steps were also taken, the application of which was aimed primarily at opposition media and active users of social networks. In particular, the introduced mechanisms for the redistribution of market revenues contributed to directing advertising flows to the loyal media segment, and the restoration of the right of the Public Broadcaster to run commercial advertisements played a vital role in this. The establishment of new media under the patronage of business people close to the government and the financing of existing pro-government ones were encouraged. These tendencies became more evident after the 44-day war when the confrontation and the struggle of narratives in the domestic political field sharply intensified.

All this creates additional threats to freedom of speech and pluralism, especially since the positive influence of international democratic institutions on the processes is much weaker than before.

Political polarization and its impact on financial flows in the media market, mass media, and their editorial independence led to a situation where the segment of actors whose goal is the balanced dissemination of information and the formation of adequate ideas about the events taking place in the country and the world among the audience is tiny. Added to that is the desire to increase views of materials at any cost. Even knowing that this or that politician or expert presents a distorted picture of the most critical issues of interest to the public, the media continues to give them a platform if it provides a broad audience and, therefore, stirs the interest of political sponsors. Political and quasi-political topics push responsible journalistic investigations, real social problems, and severe professional analyses out of the air and from the pages of text media, in general, any content necessary for forming an informed citizen.

The problems of the Armenian mass media, including their financial dependence on political circles and politically motivated business people, are primarily the result of the need for a conceptual state approach to developing high-quality, public interest-oriented media. In particular, this state of affairs is manifested by an inconsistent, situational approach to media legislation.

2.2 Legislative Framework

The Armenian Law “On Mass Media,” adopted in 2003, is significantly outdated and needs to be modernized, considering the rapid development of media technologies and their increasing influence on information media. In recent years, the amendments and additions to this law were partial and did not produce the

desired results. The same can be said about the Armenian Law “On Audiovisual Media” that entered into force in 2020. Even most television channels in public broadcasting have their articulated narrow political orientations.

Ensuring the transparency of ownership and financial sources at the legislative level is essential, especially in the current conditions, when more and more money of “political” origin is circulating in the information sector. That is even more urgent in the case of countries like Armenia, where democratic traditions have not spread enough; mass media are highly polarized and mainly serve the political interests of their patrons, pushing the mission of providing objective information to the society to the background.

Ownership transparency is also necessary to establish honest rules of the “game” to form open relations between the mass media and the audience. The public has the right to know who owns this or that TV station, online information resource, or newspaper to determine “where the wind is blowing from” with what level of trust to treat the content spread by a specific source.

Until 2020, there was no requirement to ensure transparency of mass media ownership in Armenian legislation. As for funding sources, Article 12 of the Armenian Law “On Mass Media” provided: “*The operator of media activity is obliged to publish the financial report of the previous year in the next edition of the media outlet, until March 31st of the current year inclusive...*”, including “*gross income and the share of donations in it.*”²⁵ This was a relatively weak regulation of the problem, as a result of which, for example, online media, as a rule, did not publish their annual financial reports without facing any negative consequences. Special legal regulations could limit private TV and radio companies’ ability to submit such reports to regulatory bodies. That did not ensure the principle of accountability to the public. An exception can be considered the obligation defined by law to publish the annual financial report of the Public TV and Radio Company.

Only in 2020, a provision was included in the Armenian Law “On Audiovisual Media” (Article 19, Part 2), which obliges the broadcasters to publish the sources of the previous year’s income by May 1 of the given year, as well as to submit information on the founders and participants of the company. In 2021, a corresponding change was made in the Armenian Law “On Mass Media.” However, these provisions do not function in practice because there are no precise mechanisms of responsibility for oversight and non-fulfillment of rights and obligations.

²⁵ Law of the Republic of Armenia “On Mass Media”, Article 12. Available here: <https://www.arlis.am/documentview.aspx?docid=1379> (Accessed at: 11.10.2023):

Meanwhile, the international experience proves that when developing legal provisions on the transparency of financial sources and ownership of a media, it is necessary to provide strict liabilities for the non-fulfillment of obligations. In addition, it is essential to demand that information be published not only about the primary level of ownership (for example, a specific LLC) but also about the second level (who is the founder of that LLC), third level (who are the principal shareholders) and other levels of ownership. Information about the media's financial sources and owners should be posted on their websites; it is also advisable to create a particular platform that will provide an opportunity to find out how well the media outlets follow the law and how open they are to the public.

2.3 Political Dependence of Media and Public Trust

The obstacles to achieving a greater level of media independence are also reflected in the perceptions of Armenian society. According to the sociological survey²⁶ of the International Republican Institute, only 41% of Armenian citizens who participated in the survey in March 2023 believed that the situation related to media independence in the country had improved during the last six months, while in August 2018, this figure was 61%, and in October 2019, 75%. In March 2023, 22% of the respondents indicated that the situation worsened (in August 2018 and October 2019, only 3% had this opinion). According to the results of the study conducted by the Caucasian Center for Research Resources in October-November 2021²⁷, 70% of the citizens of Armenia considered the Armenian media to be corrupt and unreliable. With that index, the mass media are “ahead” of the National Assembly, the Government, bodies of the local self-governance, and courts. With significant probability, we may claim that the interviewees perceived the corruption related to the mass media mainly as shadowy financing mechanisms, which caused a low level of trust in them.

The dependence of the Armenian media on “political money,” the fact that a specific part of the media is part of such a phenomenon as political corruption, is most clearly expressed during the elections. That is also evidenced by the monitoring²⁸ of the coverage of the Armenian parliamentary elections held in June

2021, carried out by the Yerevan Press Club. Here, one of the causes of negative phenomena is not only the media sphere but also the electoral legislation.

Balanced coverage of the media, particularly broadcasters included in public broadcasting, and provision of equal conditions to political forces are regulated only during the official campaign period and in the months preceding it when they can become decisive from the point of view of voters' orientation, such regulation is absent. And if the mass media observe the “rules of fair play” more or less during the official election campaign, parties/candidates with significant financial resources get a massive advantage over others. This problem is more acutely expressed in the case of snap elections, such as the 2021 NA elections, when the official campaign was unprecedentedly short: 12 days.

For many political forces with modest financial capabilities, the limited access to the airwaves for a long time could not be compensated for the incomplete two weeks of the pre-election campaign, even if relatively balanced coverage was provided during that period. The fierce competition of two opposing political camps with no shortage of resources and therefore almost unlimited influence on the media (on the one hand, the “Civil Agreement” party, on the other hand, the “Armenia” and “I have the honor” blocs) conditioned the extreme polarization of the pre-election campaign by intensive use of disinformation and hate speech.

As a result of the atmosphere of general confrontation, the attempts at balanced coverage of some relatively independent media faced severe obstacles. The leading contenders for success in the elections tended to refuse constructive dialogue and preferred to conduct propaganda in the spirit of information warfare. That also affected an essential institution of the civilized electoral process, such as the TV debates initiated by the Public Broadcaster, which the leaders of the main opposition forces boycotted. Acting Prime Minister Nikol Pashinyan did not participate either. As a result, the activities of most of the leading mass media were directed not to providing voters with broad and complete information but to the aggressive mobilization of the electorate of the political forces whose interests were represented by these media.

2.4 Obstacles to Financial Independence

In addition to the legislative framework, the Armenian mass media's independence level, particularly in financial terms, is naturally also influenced by purely practical circumstances. However, regulatory mechanisms, government policy (or its lack thereof), and media market features are interrelated and condition each other. Among such practical circumstances are the problems of the mass

26 International Republican Institute (2023) Public Opinion Survey: Residents of Armenia | January-March 2023. Available at: <https://www.iri.org/resources/public-opinion-survey-residents-of-armenia-january-march-2023/> (Accessed: 11.10.2023).

27 *Ibid.*

28 See Monitoring of Armenian Media Coverage of the June 20, 2021 Snap Elections to the Armenian National Assembly. Available at: <https://ypc.am/studies/monitoring-of-armenian-media-coverage-of-the-june-20-2021-snap-elections-to-the-ra-national-assembly/> (Accessed: 11.10.2023).

media as a business, the state of the advertisement market, the lack of qualified media managers, the difficulties of monetizing content to make it profitable, the polarization of society itself, the economic consequences of the COVID-19 epidemic and the 44-day war, etc.

According to experts, only a tiny part of Armenian media has been established as a business. The majority, especially those producing social and political content, mainly rely on the favor of political or close political patrons or on receiving foreign grants. By “business,” some owners and managers do not mean selling information products to direct consumers. Still, the ability to offer their services to politicians and circles willing to spend money to spread their information influence or rely on international donors to support is for the development of freedom of speech, pluralism, and the social function of the media.

The volume of the advertisement market of the Armenian media has been declining in recent years. That was caused by the unstable economic situation and the “internationalization” of advertising distribution channels due to the increasing attractiveness of global networks for advertisers. Traditional media have suffered the most from this. Another obstacle to increasing the interest of potential advertisers is the lack of reliable audience measurement mechanisms for both traditional and new media in Armenia.

An additional blow to the financial stability of the media was the amendment of the law on advertising, which banned the advertising of gambling games in casinos. Although the change in the law was expected for media managers, they needed more time to adapt to the new situation and revise their financial strategy. As a result of the decline in revenue, the media has been forced to cut some operating expenses, which were supported by the profits from advertising betting games. No matter what assessment can be given to the mentioned legislative change, which, of course, may be justified from a social point of view, it has weakened the foundations of commercial stability of private media, especially if we consider the already mentioned change made earlier, according to which the Public Broadcaster received the right to place commercial advertisements and absorbed the significant share of private sector advertising revenues.

Mass media actively use their pages on social networks to attract wider audiences. In particular, according to the “Media problems described by 100 media managers - 2022” study²⁹ carried out by the “Region” Research Center, all

29 “Region” Research Center. “Media problems described by 100 media managers - 2022”. Available at: <https://www.regioncenter.info/hy/media-metrics/մեդիայի-խնդիրները-100-մեդիա-մենեջերի-նկատարման-2022> (Accessed: 11.10.2023).

media participating in the survey use Facebook Pages (100%), 89% - YouTube, 60% - “Telegram”, 44% - “Instagram”, 38% “Twitter” (“X”), as well as TikTok, which was used by 17% of the media. Over the last year, the mentioned numbers have increased.

However, there are severe problems with the use of social networks, as the frequently changing rules of the latter’s algorithms limit the mass media’s ability to attract a broad audience. On the other hand, there are serious challenges related to monetizing online content in particular. Different social networks have their own rules and features for content monetization, and there is a lack of knowledge and skills. For example, in the case of Armenia, there are obstacles related to monetization on YouTube, which is the preferred platform for many. To overcome the mentioned problems, some media organizations have to advertise their content on social networks to reach the audiences, but this implies additional, significant expenses for the non-rich Armenian media.

Media managers talk about the necessity of paid content and even its inevitability in the future. However, at the same time, there is a fear that society is not yet ready to pay for consuming media content. For example, the results of the “Media Consumption in Armenia” survey³⁰ conducted by the Center for Media Initiatives (January 2022) indicate that only 4% of respondents subscribe to any paid media resource (for example, TV channels or magazines). At the same time, 13% of respondents expressed willingness to pay for any online media resource to receive regular and reliable information. Here, the media again face the problem of mistrust: consumers need more time to be ready to pay for sources that serve specific interests. As a result of the above problems, the possibilities of monetizing content in social media are limited, and their income is small. An essential step in this field would be the introduction of the “digital ombudsman” institute, which would be authorized to protect the interests of the Armenian media industry on various digital platforms.

Despite the participation of representatives of the Armenian media sector in many training programs both in our country and abroad, there still needs to be more specialists capable of strengthening the economic independence of the mass media. In particular, there is a strong need for those with business modeling skills and mindset, marketing, and sales, teamwork planning and implementation, financial calculation, budget and expenditure implementation, work with donors and fundraising, subscription, sponsorship, use of crowdfunding tools, development

30 Media Initiatives Center (2019) *Media Consumption and Media Coverage of Reforms in Armenia, analytical report*. Available at: <https://mediainitiatives.am/wp-content/uploads/2022/01/Media-Consumption-in-Armenia-Report.pdf> (Accessed: 11.10.2023).

of communication skills, media management, lack of specialists in legal issues, legislative framework, search engine optimization, data analysis, content creation and distribution tools on digital platforms, digital content monetization. In some cases, the agendas of the mentioned training programs have limited relevance to the realities of the Armenian media market; therefore, their effectiveness is not very high.

As mentioned above, research shows that public trust in the media is low in Armenia. The decrease in trust, in turn, negatively affects the consumption of information products and the audience's willingness to pay for them. At the same time, the polarization of society's political trends and orientations creates a demand for equally polarized content, both among political clients and consumers. Accordingly, on the one hand, the media pursuing narrow political interests strive to satisfy the mentioned demand; on the other hand, however, the low level of trust does not allow healthy market mechanisms to function.

Polarization, the lack of solidarity of the media industry on a professional ground, hinders the discussion of advertising and commercial issues, which would contribute to establishing such general rules of the game that could increase the financial flows in the direction of the media. In this regard, the concept of institutional development of the mass media self-regulation system in Armenia, developed by the Armenian government with the active participation of the expert community, can become a promising initiative. The formation of the media industrial committee is also a current issue.

The impact of COVID-19 in terms of media management and financial situation has been both positive and negative. At the beginning of the spread of the pandemic, the mass media switched to remote-work mode, which resulted in the rapid adaptation of the staff and the development of online tools and modern approaches and skills. The sector representatives needed more technological literacy to solve various work-related issues independently. COVID-19 has created opportunities for several media outlets to find new sources of income. For example, they were preparing and broadcasting online courses. One of the positive consequences was also the expansion of the audience due to the unprecedented increase in the demand for information among the public in crises.

On the other hand, due to the pandemic and related restrictions on movement and the possibility of organizing events, the mass media faced the deactivation of business, the decline of broadcasting revenues, and staff occupancy problems. The special programs of the state and donor organizations partially contributed to overcoming the latter. In summary, although COVID-19 caused some changes in the financial, economic, and management models of the media, it did not significantly impact the level of independence of the sector.

The impact of the 44-day war on the activities of the media was utterly negative. The deepened polarization of the society and the intensified political contradictions activated the ambitions of the ruling and opposition circles in the direction of increasing control over the media field. Separate legislative initiatives (in particular, the tightening of liability for defamation and insult), the division of the media into opposing camps, and the practice of disregarding professional ethics standards by the most politicized journalistic circles have created severe challenges for the independence of the media. Negative trends were also recorded in socio-economic and psychological terms, affecting the economic activity and motivation of the population. As a result, cooperation with businesses has suffered, and as we have already mentioned, the audience's distrust of the media has deepened.

At the same time, as a result of the Russian aggression against Ukraine, the noticeable activation of the economic life in Armenia due to the relocation of people from Russia and Ukraine, as well as the initiation of large programs supporting the media by foreign donor organizations (first of all, USAID and the European Union), promise specific prospects for independent and quality media from the perspective of expanding the segment.

3. RESEARCH OF THE INSTITUTE OF LIBERAL POLITICS

The Institute of Liberal Politics conducted in-depth interviews and discussions with the public in the focus groups; as a result, the main aspects of the issue of funding and independence of the Armenian mass media were shown.

In particular, as the primary sources of income, the heads of media participating in the survey (in total, in-depth interviews were conducted with 16 respondents) mentioned advertising, grants, individual funding, funding from the US Congress (most likely, we are talking about Radio Liberty), YouTube - money from views, donations, self-financing, sales of print.

At the same time, estimates of the volume of the Armenian media advertising market (approximately 15-20 million dollars per year) allow us to question the assertions of media managers that they receive their primary income from commercial activities, in particular from advertising. In addition, such answers allow for an indirect conclusion that a specific part of the media has shadow sources of financing. When answering the question about the influence of people providing financial support to certain media on the editorial policy and content of publications, 5 out of 16 respondents admitted that there is such an influence, but the majority answered no. At the same time, the 2 of them emphasized that they had set a precondition for accepting help not to interfere in substantive issues. Comparing the data from the in-depth interviews with the focus group discussions, we can assume that members of the public would only find the responses of some media executives to be somewhat honest.

Most respondents think that the media organizations themselves should refrain from doing anything to ensure the transparency of their funding sources, leaving the issue to be regulated by the state through laws. Although the respondents expressed concern about the excessive intervention of the state's various forms of political pressure, none spoke about financial transparency as part of the media self-regulation system.

According to some opinions, funding transparency at this stage can apply only to traditional media. Most respondents need to see effective mechanisms for ensuring financial transparency in other categories of the media sector. Surveys

have shown that many media executives have a very superficial understanding of financial auditing - who should perform it and how which indicates a lack of managerial knowledge in this environment. At the same time, the mass media managers did not consider the option of the state encouraging those subjects of the information market, regardless of their “traditionality,” who would be willing to be open to various forms of accountability to the public, including the transparency of funding sources.

Some media executives believe that the audience is interested in something other than the sources of income of the media they consume. From this, the problem of trust of the audience as a potential source of independent activity is not sufficiently understood by them. Respondents admit that civil society organizations can contribute to greater transparency of media funding and increase media credibility, as they have specific knowledge and tools. However, some expressed doubts about the impartiality of CSOs and even saw risks of conflict of interest.

The heads of the media have seen specific problems regarding the state financing of the mass media, particularly the Public Broadcaster and the “Armenpress” news agency. Most of the respondents perceive these media as channels of state propaganda. Some respondents were generally skeptical about non-commercial financing mechanisms, perceiving them as undermining the foundations of independence. As for the ideal model, the respondents consider complete financial dependence directly on the audience, but at the same time, for the effective functioning of such a model, they emphasize the importance of media literacy of those consumers who are expected to ensure the existence of the media.

The Institute of Liberal Politics conducted discussions with public representatives in 4 focus groups with 33 participants. The selection was based on three criteria: age, gender, and education. Judging by the fact that the participants considered various politically oriented media (News.am, Mamul.am, Yelaket.am, TV5, Sputnik, Hetq.am, Civilnet.am, Infocom.am, Factor.am, First Channel, Azatutyun, Kentron), it is evident that they also have different positions on political issues. Notably, some mass media, including the Public Broadcaster, were ranked among the least trustworthy by those involved in the focus groups.

Participants in the discussions showed varying degrees of interest in their awareness of media funding sources. Young people showed greater awareness of this issue than representatives of the middle and older generations. Representatives of the youth and the middle generation believe that the political and other positioning of the media are influenced by financing. At the same time, it was noted that the influence of the media is also done through advertising streams. In particular, it was emphasized that “Kentron” mainly advertises businesses related

to the owner of the TV station. There was an opinion that the regional media are the least protected in that regard, which depends on the authorities and local self-government bodies.

Focus group participants talked about their disappointment with the media when the connection between the funding source and the published content became apparent. In general, after such episodes, their trust in the media decreased. The representatives of the older generation were in favor of the settlement of issues related to financing. In particular, some favored banning political parties and politicians from establishing mass media. That showed the low legal and media literacy level of this category of those who participated in the survey.

Focus groups advocated for transparency of funding sources, including through legislative changes. At the same time, they did not consider it possible that CSOs or the media self-regulation institute could provide financial transparency. In other words, the participants expressed doubts about the possibility of solving the problems through independent initiatives of the journalistic community. As a positive example, the practice of “Hetq,” when the source of its funding is indicated under each item.

RECOMMENDATIONS

- Improve the legislation regulating the transparency of media funding sources, owners, and beneficiaries.
- Take measures to strengthen the Public Broadcaster’s independence and increase the audience’s trust.
- Align the law on advertising with the imperative of independent media development.
- Summarize the works on the government’s concept of institutional development of mass media self-regulation.
- Form mechanisms for the state’s encouragement of voluntary systems of accountability of the media sector to the society, establishment of corporate solidarity, and reduction of the level of polarization.
- Support the formation of audience measurement systems for different types of media.
- Introduce the institute of “Digital Ombudsman”, whose functions will include the protection of the interests of the Armenian mass media on global communication platforms.
- Coordinate the initiatives of foreign donors, contributing to the expansion of the segment of high-quality media, adhering to the independent editorial policy, with the wide use of modern tools for attracting funds not related to political influence.

4. POLICY PAPER

Preface

Mass media play an essential role in forming and developing a democratic culture. Their information affects the creation of opinions, attitudes, and political choices. In particular, they perform fundamental, political, social, economic, and cultural functions in a modern democratic environment. Therefore, mass media should be free, pluralistic, independent, and simultaneously voluntarily assume social responsibility. One of the essential elements of the sustainability of media activities is their funding, which, in addition to providing a material and technical base, also ensures a diverse and vibrant media landscape, one of the most important guarantees of a healthy democracy. However, there are cases when funding limits the independence of the mass media, threatening their transparency (some historical facts evidence this).

In the 1970s, the Watergate Scandal³¹, which eventually led to President Richard Nixon's resignation, demonstrated investigative journalism's power in exposing corrupt government policies. During the Cold War, at the behest of the US government, the Central Intelligence Agency carried out Operation Mockingbird³², which brought the entire mass media under government control, spreading anti-Soviet ideology up to magazines and newspapers. In the early 2000s, the Enron Scandal³³ revealed a conflict of interest between the media and the private company that funded it. The Houston Chronicle collaborated with Enron to produce a business magazine questioning the company's objectivity and reporting. All this testifies to the fact that in the modern world, the influence of media financing on their independence and transparency continues to be a severe challenge.

31 Perlstein, R. (2023) *Watergate scandal*, *Encyclopædia Britannica*. <https://www.britannica.com/event/Watergate-Scandal> (Accessed: 11.10.2023).

32 CIA (2020) *Project MOCKINGBIRD*. Available at: <https://libertywingspan.com/52879/uncategorized/operation-mockingbird> (Accessed: 11.10.2023).

33 Segal, T. (2023) *Enron scandal: The fall of a wall street darling*. *Investopedia*. Available at: <https://www.investopedia.com/updates/enron-scandal-summary/> (Accessed: 11.10.2023).

In Armenia, the problem becomes even more complicated because, in many cases, low trust in the media is caused by common media literacy on the one hand and, on the other hand, by the fact that some circles of the public consider the media as an element supporting one or another political direction. The opinions and positions collected from 4 focus group discussions and in-depth interviews with 15 editors conducted within the framework of the “Media Financing and Independence” project allow us to understand and present the main issues of this topic in Armenia. Thus, for example, the citizens, clearly acknowledging which news outlet is financed by whom, noted that the given news outlet is attached to the whole essence of its activity with the praise or advertisement of the given person or institution. Even referring to the publicly funded news media, the citizens emphasized that the only function of these structures is to praise the government, manipulate data, and not cover many events, thus becoming a government mouthpiece. These types of opinions indicate that there is doubt about the independence and transparency of the media; in other words, the funding resources influence the media. Therefore, this topic is crucial for the Armenian media and democratic society.

This research aims to highlight such effective structures that will prevent the influence of funding sources, ensuring mass media’s maximum independence and transparency. It should be emphasized that this document and its proposals are based on domestic legislation, studies of international experience, focus group discussions, interviews with editors, observations, and analyses of the media field. As a result of the combination of the studies mentioned above, proposals are presented for the sake of transparent mass media in Armenia. It is necessary to emphasize that within the framework of this research, various proposals were raised regarding the topic, links to which are available at the end of the document.

4.1 DOMESTIC LEGISLATIVE REGULATIONS. THE EFFECT OF MEDIA FINANCING ON THEIR INDEPENDENCE AND TRANSPARENCY

In Armenia, the influence of media financing on their independence has always been an actual problem. The point is that the unnecessary political influence on the media is directly related to the issue of financing because, very often, the entities financing the media are politicians or various political forces and their representatives. In addition to referring to the funding sources of the mass media, it is no coincidence that the Armenian legislation sets certain restrictions that aim to ensure the impartiality and transparency of the mass media as much as possible.

In this regard, it is noteworthy to consider addressing the public need in the context of the mutual relationship between the funding sources of the mass media and their independence because the participants of the focus groups agreed that they must know where the funding of this or the other news outlet comes from. A substantial number of the participants expressed the opinion that the media is not independent and cannot be separated because editors and journalists also have a sense of subjectivity and are constrained from objective coverage depending on the funding source. It is particularly noteworthy that citizens are concerned about the disruption of the media’s independence due to the relationship between the media and the politicians, about which numerous examples have been given. The opinions presented by media editors on this issue were divided. At the same time, some of them believed that naturally, you could not say bad things about the funding person. In contrast, others stated that before receiving the funding, the contract stipulates that the money received cannot affect the independence of the media content.

At the same time, answering the question of what are the primary sources of media funding in Armenia, the representatives of the professional community said that the primary sources of funding are advertisements, grants, individual funding, funding from the US Congress, money from YouTube views, donations, self-financing, and circulation.

Therefore, it is necessary to consider the regulations of domestic legislation on these issues.

From this perspective, it is necessary to note that several provisions of the Armenian Law “On Audiovisual Media” and “On Mass Media” are related to the transparency of the media and the disclosure of their funding sources.

4.2 ADVERTISEMENT

According to Article 14 of the Armenian Law “On Audiovisual Media”, sponsorship is the participation of a natural or legal person who is not a broadcaster or not involved in the creation of audiovisual programs in the direct or indirect financing of a television and radio program to promote the name, brand, reputation or activity of that person. Article 19 of the same law, referring respectively to the sources of broadcasters’ and operators’ revenues and their disclosure, states that broadcasters’ revenues are generated from advertising, paid airtime, sponsorship, sales of self-produced video, audio, and video-recording materials, subscription contributions, founders’ contributions and by law from funds received from other non-prohibited sources.

The financing of mass media is related mainly to their status; in particular, mass media in Armenia are represented by LLCs (168.am, News.am, Yerkir Media, Aravot daily, etc.), private entities (Hetq Online, founder: Edik Baghdasaryan, CivilNet, founders: Seda Muradyan and Maria Titizyan, Mediamax, founder: Ara Tadevosyan, etc.) and with the status of non-governmental organizations (“Factor Information Center” NGO, etc.), the Armenian government founded some media and have the status of CJSC (Public television and public radio, “Armenpress” news agency, “Republic of Armenia” official newspaper).

Advertising revenue is one of the most viable forms of media funding. Along with this, the funding sources include donor payments. It should also be noted that the low salaries of journalists also increase the risk of direct payments to individual journalists, where they receive fees for covering or not desirably covering specific topics. It is noteworthy that this issue was mainly addressed by the participants during the focus group discussion, quoting the words of the politician who said: “...that they corrupted the politicians over time, then moved on to journalists, because the same politicians introduced the practice of paying journalists...”. It is also interesting that advertising financing in the Armenian reality has specific features. Hence, the policy and political orientation of the media influence the number of advertisements given in the media.

Furthermore, advertisements are sometimes viewed as a tool to control the media, where the media is deprived of advertisers due to the advertiser’s political views being deviated. It is also important to note here that according to some professional community representatives, the presence or absence of advertising is also directed. Currently, there are news outlets that do not have any advertising at all. Therefore, they are deprived of the primary means of income.

In this sense, although according to the second part of Article 14 of the Law on Audiovisual Media, the provisions regulating advertising in electronic media of mass information of the Law on Advertising are applied to the sponsorship of audiovisual programs, the said Law does not regulate relations related to political advertising. The point is that the fourth clause of Article 14 of the Law on Audiovisual Media, deriving from the considerations of ensuring the independence and transparency of the media, establishes a ban on sponsorship by or with the funds of parties, pre-election funds, and religious organizations founded or managed with the participation of members of the governing bodies of parties. At the same time, to ensure democratic diversity, the Law “On Parties” provides for the forms of public support of parties and their rights, among which are the rights to use mass media established with the participation of state and local self-government bodies under equal and non-discriminatory conditions and to establish mass media and publishing houses.

Hence, on the one hand, the Law on “Audiovisual Media” provides for prohibitions; on the other hand, the Law on “Parties” does not establish detailed regulations on political advertising, meaning there are no in-depth regulations for political advertising.

4.3 TRANSPARENCY AND DISCLOSURE OF BENEFICIAL OWNERS

The participants of the focus group discussions were almost unanimous on the issue of making the media funding information public, arguing that the reader must understand what to trust and what not, to realize that the journalist can maintain a sense of objectivity when presenting the news to the public. At the same time, the editors answered the interview question about whether some challenges or obstacles prevent media organizations from being transparent about their funding sources and noted that as long as there is political patronage, it will naturally be an obstacle to transparency. It is noteworthy that it was explicitly emphasized that transparency does not help in any way to change the perception of owners; besides, in the public perception, the owner of the media may not have any documented connection with that media.

The change in tax policy can be a basis for future reforms, but attention should also be paid to the location of the media’s activity and source of financial income. In this context, it is more important to emphasize, that the editors themselves believe transparency and accountability should be mandatory for news media because the media is also a consumer and product provider. Therefore, it should follow the general rules, but at the same time they emphasize that it will not become a tool to suppress the media.

From the perspective of transparency, Article 15 of the Law on “Television Media” is quite essential, which stipulates that during the establishment (creation) of broadcasters or after that, the share of foreign capital participation should not be equal to or more than fifty percent of the shares necessary for the decision-making of the given organization if, unless otherwise stipulated by international agreement.

Furthermore, the article emphasizes that founders (participants) of private broadcasters cannot be:

- [The President of the Republic of Armenia and persons related to him.](#)
- [Bodies of public administration or local self-governance.](#)
- [Government members and their affiliates.](#)
- [Deputies of the National Assembly and their affiliates.](#)
- [Judges and their affiliates;](#)
- [Community leaders and their affiliates;](#)

- Members, employees and their affiliates of the regulatory state body;
- Political parties.
- Foundations of political parties.
- Religious organizations.
- Citizens under the age of 18.

Along with this, Article 43 of the law stipulates that a legal or natural person submits an authorization application to a regulatory state body to obtain the status of a broadcaster. However, there is no provision in the authorization application requirements for disclosure of owners or beneficial owners of legal entities.

According to the law, a perusal of the official website of the regulatory body, the Television and Radio Commission, also shows that the Commission publishes only the names and license details of broadcasting organizations without providing any information about those organizations³⁴.

As for the Law of the Republic of Armenia “On Mass Media,” Article 11 of the latter stipulates that a mass media outlet with a registered domain and hosting on its website should include: “... the full name, organizational-legal form, location, number of the certificate of the state registration of the legal entity (or the registration of its separate division operating on behalf of the legal entity), the date of issuance, and if the media activity is a natural person, its name, surname, address, if he/she is a private entity, also the number and date of issue of the state registration certificate.”

Although the above provisions set specific transparency requirements, more is needed in every case to obtain information about the owners and beneficial owners of the media.

The recent legal regulations on identifying beneficial owners are critical in this regard. Thus, as part of the legislative reforms made in the fight against corruption, from January 1, 2023, legal entities are required to submit a declaration on actual beneficiaries, and television companies, in turn, follow this requirement from September 1, 2021. It should be noted that the beneficial owner of the organization is the individual who owns the shares of the company or the individual who controls the organization by other means³⁵.

34 Website of Commission of Radio and Television. Available at: <http://tvradio.am/type/tv/> (Accessed: 11.10.2023).

35 Freedom of Information Centre (2022), *14 Questions and Answers About Beneficial Ownership Transparency and Declaration Procedure*. Available at: http://www.foi.am/u_files/file/DOCs%202021/Q&A_BO_FOICA_CIFE_2022.pdf (Accessed: 11.10.2023).

The actual beneficiaries are the organizations that:

- exercise control over the legal entity, and/or
- have an ultimate ownership interest in it, and/or
- profit from it.

In the Republic of Armenia, the threshold for disclosure of real benefits is 20 percent.

The declaration of beneficial owners is submitted electronically by the director of the organization or an authorized representative on the website bo.e-register.am.

The following is presented in the declarations of the beneficial owners of the organizations:

- information about the organization,
- stock listing data,
- data on the participation of the state, community or international organization,
- data on intermediate legal entities,
- the data of the real beneficiaries of the company.

Data on beneficial owners is available on www.e-register.am by performing a respective search. However, the website’s format is such that the media is not separated. The search applies to all types of organizations; searching and viewing beneficial owners on the site requires specific search skills, which can cause complications for users who need to become more familiar with the features of legal entity registration. In other words, on the one hand, there are criteria for revealing the beneficial owners at the legislative level, but most of the public needs to be informed about them. At the same time, as mentioned above, the actual financier of the news media often has no connection with the beneficial owner, and such legislative regulation only partially leads to the solution of the issue raised by citizens and news media.

4.4 FINANCIAL REPORTING

In this context, it is essential to consider what measures, according to citizens, media organizations should take to disclose their funding sources to the public. Turning to the question, the participants cited examples of the «Hetq» news service, which necessarily mentions the source of funding at the end of the article; citizens also highlight the websites of those news outlets that have the «About Us» section, where the source of funding can be found. Such detailed and meticulous responses of citizens indicate that they greatly value, search for, and want to receive information about the financial source of this or that news outlet or even

a separate material, and the presence of such reports can influence the formation of their specific attitude towards a particular news outlet. The citizen mustn't just expect a report from the news media. Still, there are particular types of information that, according to the citizens, should be contained in these reports, in particular, the source of funding of media organizations should be provided, the purpose of this funding, for what activities it is intended, whose interests it will serve (if any), the client of the specific material should be indicated, there should be information about not only the founder or the main sponsor of the news media.

In this context, it is noteworthy to consider the domestic legislative requirements for presenting mass media reports. Thus, one of the most important guarantees of the transparency of the mass media's activity is their accountability. According to Article 19 of the Law on «Audiovisual Media», broadcasters and operators are obliged to ensure the transparency of their funding sources and to publish their annual financial reports by May 1st following the reporting year, information on annual income according to the sources of income specified in this law. Broadcasters and operators must also submit information on the previous year's revenue amount and breakdown to the regulatory state body by April 1st of each year. Furthermore, Article 12 of the Armenian law «On Mass Media», referring to the transparency of funding sources, stipulates that the media activity provider, up to and including March 31st of the current year, is obliged to submit a financial report titled «Annual Report» in the next issue of the media (if it is issued) on the previous year related to the activity related to the given media, specifying the amounts of the gross income and the share of donations in it. The media acting as NGOs are also obliged to publish a report on the financing received from public funds every year, until May 30th following the reporting year, on the website intended for reports issued by organizations and those media whose source of property was not the mentioned public funds, have the right to publish both the said report and information or materials regarding any results of its activities on the website intended for reports issued by organizations.

Despite several legislative levers to ensure the independence and impartiality of the media, the influence of media financing in Armenia on their transparency continues to be one of the complex and emerging issues of the time.

Along with this, another systemic problem is almost impossible to solve within the framework of legislative regulation. The point is that in the Armenian news media, there are also news outlets registered in foreign domains. However, the latter actively publish information for the Armenian media field, which often contains, for example, misinformation or hate speech. Naturally, the mentioned media are usually not registered as legal entities; they do not publish any information about

their owners or actual beneficiaries. In this case, the state has almost no legislative tools to set requirements or impose sanctions on such news sites because they are registered on foreign domains or are simply news pages written on social media sites. Of course, it is possible to consider providing a legislative instrument for blocking and suspending websites in such foreign domains, but this carries too significant risks for the right to freedom of expression. Therefore, it is necessary to highlight that the state is deprived of the opportunity to solve the problem legislatively in several cases.

4.5 STUDY OF THE INTERNATIONAL EXPERIENCE. THE EFFECT OF MASS MEDIA FINANCING ON THEIR TRANSPARENCY AND INDEPENDENCE

Within the context of this research, it is necessary to emphasize the existing international experience on the subject and the tools derived from that experience, which can have a direct or far-reaching impact and application in the Republic of Armenia. It should be noted that there is a significant decrease in trust in the media, not only in Armenia but also globally. This claim is supported by research conducted in several countries. For example, recent research conducted by the Reuters Institute and the University of Oxford across six continents and 46 countries shows that the prevailing view worldwide is that the media is not free from undue political influence. Surveys conducted in several European countries show that the majority of the population - about 80-90% (Greece 93%, Italy 87%, Spain 87%, etc.) consider the media under unnecessary political influence. Finland, the Netherlands, Denmark, and Norway showed relatively high indicators, where 50-57% of the population believe the media is not free from undue political influence.

In comparison, it should be noted that according to the research conducted by the same institute in 2016, 65-80% of the population (Italy: 75%, Spain: 77%, Great Britain: 66%, Germany 63%, etc.) believed that the media is not free from undue political influence.³⁶ The above indicators, in combination with other indicators, have led to the fact that trust in the media has significantly decreased throughout the world. Confidence in the media has declined in almost half of the countries, mainly due to the COVID-19 epidemic. On average, only 42% of cases indicated that respondents trust all news. In this regard, the highest level of trust is in Finland

³⁶ Newman, N. (2022) *Overview and key findings of the 2022 Digital News Report*, Reuters Institute for the Study of Journalism. Available at: <https://reutersinstitute.politics.ox.ac.uk/sites/default/files/research/files/Digital%2520News%2520Report%25202016.pdf> (Accessed: 11.10.2023).

at 69% and the lowest in the United States at 26%³⁷. With the decline in trust in the media, many of the world's leading media organizations largely depend on (private) grant income from donors, a significant threat to their sustainability and transparency.

The regulations, requirements, and recommendations presented by the European Union on this topic were given special consideration during the study of international experience. Based on them, the scope of necessary changes in the Armenian sector and the need to introduce new mechanisms will be discussed below. It is worth emphasizing that the applicability of specific ideas due to the study of international experience does not mean the full implementation of these ideas because the peculiarities and patterns of the Armenian sphere will be considered for introducing each mechanism.

4.6 EU TRANSPARENCY REGULATIONS AND RECENT DEVELOPMENTS

There are essential observations about ensuring independence and transparency in the European Democracy Action Plan adopted by the European Commission in December 2020.³⁸ As part of this plan, it expects to increase transparency in media ownership and control. The Euromedia Ownership Monitor (EurOMo) is a pilot project to achieve this goal. One of the essential components of EurOmo concerns the development of mechanisms for increasing media literacy, which is an urgent issue for Armenia as well. It offers a media literacy toolkit in eight EU languages for teaching media ownership and control in schools to students aged 16-18. That can be effectively used in Armenia, and this is also an exciting experience to give the society demanding citizens familiar with media transparency and media literacy. As a result, studying the primary mechanism of this toolkit will enable it to be implemented in Armenian schools while considering local requirements, the environment, and student characteristics.

There are essential observations about media transparency in the "European Media Freedom Act"³⁹ adopted by the European Commission. It aims to ensure the pluralism and independence of the media of the EU member states. It is meant

37 Newman, N. (2016) Reuters Institute Digital News Report 2016. *Reuters Institute for the Study of Journalism*. Available at: reutersinstitute.politics.ox.ac.uk/digital-news-report/2022/dnr-executive-summary (Accessed: 11.10.2023).

38 See: <https://media-ownership.eu>; <https://digital-strategy.ec.europa.eu/en/news/european-media-ownership-monitor-launches-its-website> (Accessed: 11.10.2023);

39 See: European Commission (2022) *European Media Freedom Act: Commission proposes rules to protect media pluralism and independence in the EU*. European Commission. Available at: https://ec.europa.eu/commission/presscorner/detail/en/ip_22_5504 (Accessed: 11.10.2023).

to ensure that both public and private media operate without undue pressure, considering the digital transformation of the media space. The act establishes introductory provisions such as no political interference, spying, stable funding, protection of editorial independence, and no use of spyware against media. It also refers to Independent public service, emphasizing that the head and the governing board of public service media must be appointed transparently, openly, and non-discriminately. It is interesting to emphasize that the act also stipulates introducing media pluralism tests and establishing requirements for transparent state advertising.

4.7 COUNCIL OF EUROPE RECOMMENDATIONS ON MEDIA TRANSPARENCY

There are essential observations on media transparency and diversity in Recommendation CM/Rec(2018)⁴⁰ of the Committee of Ministers of the Council of Europe, which sets out detailed recommendations for member states on media transparency. It should be emphasized that several requirements of this recommendation are essential for the toolkit to be implemented in Armenia. Still, the full implementation of the recommendation and the experience gained as a result of its application requires a long-term process, so here are the main points currently necessary for the Armenian model. It should be emphasized that according to the recommendation, states should promote the regime of media ownership transparency. Transparency requirements must be met with consideration of privacy and personal data protection, and each requirement must be based on clear criteria.

4.8 TRANSPARENCY DATABASES AND REPORTS

The Recommendation also sets out specific requirements for databases and reporting, which are also essential for the Armenian model. It is thus noted that national legislation should also provide for the independent national media regulatory authority or other designated body to ensure that the public has easy, swift, and effective access to data about media ownership and control arrangements in the State, including disaggregated data about different types of media (markets/sectors) and regional and/or local levels, as relevant. These data should be kept

40 See: Recommendation CM/Rec(2018)1 of the Committee of Ministers to member States on media pluralism and transparency of media ownership (Adopted by the Committee of Ministers on 7 March 2018 at the 1309th meeting of the Ministers' Deputies). Available at: https://search.coe.int/cm/Pages/result_details.aspx?ObjectId=0900001680790e13 (Accessed: 11.10.2023).

up to date and made available to the public free of charge and without delay, and their availability should be made public. Ideally, they should be accessible and searchable, for example, in the form of online databases; their contents should be made available in open formats, and there should be no restrictions on their reuse. To gather data on media ownership in Armenia, there is also a need to create a platform where data on media transparency operating in the Republic of Armenia will be published in a systematic and accessible manner. Therefore, this instruction requirement will allow for the collecting and publishing of information about mass media and their financial reports in one place. Recommendations for this observation are available in the third chapter. It is essential to mention that according to the Recommendation, states are encouraged to support information gathering, updating, and dissemination activities relating to media-ownership issues, such as relevant activities of the European Audiovisual Observatory, in particular its MAVISE database, insofar as these activities contribute to a fuller understanding of media ownership in Europe. Studying the toolkit of this database can help in the creation of a similar database in Armenia, too.

The Recommendation states that states should encourage an independent national media regulatory body or other designated body or institution to publish reports on media ownership transparency regularly. It is essential to consider this approach in Armenia as well because to ensure transparency and control the entire process, it will be necessary to introduce the model of preparing and presenting media transparency reports in Armenia. In addition, in the case of open reports, the public will have the opportunity to get acquainted with the transparency of the media's activities.

4.9 REGULATION PROPOSALS

Before presenting proposals for regulation, it should be emphasized that there are many concerns in the Republic of Armenia that any legislative regulation aimed at regulating the activities of the mass media contains risks of limiting the right to freedom of expression; therefore, the adoption of any legislative regulation should be accompanied by consultations with the participation of all stakeholders, including media representatives, human rights defenders, non-governmental organizations, representatives of the academic community for the balance of public interest and the right to freedom of expression.

However, it is essential to note that the results of the research carried out within the framework of this project, where not only citizens have expressed their concerns, but also the editors themselves have expressed readiness to discuss some regulations to promote media independence, create favorable preconditions

for media independence and for taking steps aimed at increasing the transparency of financing. At the same time, it is impossible to accept and put into practice all points of the recommendation of the Committee of Ministers of the Council of Europe at once; time and consistent work are needed to achieve these changes. Within the framework of this research, taking into account that the Armenian legislation already contains specific regulations regarding the identification of beneficial owners, we think it is appropriate to provide regulations in the following directions:

- Those carrying out media activities in the Republic of Armenia, including TV companies, are obliged to publish information about their beneficial owners on their websites in a way that is easily understandable and accessible to the users, as well as to publish their annual financial reports. The report should include:
 - Description of media ownership and control measures.
 - Description of changes in the state's media ownership and control mechanisms during the reporting period.
 - Analysis of the impact of these changes on the pluralism of the state's mass media.
- It is necessary to create a platform where data on the transparency of the mass media operating in the Republic of Armenia will be published in a systematic and accessible manner. Creating such a system can take several forms. The solution can be creating a separate section for the mass media on the e-register website. Creating a particular website can also be considered, where all information about the mass media operating in the Republic of Armenia will be reflected, including their annual financial reports.
- Media transparency reports are required to be published each year. The report's publication can be assigned to a specially created commission or, for example, to the Human Rights Defender of Armenia.
- It is necessary to organize media literacy courses. In this regard, individuals aged 16-18 must be taught a course on media independence and transparency in schools, in line with the standards of the European Commission's EurOmo project, especially instilling the ideology of not ignoring sources of information.

Appendix 1

Summary of focus group discussion carried out among participants Independence, Funding and Media-Politician Interrelatedness

1. What media names can you think of right now?

And which media are the main source of information for you?

The group discussion participants mentioned the media they consider reliable, highlighting the following media and television companies: News.am, Mamaul.am, Yelaket.am, TV5, Sputnik, Hetq.am, Civilnet, Infocom.am, Factor, TV5, First channel, Azatutyun, Armenpress. The participants state that the trustworthiness of each media outlet depends on the content provided by the given media outlet, citing "Hetq" as research and PAN as entertainment.

Among the participants, some don't trust or follow the media; some follow only the official pages, for example, the information provided by the Ministry of Defense; there were answers among the young participants that they regularly follow the international news and trust mostly them. Among the global media, Al Jazeera, FRANCE24 were mentioned.

3 out of 33 participants stated that they do not follow the news generally because they associate it with political figures and do not inspire confidence.

2. How interested are you in the funding sources of media organizations and can you name which ones are funded by the given figures or organizations?

The participants' answers are pretty varied in this case.

The participants mostly agree that they are interested in where the funding comes from, the media are mentioned, and the names of their alleged leaders are mentioned. Among the examples are the following names: TV5, which is associated with Robert Kocharyan; Kentron TV, which is associated with Gagik Tsarukyan; Yerkir Media TV, which is related to the Armenian Revolutionary Federation political party; and the "First Channel", known among participants as Public TV, associated with the government.

They also talked about grant-funded media, mentioning Hetq, Factor.am, which, according to the responses, are connected to the Soros Foundation, as well

as Tsaig, Azatutyun, Boon TV news outlets, which are also associated with the name of the Soros Foundation.

It is noteworthy that young people are more informed about the financial resources of the media than, for example, middle-aged and older participants.

3. What do you think media independence is? To what extent does funding affect media independence in reporting news and information?

Young and middle-aged participants generally agree that funding affects media independence, as supply also creates demand. Among the participants, some people answered that they are convinced that the media is not independent and cannot be independent because editors and journalists also have a sense of subjectivity and are constrained from objective coverage depending on the source of funding, adding to the fact of the existence of semi-independent media. When talking about trust, there were also answers when the participant stated that they trust all other media and news, except for the government media they imagine.

In response to the most unfree and dependent media, the names of the First Channel, civic.am, Iravunk, 168 zam, Mediahab, TV 5, Kentron JSC, Yerevan Today, and Factinfo were given, and less dependent ones among them were news.am, Armenia TV, Shant, Aravot, Azatutyun, and Hetq, classifying them as not independent but relatively more neutral.

4. How do you think funding affects the content and tone of coverage of political issues, especially when it comes to media that relies on specific advertisers or sponsors?

The participants note that funding affects both independence and the coverage of political issues, and whoever finances well works for the latter.

One of the young participants states that there are media that only present their advertisements, for example, Kentron TV, which always serves the same people's interests, as a result of which it has no fear of losing the advertiser, and another participant adds that there are large advertisers who help the media to exist, for example in the case of print media, in the case of daily newspapers, if they don't have an advertiser, they cannot operate because they need money, which entirely comes from advertising.

5. How do you think the relationship between a media outlet and a politician, particularly in terms of funding or endorsement, affects the credibility and objectivity of the news they produce?

When answering the question, the participants are unequivocal that it has its effect, albeit negatively. Accusations are also sent here to journalists who cannot maintain the professional code of conduct and engage in fraud.

The following idea was voiced: One of the politicians said they had corrupted the politicians over time and then moved on to the journalists because the same politicians introduced the practice of paying journalists. Yes, political financing, that is, open financing, is very disruptive.

The participants also give examples that specific individuals or TV companies are trying to place themselves in a field within the context of personal connections, citing Styopa Safaryan as a voice of the government and Channel 5 as a eulogist of the Kocharyan era.

6. Can you think of a case/example, when during the pre-election campaign, any media prominently presented the politician from whom it was financed?

While answering the question, the participants mentioned Kentron TV, which mainly represents Gagik Tsarukyan, H2 - Mayrapetyan, TV5 praises Robert Kocharyan and his administration period, ArmeniaTV - Serzh Sargsyan and Mikayel Minasyan, Radar mostly praises to the authorities, Para TV - the opposition, First Channel - the Prime Minister Nikol Pashinyan and the Civic Contract political party.

7. Can you identify potential risks or challenges associated with publicly funded media operations? How can this affect their independence and objectivity?

The central answer is that the funding has an effect, and the media is starting to present the government positively.

In regions where state-funded television stations are available, citizens receive one-sided news, which affects informational objectivity and comprehensive assessment, the participants say.

There was an answer, and the participant pointed out that, on the contrary, if the state media is fully independent, then the risks are more because the state media may lose the sense of objectivity and not present the work of the state system properly, which will harm the image of Armenia in the international arena and give birth to information threats from hostile countries.

One of the participants mentioned that he does not follow the Armenian media, preferring the Russian press.

8. How do you think the public views media that have clear affiliations or financial support from specific politicians or parties?

In this case, there were different comments from age groups.

The young and middle-aged participants mentioned that society is not interested in this because today, there are various opportunities to receive information, which does not hinder receiving information. It is noted that those who are media literate are more objectively able to assess the affiliation.

The participants of the older age group state that they feel bad because they receive information that is in the interests of the funder.

9. What determines your trust in this or that media?

The participants note that the fact that the journalist does not express his feelings, presents the events in a multifaceted way, does not serve anyone's interest, all parties are given freedom of speech, the title and photo are competently chosen content and the number of followers on the given platform is a sign of trust.

5 of the 33 participants stated that they generally do not follow and trust the media.

10. How important is it to know about the media's financial support and why? Does that information affect your confidence in the information provided?

Young participants state that learning about financial support has no impact, as they are interested in the content and material rather than the funding source. Middle-aged participants say that it is essential for society's objectivity, transparency, and justice.

1 of the 33 participants answered that there should also be censorship and fines should be applied for wrong and inappropriate news.

11. Can you think of any specific instances where your reliance on media coverage increased or decreased depending on the funding source?

Some participants do not recall any incident, stating that they either do not follow the media or do not remember.

The young people mentioned that it is clear to them, knowing the exact country of funding, they can also understand the fact that the content of the material is in a Western or Russian orientation, pointing out Azatutyun as a Western one, Sputnik, as a Russian content provider.

They also talked about Kentron TV, which mostly praises Gagik Tsarukyan and presents his successes or those related to him.

The participants of the focus group presented many cases when the latter, after learning about the funding source of this or that program or TV channel, were

disappointed with the given program or channel, and there were no mentions of situations when access to information about the funding source contributed to increasing the person's trust in the material. In particular, the following platforms are given as an example:

- was disappointed with the Armcomedy program when he learned that Serzh Sargsyan's son-in-law financed it,
- lost trust in WarGonzo when, during the war, the Russian press was being fed favorable content and non-objective information;
- was disappointed with AraratNews when he learned that Khachatur Sukiasyan financed it.

There were opinions that they didn't care where the funding came from if they liked the material or the program.

12. How do you think the relationship between media organizations and politicians should be regulated so that they are more reliable for you? Should there be more controls or restrictions on funding sources?

Most participants agree with the idea that there should be restrictions and regulations; some argue that this will reduce the independence of the media; therefore, it should be excluded, as many editors will do their best to hide the actual sources of funding and their connection with politicians to the maximum public domain.

The participants under 50 state that it is pretty good when an individual representing the opposition field leads the journalists' union because it allows violations and mistakes to be raised quickly.

Responses pointed out that there are various means of media self-regulation, but the fact is that it does not work, which leads to problems.

Some participants mentioned that they are against it when a political party or an individual who carries out political activities owns a media and becomes the subject of praise of their media.

Transparency and Accountability

14. Is disclosure of media funding information mandatory for you and why?

The participants were almost unanimous in making the media funding information public so that the reader understands what to trust and what not, to realize how the journalist can maintain a sense of objectivity when presenting the news to the public. Still, there was also an answer where the participant stated that transparency does not bother them because it doesn't affect their opinion and trust in the media. Still, they don't mind the publicity because it matters to many people.

15. What steps do you think media organizations should take to publicly disclose the sources of their funding? How can media organizations effectively communicate their funding information to the public? Are there innovative approaches or platforms that can be used to increase transparency?

Turning to the question, the participants give examples of the “Hetq” news service, which necessarily mentions the source of funding at the end of the article, and also note that news outlets have an “About Us” section at the end of their websites, where the source of funding can be found.

Some participants suggested it could be through legislative regulation and also suggested creating supervisory bodies to monitor media funding.

One of the participants under 50 mentioned that the regulatory body does not work in any case; therefore, a double check should be carried out to determine if everything is carried out legitimately.

16. What specific information do you think media organizations should provide regarding their financial support?

The source of financing must be present; what is the purpose, what is the activity intended for, whose interests it will serve, the data of the customer, the person, and information about the founder or the main sponsor must be indicated.

As always, there were answers that they were not interested in the information.

17. Should there be legal requirements or regulations for media organizations to disclose their funding sources?

I am against self-regulation because many may not publish, and in the case of regulation, the media assume an obligation - the participant notes.

Most participants agree that which institution deals with that issue should be mentioned.

The participants also note that this should be regulated by law and should not be a manifestation of goodwill.

18. What role do you think independent audits or third-party organizations should play in auditing and reporting on media organizations’ financial transparency?

Speaking about the representation of the third party, the young participants note that it will limit the independence of the media and lead to censorship. They are against working with such organizations.

The participants also gave examples of NGOs being unable to control the media because they are financed from outside; creating an independent structure was also suggested.

The issue of creation and control of a state body was also discussed. The option of solving the issue with legislative provisions was also proposed.

19. How can civil society organizations, advocacy groups or watchdogs contribute to promoting transparency in media funding? What actions can be taken to encourage accountability?

The participants agree that NGOs cannot contribute to promoting transparency; they are also funded by some source and, therefore, cannot be entirely objective and also may need more education and experience for transparency monitoring.

20. How can citizens access and assess information about the financial sources of media organizations?

Participants mention using websites and declarations, open platforms, and reporting tools so that everyone can see the source of funding and decide whether or not to watch the material and follow the TV station.

21. In your opinion, how can you support independent and impartial media? What actions can individuals take to ensure a healthy media environment?

It is necessary to be media literate - say the participants. It will allow the reader to separate the information provided by the media; the reader will be able to evaluate the journalist’s sense of objectivity and further subscribe to the given media.

One of the participants suggested that citizens become a source of funding, another participant - create a group of auditors, and another - indicated that the state takes on the issue of creating a state body that will perform the monitoring and control function so that the journalist does not distort the objective news and does not provide contentless and bogus material for the sake of money.

22. Do you think media funding transparency should extend beyond traditional media to include social media influencers, bloggers and online content creators and why?

Opinions are diverse. It should apply to everyone because today, anyone can become a walking media and receive financial support in creating the material. That also applies to bloggers who also provide content and have their financial sources. The other part states that it cannot apply to everyone, as it is an act of restriction of freedom and speech and an unfair treatment of an individual. If a person is not registered as a media outlet and does not declare that they are engaged in media activity, then there is no need to bring them into this field.

APPENDIX 2

Editors of Armenian media outlets answer questions about media funding and transparency.

1. How is the media budget formed today? What are the main sources of media funding in Armenia?

Most of the editors, in their response, state that the primary funding source is advertisements, and the media or TV station can survive with the income deriving from them. One of the editors gave the following answer.

- According to the media I worked with, the lion's share of revenue sources was advertising income and various commercial contracts. The participant mentions signing one-time contracts, annual contracts, or contracts of other nature with almost all well-known and unknown companies in Armenia.

One of the editors adds that there are cases when the state finances the media and when the owner solves the financial problems.

The editors mentioned that subscription and grant programs could also be one of the means of financing, adding that often, when the media does not have the above means, there are also options for finding other sources of financing, among which there may be options for financing by oligarchs or politicians.

One of the editors also talks about fixed and non-fixed advertising, the option of self-funding, and the funding obtained through media monitoring.

Three of the editors noted cases when the media is financed by politicians and oligarchs imposing their own opinions.

One of the editors mentions that they are funded by the American Congress.

2. Is public opinion influenced by knowledge or perception of media organizations' sources of funding? How does this affect the formation of trust in the media?

The editors agree that knowing the funding sources affects the formation of public opinion, but citizens and society need to be media literate; otherwise, something else will be required.

However, a different opinion was also voiced, namely that society, knowing about the direction and source of funding, treats it very normally, and there is no absolutely free press in the world. The editor also clearly mentioned TV companies and gave names financed by this or that business person or politician, considering it permissible.

The editors also note that citizens constantly create standards regardless of objective reality, and often the media begin to associate with this or that face, which, however, the editors mostly treat normally.

3. *Is disclosure of media funding mandatory and why?*

The editors state that disclosing media funding is a law requirement and a condition of being accountable to society. The reader and listener need to know which media is financed from where and the objectivity of received objective news.

It was also said that the publicity should be equal and the rules of the game should be kept for everyone; otherwise, this will not work, and many will try to hide the accurate funding sources, avoiding various conversations.

One of the editors mentioned that the mass media should not make information containing commercial secrets public but should be reserved, for example, to the tax office or the bank.

The editors note that publicity is a part of democracy and that all media should strive for. The participants almost agree on the importance of disclosing the media's financial sources to achieve transparency, public trust and fairness.

Addressing the issue, some of the editors state that, yes, it is also important to warn that in this case, the media becomes more vulnerable and may be targeted appropriately or inappropriately by the audience or the opposition media.

4. *What do you think are the potential benefits and outcomes of promoting media funding transparency? How can increased transparency positively affect media, political and public trust relationships? How can this be manifested in practice?*

Each editor has their own opinion on the issue, which they speak out.

The financial transparency of the media will give public protection and credibility; that is, I have nothing to hide, and I am not dependent on anyone - the editor notes.

Trust will increase, and the rules of the game will be more precise; this is also a way to promote transparency - the editor comments.

One of the editors notes that there are no legal restrictions at the moment; therefore, the media may not disclose its sources of funding, citing unique cases that need to be publicized (we are talking about funding from the porn and narco

industries), it is also noted that the more reputable the media, the more transparent it must be.

One of the editors notes that transparency will allow to fight misinformation more productively and promote accountability and media independence.

The benefits and results will be that a person will be able to rely more on the responsible and less on the irresponsible from the vast information flows - the editor notes and adds that people should have knowledge and be able to distinguish which information has what purpose and what target. It should be made public; it also makes the work of editors and media easier, but it also states that there are funding sources that make the media dependent on them, so where the funding comes from, the content is formed in that context.

5. *What steps do you think media organizations should take to disclose their sources of funding to the public? How can media organizations effectively communicate their funding information to the public? Are there innovative approaches or platforms that can be used to increase transparency?*

Media organizations should not do anything in that direction but should speak about the problems because they are legal issues, the editor raises.

Eight editors agree that the media should have a corresponding section on its website, reflecting the funding sources, making it more understandable for the public.

There were opinions that although it should be seen, it should not be penny by penny because it results in the media hiding its black income and presenting its white income.

The editors stated that the media must submit an annual report and declaration. Still, it is also essential for the media to be free and not limited by law.

Reference is also made to those media that international organizations finance. The editors are sure that even in that case, the international structures present a report on their website, which is available.

One of the options is also presenting accountability on their websites. If it is an individual entrepreneur, it appears in the state registration data, and if it is a legal entity, it presents the complete data, the editor notes.

6. *What specific information do you think media organizations should provide regarding their financial support? Is it necessary to report not only the expenses but also the income for the sake of transparency?*

The editors point out that the media should present the revenue receipts and indicate the expenses; this allows it to be transparent and controllable. It is also important

when the media acts as a news media. Some examples of media outlets, having registered as private companies, LLCs, and CJSCs, do not associate themselves with news media; therefore, they refrain from publicizing their expenses. They also point out that if the media has nothing to hide and cares about its reputation, it must present everything important for society, including financial sources, streams, and grants.

Some participants answered that it would be difficult to have an offer at this time but agreed to the option of conducting a survey.

The editors also note the number of registered employees, the approved staff list, collaborations with other companies, how much electricity that company consumes, how much gas it consumes for heating, and whether the equipment used is indicated on the balance sheet and shown as capital means. In the case of major donors or major projects, the sources should be cited.

7. Are there challenges or barriers preventing media organizations from being transparent about their funding sources? If so, what steps can be taken to overcome these challenges?

Addressing the issue, the editor notes that as long as there is political patronage, it will naturally be an obstacle to transparency.

One of the editors suggests that everything be regulated by law, noting that it will eliminate any attempt to hide the financial source in that case.

Another editor points out that transparency does nothing to change perceptions about owners. In the public perception, the owner of a media outlet may not have any documented connection to that media outlet.

The change in tax policy can be a basis for future reforms, but attention should also be paid to the location of the media's activity and source of financial income.

8. Should there be legal requirements or regulations for media organizations to disclose their funding sources?

The editors mentioned that transparency and accountability should be mandatory conditions because the media should also be a consumer and a product provider and, therefore, should follow the general rules. Still, at the same time they emphasize that it should not become a tool to suppress the media.

9. How can media consumers access and evaluate information about the financial sources of media organizations?

The editor notes that the only way is to use the information published by the mass media or obtain information from the tax authority.

The editors also note that citizens are not interested and need to be more consistent; they are often interested in the number of likes. They also note that the average consumer cannot do this because they do not have professional knowledge.

10. What role do you think independent audits or third-party organizations should play in auditing and reporting media organizations' financial transparency?

The majority of editors agree that there is no need for it, and these levers should be given to the state and tax authorities, and if there are media that need it, they can order it.

One of the editors states that he does not trust any foreign or foreign-funded organization and, therefore, will not allow such an audit.

11. How can civil society organizations, advocacy groups or watchdogs contribute to promoting transparency in media funding? What actions can be taken to encourage accountability?

The editors note that civil society organizations can contribute to promoting media funding transparency as they have more knowledge on the subject. That will increase the status and rating of the media, which will lead to trust in the media.

The editors also raise the question of how the representatives of the political society will carry out objective observation if they are financed from somewhere and have the same problem.

Basically, the programs that are funded, I think, will have a conflict of interest, besides, the civil society is not developed enough to be able to judge the media objectively, not according to their prejudices. Naturally, it has his role, and if they can, why not, the editor notes.

The editors also suggest civil society organizations and advocacy groups undergo a similar transparency exercise before beginning the audit process.

12. Do you think media funding transparency should extend beyond traditional media to include social media influencers, bloggers and online content creators and why?

Most of the editors have yet to learn how this should happen. They suggest starting the process with traditional media.

Another group of editors is sure that everyone should pass the point of transparency because today, everyone can be like a walking media and is obliged to be accountable to the public.

Some editors believe this can be a restriction of freedom of speech; therefore, it cannot be imposed by law.

13. How is your media budget formed today? What are the funding sources of your organization?

The editors state that their funding sources are:

- Advertisement
- Grants
- Personal financing
- Funding by the US Congress
- Earnings from YouTube views
- Donations
- Self-financing
- The print-run

14. Does your organization's funding from any specific individual/party/other organization affect independence and if so, how?

Some editors believe that it has its effect, as it somewhat limits the freedom and independence of content creation and dictates the funder's wishes.

Another group claims that the content and material the media wants to deliver is delivered without constraints because initially, there was no problem with constraints and re-checking of the material.

The relationship between the media and the politicians has a lot of influence on the news content, despite the percentage, but it is increasing more and more. The participant says you should not say anything negative about that person.

Two of the editors clearly state that when receiving funding, they say at the beginning that the funding cannot affect the media content they create, thus insuring themselves from the beginning.

15. How do you think the media-politician relationship, particularly in terms of funding or endorsements, affects the credibility and objectivity of the news your organization produces?

Some editors state that grants fund them and have no reason to be constrained by politicians; therefore, there is no influence in their case.

One of the editors notes that the journalist's personal position can influence the news more than the media's relationship with any politician.

Five editors are sure that it has its influence because, depending on the funder, that particular politician is covered in a positive light.

Funding from a specific individual or party affects and at the same time does not affect independence, the journalist notes.

One of the journalists says that it is not a matter for them.

There was also the following answer: as an institution funded by the state budget, there is a constraint.

16. How do you think funding affects the content and tone of coverage of political issues, especially when it comes to specific advertiser- or sponsor-driven media?

The majority of editors state that there was no impact in their case, and they noted examples where the organization or individual who paid also had problems with the given media.

Some agree that it can impact if the advertiser and the media don't initially address the details, which may raise questions between them.

Financing affects, because business is interconnected with political interests, but some media maintain this objectivity, an editor notes.

17. Can you think of a case/example when there was an intention to prepare a critical article/report about the entity from which funding is received and you did not?

The editors gave an unequivocal answer to the question that they did not remember any incident and did not deal with a similar situation.

Only one editor remembered that they had investigative material that was related to a person close to him and was filtered.

The editors note that it is also a question of morality and has nothing to do with the funding source.

18. How do you think the relationship between media organizations and politicians should be regulated to ensure unbiased reporting and public trust? Should there be more controls or restrictions on funding sources?

Some of the editors claim that today, the field is quite balanced because the opposition is invited to interviews in news outlets associated with the "authorities" or "government", and the authorities - in "opposition" news outlets.

Some editors are against applying restrictions; they find that financial sources should be mentioned so that everything is transparent.

The editor notes that there is no need for restrictions; it is a matter of ethics.

If we are talking about the government, the media should closely monitor their activities and critically approach all issues. However, the positive activities

should be presented objectively, but the editor notes the main direction should be criticism.

Some editors are sure it is impossible to control that process; journalists must keep a distance from politicians and do their jobs.

19. Can you identify potential risks or challenges associated with publicly funded media operations? How can this affect their independence and objectivity?

Most editors noted that only the Public Television Company (First Channel) and the Public Radio in Armenia receive state funding, the exception being the funding given by the Government during the COVID period in the context of anti-crisis management. In this regard, the decision of the Armenian Government was explicitly mentioned, according to which, during the COVID, if the organization does not release any employees, it receives funding from the state. Still, it was emphasized that, as a result, they should have started praising Pashinyan and publishing materials favorable to the Government. The state financed all LLCs then, which was a normal phenomenon.

Some editors consider state funding as a risk and a propaganda tool, mentioning the examples of the First Channel, Public Radio, and Armenpress, which, according to the editors, present the Government's activities in a positive light with apparent subjectivity. According to them, the risk is the spread of government propaganda. In particular, it was mentioned - "the television companies or the radio company called public, or the state agency Armenpress, Armenpress, still state-owned at least in name, but Public TV, which should represent all segments of the public, in fact, at least in my opinion, does not impartially represent what is happening in our country. They try to present things in a positive light, which are not so positive..."

20. How do you rate the credibility of independent, non-profit media compared to commercially funded media organizations? Could their funding model affect the level of confidence in their reporting?

The editors approach the question with suspicion and note that it is hard to believe in the existence of such a media these days.

The independence of the media is, first of all, financial independence - the editor notes.

There were opinions that the media should ensure the balance, find the limit, and be able to be guided by legal activities.

One of the editors mentioned that it can have an effect if the viewer is aware of it.

I can't say for sure, maybe it can affect the level of trust to a certain extent - the editor notes.

21. What do you think is the ideal funding model for media organizations to ensure their independence and integrity?

The editors note - the founder's wealth, the transparency of all the money, being a subscriber to an international press organization, public financing, support from the state, content advertising, sales, and subscription, at the same time highlighting that it is not ideal, because everyone is vulnerable from the subjective point of view and provoking criticism.

22. Is it necessary to introduce a mechanism of public financing of the media? If so, how/by what criteria should the funding be given, so that it does not cause dependence on state/public bodies/politicians?

One of the editors notes that, in his case, the factor of begging worked.

Another group agrees with the fact of advertising if the citizens are media literate.

The subscription mechanism is the most efficient, notes one of the editors.

The best method is reader funding.

Some editors found it difficult to answer the question, arguing that society still needs to become media literate and is not ready for it.

Some estimates suggest that introducing a public financing mechanism is not possible.

23. What can media do to diversify financial sources?

Advertising and grant financing options, public financing, financial support from the state, flexible advertising policy, self-financing, subscription institute, and diversification options.

It is a difficult question; in my opinion, there will be no such thing. I don't think there will ever be a time when there will be diversity in this matter - the editor notes.

24. How do you think citizens can play a role in supporting and promoting independent and impartial media? What actions can individuals take to ensure a healthy media environment?

Citizens need to be literate and consume various information, be open, tolerant, and broad-minded, and that will help me. We should not demand anything else from the citizens.

A citizen should understand the real and fake media and not say: I read it on Facebook.

Based on international experience, there should be mechanisms for the public to pay the media, in the form of subscriptions, in different cycles, which will be the source of the media's existence and will be accountable to the public.

In promoting independent media, citizens should be able to subscribe if they want to, secure their advertisement in our environment, and use our platform in case of advertising opportunities. We have a paid service; for example, sometimes, especially during political events, they can use it; we broadcast for a fee, I conduct interviews, let them come and use it.

The editors agree that citizens can play an important role, for which we need to educate the public, making them more media literate.

Donation can be one of the forms of assistance, the editors note.

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