



FOLLOW THE MONEY

The Informal Channels of Lebanese Media Funding

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INTRODUCTION

The media is a key actor in shaping public opinion. Its role is to ensure that citizens are informed about social, economic, and political developments, and it plays a significant role in affirming opinions or propagating new narratives.

Lebanon is known for its diverse media sector. It has eight TV stations, over 40 radio stations, and around 110 licensed print outlets.¹ More recently, there has been a surge of digital news platform reflecting the diversity of political options and social preferences. However, looking beneath the surface, the media sector reflects another reality where confessional politics and interest groups seek to shape public opinion. As citizens tend to consume the media they are aligned with politically, this reinforces their beliefs and biases, leading to more polarization particularly in times of crisis.²

Analyzing the ownership and revenue structure of the media is key, as they influence the narratives and public discourse around political events. The media has been a target of powerful interest groups—such as the banking sector—and has been utilized to spread misinformation on the economy and reform Lebanon is in dire need of, as recently shown by the coverage on the IMF financial recovery plan.³

Despite some regulations such as the Press Law (1962) and Audio-Visual Media Law (1994), the Lebanese state has little control over media outlets. Media outlets tend to rely on political or foreign investors, and through this, political parties have the power to influence the leading media outlets and frame information to their benefit.⁴

This creates a structural problem in the media system, where outlets have little interest in producing quality journalism to increase readership or viewership, as long as they can rely on large investors as a source of revenues. While the Press Law (1962) gives the Ministry of Information the authority to monitor the finances

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- 1 Media Ownership Monitor: Lebanon 2018. Samir Kassir Foundation. <https://lebanon.mom-gmr.org/en/media>. Today, most licenses for print outlets are dormant. Only 10 daily newspapers and less than 20 political or monthly magazines are still published.
 - 2 Sarah El-Richani. 2016. *The Lebanese Media: Anatomy of a System in Perpetual Crisis*. <https://link.springer.com/book/10.1057/978-1-137-60183-4>.
 - 3 Zoughaib, S. and S. Heller. 2023. "The Shadow Plan: How Lebanese Elites Are Sabotaging Their Country's IMF Lifeline." The Policy Initiative and Century International. <https://tcf.org/content/report/the-shadow-plan-how-lebanese-elites-are-sabotaging-their-countrys-imf-lifeline/>.
 - 4 Lorenzo Trombetta. 2018. *Lebanon Media Landscape*. European Journalism Centre. https://lebanon.mom-gmr.org/uploads/tx_ifrogmom/documents/8-1409_import.pdf.

of the media and ensure that their only profits come from advertising, subscriptions, and sales, it has failed to do so, thus maintaining the lack of transparency in media outlets' funding and revenue structure.

In light of this, this report aims to identify political and commercial revenue streams of the Lebanese media sector. To this end, we assess media outlets' operating and production costs, commercial revenues through advertisement, as well as other informal funding channels, such as private, political, and foreign investments. In this way, we are able to gain more insight into the structure of the media sector in Lebanon.

The Policy Initiative conducted eight qualitative interviews with journalists, members of media outlets, experts in the media sector, members of consultancy firms, as well as experts in the Lebanese advertisement market. In addition, our analysis relies on data on advertising investment in the media sector in the past decade, obtained from the Lebanese Advertising Association, and the value of advertising spots on TV, disaggregated by TV station and client, obtained from IPSOS.

We show that advertisement revenues have covered less than 10% of the TV sector's operating costs since the onset of the crisis, decreasing from approximately \$80 million in 2018 to \$9 million in 2022. The same trend is observed across other types of media. This suggests that these gaps are covered by other sources of informal funding.

However, investigating these other sources of funding is challenging, as the media sector's financing is opaque. Media outlets have been reluctant to share information on their revenue structure and funders.

We find that the Lebanese media sector has benefitted from multiple streams of informal and politically-motivated revenues. These include investments by the banking sector, large profits realized during parliamentary elections, and advantageous loans offered by the Central Bank in 2016. It is also worth noting that media corporations have allegedly been used as vehicles for tax evasion and money laundering.

This has significant implications on access to unbiased information. The reliance of media outlets on funding from the banking sector and political parties forces them to propagate a certain narrative that maintains the status-quo. Further, for political and financial elites to maintain their hegemony over public discourse, they must undermine independent media outlets, which have been the victims of lawsuits, intimidation, and threats. This reality has set the stage for the erosion of freedom of speech.

This report is structured in four sections. The first highlights how the media sector was hit by the financial crisis and how this has impacted their operating costs, production, and human capacity. The second section focuses on the advertising market and finds that advertising revenues have been on a sharp decline since the onset of the financial crisis. We zoom in on the TV sector and show the extent to which financial institutions and political parties dominated advertisement in 2018 and 2022. The third section focuses on the informal sources of funding, which include private and political investments. We then conclude with the implications these sources of funding have on freedom of speech.

RUNNING A MEDIA OUTLET: OPERATING COSTS

In this section, we examine the operating costs of different types of media and how these were affected by the financial crisis. Based on interviews with experts and a review of the literature we determine the impact of the financial crisis on media outlets' human resources, as well as on their ability to produce new content. We show that, in order to cope with the funding crisis, outlets have had to reduce their staff, salaries, cut down on production, or close down.

Below, we describe the impact of the crisis on different types of media: TV, radio, newspapers, and news websites. Of note is that the costs of running different media outlets vary depending on their production of original content, the number of hours they operate per day, and their human capacity.

A. TV

The operating costs of the TV sector as a whole are above \$100 million per year.⁵ In 2018, the costs of running a station averaged \$25 million per year, but since the onset of the crisis, this dropped to \$18 million, although it varies across stations, depending on their production and programming. For example, MTV, which produces its own programs, needs approximately \$25 million per year, while OTV, which mainly relies on talk shows, needs \$12 million.⁶

Today, TV stations have cut down particularly on production, which tends to be the most expensive as stations have to buy the rights to a program, and are therefore not buying new material. In addition to the operating costs of TV stations, spending on production has significantly dropped post-2019, and range between \$2 million and \$10 million per year, with MTV having the highest spending across stations.⁷

In addition to having cut down on production, TV stations have had to lay off staff and decrease salaries.

In order to deal with the funding crisis, some stations have been exploring digital revenue streams and are seeking to monetize online content from social media, YouTube, and subscriptions. Furthermore, some stations sustain themselves through production houses; for example, Al-Jadeed's affiliated production

5 Based on an interview conducted with the president of the Lebanese Advertising Association on May 11, 2023.

6 Based on an interview conducted with the president of the Lebanese Advertising Association on May 11, 2023.

7 Based on an interview conducted with a former journalist at Lebanon 24 on May 22, 2023.

house creates contents for channels abroad, and is seeking to expand its production line abroad to co-produce with other channels and drive further revenues.⁸

The case of Al-Jadeed

While advertisement revenues on the station have dropped by 90% since the onset of the crisis, the salaries of employees have dropped to a smaller level (30% to 40% decrease, according to a representative of the TV station). The salaries represent the largest share of their expenditure. Spending on equipment has also decreased and become minor in order to cope with funding cuts. The station has also had to lay off 15 employees.

Al-Jadeed's representative recognized that it is now key to find other sources of revenues, and estimated that there is a 40% gap between existing revenues and expenditures. Expanding the revenues is essential in order to maintain the salaries and prevent journalists from taking bribes as additional income, which would affect their independence. Additionally, with the TV station's news bulletin being among the top-ranking ones, the station must keep its content up in order to maintain this position. However, as stated by the representative, increasing the scale of news coverage will not be possible without additional financial resources.

B. RADIO

Radio stations have relatively low operating costs, averaging \$50,000 per month for those that produce their own content rather than rely on playing music. The costs also vary depending on the number of hours a station operates for per day. In order to cope with the loss of revenues since the crisis, some radio stations had to reduce their number of operating hours.

C. PRINT

Print media suffered in particular with the move to digital, as shown by the closure of As-Safir—once the leading newspaper in Lebanon—in 2016, Al-Mustaqbal in early 2019, and Al-Anwar in 2018, among others.

The largest share of print newspapers' budget goes towards purchasing paper and printing, meaning that a newspaper's spending depends on the cost of paper and cannot be fully estimated.⁹

8 Based on an interview conducted with the director of Al-Jadeed on April 19, 2023.

9 Based on an interview conducted with the president of the Lebanese Advertising Association on May 11, 2023.

Before the crisis, the cost of paper and printing used to take up around 30% of a newspaper's budget, the distribution would take up 20%, while salaries would take up between 40% and 50%. However, since the crisis, the share of the budget going to salaries has decreased, estimated to be between 10% and 20%.¹⁰ This can be explained first by the reduction in staff, and second by the currency devaluation whereby some employees are earning their salaries in Lebanese pounds.

The press sector suffers from structural problems which increase their costs of production. There is currently no common printing house and distribution company; rather, each newspaper conducts these operations by itself. According to one interviewee, newspapers are reluctant to share these operations collectively as it would require them to disclose the number of copies they print per day.

Nida al-Watan: Post-crisis newspaper

Nida al-Watan is a daily print political newspaper established in July 2019—one month before the onset of the financial crisis and amid the turn to digital reporting. It was owned and funded by Lebanese businessman and former Kataeb partisan Michel Mecattaf, who passed away in March 2022.

D. ONLINE NEWSPAPERS

Today, most prints have turned digital, as online newspapers need significantly less funding. Prior to the crisis, running an online news website cost an average of \$450,000 per year; today, online news websites spend on average \$250,000.¹¹ However, even some news websites that are financially supported by their owners have had to reduce their operating costs, such as Lebanon 24 which used to provide 24/7 coverage.

Since 2019, there has been a proliferation of political online blogs and social media pages that share political content, and these have lower operating costs. These media outlets are generally funded by grants, which makes their financial sustainability vulnerable; and many are not registered, which makes them unable to access funds.¹²

10 Based on an interview conducted with the co-founder of Al-Akhbar on May 12, 2023.

11 Based on an interview conducted with a former journalist at Lebanon 24, on May 22, 2023.

12 Mikdashi, G. 2020. "A Study on Alternative Media in Lebanon." Maharat Foundation. <https://maharatfoundation.org/media/1883/study-on-alternative-media-in-lebanon.pdf>.

L'Orient-Le Jour: Successful digital transformation

L'Orient-Le Jour, the leading francophone newspaper in Lebanon, used to generate revenues from advertisement rather than sales. The print newspaper has been successful in its digital strategy and has changed its business model; it now heavily relies on online subscriptions which constitute the majority of its revenues. The newspaper has also expanded its coverage with its English-language sister company, L'Orient Today, which has different employees and creates its own content. Their digital strategy has allowed them to reach the Lebanese diaspora, with the majority of online subscribers now being outside the country. According to one interviewee, L'Orient-Le Jour's digital strategy has been successful as it can rely on readership as a stable source of revenues, rather than on advertisement, which can also lead the newspaper to maintain quality and increase content.

THE ADVERTISING MARKET

In this section, we analyze the advertising market in Lebanon and its impact on the media sector. We first look at the different players in the market, which include brands, advertising agencies, media agencies, media representatives, and the media outlets. We then provide estimations of media revenues from advertising investments and the value of advertising spots, and how both of these were impacted by the financial crisis.

While the advertising market is driven primarily by commercial interests, political interests may also affect advertisement. This section will therefore investigate the extent to which financial institutions and political parties advertised on TV stations during the 2018 and 2022 parliamentary elections periods.

A. THE STRUCTURE OF THE ADVERTISING MARKET

The advertising market in Lebanon has historically not been liberal and competitive. In the post-war period, the sector was largely controlled by the media agency Choueiri Group.¹³ In fact, it is estimated that Choueiri group controlled 92% of the national advertising market.¹⁴ This is in violation of the Audio-Visual Media Law (1994) which allows each advertising agency to service no more than one television and one radio station at a time (Article 39).¹⁵ As one group used to have a monopoly over the sector, it was able to set prices, thus lowering the revenues from advertisement for media outlets.¹⁶

Today, the structure of the advertising market has changed, whereby several actors are involved, with the initial investment by a client or brand going through multiple steps before the ad reaches a media outlet. Typically, a client pays an advertising agency, which takes a commission. The advertising agency then commissions a media agency, which in turn pays the media representative. The media representative then pays the media outlet for the ad to be shown.

13 Based on an interview conducted with the Regional Director of ARA Research & Consultancy, on April 26, 2023.

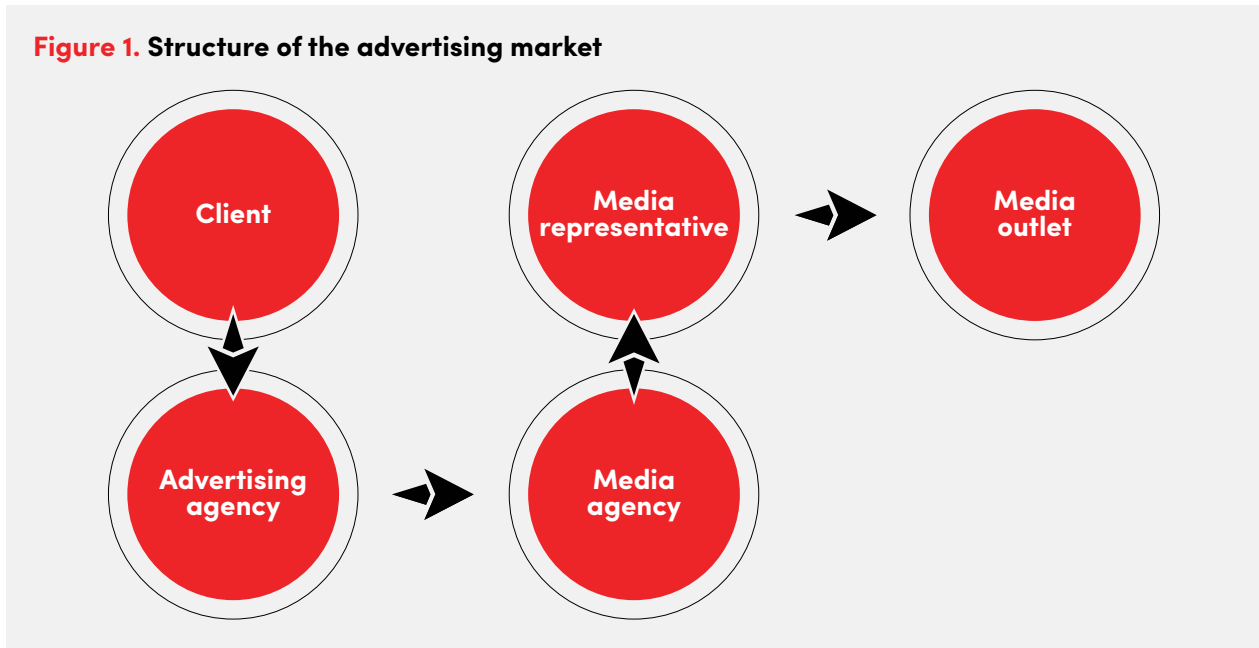
14 Note that this estimate dates from 2014. Sciacchitano, F. 2014. "Assessment of Media Legislation in Lebanon." Medmedia. https://lebanon.mom-gmr.org/uploads/tx_lfrogmom/documents/2-1409_import.pdf.

15 Sciacchitano, F. 2014. "Assessment of Media Legislation in Lebanon." Medmedia. https://lebanon.mom-gmr.org/uploads/tx_lfrogmom/documents/2-1409_import.pdf.

16 Based on an interview conducted with the Regional Director of ARA Research & Consultancy, on April 26, 2023.

While data on the commission fees is unavailable, one estimate is that the media outlet eventually cashes in about 60% of the client's initial investment.¹⁷ Some TV stations make the advertising booking in-house, such as MTV and OTV, and therefore cash in a higher share of the client's investment.

Figure 1. Structure of the advertising market



B. ADVERTISING INVESTMENT BY MEDIA TYPE

The advertising market has constituted a significant share of media outlets' revenues and had been a stable source of income prior to the crisis. However, this market varies depending on the state of the economy and stability in the country, as shown by the sharp decrease in advertisement spending since the onset of the crisis.

The total advertising investments—i.e. what clients spend on advertising—averaged \$185 million per year between 2011 and 2018, and started dropping since.¹⁸ In 2019, it decreased by 30% (\$130 million), and continued to decline until reaching an all-time low of \$22 million in 2021.

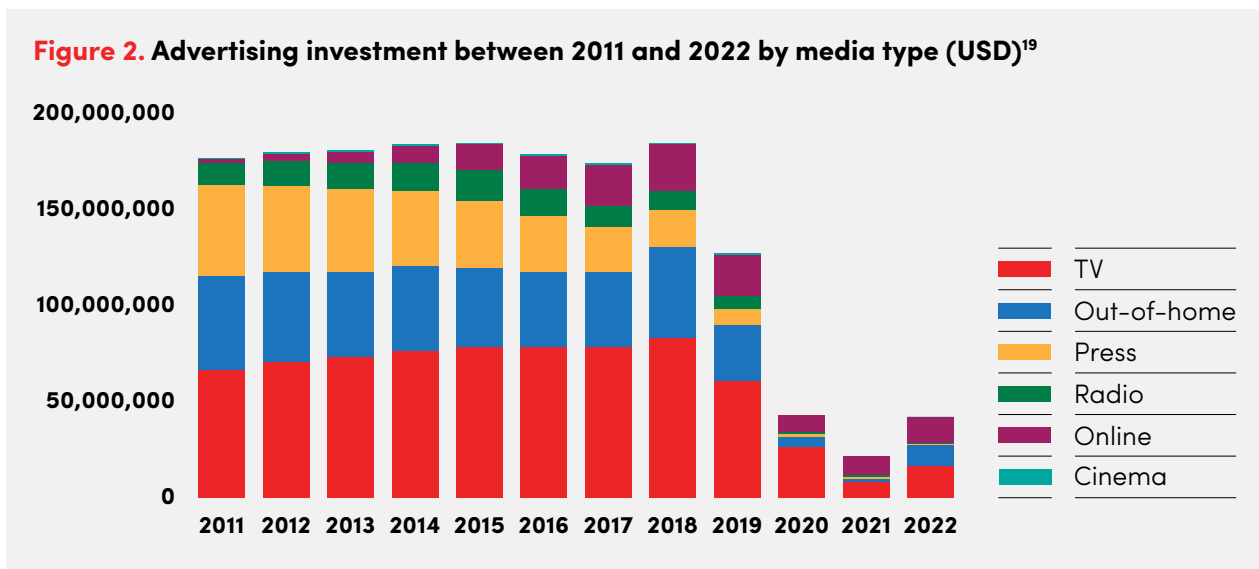
Advertising investment in the media has doubled in the past year, reaching \$43 million in 2022 compared to \$22 million in 2021—although still being far from its pre-crisis level of \$189 million in 2018. The increase between 2022 and 2021 was driven particularly by higher advertising investment on TV and out-of-home advertisement (such as billboards). The latter could be explained by the fact that parliamentary elections were held in 2022, which led candidates to purchase banner spots.

¹⁷ Based on an interview conducted with the president of the Lebanese Advertising Association, on May 11, 2023.

¹⁸ Numbers obtained from the Lebanese Advertising Association.

TV takes up the majority of advertisement, and has generally been followed by out-of-home advertisement and press. However, starting 2018, there was a shift from press to online, with press receiving a low share of investment following the onset of the crisis. This can be explained not only by the financial crisis, but also by the ongoing digital transformation of newspapers and TV, as well as the proliferation of online news websites and blogs. Advertisement on the radio has dropped to \$500,000 in 2022, down from \$10 million in 2018.

While advertisement on online websites has been on an increase, it tends to be automatically generated from multinational tech companies such as Google and Meta. Local news websites therefore cash in only a small share of advertising investments. Additionally, Lebanese news websites that have a large foreign audience also advertise for clients abroad, meaning that the advertising brand is not necessarily Lebanese. For example, as stated by a former member of Lebanon 24, the news website’s audience is diverse: 60% is in Lebanon and 40% is in foreign countries—mainly the United States, Saudi Arabia, and France. As it has a large foreign audience, ads are not always from Lebanese clients; e.g., they can be automatically generated ads from Google.



C. VALUE OF ADVERTISEMENT ON TV

Having reviewed the structure of the advertising market and the distribution of advertising investment by media type, in this section, we focus on the commercial revenues of the TV sector, which takes up the majority of advertising investment and is the most widely consumed type of media. Given the limited data on advertising revenues, we mainly rely on the official rate cards of advertising spots, obtained from IPSOS, which represent the official pricing list of advertising spots. These tend to be inflated and are far lower than what TV stations eventually cash in from advertisement.

¹⁹ Source: Lebanese Advertising Association.

Advertisement revenues on TV have been on a consistent decline since the crisis: They averaged \$80 million between 2016–2018 and dropped to \$25 million in 2020, \$15 million in 2021, and only \$9 million in 2022.²⁰ One interview conducted with a representative of Al-Jadeed confirmed that the overall revenues from advertisement dropped by 90%, with no expectation of it increasing in the short term.

The official costs on the rate cards dropped from over \$1.4 billion prior to the crisis, to around \$500 million post-crisis. Although the official rate cards on the advertising value reported by TV stations do not represent the actual revenues from advertising, as advertisers negotiate the prices with TV stations, this data allows us to compare the value of advertisement per month, prior to and following the onset of the financial crisis.

Overall, between 2018 and 2022, the revenues from advertisement on TV decreased by 89%.

Table 1. Advertisement costs on the official rate cards and estimation of advertising revenues in TV stations (USD)²¹

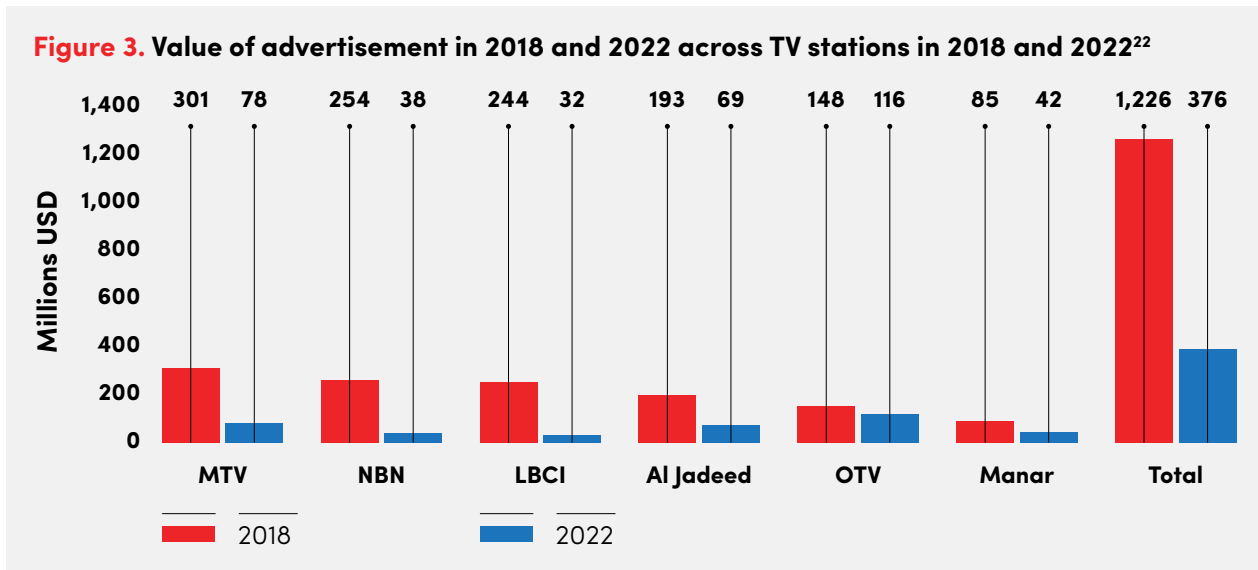
	Official rate card	Estimation	Ratio (rate card/estimation)
2016	-	80,000,000	-
2017	1,416,000,000	80,000,000	17.7
2018	1,480,000,000	80,000,000	18.5
2019	-	-	-
2020	-	25,000,000	-
2021	506,000,000	15,000,000	33.7
2022	416,000,000	9,000,000	46.2

All TV stations reported a drop in their value of advertising spots, with some experiencing a larger decrease than others. Prior to the crisis, in 2018, the official costs of advertising were highest on MTV, NBN, and LBCI (over \$200 million each). In 2022, OTV led (\$116 million).

Overall, LBCI (-87%), NBN (-85%), and MTV (-74%) are those that reported the largest percentage decrease in the value of advertisement. Al-Jadeed followed (-64%), while the value of advertisement reported by Al-Manar (-50%) and OTV (-22%) did not decrease as much. This may be because their reported value of advertisement was initially less inflated than the other stations'. In fact, benchmarking the value of advertisement against TV stations' audience share suggests that some inflate their prices significantly more than others. For example, NBN has the lowest audience share (5%) despite having one of the highest rate card prices in 2018.

20 Based on an interview conducted with the director of IPSOS, on May 5, 2023.

21 Source: IPSOS. Note: Official rate card values for the years 2016, 2019, and 2020 are unavailable, and the revenue estimation in 2019 is unavailable.



D. HOW MUCH DO POLITICAL PARTIES AND BANKS ADVERTISE ON TV?

The section above examined the value of advertising spots across TV stations. In this section, we zoom in on advertisement from financial institutions and political parties on TV stations.

We analyzed the value of advertising spots in the month leading up to the 2018 and 2022 parliamentary elections, which also represent a sample prior to and following the onset of the financial crisis. Our findings show that first, advertisement from the banking sector peaked in 2018 and significantly dropped since. Second, the value of advertising spots for political parties remained stable in 2022, despite the large decrease in the total value of rate cards.

The banking sector

In this section, we show the costs of advertisement spots for the banking sector prior to and following the onset of the financial crisis.

The value of advertisement for banking and financial institutions peaked in 2018 (over \$16 million in April 6–May 6, 2018), and represented 16% of the total value of advertisement during that month. This significantly decreased after the crisis (\$2 million in April 15–May 15, 2022, representing 5% of the total value of advertisement). While this decrease is expected, banking institutions advertised in 2022 despite the drop in the services they offer.

One post-crisis switch was the increase of advertisement from money-transfer operators (MTOs), which, following the crisis, have become an alternative to traditional financial institutions. Of note is that financial institutions did not advertise on Al-Manar during the period our data covers.

²² Source: Own calculations based on data obtained from IPSOS.

Table 2. Value of advertising spots for financial institutions as reported on the official rate cards of TV stations (USD)²³

Medium	Sector	April 6–May 6, 2018	April 15–May 15, 2022
Total	Banking/finance	16,102,357	2,306,778
	MTOs	6,750	679,076
	Total	99,806,000	50,789,986
MTV	Banking/finance	4,466,720	638,200
	MTOs	-	75,197
	Total	26,584,794	11,638,690
NBN	Banking/finance	4,040,350	821,700
	MTOs	-	-
	Total	20,399,750	6,629,368
LBCI	Banking/finance	2,758,268	-
	MTOs	-	28,000
	Total	20,971,868	2,291,704
ALJADEED	Banking/finance	2,402,270	182,200
	MTOs	-	-
	Total	15,944,657	10,378,558
OTV	Banking/finance	2,434,749	664,678
	MTOs	6,750	575,879
	Total	12,570,276	7,786,553
AL MANAR	Banking/finance	-	-
	MTOs	-	-
	Total	3,334,655	12,065,113

Political parties

This section focuses on advertisement from political parties during the months leading to the 2018 and 2022 parliamentary elections. We show that, although the aggregated value of advertisement spots on TV decreased, the costs of advertisement for political parties did not.

During each of the months leading up to the 2018 and 2022 parliamentary elections (April 6–May 6, 2018 and April 15–May 15, 2022), the value of advertisement for political parties totaled over \$6 million. Although the total value of advertisement spots on the rate cards decreased in 2022, those from campaign advertising remained stable, and the share doubled from 6% of the values in 2018 to 12% in 2022.

23 Source: Own calculations based on data obtained from IPSOS.

Compared to 2018, the value increased on MTV, LBCI, and OTV, while it decreased on Al-Jadeed and NBN. No candidate occupied advertising spots on Al-Manar, which can be largely explained by the fact that the station is owned by Hezbollah, with most of its audience already being party supporters. Rather than advertising campaigns, Al-Manar's news coverage always includes the activities of high-ranking party members.

The value of advertisement for political parties and candidates was high particularly on NBN and Al-Jadeed in 2018, and on MTV in 2022. In addition, MTV and LBCI's value of campaign advertisement spots represented almost a third of their rate cards during the month leading up to the election. Although both stations' total value of advertisement dropped in 2022, the amount for campaigning increased, and a wider range of political parties advertised on the stations compared to 2018. The costs on NBN were also high, representing 21% of the total rate card values in the month leading up to the 2022 parliamentary elections.

Table 3. Value of advertising spots for political parties and candidates as reported on the official rate cards of TV stations (USD)²⁴

Medium		April 6–May 6 2018	April 15–May 15 2022
Total	Political party	6,343,602	6,288,551
	Total	99,806,000	50,789,986
MTV	Political party	557,513	3,129,778
	Total	26,584,794	11,638,690
NBN	Political party	2,673,279	1,394,800
	Total	20,399,750	6,629,368
LBCI	Political party	470,610	700,670
	Total	20,971,868	2,291,704
AL JADEED	Political party	2,430,200	847,453
	Total	15,944,657	10,378,558
OTV	Political party	212,000	215,850
	Total	12,570,276	7,786,553
AL MANAR	Political party	-	-
	Total	3,334,655	12,065,113

The political parties that advertised their campaigns varied across TV stations. In total during the month leading up to the 2022 election, Fouad Makhzoumi's list (Beirut 2), the Lebanese Forces, Kataeb's lists, and Amal Movement occupied the highest valued spots.

24 Source: Own calculations based on data obtained from IPSOS.

The distribution of advertisement by political parties across TV stations highlight the political leanings of TV stations.

Fouad Makhzoumi invested significant amounts on MTV, LBCI, and Al-Jadeed (with a total value of \$0.9 million). LF and Kataeb and its affiliated electoral lists followed with an advertising value of \$0.8 million each, and both focused mainly on MTV, with a smaller share going to LBCI. Amal Movement, which as a party had the highest valued advertising costs (\$1.4 million) only advertised on NBN, the station affiliated with it. It was the only party to occupy advertising spots on the station in the month leading up to the 2022 election.

On Al-Jadeed, the campaign advertisement value dropped significantly, although the station advertised for various lists and candidates. OTV's values remained stable, and the station only advertised for FPM candidates.

The table below presents the electoral lists, candidates, and political parties that purchased the highest valued advertising spots. While the monetary value of these advertising spots reported by TV stations does not represent the actual revenues from advertisement, a higher value means that a certain party advertised during higher traffic time (prime time and during the news segments) or for a longer duration.

Table 4. Distribution of value of advertising spots by TV station and political party in the month leading up to the 2022 parliamentary election (USD)²⁵

	MTV	LBCI	AL JADEED	NBN	OTV	Total
Amal				1,394,800		1,394,800
“Beirut Bada Qaleb” (Fouad Makhzoumi)	414,065	223,242	272,007			909,314
Kataeb (and affiliated lists)	697,276	135,600				832,876
Lebanese Forces	682,107	126,750				808,857
“Beirut Tuwajeh” (PSP, backed by Fouad Siniora - Beirut 2)	340,891		344,248			685,139
Free Patriotic Movement	117,000	51,750			215,850	384,600
Omar Harfoush	291,600					291,600
“Litabka Beirut” (Sawa, backed by Ashraf Rifi - Beirut 2)	181,613	28,247	71,250			281,110

²⁵ Source: Own calculations based on data obtained from IPSOS.

	MTV	LBCI	ALJADEED	NBN	OTV	Total
Samir Saliba	184,015					184,015
Anti-establishment lists and candidates	43,100	44,418	78,362			165,880
“Hayde Beirut” (Al Jama’a al Islamiyyah and independents - Beirut 2)	112,560		9,600			122,160
Abdel Rahman Bizri		54,043	35,586			89,629
Farid el-Khazen	43,238					43,238
“Ma’an Aqwa” (Michel el Murr and Tashnag - Metn)		36,620				36,620
Mohammad Nabil Badr			36,400			36,400
William Tawk	22,313					22,313
Total	3,129,778	700,670	847,453	1,394,800	215,850	6,288,551

INFORMAL FUNDING CHANNELS

As presented in the above sections of this report, the operating costs of the whole TV sector are higher than \$100 million per year, while the advertisement revenues reached around \$9 million in 2022. In other words, advertisement revenues represent less than 10% of TV stations' operating costs.

Such a gap exists across other types of media, where the operating costs of print newspapers and radio cannot be fully covered by advertisement, meaning that outlets need additional sources of funding. By contrast, online news websites, tend to be funded by their owners.²⁶ For example, Lebanon 24 is owned by the Mikati Group and fully funded by Prime Minister Najib Mikati. Some revenues come from ads—which pre-crisis constituted about \$100,000 per year—while Mikati covers the remaining expenses, and is therefore able to cover the gap in funding. Other examples include Ici Beyrouth and IM Lebanon, which are funded by Antoun Sehnaoui (banker and CEO of SGBL). These online news websites are therefore clearly politically affiliated, which can influence their coverage and editorial decisions.

With the lack of support from the state, media outlets cannot fully rely on advertisement revenues, and therefore need further sources of financing in order to maintain their operations, some of which may be from subscriptions. However, the large gap between operating costs and advertising revenues suggests that there are other informal sources of funding in the sector.

In this section, based on interviews conducted with experts and members of the sector, we show the involvement of politicians and financial institutions in the media sector.

Although the media sector's profits have decreased, there were two major injections of wealth in the sector in recent years: 2008 and 2016. In 2008, there was an injection of foreign wealth in Lebanon as a result of the global financial crisis, some of which was invested in the media.²⁷ With the lack of financial transparency in the sector, investment in the media can go unnoticed and be used for money laundering or tax evasion purposes. While foreign funding was cut in 2016, media outlets received funds through loans at advantageous rates, benefitting from the Central Bank's artificial currency manipulation and financial engineering.²⁸ It is unclear how these funds have been used, whether they were fully reinvested in the stations or used for other purposes.²⁹

26 Based on an interview conducted with a former journalist at Lebanon 24, on May 22, 2023.

27 Based on an interview conducted with a journalist at Al-Jadeed, on April 28, 2023.

28 Based on an interview conducted with a former journalist at Lebanon 24, on May 22, 2023.

29 Based on an interview conducted with a journalist at Al-Jadeed, on April 28, 2023.

A. THE BANKING SECTOR

Estimating the true value of investments from the banking sector in the media is challenging, and these investments have multiple layers. First, the banking sector has invested in the media through advertising; second, banks sometimes sponsor talk shows or articles; and third, individuals within banks also provide donations to the media.

Estimates vary but still show high involvement of the banking sector in the media. According to one informant, before the crisis, about \$30 million of media outlets' revenues came from the banking sector, and were distributed across media outlets politically rather than based on readership or viewership.³⁰

One interviewee claimed that the banking sector invested \$55 million in the media sector in 2018 alone, compared to \$15 million today. This spending excludes ads, is "unofficial," and according to one informant, not recorded in the books.³¹ Although this is only based on anecdotal evidence, the magnitude of this amount still indicates intense funding by the banking sector in the media.

B. ELECTORAL CAMPAIGNS

During election periods, media outlets profit by advertising the campaigns of candidates and electoral lists and hosting them on talk shows. Media outlets increase their revenues not through more commercial advertising, but from talk shows with certain candidates or articles that advance the agenda of a candidate. Indeed, several interviewees claimed that millions were invested in the media by both local organizations and foreign countries in order to promote the campaigns of certain candidates or electoral lists. TV stations, in particular, profit from elections, as hosting prominent politicians increases viewership; and TV appearances are a direct way for candidates to promote their campaigns to a wide audience.

The exact revenues from elections are not reported by media outlets, but each appearance can go from \$10,000 to over \$100,000.³² Anecdotal evidence also shows that candidates and electoral lists purchase "packages" in exchange for multiple appearances, rather than pay for a single appearance.³³ In this way, they can dominate appearances and guarantee higher publicity for their campaigns.

According to one informant, this profit seeking strategy only became widespread during the 2018 election period, as little money was paid for TV appearances before then.³⁴ This suggests that stations needed more revenues to cope with the decrease in funding and used the election campaigning period as a way to generate revenues.

30 Based on an interview conducted with a journalist at Al-Jadeed, on April 28, 2023.

31 Based on an interview conducted with the president of the Lebanese Advertising Association, on May 11, 2023.

32 Jammal, R. 2022. "Money Talks: The Media and Lebanon's Election Coverage." *The New Arab*, May 9, 2022. Available at: <https://english.alaraby.co.uk/analysis/money-talks-media-and-lebanons-election-coverage>.

33 Based on an interview conducted with the Regional Director of ARA Research & Consultancy, on April 26, 2023.

34 Based on an interview conducted with a journalist at Al-Jadeed, on April 28, 2023.

FREEDOM OF SPEECH AND POLARIZATION DURING THE OCTOBER 2019 PROTESTS

Informal sources of funding, which represent the bulk of the media sector's revenues, give financial and political elites the power to shape information, narratives, and public opinion to advance their agendas. The media can thus serve as a propaganda tool by the political and financial elites, and may lead to self-censorship among journalists, who fear repercussions when wanting to go against the agendas of their funders.

While Lebanon has historically been known for its freedom of speech, this has been on the decline in recent years. In 2023, Lebanon was ranked 119th in the Reporters Without Borders World Press Freedom Index, compared to 93rd in 2011.³⁵ Furthermore, while before 2019, journalists and media outlets used to be primarily sued in the Publishing Court, since October 2019, reporters have faced the risk of being prosecuted in other courts, most notably the Military Tribunal,³⁶ which is a clear threat to freedom of speech in the country.

With this in mind, in this section, we highlight the decline in freedom of speech and media polarization since the onset of the crisis, focusing on the coverage of the October 17, 2019 protests—a critical moment which showed clear divisions in the media sector.

The mainstream media was slow in covering the October 17, 2019 protests, as it faced a dilemma concerning the way of reporting the 2019 protests. While coverage of the protests eventually spread, it was instrumentalized by the elites.³⁷ The sector was divided between stations that were simply covering, encouraging, or downplaying the protests, highlighting political parties' power over the sector.

In particular, some stations were pressured not to air the protests live, as reported by an interviewed representative from Al-Jadeed, which rejected this pressure along with MTV and LBCI—two stations that were closer to the political opposition at the time. These stations provided positive coverage of the uprising and maintained their presence on the streets. By contrast, OTV, NBN, and Al-Manar either broadcasted other programs, thus ignoring the demonstrations across the country, pledged their support to the government, or portrayed the uprising as a conspiracy against the country.³⁸

35 Reporters Without Borders World Press Freedom Index. <https://rsf.org/en/index>.

36 Based on an interview conducted with the director of Al-Jadeed, on April 19, 2023.

37 Lorenzo Trombetta. 2018. Lebanon Media Landscape. European Journalism Centre. https://lebanon.mom-gmr.org/uploads/tx_ifrogmom/documents/8-1409_import.pdf.

38 Lorenzo Trombetta. 2018. Lebanon Media Landscape. European Journalism Centre. https://lebanon.mom-gmr.org/uploads/tx_ifrogmom/documents/8-1409_import.pdf.

In contrast to mainstream media, independent news websites and social media pages, which proliferated during the protests, were the first ones to cover the 2019 protests. Activists and citizens were quick to disseminate content and footage of participation on the streets, and live broadcast features (such as Facebook and Instagram live) made it difficult for the authorities to deny or distort the reporting of events.³⁹

Many of these independent news websites and social media pages have since grown and have been covering the multiple crises and political developments in the country. Although their audience remains more limited than the leading media outlets, they have gained popularity among the youth and among citizens who have lost trust in the mainstream media.⁴⁰

However, Lebanon has yet to implement a media law to protect journalists' freedom of speech online. These journalists' and social media activists' critical coverage of the political situation, as well as their criticism of the political elites, has led to some backlash from the state. In fact, in the past few years, the government has targeted social media activists and bloggers to reduce online criticism, through police arrests, interrogations, and intimidations.⁴¹

39 Kjetil Selvik. 2021. On digital media in Lebanon's political crisis. Norwegian Institute of International Affairs. <https://www.nupi.no/en/publications/cristin-pub/on-digital-media-in-lebanon-s-political-crisis>.

40 Microsoft Word - Final Report - Media Research - Nov 2020 - Revised (maharatfoundation.org) study 2021 summary en (maharatfoundation.org).

41 Lorenzo Trombetta. 2018. Lebanon Media Landscape. European Journalism Centre. https://lebanon.mom-gmr.org/uploads/tx_lfrogmom/documents/8-1409_import.pdf.

CONCLUSION

Our analysis shows that advertisement revenues barely cover the operating costs of media outlets, suggesting that outlets have received investments from informal channels. We find that the media sector has heavily relied on funding from the political and financial elites in exchange for editorial influence. The media system therefore has a high degree of instrumentalization, where journalism is penetrated by outside interests seeking political or financial gains. With the financial crisis, political parties will likely maintain their control over the legacy media system as they will be able to sustain their affiliated or co-opted outlets through their personal funds or their foreign sponsors⁴².

Social media has been a powerful tool in challenging the dominating narratives propagated by traditional media. Today, anyone can share information which undermines established discourses. However, some political parties have adapted to this reality and formed their own “electronic armies” to subvert the credibility of online pages and activists critical of the establishment.⁴²

The rise of independent online news outlets, particularly since the onset of the crisis and the October 2019 uprising, has also led to backlash from the elites whereby independent media outlets and their affiliated journalists have been the victims of lawsuits, intimidation, and threats. This shows that the political establishment is able to adjust to the changing media landscape and use strategies—beyond financial support to their media outlets—to undermine counternarratives and freedom of speech.

With this context in mind, investigating media funding and ownership requires further and continuous research. It is also paramount to examine the presence and funding of political armies on social media, which have become the most powerful means of instant communication.

42 Based on an interview conducted with a former journalist at Lebanon 24, on May 22, 2023.

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