Media Development Investment Fund Impact Dashboard 2021

Methodology

I. Introduction

Media Development Investment Fund invests in independent media around the world providing the news, information and debate that people need to build free, thriving societies. To present impact of our work, we produce an annual Impact Dashboard, which provides numerical and narrative information about impact of our investment on media businesses we support and their impacts on society. Each year, the report includes both longitudinal analysis of changes across our portfolio and contemporaneous examples of our clients' performance from the previous year. However, it is in assessing these long-term trends that the methodology for the Dashboard becomes particularly complex. This paper details how we collect and analyse data for the Dashboard indicators as well as the methodological issues we face.

Overview

Since 2005, MDIF has published The Media Development Impact Dashboard to publicly present the annual analysis of our impact results. Building on our 25-year track record of investing in independent media, we have created a custom approach tailored to our mission and goals that involves proprietary metrics, combined with qualitative information. Our impact measurements follow a core principle of prioritising efficiency and reflect the day-to-day business realities of media companies we support.

Overall, we focus our impact assessment efforts on two areas: first, **impact of our investment on clients**; and, second, our **clients' impacts on their societies**.

To evaluate the impact of our investment on our clients, we track how MDIF-supported organisations change over the course of their involvement with us. In order to do that, we evaluate performance of a given media company's in terms of their **reach, revenues and viability**. Although, we view our investment as a contributor to, not the sole cause of, our clients' performance over the years, this measurement helps us better understand the results of our work and the extent to which our support contributes to our clients' long-term sustainability. It also allows us to make more informed decisions around performance of our portfolio. Additionally, we present **client evaluation of impact**. Based on survey results, we hear directly from supported media

organisations about the changes their businesses have experienced, including their evaluation of the extent to which MDIF financing and technical assistance has impacted on their companies.

We also track the impact of our clients on society, believing that with the information obtained we can better gauge and convey the societal value of their journalistic work that contributed to changes in their communities, whether it is the enactment of a new law or the dismissal of an incompetent official, or through the payment of taxes that companies had avoided or fines for wrongdoing. On a broader level, we simply want to inform the public about why journalism matters and why it has critical civic importance. To assess the extent to which the independent media supported by MDIF impact on their societies, we first look into their reporting on **corruption and accountability**. We also monitor our clients' efforts to provide reliable information and shine a light on **social issues** that impact people's lives but are often under-reported, like the environment, gender, minorities, immigration and LGBTQ+. Additionally, to show how our clients encourage democratic participation, we examine their **election** reporting. Again, we are very careful not to attribute causality unduly – we view our clients' work as only partly responsible for changes that occur in their communities.

The special focus of this year's Impact Dashboard is **Covid-19** and the disruption it has had on clients' performance. Although our sample is not representative, and thus inadequate for generalisations, it nevertheless offers useful insights into the wider situation in the global media industry during the Covid-19 crisis. We also look at investees' reporting and other work around **Covid-19** that had a significant impact on their communities.

Data sources

MDIF combines various data sources in order to get the most accurate picture of our and our clients' impact, with much of the data coming directly from client records. At the beginning of each calendar year, we approach MDIF-supported media with an annual Impact Dashboard survey, which collects information on various aspects of their work, from their reach to their reporting on corruption, accountability, social issues and elections carried out in the preceding year. To the extent possible, we validate results clients report. We also use data from our internal quarterly monitoring. For example, we regularly collect and update revenue and financial viability data, with the final assessment for the year used for the annual analysis.

In addition to client records, we ingest data from several external data sources. For instance, to monitor the online reach of our clients, we rely on data gathered by Google Analytics. Across different impact areas, we quantify survey responses against comparable and pertinent indicators, including the World Press Freedom Index published by Reporters Without Borders, Corruption Perceptions Index by Transparency International,

Social Progress Index by Social Progress Imperative, the World Bank's Classification of Countries by Income, the World Bank's Political Stability and Absence of Violence Index and Ease of Doing Business Index, and specifically this year, the Lowy Institute's Covid Performance Index.

II. Indicators

The 2021 Impact Dashboard presents quantitative data from 2020 revenues, reach and financial viability as well as qualitative data on our clients' impact on society, with a focus on corruption and accountability, social issues and election reporting carried out in the preceding year. It includes indicators for current clients and former clients dating back to 1999 when we began to collect client first impact data in a standardised format.

Impact on client business

a. Revenues

As an investor, our primary goal is to promote the long-term financial sustainability of the media companies we support. Beyond the clear fiscal logic for encouraging sustainable growth, academic scholars assert that financial stability helps to preserve media's independence from the state and other vested interests[1], and supports quality journalism[2]. For example, media economics specialist Robert Picard argues that "*such strength creates conditions in which companies can act with integrity, provide quality content, and behave in ways that go beyond basic economic self-interests*."[1] Conversely, financially unstable companies can be susceptible to economic threats and may compromise their editorial values for monetary gain, damaging their reputation and limiting their ability to serve as an effective watchdog.

In order to measure the long-term financial well-being of the media companies we support, we look at their revenue trends over time. Revenues refer to the total amount of client income from circulation, advertising, printing services and other activities. Revenue data is readily available through clients' financial statements. Clients report their results in either US dollars (USD) or their local currency. To ensure comparability, we convert all local currency figures to USD using publicly available Treasury Reporting Rates of Exchange as of December 31, 2020 prepared by The US Bureau of the Fiscal Service.

When analysing the revenues performance of MDIF-supported media, we evaluate five key metrics. First, we look at the total revenues number, which is a sum of the annual revenue of all individual MDIF clients included

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[1] Picard, R. G. (2005) "Money, media and the public interest" in G. Overholser & K. Hall Jamieson (Eds.), "The institutions of democracy: The press" (pp. 337–350).
[2] Lacy, S. (2000) "Commitment of Financial Resources as a Measure of Quality" in R. G. Picard (Ed.), "Measuring Media Content, Quality, and Diversity: approaches and issues in content research" (pp. 25-50).

in the analysis, and then measure how it has changed over years. Second, we look at any client who has been with us for two years or more, whether they are clients currently or not. For these clients we evaluate the average and median change in revenues between the past two years (2019 and 2020); from their first year with MDIF to their second, third, fourth and fifth years; and from the beginning to latest year of their relationship with MDIF. Third, we evaluate the annualised growth in client revenues by calculating the compound annual growth rate (CAGR) for each client from their first year through their fifth and latest year with MDIF. Finally, we assess overall portfolio leverage, calculated by dividing the total portfolio revenues for the year by MDIF's total assets under management at the end of the year to show how much each dollar invested by MDIF leveraged client revenues in the given year. Lastly, to offer more context we quantify revenue data against the World Bank's Classification of Countries by Income[3], showing how the revenues of clients operating in high, upper-middle, lower-middle, and low-income countries change.

b. Reach

Measuring clients' reach is central to both our financial and mission objectives. In mission terms, increased reach means that more individuals have access to the timely, accurate and relevant information, vitally important at all times, but particularly during a pandemic. In financial terms, audience is an essential part of building a robust media organisation and is tied to various revenue streams. While creating a strong brand with a loyal following or a niche product that attracts the right target group can help leverage advertising income, audiences can be a direct source of revenue too, with a growing number of media organisations incorporating memberships, subscriptions and voluntary donations into their business strategy.

We assess our impact on client reach by looking at changes in their audience size from year to year. Reach refers to the total number of individuals, such as viewers, readers or listeners, who receive news and information from a given MDIF client. Reach is often a difficult variable to measure and analyse, particularly when comparing the reach of clients across media types since this value is determined using different methods for broadcast, online and print. The methodologies we use to calculate reach for each medium are as follows:

- The reach for **print** clients is based on the average edition circulation per publication. The data is obtained through the annual Impact Dashboard survey. MDIF encourages clients to use industry standards when reporting data, including applying a "multiplier" to a print publication's circulation to account for the fact that multiple people will read each copy sold. If a client operated multiple print

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[3] High income >$12,375 Gross National Income (GNI) per capita in millions of current US$, upper-middle income, $3,996 - $12,375, lower-middle income $1,026 - $3,995, low income <$1,026

titles, the total reach figures for the individual titles are calculated to form a combined print reach total for the client.

- The reach for **broadcast** clients is based on estimated audience share and size provided by clients in the annual Impact Dashboard survey. Many clients conduct external research to obtain these figures, but the specific scope and methodology employed differ from country to country. Wherever possible, we encourage clients to use internationally recognised audience research firms. If a client operated multiple television and radio channels, the total reach figures for the individual stations are calculated to form a combined broadcast reach total for the client.

- **Online** reach is derived from client websites and online broadcast platforms that provide news and general information coverage. In recent years, MDIF has worked with clients to ensure that Google Analytics—the industry standard for web analytics—is used across our portfolio. Nearly all of our clients are actively collecting data using Google Analytics. To assess the reach of an individual website we look at the median monthly users (previously referred to as unique visitors) according to Google Analytics for the given year. For investments in Poland the calculation is based on data collected through a publicly available internet audience measurement report by Research Gemius/PBI.

When evaluating the audience data of MDIF-supported media, we focus on four key metrics. First and foremost, we calculate two separate total reach figures for our portfolio: total traditional reach, which is the sum of newspaper, television, radio and news agency reach; and total digital reach, which includes reach via client operated websites and dedicated online broadcast channels. The sum of a client's traditional reach and digital reach equals its total reach for a given year. Additionally, we calculate average and median change in client reach between past two years (2019 and 2020); from their first year with MDIF to their second, third, fourth and fifth years; and from the beginning to latest year of their relationship with MDIF. We also measure the annualised growth in client reach by calculating the compound annual growth rate (CAGR) for each client from their first year through their fifth and latest year with MDIF. Lastly, to ensure that we are aligned with our mission, we determine the percentage of individuals reached that are living in "Partly free" or "Not free" countries as determined by The World Press Freedom Index published by Reporters Without Borders[4].

c. Viability

From battling macroeconomic crises to fending off media capture, independent media need to be creative and resilient to survive. With disruption of longstanding business models and the changing dynamics of distribution

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[4] 0-25 "Free" (referred to as "good" and "fairly good" by RWB), 25.01-35 "Partly free" (referred to as "problematic" by RWB) and 35.01-100 "Not free" (referred to as "bad" and "very bad" by RWB)

and monetisation, the media sector globally has been under enormous pressure in recent years, facing a "*crisis of viability*", as dubbed by media researcher Jay Blumler.[5] Media viability was particularly affected in 2020. From strategy and revenue to workflows and products, running a media company has always been challenging, but the ongoing pandemic and its economic consequences have exacerbated the difficulties facing media all over the world, forcing forward the debate on and experimentation in how media can remain – or become – viable.

At MDIF, we use an in-house risk-rating tool to monitor the viability of loan clients. Viability refers to a media company's ability to continue to exist or develop. The risk-rating scale helps our management to assess the strengths and weaknesses of a given investment and our Media Advisory Services team, our technical assistance unit, provide consulting tailored to each borrower's specific needs. Risk ratings are regularly updated and the entire process is reviewed annually by an independent auditor to ensure the validity of the scores. For the purpose of the Impact Dashboard, we look at the risk rating metric at the end of each year.

The seven indicators included in the Impact Dashboard risk metrics are:

- **Earnings/operating cash flow trends** – Are earning trends substantial or strained? Is there excess operating cash flow and a strong track record?
- **Asset/liability value** – Are assets above average quality? Is leverage low? What is the liability type?
- **Financial flexibility/debt capacity** – Is there access to the best international banks or large banks? What are the credit rankings and status of debt capacity?
- **Industry/industry segment** – What is the level of industry cyclicality and vulnerability to sudden economic or technological change? What is the capital intensiveness and operating leverage?
- **Position within industry** – Is the company a pricing leader and low-cost producer? What are the performance ratios in the industry, and where does the company rank?
- **Management and controls** – Is the company a world-class organisation with a highly experienced management team with continuity and depth? Does the company have modern and highly efficient facilities and excellent internal controls?
- **Financial reporting** – Does the company have a clean audit with no qualifications with a major or reputable accounting firm? Does the company provide detailed and reliable monthly reporting?

The above indicators are combined and weighted to form a one-to-nine scale, where investments are assigned to three categories: a risk rating of seven or above is considered high risk, between seven and five is moderate risk and below five is low risk. For example, borrowers rated one carry the lowest risk lending and are characterised by a strong financial performance, leading market position and high-level management

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[5] Blumler, J. G. (2010) "Foreword: The Two-Legged Crisis of Journalism" in "Journalism Studies 11 (4)" (pp. 439-441)

capacities. Conversely, clients with a rating of nine are deemed least viable. Based on the Chief Executive Officer's recommendation, MDIF's Board of Directors might decide to default on some of these non-performing loans.[6] These written-off debts are then excluded from the risk calculations and therefore contribute to a reduction in the number of high-risk companies and overall risk levels of our portfolio.

Within the Impact Dashboard, we use the risk scores to calculate four key metrics. In order to assess risk across our portfolio, we calculate the median risk rating of our loan portfolio and see how it has changed compared to the previous year. Then we look at the distribution of client risk classifications, determining how many borrowers were identified as having low, moderate and high risk at the end of a given year. We also analyse how these changes have evolved over the past five years and how many clients maintained, lowered or raised their risk level from a year preceding the analysis. To quantify stability and operational difficulty, we map MDIF risk scores against World Bank data, using the Political Stability and Absence of Violence Index as measured by a -2.5 to 2.5 scale, where higher scores indicate greater political stability, as well as the Ease of Doing Business Index, which starts at 1 and finishes at 190, with lower scores indicating a better environment for business operation.

d. Client evaluation of impact

To add context to performance trends related to revenues, reach and viability, we also ask clients to evaluate our effectiveness in helping to support the growth of their businesses. The aim is to gather meaningful information at investee level to better understand MDIF impact – both in terms of our affordable financing and the capacity building support provided by Media Advisory Services (MAS), MDIF's strategic advice and venture support unit – and to assess whether we are achieving our purposes as agents of change. The collected data also serves as a feedback input that helps us make more informed decisions about our portfolio.

For that purpose, we ask the following survey question: *Since you started working with us, have there been changes in your company because of your involvement with MDIF?* If the answer is *Strongly agree* or *Agree* (compared to *Neutral, Disagree* and *Strongly disagree*), we ask the respondents to indicate whether these changes were positive or negative and generally explain these changes. For those whose organisation or members of staff received capacity building support from MDIF, be it a workshop, training or a grant in that year, we also ask: *Have there been changes in your company because of that capacity building support?* Again, if the answer is *Strongly agree* or *Agree* (compared to *Neutral, Disagree* and *Strongly disagree*), we ask the respondents to indicate whether these changes were positive or negative and generally explain these changes.

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[6] As of December 31, 2020, our historical default rate stood at 11.3%.

Based on the results, we present the percentage of MDIF clients who agreed or strongly agreed that there had been changes in their company because of their involvement with MDIF and the percentage of clients who received capacity building support in 2020 and agreed or strongly agreed that there had been changes in their company because of that support.

Client impact on society

Evidence of the media's impact is well-documented and has been studied by scholars in communication, psychology, sociology, political science, anthropology and education, among other fields. Our areas have been selected based on existing research, from studies on media affects[7] and how they influence people, to work on the role of the media in development and democracy[8], as well the United Nations Sustainable Development Goals (SDGs).

a. Corruption and accountability

We invest in independent media businesses because of their positive impact on society. One of the most direct paths to impact for many media is through exposing corruption and holding the powerful to account. Ever since Edmund Burke described the media as the Fourth Estate, they have been regarded as a watchdog that oversees the activities of authorities on behalf of citizens, playing a key role in ensuring good governance. In fact, multiple studies have found that there is less corruption in nations with a free press[9] [10] [11] [12]. As Nobel Prize-winning economist Joseph Stiglitz said, "*free speech and a free press not only make abuses of governmental powers less likely, they also enhance the likelihood that people's basic social needs will be met.*"[13]

To assess our clients' efforts to curb corruption and foster accountability, we conduct an annual survey asking clients the following questions: (1) *In 2020, did your organisation carry out work around corruption that you think contributed to a real-world change or had a significant impact on your community?* and (2) *In 2020, did your organisation carry out work that held people and institutions in power to account for their words and actions that you think contributed to a real-world change or had a significant impact on your community?* If the answer is affirmative, we ask the respondents to provide a detailed description of their work, describe the changes it directly or indirectly contributed to and categorise them as the following type(s) of outcome:

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[7] World Bank CommGAP (2009) "Media Effects, Technical Brief".

[8] World Bank (2009) "The Media and Development: What's the Story?, Working Papers"

[9] Norris, P. (2006) "The Role of the Free Press in Promoting Democratization, Good Governance, and Human Development"

[10] Brunetti, A., and Beatrice, W. (2003) "A Free Press Is Bad News for Corruption" in "Journal of Public Economics, LXXXVII" (pp.1801–1824)

[11] Lederman, D., Loayza, N. V., & Soares, R. R (2005). "Accountability and corruption: Political institutions matter" in "Economics & Politics, 17 (1)" (pp. 1-35)

[12] Besley, T. and Prat, A. (2006) "Handcuffs for the Grabbing Hand? Media Capture and Government Accountability" in "American Economic Review, 96(3)" (pp.720-736)

[13] Stiglitz, J. (2002) "Transparency in Government," in "The Right to Tell: The Role of Mass Media in Economic Development" (pp.27-44)

- **Institutional**, such as official response, hearing, government investigation, reorganisation, change in law or policy, etc.
- **Personal**, such as dismissal, resignation, criminal charges, fine, penalty, formal apology, improvement in person's working/living conditions, etc.
- **Civic**, such as protest, petition, community engagement, increased donation to a cause, etc.
- **Other**

We base two metrics on the answers: the percentage of clients whose work on corruption and accountability that created impact in the past year, and the distribution of types of social outcome said to have followed it. Additionally, we plot survey responses against relevant indicators, in this case Transparency International's Corruption Perceptions Index. On top of this numerical data, we also present a selection of examples of powerful corruption and accountability journalism and information-sharing carried out in the previous year. While most examples are drawn directly from the survey, we do also occasionally feature other impactful examples collected over the course of the year.

b. Social issues

In our work, we have seen many examples of how timely and reliable information provided by clients have helped to shape public opinion on important social issues that affect citizens' lives. This is consistent with a compelling body of research showing evidence that media coverage influences public perception and changes in behaviour across various social issues[14], from public health[15] and environment[16] to gender equality[17] and LGBTQ+ issues[18].

Consequently, we present our clients' efforts to provide reliable information on social issues that impact people's lives but which frequently struggle to receive media coverage or may be reported with prejudice. Social issues are defined as substantial public matters that directly or indirectly affect members of a community and require societal action. For the purposes of impact reporting, we concentrate on stories focusing on the environment, gender, minorities, immigration and LGBTQ+. The relevance of the issues covered is mirrored in the SDGs, which address equality (goals 5 and 10) and the environment (goals 7, 12, 11, 13, 14, 15).

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[14] McCombs, M., Holbert, L., Kiousis, S. and Wanta, W. (2011), "The News and Public Opinion: Media Effects on Civic Life"
[15] Catala´n-Matamoros, D. (2011) "The Role of mass media communication in Public Health"
[16] Sampei, Y. and Aoyagi-Usui, M. (2009) "Mass-media coverage, its influence on public awareness of climate-change issues, and implications for Japan's national campaign to reduce greenhouse gas emissions" in "Global Environmental Change, Volume 19, Issue 2" (pp.203-212)
[17] Jensen, R. and Oster, E. (2009) "The Power of TV: Cable Television and Women's Status in India" in "Quarterly Journal of Economics, Volume 124, Issue 3"
[18] Gomillion, S.C. and Giuliano T. (2011) "The Influence of Media Role Models on Gay, Lesbian, and Bisexual Identity" in "Journal of Homosexuality: Vol 58, No 3"

To identify powerful and memorable journalistic pieces on social issues, we ask the following survey question: *In 2020, did your organisation carry out work around social issues, such as the environment, gender, minorities, immigration or LGBTQ+, that you think contributed to a real-world change or had a significant impact on your community?* As in the case of corruption and accountability, those clients who declare carrying out impactful work on social issues are asked to describe it, outline its outcomes and classify them into one of the categories – institutional, personal, civic or other.

This information is used to construct two metrics: the percentage of clients carrying out work on social issues that created impact in the past year and the distribution of types of social outcome said to have followed. We also present the distribution of the metric by Social Progress Index, published by Social Progress Imperative. Again, as in the case of corruption and accountability, we provide contemporaneous examples of powerful social issues work carried out in the previous year. While most examples are drawn directly from the survey, we do also occasionally feature other impactful examples collected over the course of the year.

c. Elections

Although media stimulate democratic participation in many ways, we focus on elections as the most basic, yet most essential, of the democratic exercises.[19] [20] Our experience corroborates what has been found by other authors: independent media have a profound impact on society during elections.[21] [22] For example, leading political scientist Pippa Norris identified three core roles for the news media within representative democracy: "*as a civic forum encouraging pluralistic debate about public affairs, as a watchdog guarding against the abuse of power, and as a mobilising agent encouraging public learning and participation in the political process.*"[23]

In order to track how our clients encourage democratic participation, we ask the following survey question: *In 2020, did your organisation carry out work around elections that you think contributed to a real-world change or had a significant impact on your community?* Again, those clients who declare carrying out impactful journalism or information sharing around elections are asked to describe their work, outline its outcomes and classify them into one of the categories – institutional, personal, civic and other.

This information is used to construct two metrics: a percentage of clients that covered elections that created impact in the past year and a distribution of types of social outcomes said to have followed. We also present the distribution of clients work on elections by World Bank Voice and Accountability Index, which evaluates to

[19] Dahlgren, P. (2009) "Media and Political Engagement: Citizens, Communication, and Democracy"
[20] Jebril N., Stetka V., Loveless M. (2013) "Media and democratisation : What is known about the role of mass media in transition to democracy"
[21] Khaquli, I. and Esipisu, M. (2009) "Eyes of democracy: the media and elections"
[22] Norris, P. (2000) "A Virtuous Circle: Political Communications in Postindustrial Societies"
[23] Gentzkow, M., Shapiro, J. and Sinkinson, M. (2011) "The Effect of Newspaper Entry and Exit on Electoral Politics," in "American Economic Review, 101(7)"

what extent a country's citizens are able to participate in selecting their government, as well as freedom of expression, freedom of association and a free media. Additionally, we present a selection of powerful election journalism and other media-related work from the previous year, gathered both through the survey and by reviewing clients' publishing records.

Special focus: Covid-19

It is impossible to look back at 2020 without addressing Covid-19 which, apart from being a global pandemic and public health crisis, has severely affected the global media industry. Thus, the special focus of this year's Impact Dashboard is **Covid-19**.

First, we look at the perception of clients and the disruption it had on their performance. To give perspective to the scale of the challenge, we asked respondents whether Covid-19 had a *huge negative, moderate negative, small negative, positive* or *no impact* on their businesses. Then, we asked clients to rate different challenges they had to face, such as *economic impact and decline in revenues; physical and mental health and safety of the workforce; changes in newsgathering practices; dis-and misinformation around Covid-19; organising people and systems for remote work* (1 being the smallest and 5 the biggest challenge). Lastly, we asked what measures were introduced to tackle the crisis and which out of all measures introduced had the greatest positive impact. The measures proposed included: *working from home; reduced expenses for travel & on-the-ground reporting; suspended planned salary increases; introduced new/alternative revenue sources; suspended planned new hires; borrowed/reached into savings; reduced stringers/freelancers; cut brand promotion; reduced hours for some staff; reduced/cut distribution channels; reduced salaries/payroll; scaled back product/service offer; added/enhanced distribution channels; cut software and other subscriptions where possible; laid off or furloughed staff; reduced publication frequency; other*. Although our sample is not representative, and thus inadequate for generalisations, we believe that information gathered nevertheless offers useful insights into the wider situation in the global media industry during the Covid-19 crisis.

We also look at investees' work around **Covid-19** that had a significant impact on their communities. Public interest media have played a key role during the pandemic, as confirmed by numerous studies, affecting Covid-19 threat perception, health literacy, endorsement of misinformation and engagement in preventive behaviours[24]. In the midst of a health emergency, media have a paramount task of combatting disinformation, scrutinising the response of the public authorities and stimulating public debate and critical thinking. Most

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[24] For example: Dhanani, L. Y., Franz, B. (2020) "The Role of News Consumption and Trust in Public Health Leadership in Shaping COVID-19 Knowledge and Prejudice"
Vai B, et al. (2020) "Risk Perception and Media in Shaping Protective Behaviors: Insights From the Early Phase of COVID-19 Italian Outbreak"
Bridgman, A., el al. (2020) "The Causes and Consequences of COVID-19 Misperceptions: Understanding the Role of News and Social Media"

importantly, receiving timely, accurate, relevant information is critical for enabling individuals to take appropriate actions to stay safe and healthy.

In order to track how our clients created impact, we ask the following survey question: *In 2020, did your organization carried out work around Covid-19 that you think contributed to a real-world change or had a significant impact on your community?* Those who agree with the above statement are asked to describe their work, outline its outcomes and classify them into one of the categories – institutional, personal, civic and other.

This information is used to construct two metrics: a percentage of clients carrying out work around Covid-19 that created impact in the past year and a distribution of types of social outcome said to have followed the reporting. We also present the distribution of clients the Lowy Institute's Covid Performance Index[25], which evaluates effectiveness of countries in handling the pandemic. Additionally, we present a selection of powerful Covid-19 work from the previous year, gathered both through the survey and by reviewing clients' publishing records.

III. Methodological challenges

Data selection issues and standardisation

To achieve a standard measurement across our portfolio, our metrics were chosen based on their relevancy for the largest number of MDIF-supported organisations. Yet, despite our efforts to standardise measurements across our portfolio, the media companies we invest in are diverse in terms of their business models, geographic focus and media type. Given these differences, the available data are to some extent affected by selection issues, with some clients able to provide accurate data for some indicators but not others. As a result, some clients are omitted from certain sections and, thus, each indicator may have a slightly different number of clients in any given year.

For example, our Impact Dashboard methodology is designed to assess media outlets that produce news and information content and are focused on generating revenues to support their operations. This means that some investees (such as early-stage companies focused on developing an idea or tool to support digital media instead of producing news content themselves, or technology businesses that offer platforms to connect users, rather than provide news and information to audiences) do not find many of the included indicators relevant. Examples of such clients include OnionDev, which provides services such as a voice-activated social network for

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[25] 0 to 100 score, with higher scores indicating better performance: 1-50 "Less effective", 50-100 "More effective"

illiterate rural people in India, and Colab, which connects Brazilian citizens with local administrations. In those cases, we ask clients to provide data only for those indicators that are relevant to their work.

Additionally, at times a specific metric is not applicable to a client during the period of evaluation or a client is unable to provide updated numbers on an annual basis. In a limited number of cases, when clients are unable to provide updated data for the current year, we use the last year of fully vetted data as a proxy until actual data are available. Overall, the Impact Dashboard is based on the best available information at the time of publication and we use our best efforts to avoid bias and ensure that the analysis reflects the underlying performance of MDIF-supported organisations.

Reliability of information

To collect data, we rely in part on our clients' records and their answers provided in the annual Impact Dashboard survey. We take due diligence and care in reducing inaccuracies and errors to the extent possible, validating results clients report, cross-referencing them with our data and third-party services and eliminating or adjusting anomalous figures. In particular, collecting accurate reach data on a regular basis remains a challenge for many companies in our portfolio and especially those working in underdeveloped markets. For example, broadcast audience estimates in developing markets are often imprecise. This can make it difficult to analyse overall client growth, but a best-faith effort is made by both the client and MDIF to be as accurate as possible. We work closely with clients to improve their data collection procedures and encourage the use of audience research data and internationally recognized audience research firms.

The multiplier estimate

MDIF's print reach calculations depend on a variable 'multiplier' being applied to circulation figures to calculate reach, with estimates obtained directly from the clients and through research. Although multipliers are the industry standard for establishing readership, there is still subjectivity inherent in this process. We are continuing to examine ways of collecting multiplier estimates that are both more independent and accurate.

Online reach

The way clients use online research tools, including Google Analytics, can affect the results produced. For example, where tracking code is placed on a web page can greatly influence the resulting data. We continue to work closely with clients to ensure the consistent tracking and reporting of their online audience.

Another challenge for the near future will be to measure reach for online news platforms beyond their websites. As digital news continues to grow in importance, it will be critical to count people who are getting independent news from social media. At present, we do not factor audience on social media sites into our Impact Dashboard methodology, but we plan to integrate this information in the future.

Double counting of reach

The main area where double counting occurs is when traditional media clients have an overlapping online audience. In such cases, readers who also access news content via a publisher's website as well as its print edition will be counted twice. This is a problem for the media industry as a whole – there is currently no agreed method for determining how many traditional media consumers are also digital consumers. As industry standards are established, we will incorporate them in our impact assessment work to resolve this issue. To a lesser degree, this problem also exists when clients have multiple traditional news products. For example, when a reader buys two newspapers published by the same company, he or she will be counted twice. Finally, there are also potential issues when several clients work in the same region and may share audience members.

Inflation with revenue growth

When calculating growth in client revenues over time, inflation has not been taken into account. At this point, we have determined it is impractical to calculate revenue figures taking into account domestic inflation rates because of the number of countries in our portfolio and the limited availability of accurate inflation data in many contexts. However, we will continue to assess whether this approach can be improved in the future.

Summarising data

When reporting on our clients' performance, we are aware that data from outliers, i.e. exceptionally well- or poorly-performing clients may skew the averages up or down. Therefore, we report median results alongside averages to provide a fuller picture and give a better sense of typical performance.

Establishing change and causality

Many factors can impact a media company's growth and establishing exactly which causal factors led to improvement or decline can be difficult. To establish causality, it would be necessary to determine that an observed change in a client's performance over time is not the result of a broader market rise or other external factors. The best way to do this would be to benchmark MDIF clients against a control group of media businesses comparable in terms of different variables, such as region, news medium and size. Unfortunately, it

is impossible to obtain the relevant indicator data from companies that do not have a working relationship with MDIF due to the sensitive nature of such information. Even if we were able to access such data, it would be impossible to isolate all external factors that could account for the changes, thus impeding internal validity of any inferences.

This risk could be mitigated by randomisation but, in the case of MDIF, random assignment of subjects to experimental and control groups is impossible. All MDIF investments go through a multi-level vetting process and must be certified by the Board of Directors as meeting MDIF's investment criteria of mission impact, potential for long-term viability and editorial integrity. Considering the rapidly changing nature of the media sector, this would render any such analysis quickly outdated, and we deem randomised control trials (RCTs) – the industry gold-standard for proof of effectiveness in impact assessments – as not suitable for our purposes. Consequently, we refrain from attributing causation and instead view our investment as a contributor to, not the sole cause of, our clients' performance over the years.

Alignment to existing social impact frameworks

In recent years, there has been an emergence of standardised metrics to measure social impact, such as Impact Reporting and Investment Standards (IRIS) or the Global Impact Investing Rating System (GIIRS). However, these standards are very broad and, due to the specificity of our investments, do not adequately meet our needs, nor are they aligned with our mission to support independent media around the world providing the news, information and debate that people need to build free, thriving societies. On the one hand, these frameworks are highly generic and their one-size-fits-all approach fails to reflect the context and impact of media development. On the other hand, industry-specific metrics have been developed for evaluating work in areas such as banking, health care or environment, but not for media. Given the still-evolving status of impact measurement and management practice, we are closely following the developments as they happen and striving to improve our approach.

Alignment to SDGs

Recently, many impact investors have been orienting themselves to the UN's SDGs. MDIF is committed to helping achieve the SDGs and our work directly contributes to Goal 16 ("Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels"), in particular target 10, in which the international community pledges to "ensure public access to information and protect fundamental freedoms" by 2030. However, indicators that were selected to underline target 10 – measuring attacks on the press and human rights advocates (16.10.1)

and the existence and implementation of legislation ensuring public access to information (16.10.2) – were not designed to be reported on by individual organisations, but rather at a national level. Additionally, these areas of focus, particularly policy implementation, are not within the scope of MDIF's work that aims to ensure access to timely, accurate and relevant information by strengthening the business side of media. Yet despite these limitations, as a part of our annual survey, we do ask clients the following question: *Has your outlet and/or your journalists faced any attacks, arrests or harassment in 2020?* We present the results in terms of percentage of all respondents in the Impact Dashboard Viability section. This secondary metric does not quantify the impact that each media company is having on achieving target 10, and instead solely aims to provide context that reflects the critical importance of the SDGs.

Our work also indirectly supports most other SDGs. The media companies we work with actively report on issues such as poverty, health, education, the environment and other areas covered by the SDGs and, by exposing wrongdoing and holding those responsible to account in all of these areas, bring about wide-ranging concrete change in their communities.

Measuring journalism's impact

One of the key examples of our custom approach to impact measurement is our assessment of the impact of clients on their societies, where we collect qualitative data on the instances of real-world change arising after their reporting. Our selection of impact priorities developed in-house – corruption and accountability, social issues and elections – although based on empirical research, including studies on media influence and media affects, does not aim to be comprehensive, but rather illuminates, by collecting concrete examples, the work of MDIF clients. Similarly, the descriptive categories of real-world changes – institutional, personal, civic and other – have been established to augment metrics with context. These categories have been developed in-house based on existing taxonomies of media impact by the USC Annenberg School for Communication and Journalism's Norman Lear Center Media Impact Project[26] and the Center for Investigative Reporting[27], and serve simply as averages to characterise and classify the outcomes reported by MDIF clients.

Although we believe that numbers alone, such as reach measured by the number of readers, listeners or viewers, are insufficient to unearth or communicate journalism's impact, our focus on real-world outcomes does create several significant challenges. In practice, typically affected by many variables and unobservable effects, the outcomes can be both extremely nuanced and staggeringly complex. We also struggle with long timelines as, in many cases, the impact of a story might not be felt for months or years, something that is at

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[26] Media Impact Project (2014) "Offline Impact Indicators Glossary"
http://www.mediaimpactproject.org/uploads/5/1/2/…/offline_impact_indicators_glossary.pdf
[27] The Center for Investigative Reporting "Impact Glossary" http://impact.cironline.org

odds with the annual cycle of the Impact Dashboard. Consequently, we are very careful not to attribute causality and we view our clients' work as a contributor to, not the sole cause of the changes that occurred in their communities. We also vet the reported impact stories by reviewing media coverage of events, both by our client and other media outlets in the market.

If you have any thoughts or suggestions on how we might improve the Impact Dashboard, please email us at mdif@mdif.org.