FT STRATEGIES

INVESTING IN INDEPENDENCE: FINANCING MEDIA FREEDOM IN CENTRAL & EASTERN EUROPE

A REPORT ON INVESTOR ATTITUDES

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Commissioned by

CIPE CENTER FOR INTERNATIONAL PRIVATE ENTERPRISE

CIMA CENTER FOR INTERNATIONAL MEDIA ASSISTANCE

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EXECUTIVE SUMMARY

Can a new blended finance vehicle attract more capital into the media sector in Central and Eastern Europe (CEE)? This report, commissioned by the Center for International Private Enterprise (CIPE) and Center for International Media Assistance (CIMA), aims to find out.

Independent media in CEE is at a critical juncture; facing political pressure, digital disruption and diminishing capital. As democracies in the region navigate rising disinformation and polarisation, there is growing recognition that supporting sustainable, independent journalism is both an urgent need and a strategic opportunity. Strengthening media resilience now could help secure not just information integrity but also democratic stability for the future.

Hearing from a sample of senior respondents, this report finds that many (10 of 17) think there is space for a vehicle that mobilises private, public and philanthropic investment into CEE media. But there is further work to design what a vehicle might look like, and to set up de-risking mechanisms that can attract investors focused on returns.

Our report reviews the state of media investment in the CEE region and finds well-known obstacles. To overcome these, it suggests that new thinking is required. For example, to attract mainstream private investors, we may need to redefine what we mean as "media", beyond traditional news organisations in CEE.

The Pluralis blended finance vehicle, for example, is an established way to attract investment to independent journalism outlets. A new vehicle might broaden its list of investment targets, the report suggests. These could include media technology and information providers, smaller organisations serving niche markets, and a mix of targets inside and outside CEE.

Meanwhile, to help attract organisations with social investment goals, our report notes that security and democracy concerns are potential drivers for funding and encourages a shift in the narrative to reflect that. This may well be relevant beyond the scope of legacy media, with socio-democratic values applying to digital technologies as well as to traditional news.

The report also finds that investors want the public sector to be more involved – and sheds light on some constraints, but also possible ways forward.

At the end of the report, we present next steps and best practices. If a new blended finance vehicle is to be established, we recommend sharpening the investment thesis, mapping markets and, potentially, hosting workshops and a design window to test and develop models.

Below we have outlined the main findings and recommendations before expanding on each throughout the report. We hope that this report acts as a catalyst for future discussion – so that if a new blended finance vehicle is established, it can adapt to the media sector's challenges in the decade to come.

MAIN FINDINGS:

- **A broader definition of "media" is needed:** Interviewees appealed to going beyond legacy newsrooms and including digital-first outlets, media-tech firms and niche concept platforms to improve impact and commercial attractiveness.
- **An inherent perception for high risk and moderate to low return persists:** stemming from a repeated argument around barriers such as access to capital, government interference, limited profitability and competition with tech giants. Despite this, investors see media as an essential social infrastructure underpinning democracy.
- **The dominant narrative needs a shift:** the current discourse frames CEE media as a relatively risky area. Investors recommend framing the story around growth, innovation, democratic resilience and security. This would position the investment as both socially vital and commercially promising.
- **There is appetite for a blended finance model:** it would combine philanthropic, public and private funds. However, any vehicle needs to offer a clear differentiation from Pluralis and include robust de-risking mechanisms such as first-loss guarantees.
- **Public and institutional support is crucial:** philanthropic and private investors called for greater EU and government involvement, such as through seed funding, guarantees and tax incentives, to make CEE media more investable and catalyse larger pools of capital.

MAIN RECOMMENDATIONS:

- **Sharpen the investment thesis** of any future blended finance vehicle, clarifying the purpose, scope, target investees and potential social and financial returns.
- **Create de-risking structures** such as first-loss tranches, blended capital, public guarantees.
- **Redefine the market and the geographic by conducting a market mapping.** This should explore which areas within the CEE are most attractive financially and socially impactful and revisit the definition of the media ecosystem.
- **Run a design window and workshops** to mobilise the conversation, including investors, target investees, policymakers and blended finance and media experts.
- **Attract further public and institutional involvement**, securing political buy-in and participation from governmental and EU institutions to support further private participation.

INTRODUCTION

In January 2024, the then US Ambassador to the EU, Mark Gitenstein, invited senior figures to take part in a two-day workshop on the topic of financing media freedom. This workshop was hosted in Brussels, in partnership with the Center for International Private Enterprise (CIPE) and the Center for International Media Assistance (CIMA).

Those invited included business leaders, impact investors, senior figures from the European Commission and US government, and leading media investors and executives from CEE. Many were well versed in the challenges facing independent media, in CEE and elsewhere.

THE GOAL OF THE WORKSHOP WAS TO:

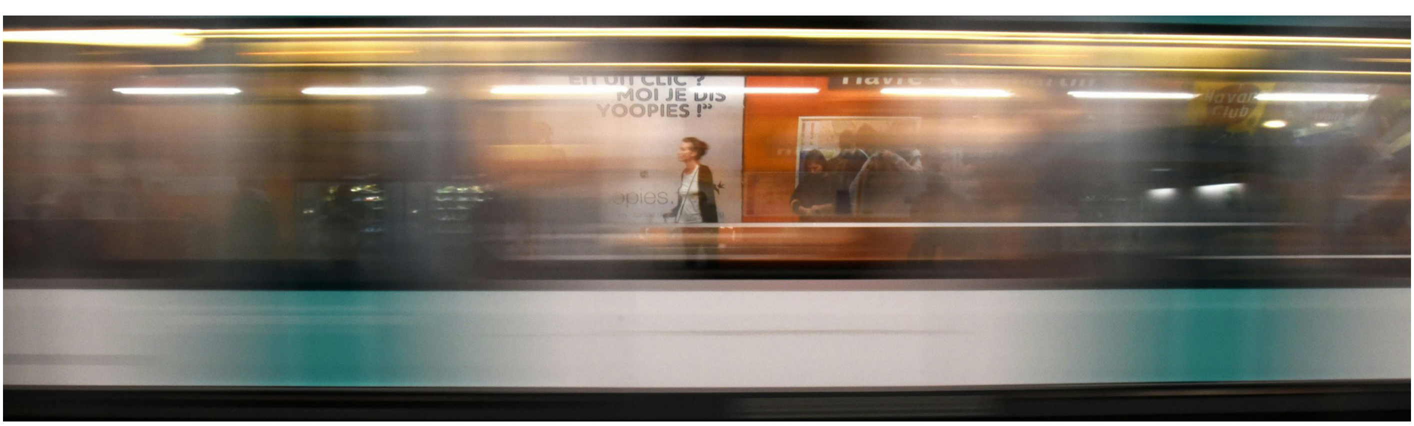
- Share lessons about the various challenges to media financing, and explore innovative approaches in the region
- Identify challenges and opportunities to media business models in the region
- Identify possible new entrants and approaches that could significantly increase capital investment in media freedom.

There was a general sense that the operating environment remains difficult, but that people increasingly recognise the importance of sustaining the editorial independence of media. The workshop heard about several innovative ideas and solutions, many small-scale for now, from inside and outside the media sector.

Participants discussed models for combining public intervention with philanthropic support and private capital, to make successful investments and to secure wider non-financial impact.

After the workshop, CIMA and CIPE created a working group to discuss the topic further, and to shape ideas on stimulating investment into independent media businesses in CEE – including the role of private capital.

This working group included senior representatives from existing actors such as the Media Development Investment Fund (MDIF) and International Fund for Public Interest Media (IFPIM). It was led by Aakif Merchant, director at Convergence, a network for global blended finance.



After the most recent meeting of the group, in Brussels in July 2024, CIMA and CIPE jointly commissioned FT Strategies, the management consulting division of the Financial Times, to undertake an assessment of investor attitudes.

THIS RESEARCH STUDY HAD TWO AIMS:

- To understand and document existing attitudes from a range of investors, public and private, towards media in CEE
- To gauge investor responses to outline ideas to help mobilise investment, which the working group had developed.

This report is the outcome of that research study.

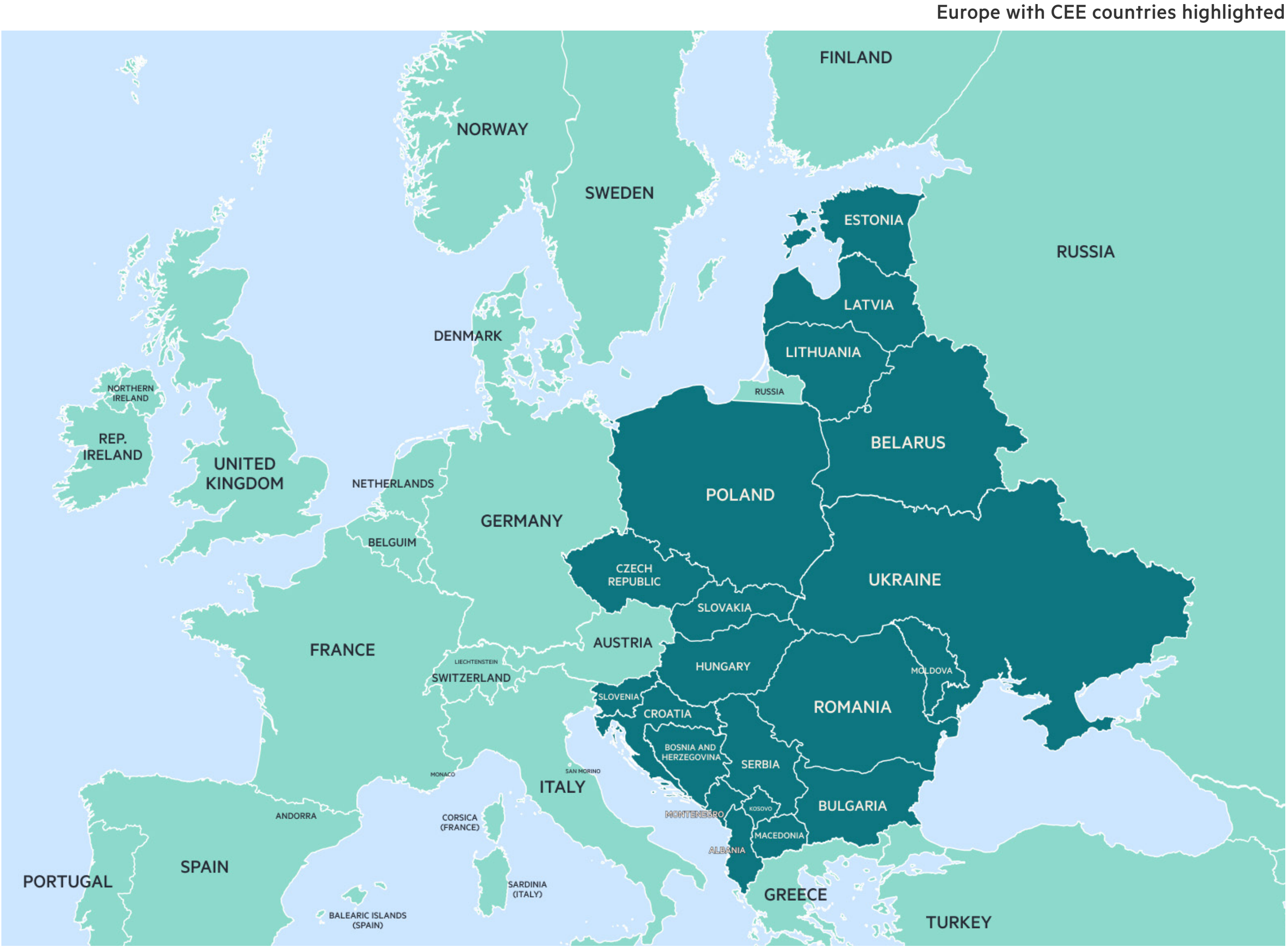
The concept of blended finance was central to both the January workshop and the working group. Blended finance is a funding approach that mixes capital from public, philanthropic and private sources – so that investments achieve both social impact and financial returns.

The main purpose of blended finance is to mitigate investment risks, attracting private capital to areas where it might not otherwise invest due to mismatched risk and returns.

In this way, blended finance aims to take an investment-led approach to addressing funding gaps, in important sectors such as microfinance, renewable energy, healthcare – and media.

A major goal of this study was to explore investor attitudes to ideas for generating new blended finance activity in the CEE media sector. This includes the potential for a new, dedicated blended finance vehicle, in which private capital can play an active role.

Europe with CEE countries highlighted



METHODOLOGY

To produce this report, we conducted research aimed at understanding investor attitudes to financing independent media in CEE.

THE RESEARCH TESTED THREE HYPOTHESES:

- There is a (perhaps preconceived) view that investing in media and CEE offers higher risk and lower returns, compared to other regions and sectors in growth countries.
- Despite that, there is a group of engaged investors who see the commercial potential of investing in independent journalism, and/or place a high importance on its democratic value.
- There is potential for new financial vehicles aimed at mobilising investment in media in CEE. The aim would be to encourage private investors and traditional impact asset managers, for example, to blend capital with philanthropic investors and government.

The approach was mainly based on qualitative insights gathered from interviews. It also included a follow-up quantitative questionnaire to interviewees – but, due to the low number of responses to this (12, with some questions attracting fewer than seven), we have restricted data points only to areas that were representative and in line with interview findings. »

The methodology followed these steps:

- We identified and contacted 30 current investors (not only in media and/or CEE). Many types of investor were represented, such as bilateral donors, development finance institutions (DFIs), philanthropic foundations, impact investors, commercial investors and media industry stakeholders.
- We designed an interview guide and survey questionnaire in collaboration with CIMA and CIPE, to align with the research goals.
- We then conducted in-depth interviews with 17 people (see next section) to gather insights into the challenges and opportunities for media investment in the region.
- Following the interviews, participants were invited to complete an online survey; this was to gather quantitative data and validate findings across investor groups.

The questions focused on three areas:

1. A description of their investment experience
2. Their views on investment in CEE media
3. Ideas for further capital mobilisation in future.

The data was analysed to identify patterns, confirm or challenge hypotheses, and highlight possible solutions.

The findings are brought together in this report, with key insights, quotes and actionable recommendations for stakeholders. These are found in Sections 1, 2 and 3 of this report.

PARTICIPANT PROFILE

Overall, there were 17 interviewees, representing a range of organisations, investment types and types of investor. This means we were able to capture a broad spectrum of opinion about investing in independent media in CEE. They break down as follows:

TYPE OF ORGANISATION

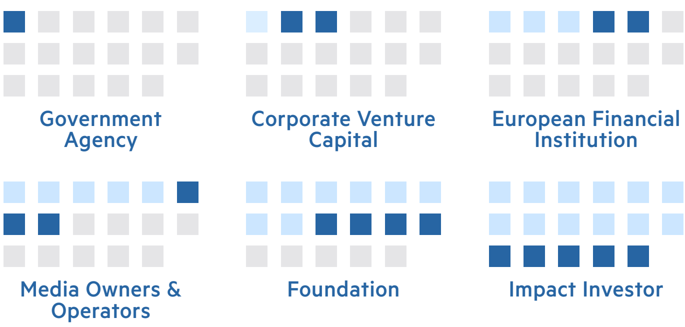


Figure 1. 17 interviewees by organisation type

FIGURE 1 shows the organisations represented by each interviewee. Note that within the chart, the impact investors were represented by both philanthropic foundations' impact investment arms and more mainstream institutional impact investors.

TYPE OF INVESTOR

FIGURE 2 shows a breakdown of the three types of investor, according to the organisation that the interviewee represents. These are:

- Private (corporate venture capital, media owners, impact investors)
- Public (European institutions or agencies)
- Philanthropic (impact investors and foundations)

Figure 2. What type of investor is the organisation?

IS INVESTMENT PRESENT IN CEE OR IN MEDIA?

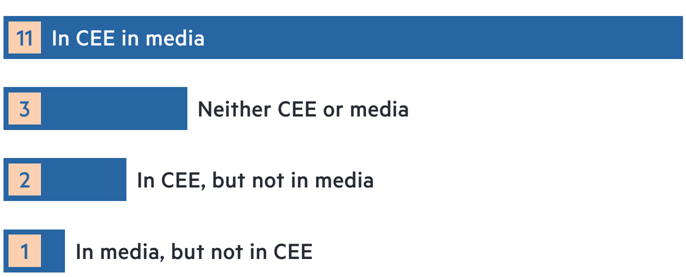


Figure 3. Has the organisation ever invested or funded media in CEE?

FIGURE 3 shows the breakdown of existing investment/funding – i.e. whether it's in the CEE region, in the media sector, in neither, or in both. These include:

- 11 interviewees present in CEE media (foundations, philanthropic impact investors, media owners and a government agency).
- Two in CEE but not in media (from European public institutions)
- One interviewee present in media but not in CEE (CVC)
- Three interviewees in neither media nor CEE (institutional impact investors and CVC).

SECTION 1

UNDERSTANDING INVESTOR PERCEPTIONS: RISKS AND OPPORTUNITIES

The context for investment in media businesses in CEE is generally well understood – at least among interviewees who have been active in the space for some time. Investing in CEE media is often seen as politically and financially risky, but socially impactful and, in the eyes of many, highly necessary.

Investors tend to see independent media as critical to upholding democratic values, but also acknowledge obstacles to investment, given the sector's generally low profitability and wider strategic threats.

This is not a universally held view, though, and we aim to capture the range of perspectives in this section.

INVESTMENT IN CEE INDEPENDENT MEDIA: A CHALLENGING CASE

Commercially, the primary challenge to investing in CEE independent media is a global one: the ongoing disruption to the news media industry, which has been under way for more than 20 years.

This trend has seen average profitability drop to single-digit percentage points (current global average of 6% EBITDA[1]) for many parts of the industry, especially for legacy media operating in the general news sector.

Digital media has brought in competition for audiences and advertising revenues, as content has proliferated and as large digital platforms have been able to target audiences more effectively, and often more cheaply, than traditional media.

As a result, established media businesses have, generally speaking, become much harder to grow and less attractive to investors. According to a senior executive of an eastern European media organisation, the combination of challenges *"is deterring more investors because of the threats from politics, low returns, threats from tech, and reputational threats"*.

1. News Sustainability Project, FT Strategies. The metric is a rolling global average from 2020-2025 for participants in the News Sustainability Project.

SEVERAL INTERVIEWEES PAINTED A PICTURE ALONG THE FOLLOWING LINES:

- **The technology challenge.** Corporate investors – such as a senior executive of another eastern European media organisation – often saw the challenge in operational terms, particularly the ongoing digital challenge. They told us that *"one of the big problems we are trying to solve is digital readiness and [the] ability to digitally transform"* large legacy news businesses.
- This sentiment was echoed by a third senior executive of a pan-European media organisation, for whom a major theme is to create better *"synergies, improve operational efficiencies, and bring technology in for editorial excellence"*.

> *"smaller companies need quicker help."*

- **Competition for advertising.** A European international development agency and the foundation of a central European bank observed that the media market is characterised by fierce competition for advertising revenues. The latter said a major challenge is Big Tech *"stripping traditional news outlets of digital advertising revenue"*.
- **Maturity of digital-only media.** When it comes to smaller, digital-only media outlets, interviewees cited business maturity and the ability to be financially attractive as the main investment challenges.
- The director of a foundation's impact investment arm noted that while *"smaller companies need quicker help"*, they often do not qualify for traditional investments; for example, they *"cannot finance loans"*. In this interviewee's view, turning to grant capital does not solve the financing challenge, especially since *"foundations might not be attracted to being paid out last"* if investments do not generate profits.

The senior executive of an eastern European media organisation also noted obstacles to private equity investments for smaller media since, in their view, the approach for *"small, regional companies is different"*. The executive said: *"These companies are not easily incorporated [into larger ones], and they have trouble going through the due diligence processes needed."*

**THESE TRENDS ARE NOT UNIQUE TO THE REGION.
BUT IN CEE THERE ARE OTHER COMPLICATING FACTORS, INCLUDING:**

- **Access to capital.** This is often relatively poor in the region. The senior executive of an eastern European media organisation noted: *"The number one issue is financing. The access to capital is very limited, which is not just for the media, but for all eastern Europe. There is a lack of venture capital, capital markets, financial structures; and banks really limit the flow of capital."*

  Attracting capital can be further hampered by bureaucracy and procedural requirements set by banks on borrowing. When finding partners for investments, a senior executive of another eastern European media organisation quoted the lengthy processes of "purchasing shares, merging them and creating a new entity to access synergies, scale and political entity" as an impediment to new deals.

  They also said that when investors *"realise it's hard to deal with the local governments, they exit the negotiations due to bureaucracy"*.

- **Political involvement in media.** This takes various guises:
  - Governments using public sector advertising budgets to influence and control media outlets
  - Governments using political and legal levers in ways that limit the financial viability or freedom of expression of independent media
  - Government, state actors or powerful businesses/individuals gaining control of news media, with the intention of advancing their own commercial or political goals.

Meanwhile, an interviewee from the international development agency of a European government, which has provided guarantees to media investors against the risk of defaulting, shared concerns about the growing difficulty for companies to service loan facilities.

"We are seeing that conditions for media outlets are getting worse by the day and some [are] unable to repay loans," adding: *"Now, with media capture, decline in advertising and competition from tech giants, it is harder for media outlets to have a share of the market and be able to repay their loans."*

Many respondents tended to see economic and political factors in CEE becoming more of a challenge, although this was not a unanimous view. Some interviewees painted a more optimistic picture of the wider media investment potential in CEE beyond news media, noting pockets of startup activity, technology expertise and innovative business models. We explore this later in the report.

WHY CEE MEDIA INVESTMENT HAPPENS

Despite the obstacles to conventional private capital from investing in the CEE media sector, there is still a group of funders who have been active in the region for up to 30 years, playing a prominent role in financing media companies. As well as those who provide grants and subsidies to non-profit media (not the focus of this study), a small group of impact investors continue to take an investment-led approach to supporting independent media. Of interviewees who are already investing in the sector (11 of 17), the message was clear: quality, independent journalism is essential to the fabric of a democratic society.

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- Impact investors in media emphasise the contribution of independent media to democratic resilience, viewing media as essential "social infrastructure" despite the financial challenges.

  The director of a foundation's impact investment arm noted that *"within the current political climate, our focus has moved from promoting democratic values to actively fighting to uphold them"*. They cited three imminent threats to democracy: misinformation and disinformation; state intervention to influence public perceptions; and the threat of media capture.

- From the point of view of a European international development agency – notably not an investor, but an enabler of investment – providing guarantees that de-risk potential losses for investors is a way to support freedom of expression, democracy, and human rights.

  For them, media *"is still a focus; the [country's] government is signalling that independent media and journalism is a priority. The reform agenda takes that into account, particularly for countries in eastern Europe and the Baltics. It's been a priority for a long time, but this is one of the things that the government will continue with."*

We heard an interesting range of views on how investors balance social impact and investment returns in the region.

Towards the more commercial end of the spectrum, we did speak with some, generally those who invest more widely than in news media, who take a relatively optimistic view. The senior manager of a European financial institution noted that when it comes to investments in eastern Europe (outside of media) they *"are flexible – we go out to find sources, [and we] use guarantees from the EU and EU countries for higher-risk projects like experimental technology"*.

For this respondent, things come down to finding investable businesses; for example, a telecoms and media entity active in several CEE countries, where the institution is a current shareholder. The interviewee noted that the financial institution was *"very ambitious and it was a good business plan, and it was a good investment for us, even though the telecom in [the investment's country] is struggling"*.

A director of a foundation's impact investment arm notes that they have *"investments all over Europe. We can be very flexible about where we operate. Even if a media company is in exile in a country, we can help them. For example, we help an Afghan company operating in Europe."*

Others take a pragmatic approach and remain active, as long as operating conditions and returns are acceptable. Media operators in the region broadly recognise that the commercial case is marginal but see this in the context of wider objectives; while mission-based investors more explicitly prioritise democracy and may target capital preservation as their financial goal.

For investors who own regional media businesses (two interviewees), there is a balance to strike. One aims to balance free, independent voices with "investing in financially stable outlets, who do not over-rely on sponsors and donors". The respondent continued: *"The only independent way is commercial success. I aim to make them [invested companies] commercially successful and then use the cash flow to invest in the future."*

> *"... We can be very flexible about where we operate..."*

Similarly, an interviewee from the impact investment arm of a European foundation, and another who is a private impact investor, highlighted the importance of financial independence – stressing that long-term viability is only possible if media can generate sustainable revenue streams, instead of relying solely on grants. This is especially the case where media outlets are ineligible for grants.

This was echoed by corporate media investors, with a pan-European media operator confirming that *"success for me is to meet and exceed our budgeted profit, while creating some synergies. For our media investments, we make sure they have no loss-making companies, not only in terms of EBITDA, but also free cash flow and total revenue."*

This company optimises their portfolio by partnering with "cash cows", i.e. digital assets that have strong prospects to become self-sustaining (e.g. through paying audiences) in the future; and tech companies, such as a US-based software company for AI and digital workflows, which can offer quicker operational improvements.

Even for foundational impact investors such as a Dutch foundation's impact investment arm – for whom the social imperative takes precedence – a director says that they are *"trying to be smart and invest in impact businesses that have a chance, at least, to survive"*.

This was supported by a director of a foundation's impact investment arm who said their organisation "has a history of 25 years of investing and a multiple of 1.1 times at the portfolio level. Ideally, they want to at least return the capital in all their deals". Both interviewees underlined that financial returns follow impactful, meaningful investments – broadly, doing good for the media ecosystem and the public.

Most of these foundational investment funds stress the value of making an impactful investment and earning capital back; making a financial return is a secondary consideration.

VIEWS FROM INVESTORS NOT CURRENTLY ACTIVE IN CEE MEDIA

Investing in media in the region requires, as a rule, accepting higher risks and the likelihood of lower returns, driven by a commitment to broader social value.

This is not unique to media, but when speaking with larger impact investors and asset managers focused on growth markets – such as microfinance or climate solutions – we found that the case for media is not well communicated to, nor understood by, those outside the sector.

This group identified three main challenges:

1. Capital is drawn to high-growth, predictable sectors, making it hard for media to compete.
2. Measuring impact is crucial, especially for DFIs; but doing this fully remains complex in comparison to other areas such as climate or health.
3. Impact investors have become very specialised over the past two decades, and the media sector lacks the familiarity seen in more established areas like renewables. A fund manager at a private impact investment firm said one reason they have not invested in media so far is *"because of capabilities"*. An investment, the interviewee said, "needs to make sense for a new team to be developed, and to leverage our impact team; this would need a lot of new development, so any activity needs to be balanced with the likely return on investment".

A senior corporate venture capital (CVC) executive said that while *"CEE shows trends of higher growth, faster value and innovation, especially in TMT [technology, media and telecoms], there is a lack of investment capital. Growth in funds deploying capital has slowed down since 2021, causing a venture capital reset. Funds have been waiting for market improvement before deploying additional capital, and the competition [for capital] is fierce."*

A senior executive of a private impact investment firm said recent interest rate rises presented challenges. They said that the *"past two years, in which interest rates went from 0% to 5%, have been hard for impact investing. In the past impact investment funds used to target 5% returns. Now this is the interest rate of risk-free investments, impact funds must get to 10% or so to be attractive to investors, which is a very high bar."*

SUMMARY

Although there are important nuances and differences of opinion, interviewees familiar with the region have been quick to identify obstacles to private investment into the CEE media sector. This is despite the latent potential of many businesses, and the wider importance of media overall.

This begs the question: how could these obstacles be overcome? The idea of this study is to test whether a blended finance approach might be successful in enabling additional investment. Such an approach would bring together the aims and requirements of public, private and philanthropic investors alike.

The blended finance approach requires taking a rounded view. It acknowledges the obstacles and risks to private capital flows into the sector but is also optimistic about mitigating them via public and philanthropic actors. This, in turn, could unblock private capital, and facilitate the extra funding (and broader base of funding) needed to underpin media businesses' long-term editorial independence.

In the next section, we examine what interviewees told us such a funding mechanism could look like, and how participants thought it might work.

SECTION 2

DESIGNING THE NEXT GENERATION OF MEDIA INVESTMENT VEHICLES

IS THERE A CASE FOR A NEW INVESTMENT ENTITY?

What is the best way to unlock more private capital into the CEE independent media sector? We devoted a large part of our interviews to exploring possible answers to this question.

Central to our thinking is the idea of a blended finance vehicle, backed by public and philanthropic funders with lower expectations of financial returns – to attract and catalyse more private and mainstream investors into the sector.

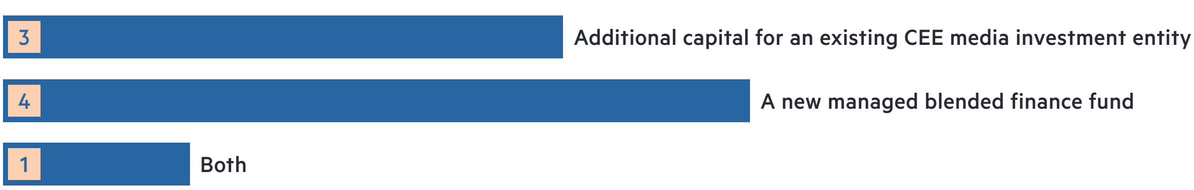
Conscious that a vehicle dedicated to media in the region already exists **(Pluralis: see case study)**, we also asked interviewees about their views on the merits of creating a new, additional vehicle. »

It would be inappropriate to over-rely on data from such a small sample size – but 10 out of 17 interviewees, and five of eight interviewees who then completed a follow-up online survey, said they thought a new financial vehicle would help attract more capital and funding support for media in the region.

The 10 interviewees who showed support for a new blended finance vehicle were a broad group of investors: foundations and their investment arms, CVC investors, and a European financial institution.

We also asked interviewees: *"Which of the following investment vehicles would have the greatest impact?"* Of the eight who answered, four supported the idea of a new financial vehicle, three would prefer to see additional capital going towards an existing vehicle, and one stated that both are needed. See Figure 4.

FIGURE 4. Which of the following investment vehicles could have the greatest impact?



8 responses

Two people expressed reservations about a new vehicle: a senior executive of an eastern European media organisation, and the investments director at another European financial institution. One was cautious about fragmenting the market for raising new capital; the other was sceptical about whether developing the right entity structure for different types of investor is possible. The rest of the interviewees (five) felt unable to comment on the idea of a new vehicle, because of their limited involvement in the sector and/or region, so far.

CASE STUDY PLURALIS

Pluralis is an evergreen investment fund, organised and managed by Media Development Investment Fund, and structured as a holding company under Dutch law.

The fund aims to preserve media plurality across Europe, by investing in independent news organisations which are committed to high-quality journalism. It focuses on the CEE region, and its mission is to ensure that citizens have access to diverse and reliable news sources, which it considers to be fundamental to sustaining European democracy.

Pluralis employs what it describes as a non-partisan investment approach, targeting successful media companies in regions where media pluralism is under threat. It focuses on preventing the trend of media capture.

The company focuses on:

- **Providing mission-aligned capital** to support and strengthen the management and business prospects of independent media companies
- **Preserving the editorial independence** of news operations, without involving itself in editorial decision-making
- **Using the expertise of its shareholders** – both actively as board members, and by providing industry knowledge that can enable growth and value creation.

The funders and shareholders of Pluralis are a coalition of high-profile European media companies, democracy-supporting foundations, and impact investors.

The MDIF board first approves a potential investee on mission-based grounds. After this, a proposal goes to the Pluralis investment committee – which is made up of MDIF leaders and appointees of the Pluralis board.

So far, Pluralis has invested in the following media companies:

- **Petit Press**, Slovakia's second-largest publishing house, known for the daily newspaper SME
- **Gremi Media**, a leading Polish media company that publishes Rzeczpospolita, one of Poland's most influential newspapers
- **Telegram**, a fast-growing digital news platform in Croatia.

plūrālis

VIEWS OF THOSE IN FAVOUR OF A NEW VEHICLE

Of respondents who supported a new vehicle, several pointed to the general appeal of blended finance – namely, that combining public and private funds could help offset the risks of investing in the region, especially if grants and guarantees are part of the capital structure.

A senior executive of an eastern European media organisation noted that *"blended structures with different tranches of grants and an EU-backed guarantee are absolutely necessary to mobilise investment"*. Blended finance was seen to offer a chance for socially driven investors to safeguard their own capital, while encouraging others to take part.

An anchor investor in Pluralis said that some advantages of blended finance were that *"share losses, first-loss guarantees and grant capital absorb costs or potential losses, which is obviously attractive to any investor"*. »

Supporters of a new fund tended to share the view that attracting more capital through a new, differentiated vehicle can serve as a positive signal: it would stimulate the overall flow of money, in turn generating more capital for all funds. For example, a senior executive of a private impact investor said: *"Having another vehicle would mean more money in the system, and that would be positive for the general market – especially if a new vehicle supports the entire media ecosystem"* [as opposed to parts of it].

This view appeared to reflect a 'positive-sum' sentiment, that setting up a new blended finance organisation in the region would also have benefits for existing vehicles such as Pluralis. A senior CVC executive noted that *"adding capital in media is a net positive (for the ecosystem), but whether it is a positive financial return for the investor is another question"*.

> ...the existing lack of investments is not necessarily because of lack of interest or an internal policy prohibiting it, but because a clear mandate for the investment has not been communicated.

A large European financial institution also expressed positivity, saying that the existing lack of investments is not necessarily because of lack of interest or an internal policy prohibiting it, but because a clear mandate for the investment has not been communicated. An attractive investment thesis could change this, they said: *"If a company has good management [and a] promising future, we could invest. We also have a big funds business; a third of equity is through equity funds, like the typical PE structure with GPs [general partners] and LPs [limited partners]."*
They added that they had many people who could make investments in viable media, such as their nascent stages team or equities team.

"The head of media could end up looking after something like this. If it includes startups, we have a VC team who do that."

The director of a foundation's impact investment arm added that *"it's a very good idea, but the difficulty is going to be finding the right fund structure"*. However, they noted that *"there is enough room for many more [beyond Pluralis] and lots more money should go into these [CEE] countries and media"*. The problem, they said, was quick growth, but *"it will be helpful to have a fund [that is] significantly different, to diversify the market and attract new investment into independents and high-growth innovative companies"*.

THOSE WHO WERE MORE CAUTIOUS

Private investors we spoke to, such as private impact investment funds and CVCs, generally felt unable to comment fully on the prospects of a new blended finance vehicle, for CEE region; this was because of their lack of investment history in this sector and region. Their reservations came from the challenging economic context, the lack of existing media specialisms in their teams, and the difficulty of quantifying impact, given generally lower returns on investment in media compared to other sectors, and the likely obstacle to successful equity exits. »

Among those who are more knowledgeable about the space, a representative of an EU financial institution struck a cautious tone about investing in a CEE media vehicle. They cited unattractive financial returns and difficulties in exiting successfully. The interviewee felt that *"private equity might not be the right investment for media and democratic impact, because PE seeks exits after three to five years, and is often about selling first to whoever is willing to offer an acceptable price"*, whereas media funding might require an evergreen structure which is unlikely to appeal to conventional PE investors. (Note: we understand that Pluralis was set up as an open-ended investment vehicle, to avoid time pressure to exit and return capital by a fixed date).

> "…private equity might not be the right investment for media and democratic impact, because PE seeks exits after three to five years, and is often about selling first to whoever is willing to offer an acceptable price."

A private impact investor noted a wider issue in the current climate, namely that *"fund managers are struggling to exit their investments and pay back original funders, and that makes it hard to start new funds if an existing, prior fund is still trying to get an 'out'"*.

Two interviewees who own and operate portfolios of media outlets in the region were also wary of the merits of another media-focused entity. One, a senior executive of an eastern European media organisation, worried that *"the market is simply too small for another vehicle beyond Pluralis. Pluralis, perhaps with some changes and additional capital, is a good basis for generating capital for now."* They warned that any new investment vehicle would need to be sufficiently different from Pluralis to be useful to the region.

However, the other executive of an eastern European media organisation was supportive of the idea of a new blended finance vehicle, while arguing that some of the challenges confronted by Pluralis could also be mirrored in a new vehicle. *"There is room for many entities if you want to attract private capital back. But there is an issue returning the capital. In the 1990s and 2000s, large chunks of media ended up in the wrong hands because the original investors wanted high returns. The financial issue is still there. Therefore, blended structures with grants and guarantees are the only way to attract some of that capital back."*

FINDING A NEW FOCUS

Participants unanimously agreed that there is no room for another investment vehicle which looks and acts like Pluralis. Interviewees were overwhelmingly positive about the experience of Pluralis to date and were complimentary about Pluralis' achievement in assembling a stratified coalition of funders, the clarity of its investment strategy, and its success in making several initial investments.

Among those interviewees who said they would welcome a new entity, there was universal agreement that any new fund needs to be very clearly differentiated from Pluralis – and should not focus on large, high-profile national publishers in the same region of investment activity. Instead, they argued for learning from the Pluralis story so far (see "Lessons from Pluralis") and differentiating any new entity from it.

For example, the director of a foundation's impact investment arm observed that "Pluralis is the 'media capture fund'", but the next fund could look beyond that issue and into adjacent parts of the media sector and other regions. Preventing and reversing media capture was acknowledged to be vital, but it is not universally relevant to all media outlets.

In any case, there are many media businesses which are broadly unsuitable for investment by Pluralis. So, there is room for a different investment strategy, aimed at somewhat different potential investee companies.

The director of the foundation arm of a central European bank shared the view that, while Pluralis does important work, it cannot cover the entire region. They advocated for a complementary fund that focuses on smaller, under-capitalised media companies across places like the Baltics, and further investments in the Balkans; see "Lessons from Pluralis".

Many interviewees agreed that it makes sense to take a wider view of the media sector for investment, both in terms of the commercial case for additional funding, as well as in terms of potential impact. Themes included expanding geographically, beyond the financially attractive core of central Europe; and creating a diverse portfolio that includes, but is not limited to, traditional media.

LESSONS FROM PLURALIS: A GROUNDBREAKING BLENDED FINANCE INVESTMENT VEHICLE FOR CEE MEDIA

All the interviewees we spoke to who have CEE media investments (10) were aware of Pluralis; some were Pluralis shareholders. Although this survey is not intended to evaluate Pluralis, most interviewees offered thoughts about it as a reference point.

They referred to several early successes, including:

- Being the first major investment holding company of its kind, attracting diverse capital from corporate, philanthropic and other investors, and channelling it towards media in the CEE. This has served as a proof concept, which in turn can create opportunities for more investment in the sector and region.
- Creating demonstrable impact through its investments. Pluralis has so far invested to preserve the ownership and editorial independence of three high-profile CEE media outlets.
- Establishing a tiered ownership structure. Investors and funders participate in Pluralis in different ways, which reflect differing risk appetites and return requirements.
- Attracting investments from other media companies. Pluralis has attracted media corporates from both western and eastern Europe to invest in and support other media outlets, in the name of preserving their independence while pursuing attractive investment returns.

A NEW GEOGRAPHICAL FOCUS

Interviewees reacted well to the idea of differentiating the geographical focus of any future vehicle from Pluralis.

In our survey, we asked which countries or regions in CEE are financially attractive, but also asked which places have the most serious threats to independent journalism and a strong social case for support. We found that:

- **The most financially attractive region remains the central European core (e.g. Poland, Hungary and Czech Republic). This is followed by the Baltic states (Latvia, Lithuania and Estonia) and the Balkans (e.g. Serbia, Bulgaria, North Macedonia and Albania.)**
- **But when it comes to preserving independent journalism, our survey was less clear about which areas of CEE are most important. Preferences were thinly spread across the region.**

This presents something of a paradox which would need to be addressed in further scoping work: interviewees support the idea of a distinctive geographic remit, but there was no clear consensus about where this focus should be.

Most financially attractive regions in CEE 1 2 3 4

A NEW SECTOR FOCUS

The instinctive reaction of many we spoke to, especially those not actively investing in media, was to equate "media" to large, legacy broadcast and newspaper businesses. But several respondents argued for a wider definition – both to mobilise investment into a larger pool of companies, and to recognise that the range of organisations commanding audience attention has become more complex and diverse.

We have outlined this broader information ecosystem in Figure 5 below. In the words of a senior executive of a private impact investor, it is important to consider these companies not as competitors but as "pieces of an ecosystem, where everyone needs to play a part for everyone to benefit". A future finance vehicle should "support the whole ecosystem, rather than one standalone solution". **All 10 interviewees who support a new financial vehicle broadly agreed with this view.**

FIGURE 5: The information ecosystem can be more than just legacy newspapers and broadcasters

INFORMATION PRODUCERS AND DISTRIBUTORS

- Legacy news publishers (history of newspapers)
- Online-only news publishers
- Social-first news outlets
- News creators and independent journalists
- TV broadcasters
- Radio broadcasters
- Magazines and journals
- Fact-checking organisations

Other factors

Size	Small	Large
Maturity	Start-up	Incumbent
Scope	Local	International
Content type	Generalist	Specialist
Business model	For-profit	Not-for-profit

INFORMATION INFRASTRUCTURE

- News creation tech (e.g. content management systems or data visualisation tools)
- News distribution and engagement tech (e.g. newsletter platform or content delivery platform)
- News monetisation tech (e.g. paywall providers or customer relationship databases)
- News digital infrastructure (e.g. analytics tools or cloud technology)

Other factors

Size	Small	Large
Maturity	Start-up	Scale-up
Scope	Single market	International
Business model	For-profit	Not-for-profit

This graphic is an outline of the information ecosystem – along with other factors to consider when selecting prospects: size, maturity, scope, content type and business model. Interviewees mentioned some of these characteristics when discussing how to differentiate a future investment vehicle, and how to make it more attractive.

The survey also identified three broad categories of media organisation that could be targets for investment.

1/3 SPECIALIST MEDIA PLAYERS AND PORTALS, AIMED AT ENGAGING YOUNGER AUDIENCES

A senior executive of a pan-European media organisation pointed to specialist verticals focused on health, sport, and gender – saying these were part of a broader media sector, where the right investments could yield positive returns while connecting with people in fresh ways.

The executive said: *"It is hard to invest in general, big companies because they are a bit of everything, everywhere and nowhere – whereas niches are a bit in a better position, because of a stronger value exchange with the readers."*

A philanthropic impact investor had a similar view, saying: *"There are investment opportunities in CEE in media and there are people consuming traditional media, but … if you want to reach a younger audience and a next generation, we have to think beyond the legacy players that are sometimes past their high-growth stage."*

To create attractive prospects for investment, designers of any future funding vehicle should think of companies that serve the audiences of the future, urged the director of a foundation's impact investment arm.

Such prospects can *"work both for commercial people, as well as impact investors. Ones that are 'good' media, media that is attractive to a target group and to advertisers. It's not only about 'good journalism' but attractive journalism as well."* The respondent also pointed to other media ventures that are good businesses, giving examples in Iraq and Egypt.

Investors such as one eastern European media owner and one executive at an impact investment fund are already responding to these trends and investing in them. One owns a stake in Refresher, the Czech lifestyle platform targeting Gen Z audiences, which aims to identify future customer trends and create native content for major international advertisers.

In other territories, an impact investor we spoke with was one of the earliest investors in Rappler, based in the Philippines, which serves content to younger audiences and challenges mainstream media; and also in Minute Media, which uses its publishing platform to serve US and APAC audiences with innovative sports storytelling. »

2/3 HIGH GROWTH, DIGITAL-FIRST MEDIA AND MEDIA TECH COMPANIES

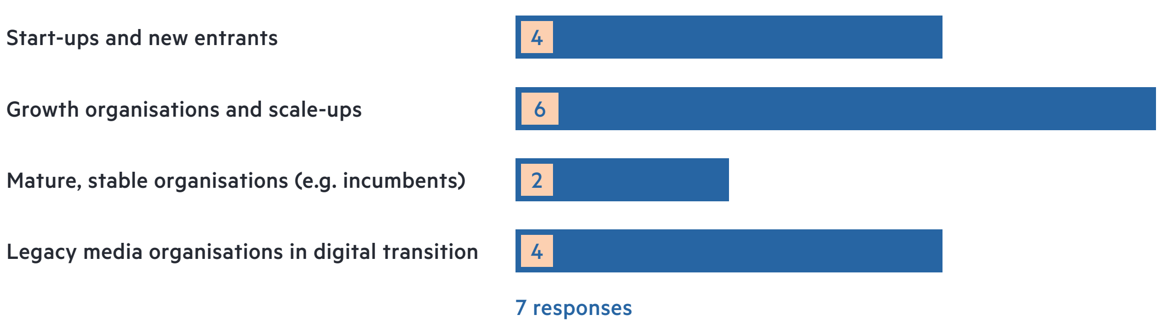
A third of the interviewees explicitly mentioned digital-first or digital-only media, as well as mediatech, as successful in attracting broader engagement. A senior executive of an eastern European media organisation noted that *"mediatech companies are a great contender to be a consolidator [of capital] because they are digitally ready and have higher growth"*. This view was supported by a CVC senior executive who invests in companies focusing on *"trustworthy AI, preserving security and privacy and helping communities online"*.

At a pan-European media organisation, one senior executive works with a big data software company in the US to provide scalable tech stack solutions for their portfolio media outlets. This aims to speed their digital transition and "find synergies amongst systems, create ways of saving costs and advance things operationally".

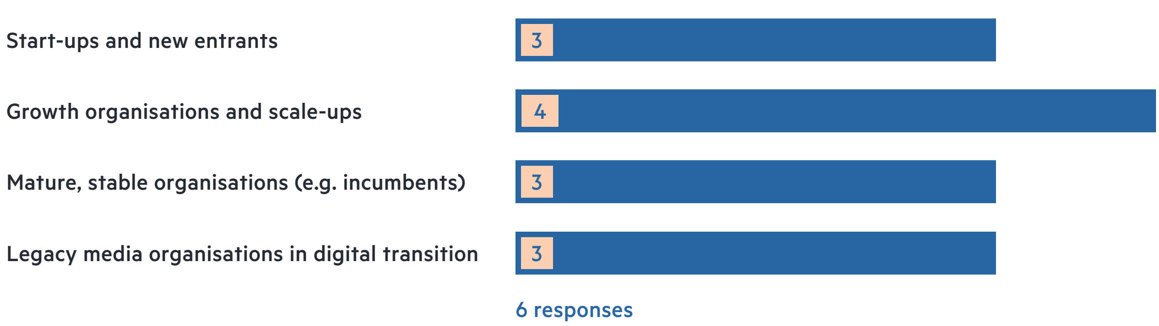
The director of a foundation's impact investment arm echoed this, saying that tech companies could enable media scalability, innovation in storytelling, and understanding of readers. One of their investments *"is helping newsrooms become more tech-savvy and transform them digitally with editorial data"*. »

FIGURE 6: A small sample of respondents (7) confirmed that growth organisations and scale-ups are among the most financially attractive to invest in, as well as socially impactful.

What maturity level of these organisations are financially attractive as investment prospects?



What maturity level of these organisations are important to support because of their social impact?



3/3 SMALLER, REGIONAL OUTLETS

Five interviewees (representing CVCs, philanthropic impact investment funds and foundations) suggested that a future vehicle could include smaller, regional businesses which might otherwise be overlooked.

One example is the small number of independent outlets who serve Hungarian minority communities in Romania. Meanwhile, the senior executive of a central European bank foundation praised Poland for its *"robust market of small, niche, intellectual monthlies or quarterly periodicals ... It's important to make sure they survive and they are investable, but without interfering with their editorial line."*

Taken together, these perspectives suggest that any new investment case could be framed around a broader range of target companies – including both their commercial and social potential.

That said, it would be more challenging to attract investors to a complex financial vehicle that includes different types of organisations at different growth stages.

A senior CVC executive said that *"it is always interesting to broaden the lens"*, but cautioned that it required new capabilities to *"assess other types of media companies with metrics, growth rates and risks different from traditional media"*. But they remained optimistic that it is *"interesting and natural to look at that remit – it's just a question of execution"*.

Taken together, these perspectives suggest that any new investment case could be framed around a broader range of target companies – including both their commercial and social potential.

OTHER SPECIFIC MEASURES

In our interviews, we also asked for views on specific ideas which had been developed by the informal working group between January and July 2024. These ideas fell into three categories:

1. DE-RISKING MECHANISMS

Unsurprisingly, interviewees saw de-risking mechanisms as essential to any new investment vehicle, if private and public capital were to be successfully mobilised. A CEE media co-founder noted that one of the successful consequences of Pluralis having some grants in its capital structure is that this, in part, helps Pluralis deal with the share premiums it may have to pay for companies that are at risk of media capture.

"[It is] crucial to support media ownership initiatives. An investor might have to pay a premium price for the equity part of a media company, much higher than the market value, because the company is at risk of being seized by a government player."

2. DESIGN WINDOWS

We asked interviewees for their thoughts about the idea of a design window. Design windows are used in other sectors as means of generating ideas and inviting fresh thinking about impact investment opportunities. They are typically funded by government agencies or DFIs who have an initial hypothesis in mind about new investment vehicles but want to test it and develop ideas. Interested parties are invited to bid for grant funds to spend time shaping propositions and suggesting design concepts.

The notion of a design window was new to almost all of the interviewees we spoke with. A few participants responded to the idea along the lines of "Why not?" but the response was generally lukewarm.

3. ACCELERATOR PROGRAMMES

We also asked interviewees for their thoughts on post-launch accelerator programmes, which are increasingly common. The idea of an investment readiness programme was well received; this would equip media organisations with capabilities and business models aimed at making them more attractive to investors, along with the increasing prospective returns.

A director of a foundation's impact investment arm noted that accelerator programmes can be an effective way of identifying potential investment prospects, and that they have been successfully deployed in media by MDIF.

But people who were supportive of the concept in principle noted that it needs to be executed precisely. A senior CVC executive noted that *"an 'accelerator' can work but must be designed with a very specific problem or niche in mind, and not something generic. Then one must go in with the mindset that there will be a lot of failure if the ideas are novel."*

Overall, the main point we heard from interviewees in response to these ideas was that, without a clearer investment thesis and overall strategy for any new blended finance entity, ideas like a design window or an accelerator programme are well meaning, but risk not addressing the fundamentals.

The director at a central European bank foundation cautioned against *"money being spent on ideation, communications or events before the main idea gets more specific"* and encouraged *"gathering enthusiastic and knowledgeable people from different sectors to sharpen it"* first. This was seconded by an investments director at a European financial institution.

OTHER NEW IDEAS

Interviewees also shared several other novel ideas which could merit further evaluation and exploration.

INNOVATIVE FINANCIAL INSTRUMENTS

One idea was to expand the range of investment instruments to include innovative financial instruments, offering novel ways for investors to back companies while managing risks.

A respondent from a digital media investment fund said: *"There are so many different financial instruments that are not used – we just always talk about loan and equity, but what about hybrid capital? What about incentives such as cash flow allowance, legislation and tax remediation? One financial tool cannot be a good fit for all the investable capital and media prospects out there."*

Further research is needed in this area, but instruments might include:

- **Revenue-based financing** instead of fixed-debt payments, to offer flexibility
- **Bonds linked to impact outcome**, to encourage a measurable connection between the investment and its impact
- **Quasi-equity**, with investments structured as debt but with repayment linked to financial performance – especially for high-growth/scale-ups with unpredictable revenue.

TAX INCENTIVES

Existing CEE media investors favoured tax incentives. A senior executive of a private impact investor wants *"to see governments from the developed world give tax incentives to the countries they want to support through the media. Private funds need legal and tax predictability, and that's a successful way of attracting them."*

This was echoed by an eastern European media owner who argued for *"benefits offered for bearing social contribution costs, and tax incentives, to stimulate investment. [Investing in the region and sector] is very labour-intensive and it's hard to compete with Big Tech. If the EU invests in local media companies to keep them alive, there are benefits to the investors, akin to the tax breaks for the car manufacturers."*

TALENT INCENTIVES

An interviewee from a digital media impact investment fund also noted that other countries and sectors – such as the UAE and technology, respectively – offer incentives such as visas for young students or young professionals. In this way, they hope to attract investment and innovation, by encouraging talented individuals to relocate for a time, conduct research, and raise awareness.

"There are so many different financial instruments that are not used – we just always talk about loan and equity, but what about hybrid capital? What about incentives such as cash flow allowance, legislation and tax remediation? One financial tool cannot be a good fit for all the investable capital and media prospects out there."

SECTION 3

CATALYSING ACTION: NARRATIVE CHANGE, PARTNERSHIPS AND NEXT STEPS

What needs to happen to bring more private capital into the independent media sector in CEE? In this section, we cover respondents' views on this.

CHANGING THE NARRATIVE

It became clear in our discussions that the CEE media sector tends to be widely perceived as being a high-risk, low-return environment – even among interviewees who are already active in the region.

But if new capital is to be attracted to the sector, these real challenges need to be carefully articulated, to avoid portraying the situation as hopeless. Framing the CEE media sector as being dominated by threats which amount to an *"existential crisis"* – as some commentators have said – risks becoming a serious deterrent to new investment.

Interviewees who are optimistic about the potential for more capital were keen to inject a sense of opportunity and positivity into the story, alongside a sense of need. A senior executive of a central European bank foundation noted that *"there is an appetite and companies to invest in. But it's important to find an angle that is thrilling for people. For example, it's not just about maintaining the status quo companies, but creating growth for independents, attracting younger readers, and funding investigative journalism. [A new story] needs to be not only about revered and cherished organisations, but organisations with growth and innovation potential."*

It was interesting to hear that some participants see the CEE region as more economically attractive, from a human capital and cost perspective, than is sometimes traditionally implied. These views tended to be held by interviewees with investments beyond traditional media outlets. For example, a senior CVC executive noted that the CEE region is known to investors for *"having some very strong talent, tech operations and lower operational costs"* across the wider TMT sector.

Away from commercial potential, the senior executive of a central European bank foundation was also keen to stress the security aspect of the CEE region as something worth emphasising in certain quarters of the target funding community. They suggested a successful positioning will see *"the backing of institutions like the EU and NATO. The lens of security is very imminent in the CEE region and Russian peripheries, with information security and integrity top of mind, so positioning the initiative as investments that enhance security could gain a lot of traction."*

Overall, a nuanced approach to the narrative will be needed; one which acknowledges the challenges to investments but creates a sense of opportunity, especially if a wider view is taken of the target businesses.

In some environments, it may help to make the social democratic case by referring to the security benefits of enabling investment into independent media outlets that reach certain audiences. Russian-speaking communities in the Baltic states and in Moldova might be good examples.

APPEALING TO AND LEARNING FROM THE MAINSTREAM IMPACT INVESTMENT COMMUNITY

As far as our interviewees observed, private capital investment in CEE media from venture capitalists, asset managers, traditional impact investors and corporates has generally been very limited.

More work could usefully be done to build awareness of the investability of media, especially in demonstrating an attractive business case with a clear impact. This could help manage investor perceptions, opening minds to media as an asset class.

It may help to create case studies of successful fund and direct deal investments in the media sector in CEE. These case studies should cover specific, concrete questions which investors would expect to see answered.

For example, how was the deal structured? What were ex-ante and ex-post returns? What form did the exit take? What were the motivations of the investors who supported the fund? Was there any de-risking or return enhancement to mobilise commercial investors? Answers to these questions would be useful to any potential investors who we are looking to attract.

Sharing case studies in a workshop or meeting of investors, in the runup to a roadshow for a new funding vehicle, would help prepare the ground for securing interest from larger investors.

Conversely, supporters of new funding for CEE media can learn from successful blended finance initiatives in other regions and sectors. Many of the challenges facing CEE media investment are not unique. Innovative fundraising and structuring solutions have been developed elsewhere, which could to a large degree be replicated in this sector.

It is important to note what has worked elsewhere, to try to ensure that the new blended finance vehicle's design is focused on what major impact investors would expect to see. Getting impact investors to buy into the mission is a start, but securing investment commitments would require close attention to real and perceived risks, as well as expectations for risk-adjusted return.

See below for lessons from a case study on the renewable energy and infrastructure sectors in CEE.

CASE STUDY MARGUERITE A pan-European infrastructure investor

In the years following the 2008 financial crisis, Europe faced a challenge: declining investment in its essential infrastructure.[2]

To help catalyse investment, a pan-European fund was set up in 2010, with funding from the European Investment Bank (EIB) and institutions from member states. It was known as the 2020 European Fund for Energy, Climate Change and Infrastructure, or Marguerite.

According to the EIB, Marguerite was designed to combine investor returns with public policy goals.[3] There have been three infrastructure funds[4], and these demonstrate an increased focus on sustainability over time:

- **Marguerite Fund.** This fund, which closed in 2010 with €710mn in commitments, included investments in renewable energy projects such as the Chirnogeni wind farm in Romania – but also in airports (including Zagreb Airport in Croatia), road infrastructure projects, and natural gas.
- **Marguerite II.** Closing in 2017 with €745m in commitments, Marguerite II introduced a digital focus to investments. In the CEE region, it invested in Belgrade EfW, an energy-from-waste plant in Serbia.
- **Marguerite III.** Closing in 2024 with commitments of more than €700mn, the most recent iteration is designed to align with the 2015 Paris agreement. In CEE, Marguerite invested in Swan, a telecoms operator in Slovakia; and in OnTrain, a locomotive leasing platform in Poland. Elsewhere, investments include an electric charging network and a biomass heating plant.

INVESTMENTS AND EXITS

The fund has invested in several high-impact projects in the CEE region – not only providing sustainable energy solutions but creating jobs and stimulating economic development. These have included:

- **Wind farms in Poland:** investments in the Tychowo and Kukinia wind farms, contributing to Poland's renewable energy capacity.
- **Chirnogeni wind farm in Romania:** a 50% stake acquisition in an 80MW wind farm, supporting Romania's renewable energy targets.
- **Poznań waste-to-energy plant in Poland:** financing the construction of a municipal waste incineration plant, enhancing waste management and energy recovery. »

2. According to the EIB Investment Report 2024/25, infrastructure finance fell from a high in 2009 to a low in 2017, as a share of GDP, before recovering in recent years.
3. Source: Marguerite Fund, EIB website, accessed September 2025.
4. This excludes Marguerite Pantheon, a vehicle created in 2017 when Marguerite Fund assets were sold to Pantheon; the fund was still managed by Marguerite.

THERE HAVE BEEN A FEW NOTABLE EXITS:

- The Butendiek offshore wind farm in Germany, sold in 2023
- The C-Power offshore wind Farm in Belgium, sold in 2024
- The Curtis-Teixeiro Greenalia's 50MW biomass plant in Spain, sold in 2024 after a successful project refinancing.

The Marguerite website gives a useful overview of investments and divestments over time.

For the media sector, lessons can perhaps be found in the increased focus on sustainability in Marguerite III, and its pan-European spread. It shows that public goals can sharpen over time, and that investments in the CEE region can be made alongside those in other parts of the continent.

Marguerite

THE ROLE OF EUROPEAN INSTITUTIONS

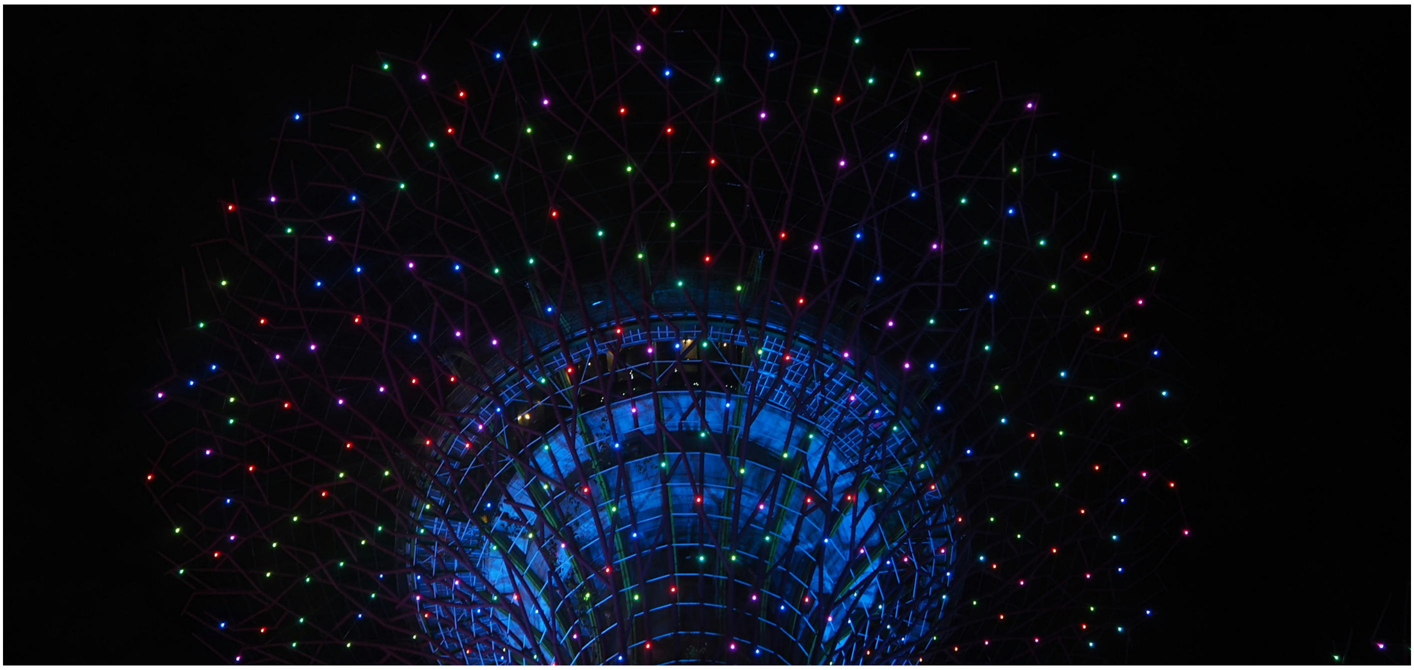
Although the primary focus of this research was to explore ways to increase private capital flows into the region, we heard lots about the vital role to be played by public institutions, particularly European ones. This is of course a central aspect of blended finance – using public funding to catalyse private capital, where returns might otherwise be seen as too low and risks too high.

Philanthropic funding plays an important role here. Several people cited the importance of the Soros Economic Development Fund's participation in Pluralis, as an essential component of the success of that initiative. However, seven of the 10 interviewees who supported the idea of a blended finance vehicle mentioned what they saw as the notable low presence of EU and other European public institutions in the sector. Perhaps one of the most significant involvements to date by a European government or agency has been the first-loss facility provided by the Swedish International Development Cooperation Agency (Sida) to one of MDIF's loan funds. This was a vitally important enabler of that fund but, in the broader scheme of things, is a relatively small intervention.

Interviewees tended to agree that the EU and other institutions, as well as national governments, should be more prominent in tackling the sustainability of independent media in CEE and in enabling additional investment. EU citizens in leading CEE media businesses were particularly vocal in questioning why European institutions have not been more active.

Individuals working at European organisations shared details which help explain the constraints. European investment and funding institutions can be prevented by organisational mandates and investment parameters from participating in relatively high-risk, low-return and small-scale initiatives, which tend to be associated with media investments.

Nevertheless, finding a way of encouraging or enabling greater involvement by European actors in CEE media funding was a recurring topic. We heard a number of examples of the EU participating positively in sectors beyond media, often accompanied by questions as to why this so far seems impossible in the media space. »



Impact investors outside media mentioned the role often played by multilateral actors or DFIs in initiating new blended finance vehicles. An interviewee from an impact asset manager said that the process for new funds often starts with *"a large public institution publishing a tender for a fund that gives part of the seed money. This allows asset managers to move to a stage where they respond to the tenders and start blending capital."*

Philanthropic investors are keen to share the anchor investor and first-loss risk burden with public sources of funding, to make the case for private investors more attractive. The director of a foundation's impact investment arm said that *"foundations don't always have the money that's needed for mobilisation. You would need someone like a European DFI, or an equivalent of the GCF [Green Climate Fund] from the UN, to prove that one model can work and mobilise more money."*

Private investors want to see support from these European institutions not just in terms of capital commitments, but also financial incentives such as tax rebates, visa sponsorships for talent and provisions of guarantees. A senior executive of a private impact investor said they would like to see an *"institution who can create funds, earmarked for the markets they want to support, such as Moldova as an accession country. For example, the European Union announced that as part of their IPA programme, there will be (e.g.) $10mn earmarked to support the media."* In their view, this will stimulate corporate investors, private investors and venture capitalists to show up to the table.

Based on what we heard, our sense is that it will require a combination of political will and artful investment assessment to make progress. This will mean both expressing the investment potential and recognising the wider democratic and security importance of enabling a vibrant media sector in CEE countries in order to surmount the current institutional obstacles.

Of course, this is an ongoing debate. Ideas have been proposed elsewhere about how existing EU initiatives such as InvestEU could help co-ordinate and optimise public and private investment capital aimed at the media sector.[5] It seems that this is not impossible and there are precedents elsewhere – we heard a positive success story from a senior management member of a European DFI who told us about a blended finance vehicle in a different sector in Armenia, which they initiated and which is now being run by a private general partner, based on precisely this mix of commercial and impact-based investing. They said that the institution *"have blended finance in Armenia together with the EU who put capital at risk for first-loss, so that commercially oriented investors are attracted to put capital towards a smaller business in Armenia. A structure like that would work if there is a donor putting first-loss provision."* »

Based on what we heard, our sense is that it will require a combination of political will and artful investment assessment to make progress.

5. Center for the Study of Democracy, Supporting Media Freedom in Europe, November 2024

CONCLUSION

For those who have been active in supporting independent media in CEE for many years, the link between the financial and editorial independence of media and well-functioning democracies has been crystal clear for a long time.

That link is becoming easier to see for many – whether it is observed through the lens of national democratic discourse or of international security.

There will always remain an important role in CEE for grants and subsidies, to support the editorial output and organisational resilience of non-profit media entities. But the question for this study was whether there is an economic case for blending public and philanthropic funding with private capital, in a way that substantially increases the flow of funds to the media sector in the region, without crowding out existing vehicles.

On balance, the views expressed in this study were positive about this. This positive sentiment was more than just an expression of hope or concern for independent media in CEE. There was a sense of optimism, and a range of novel ideas, showing that there is an opportunity to bring actors together to build something new and distinctive.

The balance of opinion among interviewees in the study was that this new entity could both complement and build on the existing work of Pluralis.

However, nobody we spoke with was naive about the scale of the task of forming a new investment vehicle. Challenging conditions would need to be met, which are likely to include:

- **Sufficient political and institutional will for a major public entity to commit to playing the role of anchor investor, in order to begin the process of catalysing private capital.**
- **Attracting new sources of capital from sources beyond the well-known, existing players in this space. This will mean making a compelling case to capture the attention of more mainstream impact investors and asset managers, as well as the growing number of media CVCs.**
- **Developing an investment strategy which steers clear of the existing remit of Pluralis. New thinking on this might include a broader definition of which media companies to invest in, including different stages of corporate maturity; and probably also different priority countries. It would also be welcome to evaluate newer types of financial instruments, to avoid the exit challenges of traditional equity investments.** »

There was a sense of optimism, and a range of novel ideas, showing that there is an opportunity to bring actors together to build something new and distinctive.

IN TERMS OF CONCRETE NEXT STEPS, WE RECOMMEND THE FOLLOWING ACTIONS:

- **Appeal to and bring together High-visibility political leadership** to galvanise and give confidence to others – co-ordinated initially at the transatlantic level, but owned and driven by European actors before long
- **Sharpen the concept** of the new funding vehicle, principally in terms of its investment strategy. If funding is available, running a design window to harvest more developed ideas about the entity's structure and strategy
- **Make clear the case for media as an impact investment asset class**, aimed at entities who have not yet considered the potential of media investments
- **Map the market in terms of countries in the region and investment targets** to better evaluate the investment requirements. This should include companies' commercial and social potential; and cover a more widely defined media sector, including mediatech, communication and digital businesses, as well as news outlets
- **Schedule further workshops, seminars, conferences** and other ways to exchange ideas among potentially interested parties. This should include perspectives from actors such as CVC units within media businesses, among others.