

The Media and Development

What's the Story?

Gareth Locksley



THE WORLD BANK

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Foreword

The production and distribution of digital content over electronic communications networks to a wide range of digital devices is experiencing exponential growth. This global media phenomenon has significant ramifications for development but there is insufficient understanding about the dynamics of the process, and uncertainty about many outcomes.

It is clear that the continued expansion of networks and interactive applications, together with the falling cost of access and devices, are enabling millions of people in the developing world to become producers of media content. These new “voices” serve people’s needs for entertainment, cultural enlightenment, and human contact, and provide readily accessible and meaningful content in local languages. The “voices” give feedback to businesses and governments and thereby promote responsiveness and accountability. The new voices are also being projected onto the global media space linking groups with shared interests and concerns from different countries and continents.

It is also clear that the formal media production sector has a substantial and growing economic presence, including a high proportion of micro, small, and medium enterprises, employing skilled workers. Digital media is a major driver of investment in broadband infrastructure and e-commerce, both of which can transform the development process. Additionally, with the explosion of new media opportunities, entirely new business models are being applied by unexpected new entrants who are challenging traditional businesses and their methods. What is unknown is how this interplay will unfold and what business models will eventually dominate.

Furthermore, we can observe that the contribution of the media to development has not achieved yet the degree of recognition that it deserves. It is our hope that this Working Paper will assist in raising awareness, understanding, and visibility of the media in development.

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Introduction

The media can be considered a combination of content—music, films, TV, radio, publishing, advertisements, and electronic games—along with associated technological devices. Over time what constitutes “the media” has both expanded and proliferated. This is because the media have been closely entwined with technological changes—the consequences of which have affected content, platforms, and devices on a centuries-long virtuous circle. These developments have also provided for various ownership opportunities and new business models.

The first printed book dates from 686 in China. The Gutenberg press, using the new technology of movable type, started printing in 1453. The first English language newspaper—another new media—appeared around 1620. The 19th century saw numerous advances with the inventions of the telegraph, telephone, phonograph, jukebox, cinematography, wireless telegraph, and loudspeaker, each of which separately added new media. Many of these inventions converged in the 20th century to transform the media.

In 1920, KDKA of Pittsburg became the world’s first private commercial radio station; in 1925 the British Broadcasting Corporation (BBC) was broadcasting radio throughout most of the United Kingdom; and by 1935 half of U.S. households had a radio. The BBC began so-called high-definition television (TV) broadcasts in 1936; cable TV was introduced in the United States in 1948; and in 1962 Telstar began transmitting trans-Atlantic images. Since then, mobile phones, microprocessors, Dolby noise reduction, Pong, audio cassettes, desktop computers, the Cable News Network (CNN), compact discs (CDs), laptop computers, pay-per-view, the World Wide Web, online databases, CD-ROMs, high-definition TV, DVDs, MP3s, user-created content, and podcast have assumed roles in the live and recorded media landscape. The transformation has created major new industries and social activities which indicates the direct contributions of the media to development.

Each new development extends the reach and changes the format of the media. The 20th century witnessed the development of mass media and the foundations of a global media. The mass media are essentially a one-way, top-down phenomenon in terms of content production and distribution. In the 21st century the transformation of the media is accelerating as a consequence of the digitalization of content and its global distribution over digital platforms to digital devices. This digital transformation supplements, and at times by-passes, traditional models and platforms by introducing two-way, bottom-up, and lateral content distribution and production with new devices. Internet payment-enabled music- and video-playing mobile phones with cameras are a recent addition to the new media, adding a fourth “screen” to those of cinema, television, and personal computers.

New media do not displace old. Rather, they sit side by side. Hardcopy newspapers and books are still published, but can also be accessed on the Internet. The news can be received on radios, watched on TVs, or accessed on laptop computers and mobile handsets. Yet, in the developing world—especially in rural areas—radio (including community radio) and TV hold the primary roles, particularly where literacy is low. Traditional radio and TV will continue to be the most effective ways of delivering high-quality information on issues such as health care and education, and of debating issues of general interest and promoting a culture of peace (World Electronic Media Forum 2005).

The creation and dissemination of knowledge are key factors in the development process where the media have been instrumental as a means of storing and sharing knowledge. For example, the UK Department for International Development (DFID) cites the effectiveness of radio in promoting development in a wide range of disparate countries, including Afghanistan, Moldova, and Kiribati (DFID 2006). The well-recognized functions of the media are to educate, inform, and entertain where the social and economic contributions of the media to development depend on the nature of the content delivered. Direct development benefits flow from educating and informing, with entertainment possibly acting as a “hook.” “Edutainment” is a common component of development projects.

The media are a significant driver of growth in many economies. The business of producing content generates substantial income flows and jobs that contribute directly to the economy. Increased access to knowledge spurs higher levels of literacy, which strengthens human capital for higher productivity. The media are also important contributors to social and cultural life and key components of democratic structures. These contributions to development are often deliberately embodied in the media system. For example, Article 2 of South Africa’s 1999 Broadcasting Act lists 18 goals for the Act, the first 2 of which involve:

- Strengthening democracy, social development, gender equality, nation building, education provision, and the spiritual and moral fiber of society.
- Safeguarding, enriching, and strengthening the country’s cultural, political, social, and economic fabric.

The development impact of media content—education, information, entertainment and edutainment—is related to the relevance of the content delivered. Relevance requires that content be readily accessible and meaningful to broad segments of society and that the information delivered be adapted and disseminated in formats and languages that diverse social groups can understand and act on (Zulburti in Girard 2003). Quite often the most

relevant content is local, though the concept of “local” operates at different levels—from national to community.

This paper assesses the impact the media have on the development process. Because the media can be used and delivered in so many ways, there is no single means of analyzing its contributions to development. Thus, the paper presents a range of storylines with the common thread being the media’s role in development. The paper also discusses older and newer trends in the relationship between the media and development, and how they might impact developing countries.

The Media's Role in Development

The media's contribution to development occurs simultaneously along several storylines. Economists term this joint production as when rearing sheep provides meat, wool, and leather. Here the media's development impact is presented using five closely intermingled influences:

- *Plurality and transparency*—the contributions that a plural media environment makes to good governance, transparency, and the functioning of markets (economic and political) which can be seen as the media's political economy role.
- *Behavioral*—the media's contribution to inspiring beneficial changes in the behaviors of individuals, groups, and organizations.
- *Infrastructure and platform*—compelling content is essential for and the main driver of investment in new convergent broadband infrastructure and platforms, which hold the potential for transformational development.
- *Economic*—the media provide many jobs, especially in smaller-size enterprises.
- *Trade*—trade in media, mainly audio-visual products—is substantial but asymmetric, certain trade barriers restrain investments and limit opportunities for developing country exports, and so the media's potential contribution to development.

As the plurality and transparency storyline unfolds, it contributes to the economic, behavioral, infrastructure and platform influences of the media on development—which in turn inject feedback into the media system. The following sections analyze each storyline and their impact on the development process.

Plurality and Transparency

Plurality and transparency provides a full-spectrum overarching impact on the development process and individual development initiatives. Good governance is vital for economic development, and the development dividend that it generates is considerable (World Bank 2008). A plural media environment—meaning a participatory (sometimes two-way) process and a range of media providers across an array of content subjects—enables increased access to information and wider diffusion of knowledge within a country. Plural media support informed decision making, increased accountability, responsiveness and contribute to anti-corruption efforts (World Bank 2007b). They provide a critical “return path”—that is, “voice” and commentary on events and outcomes whereby the “governed” respond to the “governors” (UN Economic Commission for Africa, 2005, World Bank 2007a). This path is critical in the sense the system would not work in its absence, and critical in that the response may be critical of the actions of the governors.

The key components of the plurality and transparency influences are that they facilitate informed debate, help correct the natural asymmetry of information (Islam in World Bank 2002), and serves as a watchdog and advocate when the media educates and informs. As a consequence they promote good governance in both business and government, and improve the functioning of markets (political and economic) with a consequent and measurable development impact (UNESCO 2005b, 2007a).

Good governance promotes the rule of law and inclusive, fair, participatory political systems (Panos 2007b; World Bank 2002). The plurality and transparency storyline is significant, because these conditions provoke responsiveness and accountability on how governments perform and deliver services. Such features would also be expected of businesses (for example regarding environmental protection and product safety) in well-functioning markets. The plurality and transparency influence is not entirely top-down. Rather, a fully functioning media should facilitate a two-way process with a bottom-up return path. Or, as one Kenyan broadcaster has put it, “the media has tended to give the microphone to the politicians, the company chief executives, and the NGOs [nongovernmental organizations]. But it has not done enough to take the microphone to the slum areas so the people can tell us how they are coping with poverty” (Panos 2007a:12). Placing “microphones” in slums provides a bottom-up return path by making poverty the story.

The United Nations Millennium Project (2005) cites a good example of the contribution that plurality and transparency makes to good governance:

Analysis that tracked public expenditures from parliaments to individual schools in Africa revealed startlingly high leakage. . . . On average only 13 percent of central government allocations for non-wage costs reached Ugandan schools between 1991 and 1995. To reduce leakages, the central government began announcing its monthly budget transfers in newspapers and on radio, and it required schools to post their receipt of funds. As a result of these and other measures, the flow of funds leapt to 90 percent in 1999, reflecting the importance of transparency and of community oversight of schools.

The plurality and transparency storyline draws on a high-level set of rights to freedom of speech, opinion, expression, and information. These rights are codified in international treaties, declarations and statements such as article 19 of the Universal Declaration of

Human Rights, and the first clause of the 1991 Declaration of Windhoek issued by the United Nations Educational, Scientific, and Cultural Organization (UNESCO). Such rights are often enshrined in national legislation or constitutions.

The media provide a means of exercising these rights. To accomplish this role, a supporting media structure is needed—namely, widespread access to plural, independent media. In broadcasting, especially important in the pre-digital rural world, a plural and independent media have three tiers (Commission for Africa, 2005, World Bank 2007), all operating under a form of license containing rights and obligations and overseen by an independent regulatory body:

- *First tier*—national and regional public service broadcasting, often partly or fully state-funded, managed independently, and operated in the public interest under a charter.
- *Second tier*—national and regional for-profit licensed commercial broadcasters, largely private but sometimes state-owned, financed by advertising and subscriptions.
- *Third tier*—community-level broadcasting, generally nonprofit, funded by various mechanisms (communities, membership fees, donations, grants, sponsorships, advertising) serving a well-defined community (a geographic community or a community of interest), that encourages community members to actively participate in the selection and production of programs of relevance to their community. This sector is most often associated with increasing local voice and participatory development.

This three-tier structure is helpful for the behavioral and economic storylines because it provides more ways of reaching wider audiences and more opportunities for economic activity. The first and second tiers, largely top-down but with some bottom-up input, are found in many jurisdictions. In some cases the first tier is a branch of the state, with the second and third tiers absent or located outside the jurisdiction. In such circumstances the media's contribution to development is limited. The third tier is extensive in some countries but restricted in others.

Community broadcasting provides not only a bottom-up return path but also lateral communications within communities of shared interests. Lateral communications maximizes the relevance of media content to its audience. Communities of interest can be women, farmers, or children. Well-known examples include radio stations funded by Bolivian miners' trade unions and South Africa's Bush Radio. Some indigenous groups in Ecuador operate their own community radios, including the Shuar Federation in the tropical forest and the Simiatug community in Bolivar province. There are similar examples in Australia, New Zealand, and Senegal.

Community radio has the following characteristics:

- It is operated in communities, for communities, about communities, and by communities in local languages.
- It involves extensive local participation in management and program production.
- Individual community members and local institutions (including volunteers) are the main sources of support for radio stations.

- Its motivation is to support the well-being of communities, not achieve commercial returns.
- It focuses on the information most relevant to communities—especially development issues and education.

Community radio is cost effective (Lucas 1999), generally providing three types of information: generic (on health, education, government programs, local news, and forthcoming events), dynamic (on market prices, school examination results, and weather forecasts), and timely (favorable conditions for planting or harvesting, along with impending disaster warnings). Together these types of information foster better-informed, more empowered communities. Community radio contributes to stronger livelihoods, promotes gender equality and better health and education services, helps fight diseases, and raises awareness of environmental and sustainability issues in individual communities (Metcalf et al 2007, AFRRI, 2008).

The three-tier structure for broadcasting, which can be considered international best practice for ensuring plurality and transparency, is widespread but not universal—particularly the community tier. The absence of enabling legislation is sometimes a major obstacle to community broadcasting (AMARC 2007). Thus the plurality and transparency storyline has an important regulatory narrative running through it.

Behavioral

Belief in the media's ability to influence behavior is evidenced by the amounts spent on global advertising—totaling about \$400 billion in 2005, according to some sources.¹ This large sum is targeted at influencing behavior so it is safe to assume that the behavioral influence is valid. The storyline is simple: the media can contribute to development by bringing about beneficial changes in the behavior of individuals, groups, and organizations. Whether the media bring about change depends on its content, tailoring to target audiences, and, to some degree, its interactivity. There is a large body of evidence on the media's ability—or inability—to change opinions (Bryant and Zillmann 2002; Hornik 2002).

In this context targeted social change campaigns (or social marketing) are organized in an effort by one group (change agents) to persuade others (target adopters) to accept, modify, or abandon certain ideas, attitudes, practices, or behavior.

Change campaigns are often undertaken to promote participation in local or national elections, encourage school enrollment, improve understanding of health and nutrition issues, spread best practices on agricultural techniques, or support greater tolerance of certain groups in society—all of which contribute to the development process.

Change campaigns usually involve a media component (UN Population Fund 2003). For instance, *Sexto Sentido* (Sixth Sense) is a weekly Nicaraguan “social soap opera” produced by a women's NGO that tackles such issues as rape, sexuality, substance abuse, and domestic violence. It has been the highest-rated TV show in its timeslot, reaching 80 percent of 13- to 17-year olds with the message to “take control of your life.” A nightly radio

1. <http://www.emarketer.com/Article.aspx?id=1003650>

talk show and youth leadership training further address issues covered in the series. Similarly, the Meena Communications Initiative, guided by Hanna-Barbera Cartoons, developed a media campaign comprising a 14-part animated series depicting the life of a South Asian girl and her struggles. This mass communication project is aimed at changing perceptions and behavior that hamper the survival, protection, and development of girls in South Asia. There are a plethora of examples of this type of role like Instituto Promundo in Brazil which encourages young men to respect their partners, to avoid using violence against women, and to take precautions to avoid HIV and other sexually transmitted infections (UNICEF 2007).

The media can also produce behavioral change where campaigns occur in developed countries to produce results in developing countries. The “Make Trade Fair” campaign sponsored by Oxfam International and the child slavery and chocolate production campaign sponsored by Global Exchange are just two of many change campaigns centered on the developed world that affect developing countries.

Behavioral change is not only a top-down exercise. Combined with the plurality and transparency storyline, the behavioral storyline is also a way of influencing the responsiveness and accountability of business and political decision makers to customers and citizens. The media’s bottom-up or lateral return path provides voice to bring changes at the top.

In fact, bottom-up and lateral, participatory, and community-led projects are often more successful at the behavioral level when community broadcasting is used. This is because of their high proportion of local content in local languages, reflecting local culture. The recent addition of Internet access to many community broadcasting facilities is transforming their relevance and attractiveness as global knowledge banks become available to local communities (Dagron 2001).

The evidence supports the view that the media have made a significant contribution to the development process at the behavioral level, where its storyline also overlaps with the plurality and transparency storyline to encourage behavioral change at the top. At the same time, there is a significant potential for negative impacts or no impact at all.

Infrastructure and Platform

The media’s development impact at the infrastructure and platform level is as follows:

- Compelling and relevant content is essential for, and the main driver of, investments in associated infrastructure and devices.
- Digital, increasingly converged, and broadband platforms have a transformational impact on economic development.

The infrastructure and platform storyline does not distinguish between content that educates, informs, entertains, or is part of any other storyline. It only requires that sufficient volumes be delivered to justify the investment—hence the requirement that the content be compelling.

The recorded music business provides an example of the impact of compelling content on platforms and devices. Global retail sales of recorded music totaled \$33 billion in 2005, but this was the engine of a much broader music sector worth \$100 billion comprising live

performances, online and retail sales, ring-tone sales, radio advertising revenues, performance rights collections, music magazine revenues, radio subscriptions, music publishing revenues and associated purchases of devices.² Digital recorded music is an engine of e-commerce, with some 1.7 billion tracks/songs downloaded in 2007 (IFPI 2008). In this way the recorded music business drives investment in new broadband platforms. Gaming and other digital pastimes provide further examples of the impact that media content has on investments in new platforms.

Broadband next generation networks (NGN) can deliver TV programs, music, films, radio, games, and publishing interactively. They are normally built around Internet Protocol (IP) and are already being widely deployed in OECD countries as well as being adopted in some developing countries. Internet Protocol Television (IPTV) is rapidly becoming a major stimulant of investment in next generation network platforms in countries like China and Russia. In many countries broadcasting systems are undergoing “digital switchovers” that are replacing analog broadcasting. These switchovers are the result of deliberate policy decisions. Such switchovers will create a spectrum or digital “dividend,” (ARCEP 2007) with prospects for many more wireless activities—giving rise to new opportunities and challenges for content producers.

In this context of convergence, media content is increasingly, in many instances exclusively, produced in digital formats. OECD (2006:6) states:

digital content is an increasingly important part of OECD economies as they shift from manufacture of physical items to high value intangibles. It will increasingly become the basic creative infrastructure underpinning the knowledge economy, and at the centre of health, educational, and cultural activities. . . . Analysis suggests a positive feedback cycle between infrastructure, content, and skills. . . . Digital content is also driving the rapidly growing ICT hardware, consumer electronics, and mobile services and applications market. Today many OECD countries perceive the digital content industries as important elements for international competitiveness.

This OECD report presents strong evidence of the infrastructure and platform storyline, with its virtuous impact on development. Here new business models such as “triple/quad play,” “always on,” “flat charges,” “all you can eat,” and even “free” are designed to make digital platforms more attractive, and to facilitate the transition of the infrastructure and platform from the pre-digital to the digital world.

UNCTAD (2008:176) takes the argument a step further “One infrastructure requirement particular to the creative industries is the need for access to information and communication technology. . . . Access to information needed to boost business development is in many regions of the world still far from universal and will never be so without conscious public-sector efforts to fund such access” illustrating the two-way relationship between content and platforms plus the need for public support.

Broadband forms the centerpiece of the European Union’s i2010 program, “a European Information Society for Growth and Employment.” (European Commission 2007). The program has a strong “e-inclusion” pillar. By extending broadband access to households, civil society, businesses, and government, the average investment costs per customer

2. http://www.ifpi.org/content/section_news/20060622.html

falls for all. Enhanced access improves the overall competitiveness of countries, regions, cities, municipalities, and connected locations. The i2010 program is multifaceted, providing public financial support for platforms, media literacy, film production, and general content, including skills acquisition to enhance content attractiveness and usefulness.

However compelling the infrastructure and platform storyline, in the pre-digital world of many developing countries—particularly in rural regions—the expansion of platforms poses challenges because:

- Users do not benefit from the support programs (such as i2010) that are common in OECD countries.
- OECD countries are infrastructure rich with many competing platforms.
- Many developing countries currently lack a depth and range of content production capabilities.

This situation is sometimes compounded, particularly for broadcasters, by outdated regulation, inadequate access to capital, poor financial practices, and unstable business environments. Moreover, smaller-size enterprises engaged in media are often dependent on donor support or do not have appropriate skills in financial and strategic planning, monitoring, and accountability, or both.

Competition among infrastructure operators—the widely practiced structure in the digital world—generally produces the best outcomes in terms of innovation, choice, quality, and price. In some developing countries and also on a regional basis, major connectivity projects are underway. Nevertheless, many countries in the pre-digital world are infrastructure poor, and in the context of broadband the promotion of competition may not be the optimal solution. Alternative mechanisms, excluding mandatory monopolies, that encourage open or equitably shared access while allowing for alternative infrastructure construction, may be more appropriate.

Or, quite possibly, the preponderance of mobile networks in developing countries will provide for innovative solutions, as they have already demonstrated in the voice market, banking services, SMS alerts and election coverage. So the obstacle of producing sufficient relevant content may be overcome thereby enhancing the prospects of the infrastructure and platform storyline for development.

Economic

The economic storyline is simple: the business of producing content generates substantial income flows and creates a significant number of jobs, directly contributing to development and poverty reduction. Producing content is an economic activity with global gross revenues estimated at \$1,620 million in 2007 (Tholons 2007). There is a large body of evidence on the economic contributions of the content sector.

Again, the music business makes a significant economic contribution. In Nashville, Tennessee (United States) it generates at least 54,000 jobs. Similarly, music is one of Jamaica's most successful exports—estimated to have earned \$255 million in 2004—with spin-offs in other sectors such as tourism. The ILO (2003) found a similar economic potential in the Caribbean and the Southern African Development Community.

In the European Union the content sector—media, publishing, marketing, and advertising—accounts for an estimated 5 percent of GDP, or €433 billion, making it larger than the telecommunications sector (€253 billion) and hardware and software industries (€212 billion). The EU’s content sector employs 4 million people, and 40 percent of them are highly skilled university graduates, compared with 24 percent in all sectors. Moreover, self-employed workers in the content sector account for 29 percent of jobs, compared with 14 percent in the overall economy.

The UK Department of Culture, Media, and Sports reports that the creative industries (which are broader than the media) accounted for 7.4 percent of gross value added in 2004 and provided 1.8 million jobs (DCMS 2007). Studies elsewhere confirm similar performances for the content sector:

- Canada (Department of Canadian Heritage 2004) had more than 3,600 cultural small and medium-size enterprises earning about \$3.4 billion in gross annual revenue and employing more than 33,500 people in 2002. In addition, film and television production generated 124,300 full-time equivalent jobs in FY 2005/06.
- UK screen industries achieved gross revenues of nearly £20 billion [nearly \$40 billion] in 2002 (Cambridge Econometric 2005) of which over two-thirds (£13.4bn) is TV-related, £3.5bn is film, and the rest (£2.8bn) is in commercials and corporate video.
- The “core” U.S. Copyright sector, closely associated with content production, contributed over 6.5 percent to GDP in 2005 and the “total” Copyright sector contributed over 11 percent to GDP (Economists Incorporated 2006).

Several developing countries also boast substantial film production sectors. The Philippine’s animation sector employs 7,000 and in India the sector has a turnover of more than \$350 million (Tholons 2008), while the output of its famous Bollywood—in terms of films produced—outstrips that of Hollywood, though worldwide revenues of the former are a small fraction of the latter. Less well known is Nigeria’s film industry, which is reported to be the country’s second biggest employer after agriculture, with annual output of nearly 3,000 direct-to-DVD titles (The Economist 2006).

Media content activities can be broken down into pre-production, production, post-production, distribution (platforms), and archiving (storage for reuse). Production activities can be undertaken in different locations—providing a link to globalization—forming the basic value chain of the sector prior to distribution. Jobs may be above or below-the-line. Above-the-line workers are producers, writers, directors, and (for audiovisual products) actors. Below-the-line workers from small even micro-businesses are generally hired at production sites, and may account for 70–80 percent of the workforce.

The economic impact of media content production involves many occupations as the Cape Film Commission (2006) noted:

each [film] production results in jobs for camera operators, sound and lighting technicians, caterers, plumbers, carpenters, animal trainers, truck drivers, make-up artists, graphic artists, photographers, set designers, painters and actors. Production budgets are spent on a range of products from hardware to props, plants to steel, paint to timber, draperies to carpets, furniture to portable dressing rooms, generators to saddle makers, restaurants to hotel rooms. The

value chain of the film, television and video industry extends to many other sectors of the economy creating a catalytic growth effect. . . . The film industry is highly labor-intensive and is known for the economic spin-offs that it generates in local economies.

Such jobs are provided in a large number of smaller-size enterprises and independent contractors meeting the material and resource needs of content producers, with substantial economic benefits for a wide range of industries in the localities where production occurs. Workers coagulate for a particular project and then disperse at project end only to reform in a different configuration for the next project. The workers tend to be in close proximity to each other forming clusters of skills within a country or a city hence the terms “creative clusters” and “creative cities” (Landry 2000).

In addition to direct employment benefits from media production there are indirect benefits which ripple throughout communities in a wide range of sectors. For example, the production for the film *Tin Cup*, involving 10 weeks filming in Houston (Texas, United States), incurred “expenditures of \$22,000 on dry cleaning, \$121,000 on hardware and lumber, and \$498,000 on location fees to privately owned establishments” (International Trade Administration 2001).

Economists call these indirect ripples multiplier effects, which evolve as follows. The dry cleaning establishments mentioned above pay their employees from the \$22,000 spent by the film producers. The employees in turn spend or save their wages. Spending provides a source of income for other establishments and their employees and hence another round of spending or saving. The multiplier measures the impact of the initial spending on total spending. Certain leakages, such as savings or imports, limit domestic multiplier effects because they do not initiate additional rounds of domestic spending. It is possible to calculate local and national multipliers. Where funds are spent locally, local multipliers are correspondingly higher. Research shows that these multipliers are generally in the region of two to three but can be as high as seven. The Center for Entertainment Industry and Research (2006) uses a multiplier of 3.1 for the United States; in the UK the local film multiplier has been estimated at 2.0 (Cambridge Econometrics 2005) and the Cape Film Commission (2006: 27) reports: “It is estimated that the film industry created 6,058 full year job equivalents in the Western Cape; while a minimum of 2,501 indirect jobs were created elsewhere in the province as a result of the multiplier effect.”

Content production can attract tourists to a particular location (as mentioned for Jamaica), thereby extending the multiplier. Surveys of UK tourists suggest that one in five visitors visit as a result of seeing the country depicted in film and television. There are also numerous examples of specific sites used as locations in a popular film that have seen visitor numbers increase hugely after the film has been released. Estimates of visitor spending in the United Kingdom range from £400 million to £1.6 billion as a result of UK filmmaking (Oxford Economics 2007). Content produced in Kenya, New Zealand, and Thailand produce similar consequences, particularly for Asian tourists.

The economic storyline contribution has elevated content production to the status of a key pole of economic development in many countries. A recent study for the European Commission (Cambridge Econometrics 2007) found that in 2004 the 25 EU member states provided €1,366 million in film aid (or €3 per inhabitant) independently of i2010 program cited above. This is distributed by some 200 agencies and organizations. For example, the Austrian Television Fund is part of the Austrian Regulatory Authority for

Broadcasting and Telecommunications. The regulatory authority collects €7.5 million in fees for the fund and is responsible for investing the funds and awarding grants to promote television productions. Equally, numerous countries support the sound recording business (Canadian Heritage 2004).

The economic potential of content production is so apparent that many national, regional, state, and even municipal agencies have been established to encourage content production in particular locations by providing various incentives. New York City's "MADE IN NY" program offers incentives for local production of film and television. The incentives combine tax and marketing credits, along with customer services. Similar support is available from the North Carolina Film Office, which helps the state retain its position as the third most important U.S. location for film production—generating about \$300 million in gross revenues in 2005. California has roughly 30 film commissions or offices. France's relevant development agency, Film France, tries to attract Indian film producers through the Sangam Zone. Sangam means "meeting point" and is also the title of a famous Indian film. These practices stimulate production and related employment but also have an impact on trade.

Similar media development agencies can be found in some developing countries. The role of South Africa's Media Development and Diversity Agency is to promote the diversity and development of the country's media through financial and infrastructure support to small entrepreneurs wanting to enter the media industry. It targets marginalized and disadvantaged groups to become media owners and producers. In this way the agency is a variation on the economic storyline. In addition, Chile, the Philippines, Thailand, and South Africa's Western Cape have agencies that support content production for global markets.

The economic influence of the media's contribution to development is valid. But as one Gambian noted (Sagnia 2005):

It is evident that the creative cultural assets and rich cultural resources found in abundance in all developing countries, based on human creativity, could be transformed into economic value and a source of economic development. The opportunities for employment creation, export expansion, value creation, technological upgrading, and wealth generation have gone unrealized in developing countries, and effective national policies on the creative industries can make a difference.

Trade

The trade storyline of the media is not simple. In the digital world, globalization is accelerating in response to increasing connectivity, integration, and interdependence of the international content sector, which has always been global in nature. As a consequence, trade in content has also accelerated. It is widely accepted that trade brings benefits to all parties engaged in it. Myriad international organizations and treaties have been established to ensure the free flow of goods, and to some extent services, across frontiers.

However, media content production does not sit easily within the economic analytical framework applied to trade. The industrial economics of content production—especially the global economies of scope and scale—provide strong incentives to saturate markets both at home and abroad. This tends to heighten the tensions between global and local media.

Furthermore content distribution channels are generally controlled by businesses in developed countries.

Data on trade in cultural goods and services are very unreliable: for example, trade statistics value an original work protected by copyright—such as a film print or master version—at \$100 when exported from one country to another, even though it could earn millions of dollars in fees from multiple sources. Nevertheless UNESCO (2005b) has shown that volumes of trade are large (more than \$28 billion in 2002) and unbalanced. Depending on the sector, the United Kingdom and the United States are the leading exporters and importers. Developing countries account for less than 1 percent of exports of cultural goods and services.

This state of affairs gives rise to charges of “media imperialism,” where the media are American, Brazilian, British, Chinese, French, Indian, or Nigerian depending on the market under consideration. Yet, this situation is caused by the economics of the content business and the size of the addressable domestic market (audience and willingness to pay), not by imperial intentions.

Recent research demonstrates these outcomes by analyzing the ratios of local box office revenues for U.S. films to domestically produced films in European countries averaged over 1995–2002 (Hanson and Xiang 2006). In Belgium and Ireland, both small markets, these ratios exceeded 50 to 1—that is, U.S. films earned 50 times more than Belgian films in Belgium. The ratios for Finland and the United Kingdom were around 10 to 1, while those for France, Italy, and Sweden were 5 to 1 or less. U.S. films have two sets of advantages: the first concerning cultural and production values, and the second the size and spending power of domestic U.S. market. When U.S. films enter foreign markets it is quite possible that their production costs have been recouped to a significant extent in the United States. These conditions establish a virtuous circle.

The economics of content production facilitates asymmetrical trade patterns that constrain the essential two-way flow of communications and media content. As a result the prospects for developing countries to project themselves onto the global media space are restricted in the current model of trade. A vicious circle could develop as local production becomes displaced by international products, further limiting prospects for projecting local onto global. UNESCO (2006) illustrates the limits of developing country projection overseas. It examined the structure of foreign films offered on the French film market between 1992 and 2002 for a sample of countries, and finds that the sample of Asian films accounted for 3.3 percent of admissions and African films for 0.04 percent—while 56.6 percent came from North America, 30.7 percent from France, and 7.2 percent from elsewhere in Europe.

The incentive to saturate markets both at home and abroad is apparent in new media. A study (Rammer and Sowden 2003) found that there was no EU content (domains) among the top 50 most popular websites in the United States and that “they [the U.S. websites] have been created indigenously but are designed for a global audience”—expect virtuous circles.

These outcomes flow from the business of content production. Content is reproduced rather than being produced—that is, a master copy of a game or documentary is produced and all subsequent products are copied (reproduced) from the master copy for distribution. This means that first (master) copy costs have no relation to second (reproduction) copy costs, the latter may be only the price of a blank DVD or CD. Consequently there is an

incentive to saturate markets, unconstrained by cost considerations to expand output (for example, there is no need to build a new plant, as would be required in truck manufacturing).

Countries that are highly ICT-enabled generally produce more digital content than countries with low ICT intensities. Once content is produced, the incentive to saturate markets kicks in. For developing countries with low ICT intensities, there is a risk that they become consumers of content of other countries. This displacement effect may mean that the content available to them may not be fully relevant and could pose threats to both their cultural heritage and development (UNCTAD 2002). Globalization is heightening this risk.

In the absence of a World Trade Organization-type trade-in-services agreements, together with the competition between countries to attract valuable content production, control of distribution channels and incentives to saturate markets have generated frictions between trading parties. It is not surprising that certain impediments to trade have been constructed, including the local content requirements and quotas imposed by many OECD members and other countries. To some extent quotas limit the markets of the main content exporters. Trade restrictions also limit exports from developing countries, with ripple effects for development. Trade restrictions and limited local markets can set in motion a vicious circle. For example if a developing country content producer has limited access to foreign markets and is only able to recoup production costs locally—these expenditures will tend to be low with resulting low production values. In turn, low production values may make the content even less attractive in foreign markets. Mexico is for example a country with sufficient local market weight to engage in domestic production while Cambodia is not (UNESCO 2007b). Similarly, local audiences once exposed to high production value imported content may reject local content.

There are some bright spots. Content is often produced on location (with pre- and post-production carried out elsewhere), taking advantage of the lower costs in developing countries. Major films like *Othello*, *Lawrence of Arabia*, *Patton*, *Gladiator*, *Black Hawk Down*, *Alexander*, *Troy*, *Kingdom of Heaven*, and *Babel* have been shot on locations in Morocco. Indeed, about 250 films, videos, and advertisements are shot in Morocco every year. It is reported that shooting part of the film *Blood Diamond* in Mozambique resulted in \$40 million expenditure in country. Similarly, Thailand and Vietnam are favored production locations. These productions are predominantly for the international market, with comparatively low local relevance in terms of development other than their economic impact.

Often the concept of content (known as “format”) is traded—for instance, the successful U.S. TV series *Ugly Betty* is an adaptation of the Colombian-produced *Yo soy Betty, la fea*, which in its original form has been sold in more than 70 countries.

Emerging trends in the broader ICT sector may improve the prospects for content production in developing countries and noticeably UNCTAD (2008) reports that almost half of world exports of “new media” were from developing and economies in transition in 2005. But as yet, the contribution to development of the media’s trade storyline awaits resolution.

Trends in Expanding the Media's Role in Development

Several trends are apparent in the media—most of which have a long history, some of which are new, and all of which are experiencing the impact of digitalization. As these trends unfold and intertwine they will impact the contribution of the media to development.

Characteristics of Content Production

One of the messages of this paper is that the media continuously evolve and expand. To understand these trends, it is necessary to consider some underlying characteristics of the industrial economics of content production. Briefly, these characteristics include (Locksley 1988):

- *The irrelevance factor.* A wide range of content is offered, but individuals sample a minute fraction of these offerings.
- *The packaging factor.* For publishers and aggregators it makes sound business sense to assemble an array of relevant and irrelevant material in one offering to attract a mass audience. Newspapers illustrate irrelevance and packaging, offering numerous sections, supplements, and pullouts on sports, business, travel, food, health, society, and other topics—some of which are thrown away by readers at the point of sale.
- *The venture capital factor.* Similarly investors are encouraged to take a bundled portfolio approach in an environment of hits and largely misses.
- *The fluidity factor.* Most media content can be repackaged into different formats and for different platforms and devices. For instance, recorded music can be

repackaged as a stage musical that is later made into a film, for which a soundtrack of recorded music and ring-tones are sold. A theme ride in an amusement park, a cartoon character, a comic book, a TV series, and even a toy may become a film and then a video game—or the process may be reversed. Any successful content product (such as a bestselling book) is a pre-tested candidate product for reformatting in a different medium.

- *The cascade factor.* Content markets may be segmented by time, geography, and device, where the price of access falls during the transit through the market segments. For example, films cascade from movie screens to in-flight entertainment to DVDs to pay TV to free TV.
- *The regulatory factor.* The optimal business strategy for the content sector requires control over all these fluid processes and their means of distribution, which has given rise to limits imposed on lines of business. For example, Hollywood's early history saw numerous regulatory interventions in the public interest as well as legal battles between production houses, cinema chains, and patent holders (Huettig 1944).
- *The abundance factor.* The digital age offers boundless content created and stored digitally, available for global distribution and consumption. Abundant choice contrasts sharply with the limitations of the traditional platforms (Anderson 2006) of broadcasting, cinemas, newspapers, books, music stores, and even cable TV—scarcity has always been resolved by exclusion, rationing, and restrictions on choice. At the same time the costs of digital devices and media to capture and produce content are falling rapidly.
- *The globalization factor.* Content industries have long had an international aspect in responding to the saturation driver.
- *The concentration factor.* Together the irrelevance, packaging, venture capital, fluidity, abundance and globalization factors (or economies of scale and scope across the planet) have been powerful economic drivers of cross-media and cross-county ownership. This has been evident since the 19th century, when the terms *press baron* and *media mogul* were coined.

Additionally, content like film is not price sensitive so that ticket price reductions will not turn a film perceived as poor into a success (OECD 2008). All these characteristics have consequences for the structure of the content supply sector—especially the concentration factor—as well as trends in the sector which impact the media of developed and developing countries.

Convergence . . .

Convergence may be the new concentration. Digitalization of platforms, content, and devices in NGN will combine with the industrial factors described above to produce major changes in the media. NGN platforms will deliver all forms of digital content to any device, any time, anywhere—also known as convergence. The ongoing transitions from analog to digital, from voice to data, from narrowband to broadband, and from circuit-switched to packet-switched, along with the growing role of wireless technologies, have set in motion

new trends with radical consequences for all participants. In broadcasting there is the accompanying transition from analog to digital transmission with the resulting spectrum dividend.

The digitalization of all content significantly enhances the fluidity of media content. As a result the boundaries of different content segments are becoming increasingly blurred as content assumes the status of indistinguishable digital bits in a single global market. Here the value chain comprises content production, packaging, distribution, devices, navigation, and consumption.

These activities may be performed by a single entity or, more likely, separate ones. This value chain changes the relative weight of the different players, strengthening those of content producers and navigation providers while weakening that of distribution players. Enter disruptive technologies in the hands of disruptive people.

. . . and Regulation

Convergence occurs when multiple or bundled packages of services are provided to a market using shared infrastructure. This entails offering at least two of the following services: fixed line, mobile, Internet, and TV. Bundled services are provided by traditional telecommunications operators and cable TV companies. But new, nontraditional (disruptive) players from the navigation sector (such as Google) and content sector (such as News Corporation) are entering the market and playing by new rules. As a result traditional models of regulation have been called into question.

Regulation has often taken a “line of business and line of technology” approach, which has usually limited cross-market entry—that is, convergence. In the past there have been separate regulators for different lines of business and frequently an additional regulatory body dealing with radio spectrum. The goals of governments often vary according to the line of business, notably between broadcasting and telecommunications, although both aim to achieve universal access and service. Good practices in regulating broadcasting include taking into account social and cultural objectives. In telecommunications the main concern has been the transition from monopoly providers to competition.

Convergence challenges this state of affairs because the content of these lines of business are now indistinguishable. Digital messages can reach their audiences through terrestrial systems, satellites, cable TV, the Internet, game boxes, or TV-enabled mobile handsets. Although the goals of governments for a particular line of business may not have changed, those goals will become harder to achieve in the new digital market space.

Broadcasting, for instance, has been charged with such tasks as nation building, protecting minors, preserving languages, promoting common values, cultures, and gender equality. Legal limitations on the press share some commonalities with broadcasting regulation, especially in terms of promoting common values, protecting minors, and containing slander and defamation. While the Internet is largely unregulated, there are some controls on content. As yet there is little regulatory experience with Web casting, even though live audio-visual streaming can be a substitute for television broadcasting. Moreover, these platforms often provide the same or overlapping services, applications, and content.

The key questions in a converged environment are: How and by which institution should these platforms and the content they carry be regulated? Is there any case for

continuing to regulate according to the technology of a platform if all platforms deliver the same services, applications, and content? Should platforms that are near perfect substitutes for each other be regulated in the same way? These are important questions that influence investment and affect the infrastructure and platform storyline in the development process.

A level playing field would be most advantageous—that is, the integration of existing regulatory frameworks within a single framework that is coherent across the entire electronic communications market space. In leveling the field, should regulatory standards be raised to the highest common factor (possibly broadcasting), or set at the lowest common denominator (possibly the Internet)? Convergence also creates new challenges for competition authorities, because it has already generated pressures for mergers, acquisitions, as well as new market entry.

In the face of convergence, many regulatory authorities are rethinking or struggling with their philosophies and approaches. For example in its draft Audiovisual Media Directive (in this context updating the Television Without Frontiers Directive) the European Commission proposes to include some “Television-like” commercial services on the Internet in the scope of the directive. This mainly concerns on-demand content such as shows, movies, serials, sports events and news reports, including embedded advertising thereby introducing regulation to the Internet where none previously existed.

New Business Models of Content Production and Distribution

Together, digitalization of content, NGN, falling device and distribution costs, and ever-increasing abundance are overturning the preexisting order of markets. The traditional top-down nature of content distribution is being challenged, largely because this combination is changing the nature of choice from “on offer” to “on demand,” from “mass” to “individually tailored,” and from “corporate created” to “user created.” These new trends present disruptive challenges to existing players because they alter the relationships in the traditional value chain and redistribute power within it in developed and developing countries.

Abundance has expanded choice and, as a by-product, caused audiences to fragment. Audience fragmentation reduces the appeal of traditional mass market channels to advertisers, destabilizing the preexisting, mass market, advertising-based business model. For example, by 2006 the advertising revenues of Google UK (a nontraditional player) exceeded those of Channel 4—one of the leading commercial TV stations in the United Kingdom.

Historically, the trend toward fragmentation has been followed by one of consolidation as traditional players respond to the threats to their business models. Most recently concentration has come into play as traditional players have acquired similar assets (such as News Corporation and Dow Jones), entered into the newly converged media space (almost everyone is online including many in developing countries), bought into online advertising (like Microsoft and aQuantative, Google and DoubleClick), acquired new media (such as News Corporation and MySpace), made cooperative agreements (as with News Corporation and Google), or encouraged originators of user-created content to publish on their sites. Even new entrants have merged (such as Google and YouTube), while platforms operators have teamed up with content providers. As a consequence the structure of

the media sector assumes an hour glass shape with a small number of large often global and conglomerate enterprises at one end and a very large number of local micro or small enterprises at the other with a very thin middle.

Top-down content distribution and the business models it supports are also being challenged by user-created content. Volumes of user-created content often associated with social networking have exploded into major bottom-up and lateral trends. *Pure* user-created content is considered content made publicly available over the Internet that reflects some creative effort and is created outside professional circles without the expectation of remuneration (OECD 2007) though volumes are produced for remuneration. These features locate user-created content outside the top-down model, they can circumvent trade restrictions and quotas and the new content contributes to development just like the old content.

Given these opportunities, new business models have quickly developed—usually by nontraditional players—to commercialize these bottom-up content contributions. These business models may share returns with content originators based on voluntary contributions, sales of goods and services to social networks and communities, advertising of supported businesses, fees charged on a per view or per item basis, or license fees charged to third parties for content.

In addition, new business models have developed that link content creators directly with customers, avoiding several components of the value chain as a new form of user-created content. In a well-publicized example, the band Radiohead released its seventh album, *In Rainbows*, in October 2007 as a direct digital download for which consumers could name their price. Similarly, in November 2007 the actor/director Edward Burns released his film *Purple Violets* exclusively on Apple's i-Tunes. Neither were pioneers. Similar approaches, avoiding traditional distribution channels have been used by many artists without recording or film contracts, providing them with a living they could not earn under traditional models. These new models can be used in areas with Internet access including those in developing countries. The old business model of piracy also has exploded.

In the Developing World

The transformation described here is allowing more people (new entrants) on a global basis to participate in knowledge creation and sharing, circumventing traditional production and distribution channels. A spur to development will flow where this content is both relevant and actionable. The developing world is, in a sense a non-traditional entrant to the global digital media space. Younger people adopt and adapt new ICT more readily than do older generations, so youth-led trends should be expected in the media—and the developing world has plenty of young people.

The trends set in motion by the transformation, of abundance, convergence, globalization, fragmentation, consolidation, new business models, and user-created content, are also evident in the developing world. The preponderance of mobile phone networks and the growing importance of wireless have stimulated early adopter innovations in developing countries. These include increased offers of “single network, no roaming charges,” SMS alerts, the widespread use of video-enabled handsets to gather news, and rapidly expanding content production and distribution. Mobile banking, TV and magazines are already flourishing in some developing countries where they are ahead of some developed countries. The practice of “beeping” (call-me-back), of sharing handsets, of using them for music storage are further evidence of innovative uses of mobile phones in the developing world. It is quite possible that developing countries will assume leadership positions in “mobile content.”

These trends offer opportunities for developing countries to project themselves onto the global media space unhindered by traditional models and restrictions. Falling costs and increased access via new distribution channels mean the *Diaspora* and homeland can exchange content. Further, Indonesian musicians could find listeners in Ethiopia, Ethiopian short-film makers markets in Chile, and Chilean newscasters find audiences in

Georgia. Equally experience in say water conservation can be shared across the planet. These trends facilitate two-way communications and content exchanges beyond traditional channels. Because the search for talent is global, these trends make the search easier—so talented individuals in the developing world have more opportunities to express their talents and earn a livelihood.

Still, developing countries face serious challenges in connecting villages to the Internet, though policies are being implemented to address this concern. Yet, because many developing countries are unencumbered by legacy assets, they have the opportunity to leap-frog to newly available, affordable technologies. Mobile and wireless networks will play a large role in this regard.

Many countries like Vietnam, Rwanda, and Trinidad and Tobago have embraced ICT by developing and implementing targeted policies. The next challenge is to combine these with media content production policies for development objectives which take account of the specific requirements of the sector. These include (UNCTAD 2008):

- mapping of inventories of cultural assets and creative industries
- SME business development and finance (such as micro-finance)
- copyright legislation and enforcement
- support for artists and the arts, both direct (via fiscal means) and indirect (through encouragement of private sector support)
- conservation of tangible and intangible cultural heritage
- expansion of digital capacity and know-how
- market development, both domestic and export
- tourism promotion
- education, training and skills development
- industry assistance (for example, via investment incentives, tax concessions, and so forth).

Providing specialized education and training for sustainable content production as well as establishing appropriate investment climate and regulatory environment including local intellectual property rights could deliver the foundations for content clusters and creative cities in developing countries. It is likely that the fiscal incentives provided by many OECD countries are beyond the means of many developing countries. However, it is important that the development community provides its support to this major development opportunity concerning both the agenda above and in multilateral trade forums. Following the recommendations of the Commission for Africa regarding strengthening the media, in the context of building capacity for plurality and transparency, the UN Economic Commission for Africa (2007) identified a set of proposals around the following clustered themes:

- Freedom of expression and information
- Policy and regulation
- Capacity building
- Sustainability
- Professionalism and ethics
- Content.

Despite these sterling efforts, the initiatives of some donors and the evident development impact of the media, the finance required to support these proposals has yet to materialize and media has yet to attain its appropriate status on the list of development priorities.

So, “What’s the Story?” The transformation of the media continues apace. In its latest phase the top-down (even North-South) pre-existing order is being thoroughly shaken up. More people in more places can create, distribute, access, and apply knowledge in the form of media content—and, so armed, drive development. For talent-rich developing countries, there are new opportunities for redefining new media related development structures. At the same time the development and sub-set ICT4D community has to reset its sights.

A pay-phone per village is not development, “It’s the media stupid!”

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The media's contribution to development occurs simultaneously along five closely intermingled influences: plurality and transparency, behavioral, infrastructure and platform, economic, and trade. The media are at the cutting edge of technological change, where the digitalization of content, Next Generation Networks, falling device and distribution costs, ever-increasing abundance, and new business models are overturning the pre-existing order of markets and the media, though broadcasting, particularly radio, remain crucial in developing countries. This offers new development opportunities requiring new policy initiatives, and the realization of this by the development community. In many instances the media has yet to attain its appropriate status on the list of development priorities.

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