

MEDIA INFLUENCE MATRIX: UKRAINE

FUNDING JOURNALISM

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Cover photo:

Rinat Akhmetov (top left), Dmytro Firtash (top right), Igor Kolomoysky (bottom left), Victor Pinchuk (bottom right)

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KEY TRENDS

Since Ukraine's independence in 1991 when people had access to only a few television channels, the television market in the country has flourished as a plethora of new commercial channels, both national and regional, launched operations. Currently, the most popular television channels are controlled by the four largest media groups in the country, all belonging to Ukrainian oligarchs: Media Group Ukraine, 1+1 Media, Inter Media Group and StarLightMedia.

These four groups not only shape the public opinion and political preferences, but also control the largest part of the wealth generated in the media industry. The oligarchs Victor Pinchuk, Igor Kolomoysky, Rinat Akhmetov and Dmytro Firtash, who run television and radio channels as well as print media outlets, pulled in revenues upwards of US\$ 330m combined in 2020, according to estimates from a local industry body. The scale of revenues at these media behemoths, which are believed to be much higher if informal payments from allied businesses or political sponsors are added, dwarfs the financial power of their competitors, many of whom are struggling to survive.

Oligarchic ownership is not healthy for journalism either. Media is not the main business activity of these owners, but only a small part of a slew of conglomerates that they control, with businesses in many other economic sectors, which explains why the Ukrainian television market is unprofitable. That is likely to change as pay-TV, for example, slowly starts to come to Ukraine. In 2020, the four major media holdings with all their 23 television channels decided to shut down the free satellite access to their content in an attempt to nudge people to pay for content.

Radio and print media are funded mostly from advertising. In general, the radio and print

segments have been in a shaky position during the last decade as they steadily lose audiences to the dominant television and internet. In terms of profitability, they balance on the edge.

Government, on the other hand, is not a big media funder compared to the commercial players. The national public broadcaster, launched only in 2017, receives government financing, but these funds are subject to regular cuts in spite of clear regulations stipulating that the state should allocate to the public broadcaster at least 0.2% of expenditures of the general fund of state budget for the previous year.^[1] In 2020, UA:PBC received almost US\$ 50m, which accounts for 57% of the regulated amount. In terms of popularity, the public broadcaster with its two national television channels lags behind more successful privately owned television channels although it provides content of better quality than some of the high-ranked commercial media.

Another source of funding in Ukraine's media is philanthropy, grants from donors such as the National Endowment for Democracy (NED) and Foundation to Promote Open Society. The recipients include some small independent media that provide analytical and investigative content that do not have to turn to pleasing the owners with their news. However, these independent and niche projects are not the ones to set the agenda and frame opinions; only motivated individuals who seek alternative information consume their content, which is usually available online only.

The Covid-19 crisis is expected to nobble the media sector in Ukraine as advertising budgets are shrinking and the government will have to grapple with a gaping budget deficit. Some of the independent media will probably be affected as donors, especially western institutional donors, will be faced with massive

[1] Law of Ukraine on Broadcasting available online at: <https://zakon.rada.gov.ua/laws/show/1227-18#Text> (accessed on 30 November 2020).

cuts. Large media players may feel the heat of the emerging economic downturn even more as their business model is dependent on both

the market and political favors. Yet, that is unlikely to reduce their stranglehold over Ukraine's media market.

The Power Factor: Who's who in Ukrainian media?

Service operator	Direct or indirect influence	Annual income potential* (US\$ m)	Prominent news media assets			
			TV	Radio	Print	Online
StarLightMedia	Victor Pinchuk	69.7	STB, ICTV, Novy Channel			Stb.ua Ictv.ua Novy.tv
1+1 Media	Igor Kolomoysky	61	1+1, TET, 2+2			Unian.net Tsn.ua
Media Group Ukraine	Rinat Akhmetov	57.2	Ukraina		Segodnya (till 2019)	Segodnya.ua
Inter Media Group	Dmytro Firtash, Serhiy Lyovochkin, Valerii Khoroshkovsky	35.7	Inter, NTN			Inter.ua
UA:PBC	Government	28.0**	UA:Culture, UA:Regional (26 regional channels), UA:Pershyyit, UA:Crimea	Ukrainian Radio, Radio Promin, Radio Culture, Radio Ukraine International, UA:Regional		Suspilne.media
TAVR Media	Victor Pinchuk, Mykola Bahrayev	9.9		Hit FM, Russkoe Radio, Radio Roks, Kiss FM, Radio Relax		Hitfm.ua
United Media Holding Group	Sergii Kurchenko	9.4		Radio Friday, Retro FM	Argumenti i Fakty, Korrespondent, Komsomolskaya Pravda	Korrespondent.net Aif.ua Dengi.ua
TRK Lux	Andriy Sadovyi	7.8		Lux FM		Lviv.lux.fm

* This is an indicator developed by CMDS to measure the financial capacity of the company to generate income, based on existing revenue and expenditure data and/or audience performance. The figures in this table were calculated based on 2018 data. The figures are only indicative given the lack of financial transparency in the Ukrainian media market that prevented us from tracking funds that are unofficially being used to finance media. Yet, we believe that these figures are illustrative for the key players that control the wealth in Ukraine's media market.

** This is the average yearly figure of the government allocation that UA:PBC received in 2018.

Note: Only the most prominent media assets are included in the table

Source: CMDS

CONSUMPTION TRENDS

News consumption in Ukraine started to change rapidly during the last decade, and now it is becoming common among Ukrainians to combine watching television and checking the news on the internet on a daily basis. Although in decline[2], television remains the main source of information for 74% of Ukrainians, according to Kyiv International Institute of Sociology (KIIS). [3] The most-watched news channels include 1+1, Ukraina, Inter, ICTV and STB. While most of Ukraine's citizens regularly watch the national and regional television channels, some 4% of them turn to Russian television channels for the daily news.[4]

Similar to other European countries, digital media have become more popular and common in Ukraine. In particular, social networks and news websites are gaining popularity as the favorite news sources among the younger part of the population. Social networks are preferred platforms for 44% of respondents (compared to 23.5% in 2019), while internet websites are less common, attracting an audience of 26.9%, according to data for 2020 from KIIS and Detector Media.[5] Based on a survey from the Internet Advertising Committee in 2019, 71% of Ukraine's citizens say that they use the internet regularly.[6] These figures are still lower than in other European countries where on average 95% of the population are regularly online, according to data from the European Commission.[7]

Print media, in particular national newspapers, are a common source of essential news for only a tiny proportion of the population, around 7%. Print becomes an especially costly and unprofitable business, a trend accelerated by the ongoing pandemic-related crisis as people increasingly prefer digital news. That has prompted a number of newspapers and magazines to cease their print operation and move fully online in the spring of 2020.[8]

Radio is even a less popular means of news among Ukrainians despite its high national coverage. Kantar TNS, an advertising and audience measurement agency in Ukraine, reports that radio reached 80% of the country's population in 2018,[9] which is more or less the same as the reach

[2] There is a 12 percentage point decrease (from 86% in 2018 to 74% in 2019) among the respondents who chose television as the most frequent source of information about the state of affairs in Ukraine and the world.

[3] "Джерела інформації, медіаграмотність і російська пропаганда: результати всеукраїнського опитування громадської думки" (Sources of information, media literacy, and Russian propaganda: the results of the all-Ukraine public opinion poll), Detector, 21 March 2019, available online at <https://detector.media/infospace/article/164308/2019-03-21-dzherela-informatsii-mediagramotnist-i-rosiiska-propaganda-rezultati-vseukrainskogo-opituvannya-gromadskoi-dumki/> (accessed on 3 September 2020).

[4] "Джерела інформації, медіаграмотність...", cit.

[5] "Як змінились уподобання та інтереси українців до засобів масової інформації після виборів 2019 р. та початку пандемії COVID-19" (How Ukrainians changed their preferences and interests in mass media after 2019 elections and the beginning of COVID-19 pandemic), Detector, 29 September 2019, available online at <https://detector.media/infospace/article/181066/2020-09-29-yak-zminilis-upodobannya-ta-interesi-ukraintiv-do-zasobiv-masovoi-informatsii-pislya-viboriv-2019-r-ta-pochatku-pandemii-covid-19/> (accessed on October 2, 2020)

[6] "В Україні кількість інтернет-користувачів зросла до 23 мільйонів" (In Ukraine, the number of internet users reached 23 million), Ukrinform, 10 October 2019, available online at <https://www.ukrinform.ua/rubric-technology/2797152-v-ukraini-kilkist-internetkoristuvachiv-zroslo-do-23-miljoniv.html> (accessed on 17 September 2020).

[7] European Commission, "Use of Internet and Online Activities," 11 June 2020, available online at <https://ec.europa.eu/digital-single-market/en/use-internet> (accessed on 3 September 2020).

[8] "На паузі. Газети та журнали припиняють друк" (Taking a break. The newspapers and magazines cease print), Telekritika, 20 March 2020, available online at <https://telekritika.ua/uk/na-pauze-gazety-i-zhurnaly-priostanavlivayut-pechat/> (accessed on 17 September 2020).

[9] "Потенціал рекламних охоптів: радіо vs диджитал, ТВ і ООН" (The potential of advertising coverage: radio versus digital, television and out-of-home advertising), Sostav, 4 October 2018, available online at <https://sostav.ua/publication/potentsial-reklamnykh-okhvatov-radio-vs-didzhital-tv-i-oon-79838.html> (accessed on 3 September 2020).

of television. However, the most listened radio channels, Hit FM, Lux FM and Radio Friday^[10] are all focused on entertainment, filling their schedules mostly with popular songs.

KEY PLAYERS

Television

The television market in Ukraine is dominated by four privately owned media groups, which belong or are associated with a group of oligarchs. StarLightMedia, 1+1 Media, Media Group Ukraine and Inter Media Group are the largest media holdings in Ukraine; their channels combined commanding three quarters of the Ukrainian television audience.



The government, on the contrary, plays a rather weak role in the media. The recently created public broadcasting company UA:PBC, with only two national television channels (UA:Pershyi and UA:Culture) is less competitive than privately owned television broadcasters and thus is not present among the 10 most popular television channels in the country, according to data from Vizeum.^[11]

The four most popular channels in Ukraine are ICTV, Ukraina, 1+1 and Novy, according to the Industrial Television Committee, an industry association.^[12] They belong to four different media groups that each have a similar market share.

The channel Ukraina of Media Group Ukraine, operated as part of Cyprus-registered SKM Holdings Limited, belongs to the richest Ukrainian, the oligarch Rinat Akhmetov. It has been the most viewed channel for the last three years with an audience share of approximately 14%.^[13] 1+1 Channel is the second most viewed channel, which together with other seven channels, is part of 1+1 Media group commanding an aggregate market share of 21.6%.^[14] The broadcaster is run through a myriad of offshore companies based in Cyprus, Belize, and the Virgin Islands, according to a report about the ownership structure of 1+1 TV channel.^[15] The main shareholder of 1+1 Media group is Igor Kolomoysky, an oligarch with a stake in Ukrnafta, a local oil and natural gas company.

[10] «Хіт FM», «Радіо П'ятниця» та «Люкс FM» залишаються лідерами українського радіоэфіру» (Hit FM, Radio Friday and Lux FM remain leaders in the Ukrainian radio space), Detector, 2 August 2018, available online at <https://detector.media/infospace/article/139837/2018-08-02-khit-fm-radio-pyatnitsya-ta-lyuks-fm-zalishayutsya-liderami-ukrainskogo-radioefiru-doslidzhennya-kantar-tns/> (accessed on 3 September 2020).

[11] «Детектор телерейтингів: «Україна» чи ICTV?» (Television channel detector: Ukraine or ICTV?), Detector, 12 August 2020, available online at <https://detector.media/rinok/article/179556/2020-08-12-detektor-telereitingiv-ukraina-chi-ictv/> (accessed on 17 September 2020).

[12] Top Ukrainian channels in September 2020, Industrial Television Committee, 2020, available online at <http://tampanel.com.ua/uk/rubrics/canals/> (accessed on 17 September 2020).

[13] Figures for viewers aged 18+ in cities with a population larger than 50,000 in 2020. See more at: Top Ukrainian channels in August 2020, Industrial Television Committee, 2020, available online at <http://tampanel.com.ua/uk/rubrics/canals/> (accessed on 17 September 2020).

[14] «Звіт із корпоративної соціальної відповідальності» (The report of corporate social responsibility), 1+1 Media, 2019, available online at https://media.1plus1.ua/storage/ksv_2019-1599562932402.pdf (accessed on 19 September 2020).

[15] See the report at <https://1plus1.ua/struktura-vlasnosti> (accessed on 17 September 2020).

The third most popular channel in Ukraine is ICTV. The channel belongs to StarLightMedia, which runs six other highly popular channels mostly focused on entertainment. The group is owned by the oligarch Victor Pinchuk and his spouse Olena Pinchuk.

Inter is the fourth most popular television channel being a part of the Inter Media group, which in turn belongs to Group DF, owned by the oligarch Dmytro Firtash. Other owners with minor stakes include oligarchs Serhiy Lyovochkin and Valeriy Khoroshkovskiy, and also Svitlana Pluzhnykova. InterMedia group has a total of nine television channels with a combined audience share of 21%.

Key television players

Most popular television stations in Ukraine by audience share (%), 2013-2020

Channel	2013	2014	2015	2016	2017	2018	2019	2020	Owner	Majority shareholders
Ukraina	11.1	10.5	9.8	11.3	12.9	15.9	15.6	12.5	Media Group Ukraine	Rinat Akhmetov
1+1	9.6	8.6	9.8	9.4	8.7	8.8	9.7	7.8	1+1 Media	Igor Kolomoysky
Inter	13.4	12.6	11	10.4	8.6	7.4	6.9	7.2	Inter Media Group	Dmytro Firtash
STB	10.6	8.7	9	8.2	8.9	7.3	6.9	8.4	StarLightMedia	Victor Pinchuk
ICTV	7.3	7.2	6.4	7.4	8.3	9	10.2	9.9	StarLightMedia	Victor Pinchuk
Novy Channel	4.1	3.8	4.9	4.7	4.3	4.2	4.2	4.8	StarLightMedia	Victor Pinchuk
NTN	4.7	4.6	4.1	5.3	3.2	3.1	2.6	2.6	Inter Media Group	Dmytro Firtash
TET	1.7	2.1	2	2.1	2	1.9	1.9	2.2	1+1 Media	Igor Kolomoysky
2+2	2.3	2.5	2	1.9	2.4	3.5	3.3	3.7	1+1 Media	Igor Kolomoysky

Data for respondents 18+ in cities larger than 50,000 inhabitants
Source: Industrial Television Committee

Online News Market

In recent years, the online media market has been on the rise in Ukraine. According to Ukrainian Internet Association (UIA), Google turned out to be the most popular search engine in Ukraine, with an average daily share of 62% of the users. Another popular, though recently much less common, search engine is Yandex.ru. Its average daily share of users dropped from 43% in April 2017, when Russian based Yandex.ru was officially banned in Ukraine as part of a series of sanctions against Russia, to 10% in December 2019, according to UIA.[16]



[16] “Дослідження інтернет-аудиторії” (Study on the Internet audience), UIA, December 2019, available online at <https://inau.ua/proekty/doslidzhennya-internet-audytorii> (accessed on 2 October 2020).

Among other popular websites, Ukrainians regularly visit the social networks Facebook, VKontakte, Instagram and Odnoklassniki. YouTube is also a highly popular source of information and entertainment; Privatbank.ua is heavily used for banking services, and Olx.ua is a popular e-commerce platform.[17]

The most visited news websites in Ukraine are:

- Obozrevatel.com (which belongs to businessman Mykhailo Brodsky, the leader of the Party of Free Democrats)
- 24tv.ua (a website run by the television station 24TV)
- Unian.net (belonging to 1+1 Media)
- Segodnya.ua (owned by Media Group Ukraine)
- Tsn.ua (belonging to 1+1 Media)
- Rbc.ua (controlled by the businessman Yosyp Pintus)
- Nv.ua (created by a group of journalists with the support of the Czech investor Tomas Fiala)
- Pravda.com.ua (created by journalists and now owned by Olena Prytula, a journalist),
- Znaj.ua and Politeka.net (both belonging to Znaj media holding).[18]

All these websites are popular sources of social and political news and information. However, some of them were found to spread disinformation and fake news. According to the Institute of Mass Media and the analytics agency Texty, half of those websites regularly provide unreliable news and refer to unverified sources.[19]

The online leaders

Top 10 popular websites focused on social and political news in Ukraine, 2019

Position	Source	Audience outreach	Owner
1	Obozrevatel.com	18%	Mykhailo Brodsky
2	24tv.ua	18%	Media Holding TRK Lux
3	Segodnya.ua	16%	Media Group Ukraine
4	Tsn.ua	16%	1+1 Media Holding
5	Rbc.ua	15%	Yosyp Pintus
6	Znaj.ua	14%	Znaj media Holding
7	Unian (.net/.info/.ua)	12%	1+1 Media Holding
8	Nv.ua	11%	Tomas Fiala
9	Pravda.com.ua	10%	Olena Prytula
10	Politeka.net	10%	Znaj Media Holding

Note: Data for September 2019

Source: Internet Association of Ukraine

[17] “Дослідження...”, cit.

[18] “ТОП-100 новинних сайтів суспільно-політичної тематики за вересень 2019” (Top 100 news websites on social and political themes in September 2019), UIA, September 2019, available online at <https://inau.ua/news/top-100-novynnyh-saytiv-suspilno-politychnoyi-tematyky-za-veresen-2019> (accessed on 2 October 2020).

[19] АНТИРЕЙТИНГ НОВИН. АНАЛІЗ ТОП-50 УКРАЇНСЬКИХ САЙТІВ - ДОСЛІДЖЕННЯ ІМІ ТА "ТЕКСТІВ" (Anti Rating of news: analysis of the top 50 Ukrainian websites – study of the Institute of Mass Media and Texty), IMI, 23 October 2018, available online at <https://imi.org.ua/news/antyre-tynh-novyn-analiz-top-50-ukrains-kykh-sa-tiv-doslidzhennia-imi-ta-tekstiv-i21849> (accessed on 2 October 2020).

Social networks as news sources in Ukraine, 2015-2019

Proportion of those who use the social network sites for news

	2015	2016	2017	2018	2019
Facebook	12%	21%	31%	42%	49%
Vkontakte	23%	27%	20%	8%	4%
Twitter	1%	4%	2%	2%	1%
Instagram	-	-	-	-	10%
Viber	-	-	-	-	18%
Telegram	-	-	-	-	6%
YouTube	-	-	-	-	25%

Source: USAID-Internews survey in 2019

Radio

The largest companies on the radio market are TAVR Media, United Media Holding Group (UMH Group), Business Radio Group, the group of companies Prosto and TRK Lux.

According to data from Radiokomitet (Radio committee)[20], which publishes annual studies about the radio coverage, the top three radio channels in Ukraine in 2020, Hit FM, Lux FM and Radio Friday, belong to three different media holdings (TAVR Media, TRK Lux and UMH Group, respectively), which demonstrates some degree of competition and diversity on this segment of the market. TAVR reported a market share of roughly 35%.[21] Its radio station Hit FM belongs to 13 Ukrainian and foreign owners, one of which is Victor Pinchuk, the businessman and philanthropist, owner of several television stations. UMH Group was taken over by 1+1 Media, which is owned by the oligarch Igor Kolomoysky[22], but the deal was blocked by the Antitrust Committee.

Another media holding TRK Lux was co-founded by a politician, the leader of the Samopomich party and the mayor of the city of Lviv, Andriy Sadovy. The company currently has around 10% share on the radio market.[23]

Overall, radio is not a popular source of news. Only 4% of the respondents in a KIIS public opinion poll conducted in 2019 reported using it to receive information about current affairs in



[20] "Дані радіослухання в Україні: перша хвиля дослідження 2020 року" (Data on radio users in Ukraine the first wave of the 2020 study), NAM, 2020, available online at <https://nam.org.ua/news/dani-radiosluhanna-v-ukraini-persa-hvila-doslidzenna-2020-roku> (accessed on 17 September 2020).

[22] TAVR Media, available online at <https://www.tavrmedia.ua/> (accessed on 17 September 2020).

[22] Компанія Коломойського управлятиме УМХ (Kolomoysky's company will rule UMH), Detector, 11 September 2020, available online at <https://detector.media/rinok/article/180529/2020-09-11-kompaniya-kolomoiskogo-upravlyatime-umkh/> (accessed on 17 September 2020).

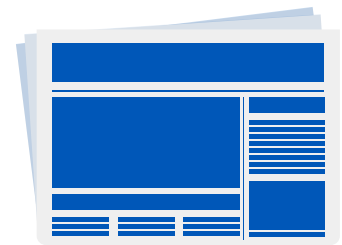
[23] TAVR Media, cit.

Ukraine and around the world.[24] Radio is mostly used for listening to music and getting entertained.

In November 2016, Ukraine introduced a law that set a quota for Ukrainian music and programs on radio and television, requiring radio stations to air songs in Ukrainian on at least 35% of their programming schedule during the daytime (between 7 a.m. and 10 p.m.)[25] Such quotas are believed to help promote Ukrainian music performers, but, in practice, they force radio channels to repeat the same songs of the most popular singers, which has a negative impact on program diversity.

Print Media

Although Ukrainian print media market has been declining for several years, it is still more popular than radio. Some 6.7% of people reported reading a national newspaper in 2019.[26]



In the first half of 2019, according to data from the National Television and Radio Committee[27], the total annual circulation of the 1,371 registered newspapers was a combined 574 million copies. In addition, there were 1,772 registered periodicals and magazines with a circulation of 33 million copies. Among all, 1,321 of the registered print media are in Ukrainian language, 497 in Russian, and 497 in both Ukrainian and Russian.

Major newspapers with the highest readership in recent years include Segodnya (meaning “Today” in Russian), Fakty i Kommentarii (“Facts and Comments”) and Vesti (“News”).

Segodnya is part of Segodnya holding, which belongs to Media Group Ukraine, owned by Rinat Akhmetov. Before 2016, Fakty belonged to EastOne Group, an investment company founded by Victor Pinchuk who owns other television and radio assets. The newspaper was owned by its editor-in-chief, Olexander Shwets until 2019 when it folded. The media holding Vesti Ukraine owns Vesti as well as its website Vest-ukr.com, and UBR, a television channel. According to Media Ownership Monitor,[28] the newspaper was established in 2013 by the then chief editor of the newspaper Segodnya, Igor Guzhva. The company was officially accused of fraud, tax evasion and support of separatist movements.[29] Soon after those accusations emerged, Guzhva sold his

[24] “Джерела інформації, медіаграмотність і російська пропаганда: результати всеукраїнського опитування громадської думки” (Sources of information, media literacy, and Russian propaganda: the results of the all-Ukraine public opinion poll), Detector, 21 March 2019, available online at <https://detector.media/infospace/article/164308/2019-03-21-dzherela-informatsii-mediagramotnist-i-rosiiska-propaganda-rezultati-vseukrainskogo-opituvannya-gromadskoi-dumki/> (accessed on 3 September 2020).

[25] “Радіогрупи підписали меморандум щодо виконання нових квот українських пісень” (Radio groups signed a memorandum on the usage of quotas on Ukrainian songs), Detector, 18 October, 2016, available online at <https://detector.media/rinok/article/119786/2016-10-18-radiogrupi-pidpisali-memorandum-shchodo-vikonannya-novikh-kvot-ukrainskikh-pisen/> (accessed on 17 September 2020).

[26] “Джерела інформації...,” cit.

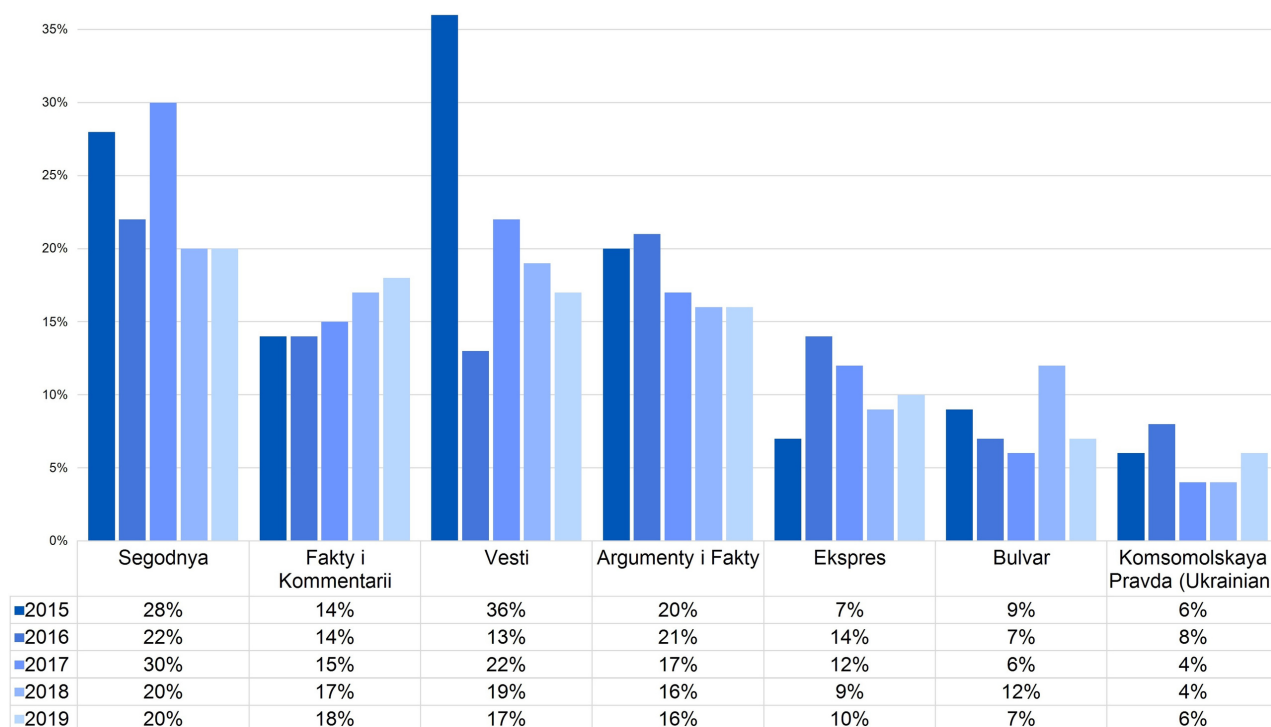
[27] “Статистичні дані про випуск друкованих ЗМІ у 1 півріччі 2019 року” (Statistical data on the print media in the first half of 2019), National Television and Radio Committee, 2019, available online at http://comin.kmu.gov.ua/control/uk/publish/article?art_id=157433&cat_id=85717 (accessed on 17 September 2020).

[28] Vesti (Vesti), Media Ownership Monitor, available online at <https://ukraine.mom-rsf.org/ua/media/detail/outlet/vesti/> (accessed on 17 September 2020).

[29] “Вести...,” cit.

stake in the company and resigned in 2015. The printed copies of the newspaper, having almost no ads, used to be distributed mostly free-of-charge through street vendors and in areas close to metro entrances, raising doubts about the sources of funding that keep the newspaper afloat.

Rating of the national print media in Ukraine, 2015-2019



Note: Calculated as percentage of respondents who use printed media
Source: USAID-Internews

FUNDING TRENDS

Media funding in Ukraine lacks transparency. There is no legal requirement for commercial media companies to publish their financial data, which is harmful for the health of competition on the Ukrainian media market as well as for society as consumers of media content know almost nothing about the companies that deliver news content to them. Since 2015, media enterprises in Ukraine have been required to disclose the name of their owners, yet many of them are dodging these requirements by hiding their ownership behind a web of tangled structures of companies incorporated offshore.

The government is not a key player in the media market, scantily funding the public broadcaster UA:PBC, which runs two nationwide television channels and three radio stations. Since 2017 when the newly created public broadcaster began its operations, the state never paid in full the allocation for the UA:PBC's statutory budget, covering only 55% to 75% of the due allocation as calculated by the law. These cuts prevented the young broadcaster from growing and attracting a larger audience and, as a result, becoming as popular as rival commercial television and radio channels.

Media companies are funded in a large part through advertising revenues. As in Ukraine there is no culture of paying for news content, media companies are reluctant to introduce paywalls or charge people for media content in any other way: such attempts are likely to fail, according to industry experts.

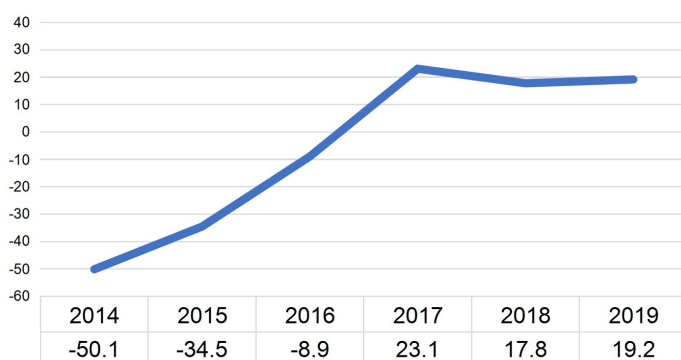
In television and online media, however, the first steps towards a pay model have been made. In 2020, the four major holdings on the media market (StarLightMedia, 1+1 Media, Media Group Ukraine and InterMedia Group) decided to restrict the satellite access to the content of all their 23 television channels,[30] forcing people to buy satellite tuners and pay for monthly subscriptions. They could choose between two satellite platforms that serve the Ukrainian market: Viasat (which belongs to 1+1 Media) and XtraTv (which belongs to Media Group Ukraine). The trend of payments also appeared in online media: Ukrainska Pravda (membership), Novoe vremia (paywall), Liga.net (ad free access for those who paid).

Television Funding

Television has experienced a massive improvement in profitability during the past decade. The industry saw an abrupt jump from loss to profits between 2014 to 2019. According to data provided by the State Statistics Service of Ukraine, in 2014 the aggregated loss of television broadcasting companies reached approximately UAH 7.34bn (US\$ 245m). In 2019, according to the latest available data, the industry had a combined profit of UAH 2.38bn (US\$ 101.5m).

In 2018, nearly two-thirds of the television broadcast companies in Ukraine were profitable, an increase from 55% in 2014. The profitability rate has hence improved from -50.1 in 2014 to 17.8 in 2018.

Profitability rate (%) in the Ukrainian television broadcast industry, 2014-2019



Source: State Statistics Service of Ukraine

[30] By 2020, one third of Ukraine's television viewers used satellite television and watched the content free-of-charge. In Ukraine, satellite television is more popular than IPTV, terrestrial and cable television.

Total income from television broadcasting in Ukraine, 2014-2019

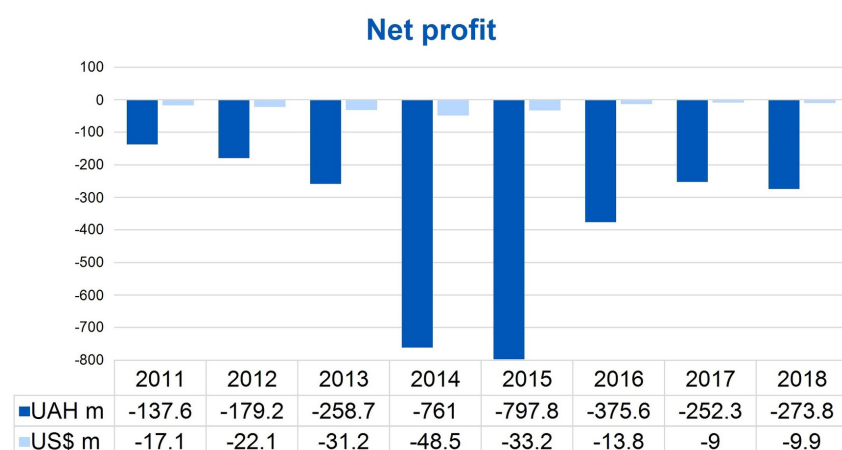
Year	Total net profit		Percentage of profitable companies (%)	Net profit (in UAH, '000)	
	UAH, '000	US\$, '000		Profitable companies	Unprofitable companies
2014	-7,345,136	-467,843	55	122,920	-7,468,056
2015	-6,925,831	-287,976	64.6	123,908	-7,049,740
2016	-1,464,622	-54,045	57.7	230,968	-1,695,590
2017	2,604,545	92,953	56.5	4,093,649	-1,489,103
2018	2,158,120	78,192	60.1	3,242,839	-1,084,7
2019	2,386,485	101,552	65.6	3,009,014	-622,528

Note: Calculated at the yearly average exchange rate of the National Bank of Ukraine
Source: State Statistics Service of Ukraine

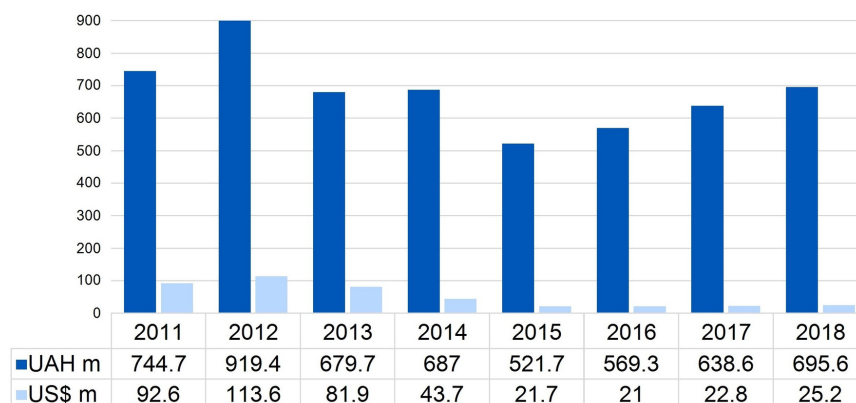
Only two out of the nine most popular television channels in the country, TET (part of 1+1 Media) and Inter, disclose their financial reports. They both claim to be unprofitable (though TET had no losses in the period 2014-2017), which experts argue is a cunning way to avoid paying large income taxes.

On the other hand, since all major television channels belong to holdings owned by oligarchs, their financial performance is much distorted by their links to politics. The large television players, which fill most of their airtime with lowbrow entertainment content, seem to be nothing else than just platforms used for political agitation aimed at supporting their political friends. As such, most of these television owners do not have incentives to make their media businesses profitable, especially as media is not their main business activity, their conglomerates generating money from many other, more lucrative, businesses.

Key financial data for Inter TV channel, 2011-2018



Sales revenues

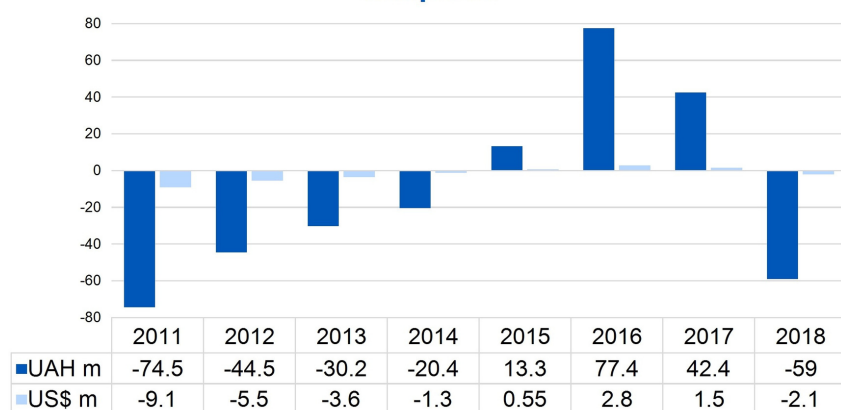


Note: Calculated at the yearly average exchange rate of the National Bank of Ukraine

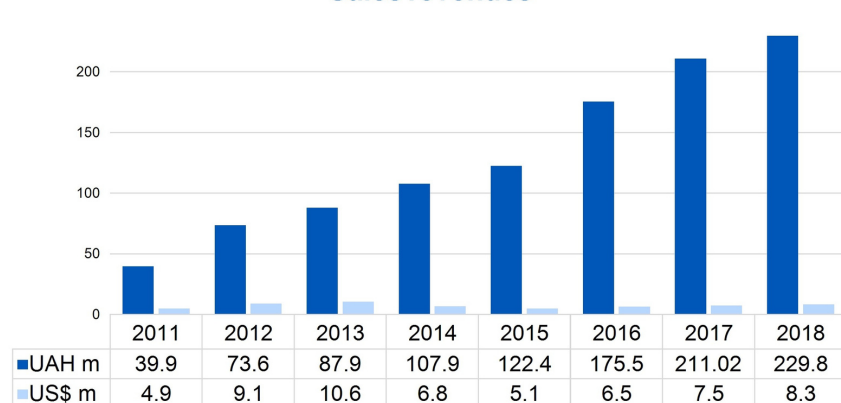
Source: CMDS based on data from the Stock market infrastructure development agency of Ukraine (SMIDA)

Key financial data for TET TV channel, 2011-2018

Net profit



Sales revenues



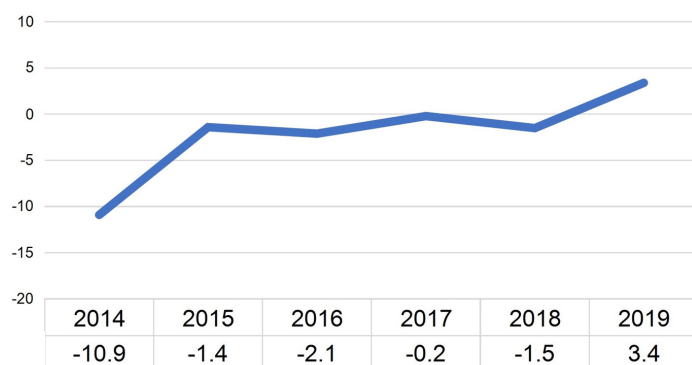
Note: Calculated at the yearly average exchange rate of the National Bank of Ukraine

Source: CMDS based on data from SMIDA

Radio Funding

Throughout the period 2014-2019, the radio segment in Ukraine has become profitable, reaching a total aggregate profit close to US\$ 1m (UAH 22.2m) in 2019. This trend, however, is a rather surprising one given that the number of radio users is continuously shrinking.

Profitability rate (%) in the Ukrainian radio broadcast industry, 2014-2019



Source: State Statistics Service of Ukraine

Total income from radio broadcasting in Ukraine, 2014-2019

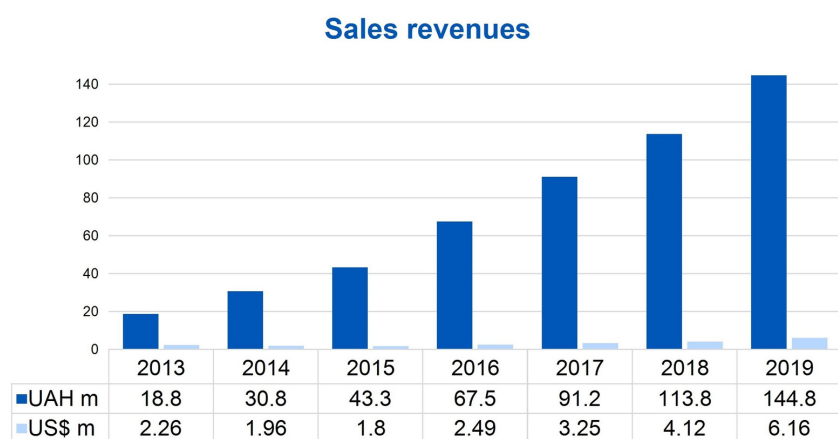
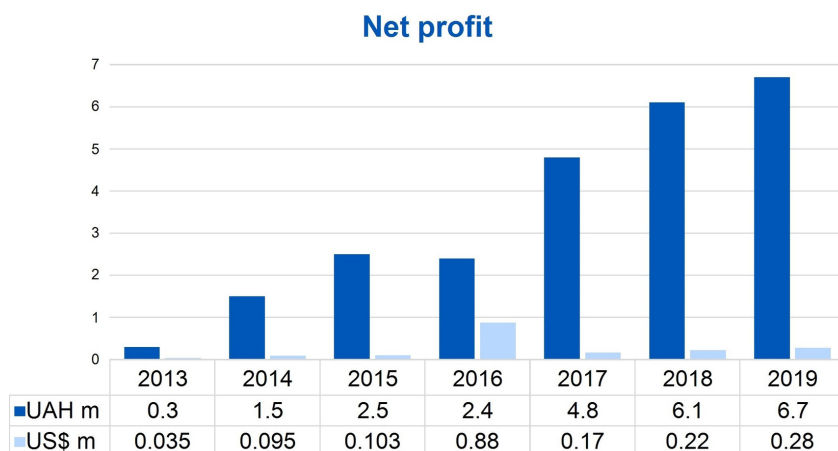
Year	Total net profit		Percentage of profitable companies (%)	Net profit (in UAH, '000)	
	UAH, '000	US\$, '000		Profitable companies	Unprofitable companies
2014	-30,157	-1,920	62.3	8,502	-38,660
2015	-4,865	-202	71.7	11,809	-16,675
2016	-6,213	-229	72.9	13,539	-19,752
2017	2,813	100	67.4	17,916	-15,103
2018	10,084	365	66.7	18,323	-8,239
2019	22,231	946	81.1	30,649	8,417

Note: Calculated at the yearly average exchange rate of the National Bank of Ukraine

Source: State Statistics Service of Ukraine

One of the most popular radio stations in Ukraine, Lux FM has had a positive business performance, having increased its sales revenues sevenfold from roughly UAH 300,000 in 2013 to UAH 6.7m (US\$ 280,000) in 2019.

Key financial data for Lux FM, 2013-2019



Note: Calculated at the yearly average exchange rate of the National Bank of Ukraine
Source: CMDS based on data from SMIDA

According to data from Oles Goian,[31] TAVR Media holding (owner of the radio channels including Hit FM, Russian Radio-Ukraine and Kiss FM) was the leader on the radio advertising market. Hit FM radio channel netted some UAH 118.9m from ad sales and Lux FM about UAH 63.3m.[32] These two channels are in the ratings top in Ukraine. The data show that the radio business continues to be predominantly financed through ad sales. In 2019, Hit FM and Lux FM pulled in ad revenues of UAH 562.7m combined, which is the equivalent of the ad revenues generated by the next five largest radio players, a sign of strong dominant position in the radio marketing segment.[33]

[31] Konrad Adenauer Foundation. The Academy of Ukrainian Press. (2017). Ukrainian media landscape-2017. Analytical report. Ivanov V.F. (Ed.). Kyiv., p. 24.

[32] Konrad Adenauer Foundation, cit.

[33] Ринок радіо та преси: підсумки 2017 року (Radio and press market: results of 2017), Detector, 16 February 2018, available online at <https://detector.media/rinok/article/134774/2018-02-16-rinok-radio-ta-presi-pidsumki-2017-roku/> (last accessed on December 7, 2020)

Radio stations with the largest advertising revenues in Ukraine (in UAHm), 2013-2019

	2013	2014	2015	2016	2017	2018	2019
Hit FM	115.97	130.76	156.34	224.42	261.41	279.65	374.55
Lux FM	57.19	50.23	67.99	130.34	156.58	221.85	288.16
Russkoe Radio	82.81	74.15	86.33	154.77	135.01	140.98	185.33
Autoradio	65.23	61.92	62.33	97.01	111.57	76.49	54.36
Kiss FM	32.46	33.55	49.49	81.82	107.03	110.73	154.51
Roks	26.58	25.44	41.62	70.79	105.84	111	144.96
Retro FM	52.33	37.78	48.72	63>52	88.41	87.12	68.99
Nashe Radio	43.37	34.67	45.37	62>31	87.42	105.92	101.52
Friday	-	-	16.12	50.55	84.45	109.29	117.73

Note: Figures are in gross terms, before taxes. The difference between some of the data in this table and data provided by Lux FM stems from different calculation methodologies.

Source: Communication Alliance

Radio's success could be a result of the attractiveness of the medium for both large advertisers such as Nestle, Bon Prix or Toyota Ukraine and smaller local retail businesses selling alcoholic beverages, foodstuffs and pharmaceutical products. According to estimates from local industry insiders, radio advertising is five to 10 times cheaper than the television advertising. Moreover, it can effectively reach audiences in places not reachable by other media such as cafes or private and public transport when people turn on the radio either to follow news or simply as background noise.

Print Media Funding

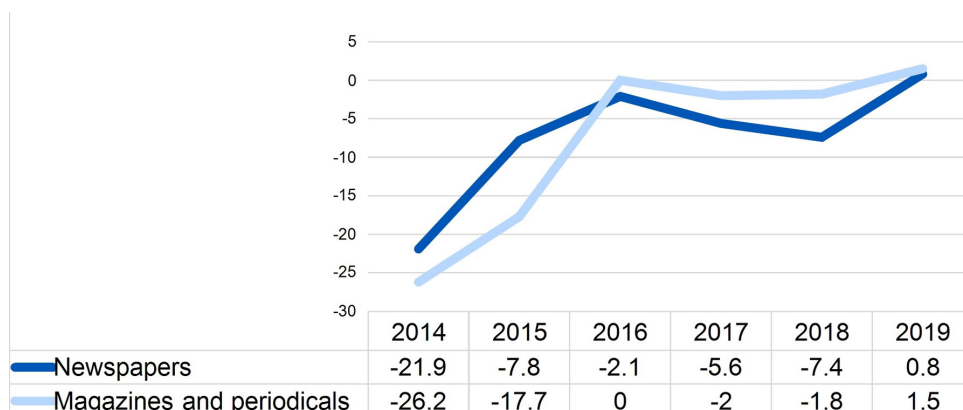
The print media industry has taken a tremendous hit as a result of both the series of economic crises and the technological advances that pushed people away from print and more into digital media. Nevertheless, the print media sector has since 2014 reduced its losses, around 72% of the print media businesses becoming profitable, up from 66% in 2014.

That is partly because some newspapers and magazines increased their exposure online where they have more opportunities to attract more diverse categories of readers and generate revenues from digital advertising. In September 2019, the newspaper Segodnya fully moved its activities online and ceased its printed version. At that time, according to data provided by Kantar TNS in 2018, the newspaper's single copy had around 602 thousands readers, which was the highest audience figure among all printed media.[34]

According to the Communication Alliance, the publishers with the largest advertising income are mainly fashion magazines such as Elle, Vogue UA and Cosmopolitan. Only a few newspapers generate significant ad revenues, too. They included KyivPost (UAH 12.5m), Segodnya (UAH 11.5m), Korrespondent (UAH 9.8m) and Argumenty i Fakty (UAH 6.1m), according to figures for 2019.

[34] Газета «Сегодня» – лідер серед друкованих видань України (Newspaper Segodnya is the leader among printed media), Media Group Ukraine, 6 March 2019, available online at <https://www.scm.com.ua/news/segodnya-leading-printed-newspaper-in-ukraine> (accessed on 10 November 2020).

Profitability rate (%) in the Ukrainian print media industry, 2014-2019



Source: State Statistics Service of Ukraine

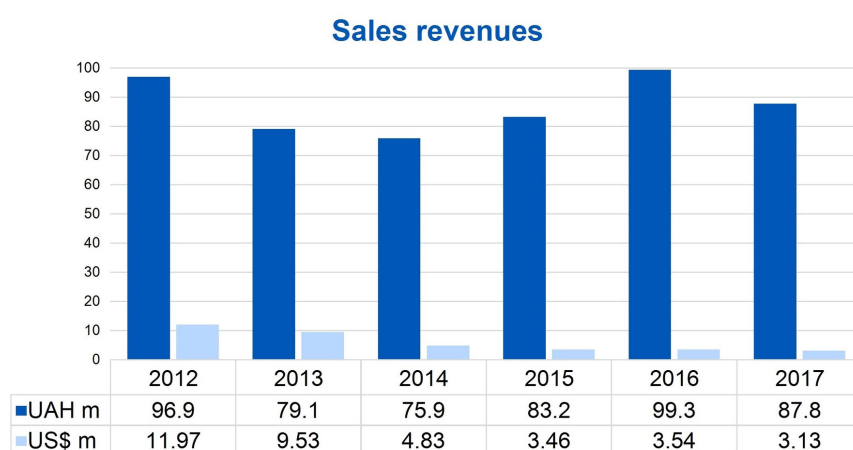
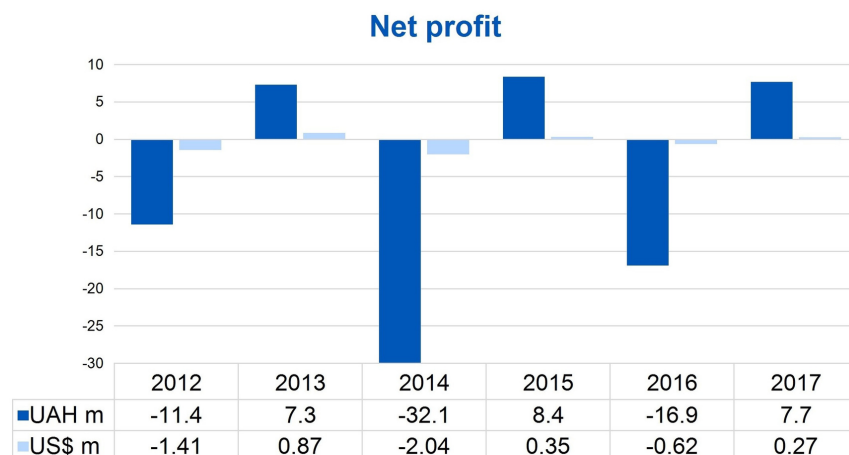
Total income from print media operations in Ukraine, 2014-2019

	Year	Total net profit		Percentage of profitable companies (%)	Net profit (in UAH, '000)	
		UAH, '000	US\$, '000		Profitable companies	Unprofitable companies
Printed newspapers	2014	-495,558	-32,179	66.1	65,459	-561,017
	2015	-30,340	-1,264	71.7	107,314	-137,654
	2016	-15,693	-579	68.4	66,777	-82,471
	2017	-116,472	-4,156	66.3	58,075	-174,547
	2018	14,494	525	66.7	88,494	-73,999
	2019	15,085	641	72.7	81,353	-66,268
Print magazines and periodicals	2014	-775,204	-49,376	62	68,164	-843,368
	2015	-549,406	-22,891	67.4	80,483	-629,889
	2016	-16,772	-618	68.6	100,092	-116,864
	2017	-24,693	-881	64.2	57,258	-81,951
	2018	28,858	1,045	68.4	98,848	-69,989
	2019	149,227	6,350	71.4	181,095	-31,868

Note: Calculated at the yearly average exchange rate of the National Bank of Ukraine

Source: State Statistics Service of Ukraine

Key financial data for Segodnya, 2012-2017



Note: Calculated at the yearly average exchange rate of the National Bank of Ukraine
Source: CMDS based on data from SMIDA

New Players and Projects

Ukraine has seen in the past decade the emergence of some small initiatives and projects that may not be very popular, yet have a high journalistic quality. They are mostly funded through individual donations and non-profit organizations, foreign grants, and crowdsourcing.

One of them is Hromadske TV, an independent news media agency that operates as a news portal. Run as an NGO, it was founded by journalists during the days of the Revolution of Dignity in 2013-2014 with the goal of informing independently about those events. In 2019, it had income of UAH 47.9m, the large part of which was represented by grants from various donors including the US Embassy in Ukraine, Ministry of Foreign Affairs of Denmark and the German Marshall Fund. By the end of 2019, Hromadske had a surplus of some UAH 3.6m.[35]

A niche media project specializing in pop-science, Kunsht was established several years ago as a print media outlet, but in 2019, it switched to a digital version. Now, Kunsht creates content on topics such as technology, biology and social issues with a view to explain and popularize science.

[35] Фінансовий звіт ГО "Громадське телебачення" за 2019 р. (Financial report of NGO Hromadske TV in 2019) available online at: https://hromadske.ua/finreports/fin_zvit_2019.pdf (accessed on 10 November 2020).

It is funded by the International Renaissance Foundation (IRF), a Ukraine-based grantmaking organization founded by the businessman George Soros, and through various EU funding schemes.

Texty.org.ua is an independent web-based project founded in 2010 that combines traditional journalism and data journalism. The portal extensively uses computational algorithms and interactive visualizations to produce high-quality, eye catching analytical content on political and social topics. The organization receives money from international grants, also generating part of the budget through organization of events such as educational lectures and seminars as well as by selling infographic content.

An independent journalistic investigative outlet launched in 2012, Slidstvo.info focuses on corruption crimes committed by authorities. Its journalists create content in the form of documentaries. Some of the most prominent ones were about the killing of journalists Pavlo Sheremet in 2016 and Katerina Handziuk in 2018. In 2020, the organization received funding from five grantmakers: the Ministry of Foreign Affairs of Denmark, the Press, Education and Culture Department of the US Embassy in Ukraine, the IRF, Internews Network and Journalism Development Network. Also, in 2020 they started a crowdfunding campaign that generated some UAH 67m.[36]

VoxUkraine was created in 2014 as a non-profit analytical content platform focused on researching economic and political issues. One of its most successful projects is VoxCheck, an initiative aimed at identifying and analyzing fakes and manipulation in politicians' speeches. VoxUkraine's budget consists of money from donations made by individual donors, and grants awarded by the US Embassy in Kyiv, IRF, the Think Tank Fund (TTF) of the Open Society Foundations (OSF), the Washington, D.C.-based NGO Pact, and the U.S. Congress-funded National Endowment for Democracy (NED). In 2019, VoxUkraine reported income of some UAH 13.6m, almost one-third of which was from grants awarded by the IRF, according to an outlet's financial report.[37]

The Ukraïner is a cultural media project that began its work in 2016. By exploring the distinctive geographical features of Ukraine, it aims to tell stories about the country and to educate people. Another intention of the portal is to boost tourism in the country. The project focuses on documentary movie-making. It is financially supported by Fundacja Euromaidan-Warszawa and Ukrainian Cultural Foundation.

[36] Фінансові питання слідство.інфо (Financial questions to slidstvo.info), available online at: https://www.slidstvo.info/slidstvo_club/funding/ (accessed on 8 December 2020)

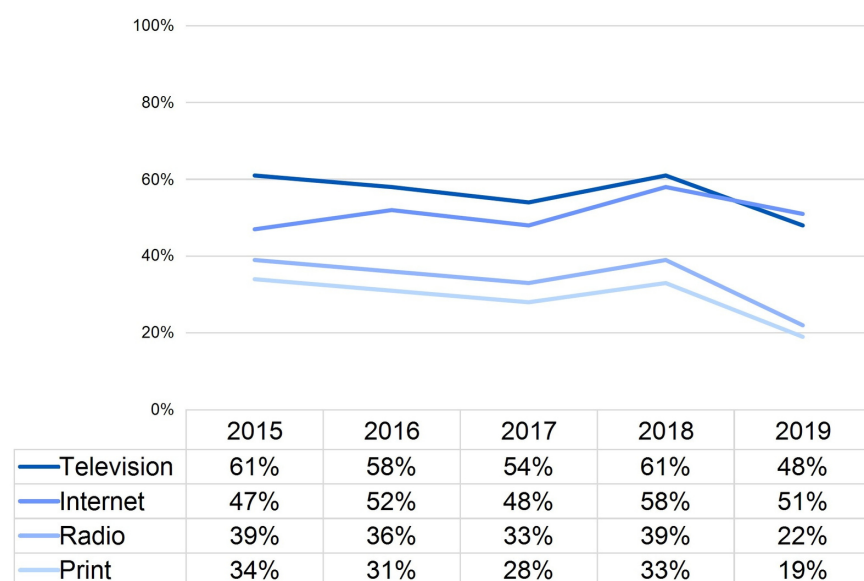
[37] Річний звіт 2019 (Annual report 2019), VoxUkraine, 2019, available online at: <https://voxukraine.org/report2019/index.html> (last accessed on November 10, 2020)

INFLUENTIAL NEWS MEDIA

Television remains one of the most influential media in Ukraine, commanding a high level of trust compared to the internet, radio and print media (with the exception of 2019 when online sources turned out to be the most trustworthy means of news and information).

In the media we trust?

Level of trust in the media in Ukraine by type of media, 2015-2019



Source: USAID-Internews

The most popular television stations in Ukraine are Ukraina, ICTV, 1+1 and Inter. A survey carried out by KIIS in 2018[38] found some regional differences related to television channels preferences and trust. For example, 1+1 is the most watched in the western part of Ukraine where 39.9% of respondents claim to trust it, while in the eastern part of the country, the figure stands at a poorer 18%. Inter channel, on the other hand, is more influential in the east and south, having 26.8% and 27.9% of respondents there, respectively, a similar situation to another television channel, Ukraina, whose content is trusted mostly in these two regions and to a lesser extent in western and central Ukraine. ICTV channel in general is trusted almost equally in all the regions, the trust levels varying from 24.2% in the central regions to 18.3% in the west.

Entertainment programs are by far the most popular type of content on Ukrainian television, only two out of the top 10 most watched programs in the country being news programs.

[38] “Джерела інформації, медіаграмотність і російська пропаганда: результати всеукраїнського опитування громадської думки” (Sources of information, media literacy, and Russian propaganda: the results of the all-Ukraine public opinion poll), Detector, 21 March 2019, available online at <https://detector.media/infospace/article/164308/2019-03-21-dzherela-informatsii-mediagramotnist-i-rosiiska-propaganda-rezultati-vseukrainskogo-opituvannya-gromadskoi-dumki/> (accessed on 3 September 2020).

The 10 most popular television programs in Ukraine, September 2020

Program	Genre	Channel	Audience share (%)
Dizel Show	Comedy show	ICTV	20.5
Kazhe Ukraina	Talk-show	Ukraina	18.8
Na tvoemu botsi-2	TV series	Ukraina	18.1
Rozkoloti sny	TV series	Ukraina	18.3
TSN-tyzhden	News	1+1	16.1
Siogodny.Pidsumky z Olegom Paniutoyu	News	Ukraina	17.5
Trostynka na vitri	Movie	Ukraina	20.7
Tantsi z zirkamy	Talent show	1+1	20.6
Koshyk dlia shchastia	Movie	Ukraina	19.8
Rys	Movie	Ukraina	17.4

Note: Data for cities larger than 50 000 inhabitants for the age category 18+
Source: Industrial Television Committee

There are also some professional non-tabloid media in Ukraine that are influential among state institutions. All About Accounting is a semi-weekly specialized newspaper closely followed by experts working in finance and law. Its printed and online versions regularly provide interviews with politicians and experts about current trends, issues and events. Hroshi and Visnyk, narrowly specialized magazines, are top reads among those in business and finance. Monthly magazine Forbes Ukraine is also said to be very popular in the country's business community. The magazine relaunched its activity in Ukraine in May 2020 after a four-year long break triggered by scandals related to its ownership.

Media in the Occupied Territories

Donbas

Part of the Donbas region located in the eastern part of Ukraine is non-government-controlled. Some areas of the Luhansk and Donetsk Oblasts, occupied by Russia since 2014, now exist as the self-proclaimed Donetsk People's Republic (DPR) and Luhansk People's Republic (LPR). According to estimates of the Deputy Prime Minister for the Reintegration of the Temporarily Occupied Territories, Oleksiy Reznikov, in 2020 the current population of those occupied territories is approximately 1.6 million people.[39]

Ukrainian media are either absent or banned in these territories where the information space is dominated by Russian and local sources. There is no precise and reliable audience data about the most commonly used media sources in these territories and no data about their funding resources.

[39] У Кабміні розповіли, скільки людей проживає на окупованому Донбасі (The Cabinet of Ministers told how many people live in the occupied Donbas), UNIAN, 5 May 2020, available online at <https://www.unian.ua/war/naselennya-okupovanogo-donbasu-reznikov-ozvuchiv-kilkist-meshkanciv-ordlo-novini-donbasu-10984952.html> (accessed on 9 December 2020).

According to a local expert interviewed for this report, citizens of LPR watch television mostly because of television series and entertaining shows. The local TV channel Lugansk 24 is an official “governmental channel” and the main source of news about the situation at the checkpoints between the territories controlled by the Ukrainian government and the so-called republics. The First Republican channel, on the other hand, is the official channel of the DPR government. Other local channels include Novorossiia TV, Oplot TV and Union, all controlled by the DPR’s government. The news content on these channels is positive when it comes to current affairs in the so-called republics and Russia, but negative about Ukraine, according to a study from the Institute of Mass Media.[40]

In March 2020, the Ukrainian government launched Dom (meaning “House” in Russian), a television channel designed to broadcast exclusively in the occupied regions. Its aim is to reintegrate the citizens into the political and cultural life of Ukraine through television content, which is mostly in Russian. Dom’s content consists predominantly of entertainment although one hour a day is devoted to news updates. Dom also runs a YouTube channel that carries the channel’s news content. The state allocated a budget of UAH 257m (US\$ 9.17m) to Dom for 2020 (the 10 months from the day of its launch).

The territories are also served by the radio stations Own Radio, DNR 24 and Novorossiia Rocks, all three entirely controlled by the governments of the self-proclaimed republics. These channels basically replicate the content of the television channels in the region. Some of the local print media outlets are distributed free-of-charge in public places and hence are popular as people regularly pick them.

Online media are more diverse and include some news media known to be in opposition to the news portals run by the local “governments.” Such an outlet is Patrioticheskii Sily Donbasa (Donbas Patriot Forces), a website created by Alexander Hodakovsky who was a Deputy on the People’s Council of the Donetsk People’s Republic but left it in 2015 and joined the opposition. Access to Ukrainian websites and foreign media such as BBC and Deutsche Welle is blocked. However, some people use Virtual Private Network (VPN) software to circumvent such restrictions.

Crimea

The Crimea peninsula in south Ukraine was illegally annexed by Russia in 2014 despite having officially recognized it as a Ukrainian territory after the collapse of the Soviet Union. Since 2014, most Ukrainian media in Crimea have been blocked, including 30 or so news websites.[41] Russian television channels in the meantime annexed Ukrainian terrestrial TV broadcast frequencies. Being mostly controlled by the government of Russia, they dominate the TV segment and spread Russian official narratives.

[40] ЗМІ окупованих територій пишуть про «покращення», «КримНаш» і поширюють фейки про Україну – дослідження ІМІ (The media of the occupied territories write about “improvement”, “CrimeaNash” and spread fakes about Ukraine - IMI research), Detector, 31 May 2019, available online at <https://detector.media/infospace/article/167757/2019-05-31-zmi-okupovanikh-teritorii-pishut-pro-pokrashchennya-krimnash-i-poshiryuyut-feiki-pro-ukrainu-doslidzhennya-imi/> (accessed on 9 December 2020).

[41] У Криму вісім провайдерів повністю блокують 30 українських інформаційних сайтів – правозахисники (In Crimea, eight providers are completely blocking 30 Ukrainian information sites - human rights activists), Detector, 29 June 2020, available online at <https://detector.media/infospace/article/178344/2020-06-29-u-krimu-visim-provaiderv-povnistyu-blokuyut-30-ukrainskikh-informatsiinih-saitiv-pravozakhisniki/> (accessed on 9 December 2020).

Crimea historically has been home to Crimean Tatar ethnic group with a language, culture and religion distinct from Slavic. They have been strongly against Russian annexation in 2014 and supported the idea of Ukrainian territorial integrity. According to data from the Ukrainian census of 2001 and the Russian census of 2014, Crimean Tatars account for 10% to 15% of the total population of the peninsula.

As an alternative to media ruled by Russia, a series of independent news outlets have been targeting Crimean Tatars in the past few years, including the television channel ATR (that operates out of mainland Ukraine), Canli Radio, the weekly newspapers Avdet and Qirim, and the websites Crimean Tatars Club and Qirimtatar.org, all of them being attempts to protect the Crimean Tatar national identity and provide unbiased information about events in Crimea, which is problematic because of Russian censorship, attacks on journalists and restrictions on broadcast licenses. For example, in 2014, the editor-in-chief of the Avdet newspaper, Shevket Kaibullayev, received from Russian security officials four warnings about his supposedly extremist activities.[42] In a separate development, in June 2020, Russian authorities put out an APB on the deputy general director of ATR, Ayder Muzhdabayev, who was accused of terrorism.[43]

Many of these independent media are struggling to survive financially. In 2020, ATR announced that it was on the brink of closing down because of the insufficient funding awarded by the Ukrainian government. Not receiving the allocated UAH 15m planned for 2019, the outlet had to slash its production by 90% and lay off almost half of its staff, according to the ATR's owner, Lenur Islamov.[44]

Russia, on the other hand, invests heavily in media outlets that target the population of Crimea, using them as a platform for state propaganda. Newly created Kremlin-backed television channels Krym 24 and Millet (in Crimean Tatar language), radio station Vatan Sedasy and information agency Krym Inform were created to attract the Crimean Tatar audience.

[42] Три роки несвободи: Становище кримськотатарських медіа в Криму (Three years of imprisonment: The situation of the Crimean Tatar media in Crimea), Zmina, 7 April, 2017, available at https://zmina.info/articles/tri_goda_nesvobody_polozenije_krymskotatarskih_media_v_krymu-2/ (accessed on 9 December 2020)

[43] Слідком РФ повідомив, що оголосив у розшук заступника гендиректора ATR Муждабаєва (Investigative Committee of the Russian Federation reported that deputy general director of ATR, Muzhdabayev is wanted), Detector, 25 June 2020, available online at <https://detector.media/community/article/178279/2020-06-25-slidkom-rf-povidomiv-shcho-ogolosiv-u-rozshuk-zastupnika-gendirektora-atr-muzhdabaeva/> (accessed on 9 December 2020).

[44] Власник ATR Ленур Іслямів: Вимкнення кримськотатарського каналу на руку Путіну (ATR owner Lenur Islamov: Crimean Tatar channel shutdown in Putin's favor), Detector, January 21, 2020, available online at <https://detector.media/rinok/article/174067/2020-01-21-vlasnik-atr-lenur-islyamov-vimknennya-krimskotatarskogo-kanalu-na-ruku-putinu/> (accessed on 9 December 2020)

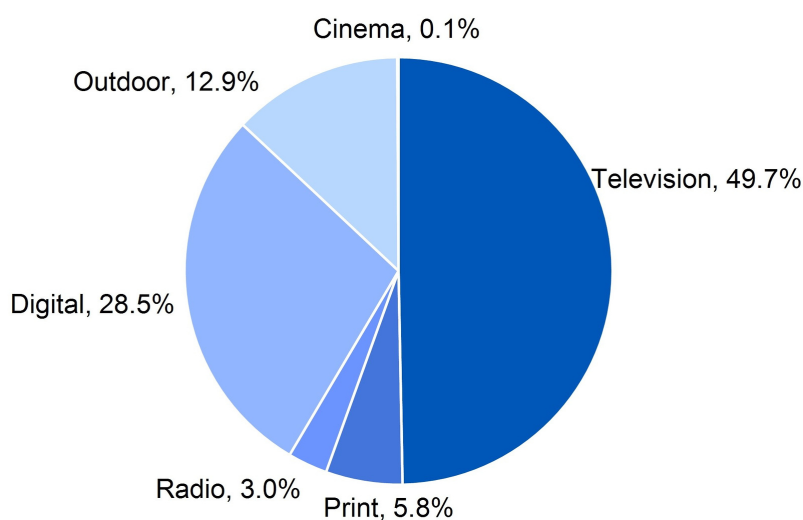
KEY FUNDERS

Non-Governmental Funders

Advertising

The Ukrainian advertising market was worth some UAH 24.5 bn in 2020, a decline of 1% against the previous year, according to data from the All-Ukrainian Advertising Coalition (VRK). Television accounted for the largest part, 49.7% of the total, which is approximately UAH 12.1bn. Advertising in the print and radio media sectors was worth some UAH 1.46bn and UAH 717m, respectively.

Breakdown of ad spend by media segment in Ukraine, % of total, 2020

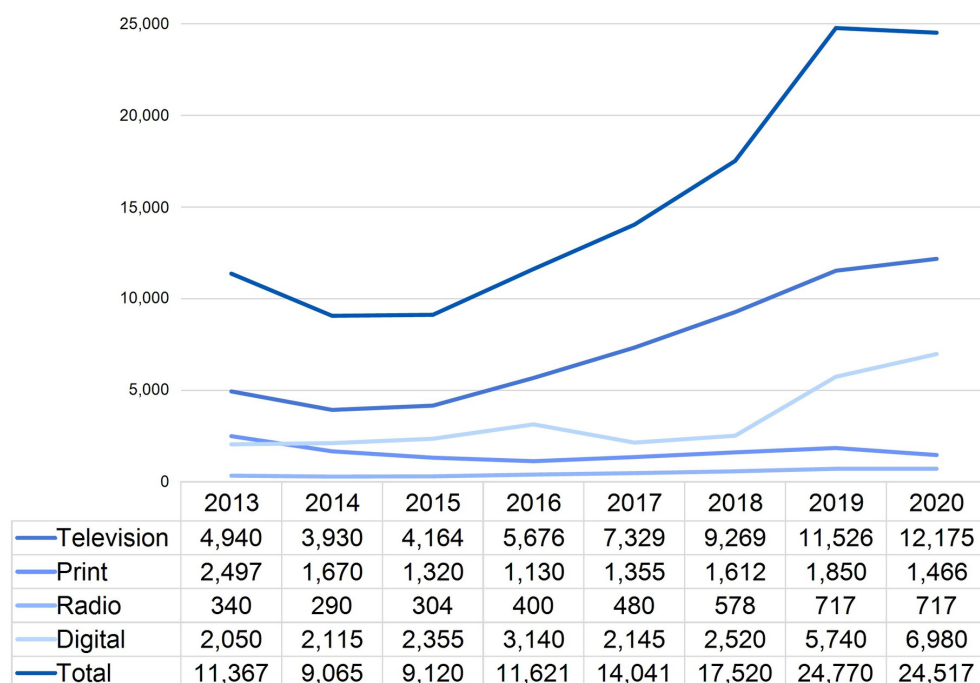


Source: VRK

The worst times for the advertising industry in Ukraine were in 2014 when, starting to collapse, the market lost around 15% in value compared to the previous year, mostly as a result of the war that was beginning in eastern Ukraine and of the Russian annexation of Crimea. The accompanying devaluation of the Hryvnia, the Ukrainian national currency, added to the market's woes. The only segment of the advertising market that did not decline was the digital one. In fact, the digital ad segment has since been experiencing the fastest growth. In 2019, its yearly growth was 34%.

In the years after 2014, all of the ad market segments slowly returned to growth. However, the print advertising market has never recovered to the size it had in 2013, which is not surprising since print media have been continuously losing their appeal with the public. As a response to these trends, publishers have been increasingly canceling print editions, moving online. That is what happened in 2019 to the newspapers Segodnya (meaning "today" in Ukrainian) and Dzerkalo tyzhnia (meaning "mirror of the week" in Ukrainian) and to many other media outlets, in particular regional ones.

Overview of the Ukrainian advertising market, total advertising value by media segment (UAH m), 2013-2020



Source: CMDS based on data from VRK[45]

Seeing spots

Volume of advertising videos in Ukraine, 2008-2019

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Daily average number of TV ads	9,831	11,048	16,038	15,015	16,734	20,092	15,123	14,450	14,954	14,901	16,452	14,569
Daily average number of TV ads seen by a viewer	56	54	63	55	62	58	54	55	57	58	63	60

Source: VRK

The largest advertisers in Ukraine vary depending on the media segment. On television and radio, it was common in 2020 to come across ads from retail, hygienic and pharmaceutical products, e-commerce and alcoholic beverages. Top advertisers on television in 2019 included Farmak (pharmaceutical company) and the consumer goods manufacturers Nestle, L'Oreal, Reckitt Benckiser and Pepsico.

The top advertisers in online media included companies mostly from the e-commerce sector (Rozetka, Foxtrot) and online betting (Parimatch and the national lottery). The online media also heavily relies on sales via Google AdSense, Google's ad sales machine.

Web-based media such as Ukrainska Pravda (with an average of 1 million to 1.5 million readers a day) receive approximately 90% of their income from ads, the rest coming from grants,

[45] Підсумки року (Results of the year), All-Ukrainian Advertising Coalition, 5 December 2019, available online at <https://vrk.org.ua/news-events/2019/ad-volume-2019.html> (last accessed on 10 November 2020).

according to Sevgil Musaeva, the portal's head.[46] Other popular internet news portals such as Novoe Vremya, Liga.net and Obozrevatel are also heavily reliant on advertising revenues, which are preferred over revenues generated via paywalls.

Philanthropy Funding

Since 2009, Ukraine has received some US\$ 13.5m of investments in the form of grants, according to aggregate data from Media Impact Funders, an NGO tracking philanthropy funding in the media. The largest philanthropy funders in Ukraine's media are NED, the Soros-financed Foundation to Promote Open Society, Omidyar Network Fund (a money dispenser run with funds from the eBay founder Pierre Morad Omidyar), Charles Stewart Mott Foundation (a U.S.-based private foundation) and a plethora of other philanthropies, based mostly in the United States.

The philanthropy spending is very small compared to the total level of funding in the Ukrainian media. Moreover, only a part of all the grant money goes to news media operations, the largest part (US\$ 9.3m) being distributed to organizations working on media access and policy issues. They include NGOs such as Centre UA and Democratic Initiatives Foundation, which focus on policy monitoring and research.

Among the investigative journalism projects that survive thanks to philanthropy money, the main recipient of grants is StopFake, a web-based initiative that focuses on identifying instances of propaganda and misinformation in media content.

Top five largest philanthropic funders in Ukraine's journalism, news and information field, since 2009

Funder	Country of origin	Values of grants (total) in US\$	Number of grants
National Endowment for Democracy	United States	1,300,000	30
The Sigrid Rausing Trust	UK	170,364	2
Charles Stewart Mott Foundation	United States	100,000	1
Omidyar Network Fund, Inc.	United States	100,000	1
Mama Cash	Netherlands	53,280	1

Source: Media Impact Funders

[46] Севгіль Мусаєва: 90% доходів УП йде від реклами, ми не прихильники введення paywall (Sevgil Musaeva: 90% of the UP income comes from advertising, we are not in favour of paywall), Detector, 2 May 2020, available online at <https://detector.media/rinok/article/176839/2020-05-02-sevgil-musaeva-90-dokhodiv-up-ide-vid-reklami-mi-ne-prikhilniki-vvedennya-paywall/> (accessed on 10 November 2020).

One of the major supporters of independent media in Ukraine (not captured by the Media Impact Funders monitoring) is the United States Agency for International Development (USAID), which funds projects aimed at strengthening independent media through grants that pay for training and consultations for journalists. The USAID has recently invested US\$35m in its Media Program in Ukraine^[47] whose aim to empower local media, particularly those operating in the East and South.

Ukrainian Cultural Foundation, a charity run by the Ukrainian government, also finances media in the areas of audiovisual arts, literature and publishing. In 2019, the foundation spent around UAH 200m (US\$7.75m) on various television, documentary and animated film projects, according to their 2019 annual report.

Although it plays an important role in the survival of the independent media in Ukraine, philanthropy money has not had any tangible impact on the overall Ukrainian media system, which continues to be tightly controlled by local oligarchic structures.

Government Funding

According to the law on public broadcasting in Ukraine, the National Public Broadcasting Company of Ukraine (UA:PBC) is supposed to receive a state allocation calculated as at least 0.2% of the general fund of the state budget for the previous year.

However, every year since its launch in 2017, the financial support for UA:PBC has been subject to cuts, forcing the broadcaster to operate in a constant survival mood.

As UA:PBC was not established as a new institution but was built instead on the foundation of the former state broadcasters, it inherited some major problems. In 2020, UA:PBC had to pay off a 10-year old state debt in the amount of €10.5m to Euronews, a pan-European news channel run by a joint-stock company that is majority owned by an Egyptian businessman and a string of European state broadcasters. Combined with a series of budget cuts triggered by the Covid-19 crisis, the debt to Euronews delivered a blow to UA:PBC, forcing it to shut down several projects.

The largest part of the UAH 777m subsidy received by UA:PBC from the government in 2018 was spent on wages (UAH 428.6m). The average monthly salary of an employee at UA:PBC was UAH 10,850 (€330) in 2018, a critical year for the national broadcaster as it received only 50% of the state allocation for that year, which prompted the broadcaster to force its employees into unpaid vacation.^[48]

[47] Media Program in Ukraine (2018-2023), Internews, available online at <https://internews.in.ua/media-program-in-ukraine/> (accessed on 7 January 2021).

[48] Через недофінансування працівники НСТУ йдуть у неоплачувану відпустку (Due to underfunding, UA:PBC employees go on unpaid leave), UP, 25 September 2018, available online at <https://www.pravda.com.ua/news/2018/09/25/7193075/> (accessed on 11 November 2020).

The budget of UA:PBC (UAH, million) 2017-2021

	2017	2018	2019	2020	2021
Statutory funding	1,294	1,536	1,812	1,967	2,274
Approved funding	976	777	1,028	1,160	-
Percentage of received money	75%	50%	55%	57%	-

Source: Detector Media[49][50]

The functioning of the public broadcaster is critical for the maintenance and development of a democratic society as it is supposed to have the freedom to provide an alternative view on events compared to commercial television stations, which are influenced by their owners. In the current situation of limited financing, it is rather surprising that UA:PBC manages not only to survive economically but also to produce content of high quality. With approximately 90% of its budget coming from the state and only a small part generated from advertising and grants, the future of UA:PBC is totally uncertain.

State-administered media are not well known and rarely used in Ukraine. Parliament owns a television channel (named Rada) and a newspaper named Golos Ukrainy (Voice of Ukraine) that are supported to provide reporting on the parliament's activities. The budget of the Parliament's media was UAH 44.7m (US\$ 1.9m) in 2019.[51] Printed in both Ukrainian and Russian, Golos Ukrainy is said to have around 60,000 subscribers all over Ukraine and also has a website and a Facebook page. The government also funds Uryadovy Kurier (Governmental Courier in translation) whose mission is to cover the government's activities. It has a circulation of some 300,000 copies per month.[52] Its annual budget was equal to UAH 13.46m (US\$ 572,812) in 2019, an increase from UAH 4.36m (US\$ 158,010) in 2018.[53] Finally, the government runs Ukrinform, Ukraine's official news agency that produces more than 300 news pieces daily in more than five languages. All these state media sources are mostly used by other journalists and probably political and economic experts to get first-hand information from government institutions that they can use in their own reporting.

[49] Чи надасть парламент гарантії фінансування Суспільного? (Will Parliament provide funding for the UA:PBC?, Detector media, 20 October 2020, available online at https://stv.detector.media/finansuvannya/finansy/chi_nadast_parlament_garantii_finsuvannya_suspilnogo (accessed on 11 November 2020).

[50] Скорочення бюджету Суспільного у 2020-му: що втрачає мовник і його аудиторія (Public budget cuts in 2020: what the broadcaster and its audience are losing), Detector media, 3 July 2020, available online at https://stv.detector.media/kontent/movlennya/skorochennya_byudzhetu_suspilnogo_u_2020mu_scho_vtrachae_movnik_i_yogo_auditoriya/ (accessed on January 4 2021)

[51] Держбюджет-2019: недофінансовані Суспільне та іномовлення, менше коштів на кіно та МІП (State Budget 2019: underfunded Public and foreign broadcasting, less money for cinema and IEP), Detector, 3 January, 2019, available online at <https://detector.media/rinok/article/143790/2019-01-03-derzhbyudzhets-2019-nedofinansovani-suspilne-ta-inomovlennya-menshe-koshtiv-na-kino-ta-mip/> (accessed on 9 December 2020)

[52] Про «Урядовий кур'єр» (About the Government Courier), available online at <https://ukurier.gov.ua/uk/about/> (accessed on 9 December)

[53] "Держбюджет-2019..." cit.



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