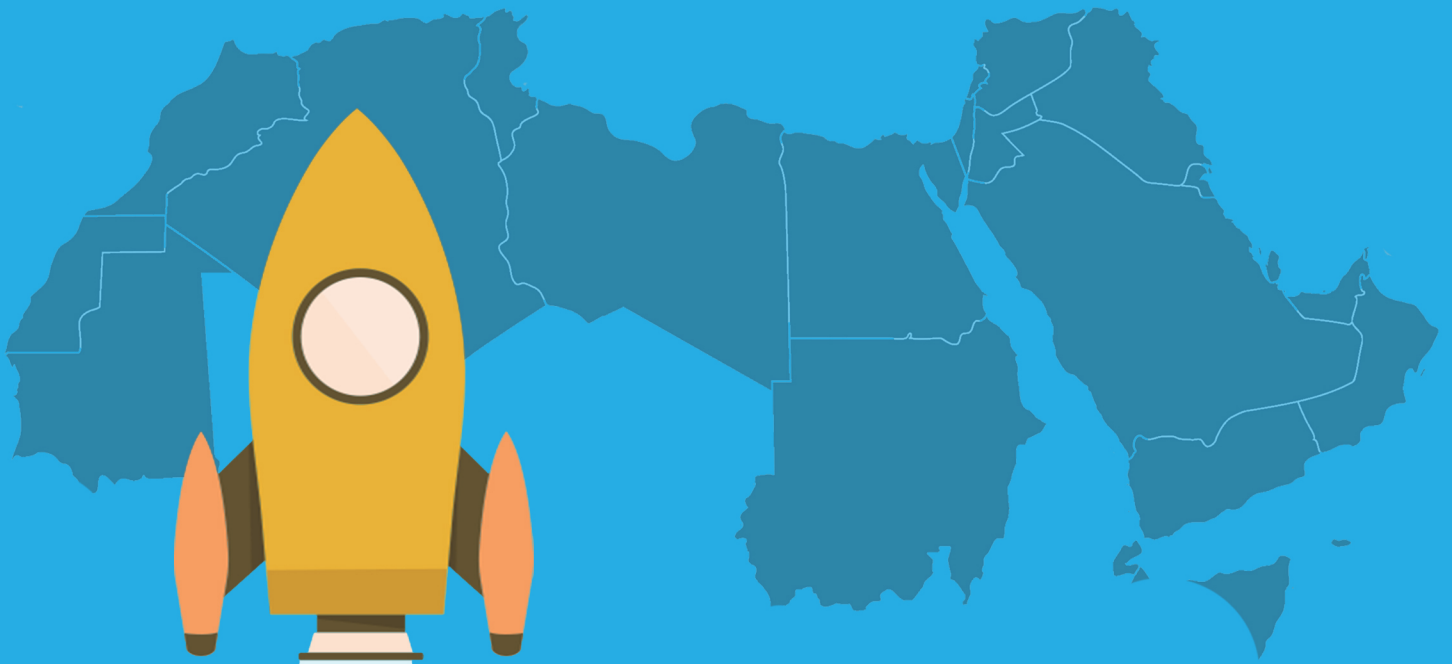


# Digital Media Startup Companies in the Arab world

Example of Lebanon, Morocco and Jordan  
Cases and applications



# **Digital Media Startup Companies in the Arab World**

**The examples of Lebanon, Morocco and  
Jordan**

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**Maharat Foundation is not responsible for the views expressed herein;  
They reflect those of the authors**

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## Overview

In recent years, digital startups have become highly important on the economic level. In fact, they have the ability to act as an engine of the economy, creating job opportunities and a dynamic society.

The importance of these startups lies in the adoption of a new approach that involves establishing institutions relying on digital technology and individual creative initiatives that meet society's needs. This new approach allows a startup to build a successful and sustainable economic model.

Most countries are encouraging such initiatives to achieve economic advancement, as well as the dreams and ambitions of young people. This is made possible through the opportunities that these initiatives create for them, in addition to the numerous applications that serve society, contribute to its progress and increase national income.

The media sector has seen a large share of these startup organizations. In fact, communications technology, along with the enormous potential that the digital revolution has brought, and the numerous applications that internet services have provided, respond to the needs of the public who have been demanding new ways of communicating.

Based on this global reality, this study aims to explore the reality of the Arab world, as well as to answer the following question: What is the reality of digital media startups in the Arab world today?

In order to answer this question, the study provides field-based research in three Arab countries: Lebanon, Morocco and Jordan. The study is based on monitoring media startups in these countries in order to answer a set of important questions in terms of company origins, working conditions, as well as the general framework of their operation. The work was carried out in the field by three research teams that were active in each of these countries seeking answers to the same questions:

- What is the reality of digital media startup companies?
- What are the challenges facing media startups?
- What are the elements of a nurturing ecosystem of media startups?
- What is the legal framework for establishing these companies?
- How much freedom are they granted?
- Which economic model do they adopt and how successful are these models in ensuring independence and viability?
- Are there basic skills needed for creating a new business model for the media?
- Do the higher education institutions in the Arab world show interest in media and innovation?

This study answers these questions extensively and explains the reality of startups in these countries. It also presents the difficulties that hinder their growth and attempts to provide recommendations aimed at promoting the success of innovation initiatives in the Arab world.

# I- Media Startups in Lebanon

## Introduction

Against the backdrop of the weak employment capacity of public institutions and private companies, the growing number of people preferring independence and risk-taking, rapid technological development, the ease of access to data and information, growing e-commerce, cheaper equipment and the shift towards a service-based economy that does not require high costs, there has been growing interest in entrepreneurship and in setting up startups worldwide in various fields. Studies and statistics indicate that many 25 to 40-year-olds have set up their own small startups even though they lack practical experience of actual market needs, commercial activities, and the challenges and risks. In addition, the information revolution has become a key market force.

Today's society is referred to as the information society, that is, it is a society that relies primarily on information as an investment resource, a strategic commodity, a service, a source of revenue and as a new field for labor.

Information has been used in startups as an economic resource in various sectors, including the media, where information and communications technology has brought about major changes in institutional structures, and economic and services structure, and has been used as a competitive advantage in entrepreneurial startups.

Lebanon is considered to be one of the booming digital innovation capitals in the Middle East, hosting about 13% of the total number of investors in the Middle East and North Africa region, with more than 100 investments made between 2013 and 2016.

Over the past years, in comparison to other MENA markets, Lebanon's share has steadily risen in both number deals (about 40 in 2016) and value of deals (about USD 56 million in 2016)<sup>1</sup>.

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<sup>1</sup> Lebanese Innovation Economy study (Arabnet)

## Objectives

For some time now, there have been reports of endless crises faced by the media in Lebanon. There are increasing difficulties due to the severe shortages of funding sources for most Lebanese media outlets, which has led some to close down or make redundant a number of their journalists.

The institutional crisis in the Lebanese media is not new. It is an economic model that was established decades ago and was designed to be compatible with the political, economic, social and technical conditions that prevailed at the time. This model should have been reformed after the 1970s and 1980s, but all attempts leading up to the digital revolution failed. There were also the financial crises that did not spare the audiovisual media. As a result, many media companies closed down and many media professionals were made redundant to cut costs. These companies were not prepared when the crisis hit. As a result, many media companies closed and many media professionals were made redundant to cut costs. Like in the rest of the world, the old business model is suffering.

Meanwhile, new business models were being created and media companies started to appear online, quickly reaching a wide segment of audiences. However, the economic success of these new approaches still falls short of expectations, at times being even disappointing.

This reality paves the way for media entrepreneurship and for setting up media startups that rely on innovation and creativity in delivering content, offering a successful business model that ensures their survival and financial independence while keeping a distance from political money that controls most of the traditional media in Lebanon.

## Study problem and questions:

It is evident that Banque du Liban's (BDL) Circular 331 has boosted the startup scene, with the rise of more startups, accelerators, venture capital and ecosystem support programs. The mentioned circular encourages Lebanese banks to invest in the equity of startups, incubators, accelerators and other companies operating in the knowledge economy.

However, Lebanese tech startups face many obstacles in their entrepreneurial journey due to the low availability of technical talent, the Lebanese political environment, and the lack of access to customers and to local, regional and global markets.

The problem of this study consists of determining the strengths and weaknesses of media startups and the environment in which they operate.

The problem leads to the following questions:

- What is the roadmap for media startups in Lebanon?
- What are the challenges facing media startups?
- Are there basic skills required to create a new business model for the media?
- What are the elements of a nurturing ecosystem of media startups in Lebanon?
- Is there academic interest in the field of media and innovation?
- What is the legal framework for establishing media startups in Lebanon?

## Study methodology

This study relies on descriptive research using surveys to obtain data and information about the phenomenon in question.

The study relied on surveying media startups in Lebanon and presented the conditions for their inception and the challenges they face.

The sample consisted of the following websites and platforms: Daraj, Megaphone, Figur-it, Labneh&sFact and ArabNet.

The research tools focused on interviews with media startup entrepreneurs and university professors specializing in media affairs.

## 1- Definitions:

First, it is necessary to show the difference between entrepreneurship and startups: Each startup is an entrepreneurial venture, but not every entrepreneurial venture is a startup.

**Entrepreneurship** is the process of creating a new entity or developing an existing entity in response to new opportunities that the entity would like to take advantage of commercially. Entrepreneurship is highly dependent on experience levels. The older the entity, the more it reflects how well it fits into the market and succeeds in surviving.

Jeffrey A. Timmons<sup>2</sup> defined entrepreneurship as the ability to create and build something from nothing. It is the initiative, work and achievement to build a project. In addition, it is observation and analysis and the talent to see opportunities where others don't.

Entrepreneurship is having a team that complements your skills and talents, knowing how to control and organize resources (which are often owned by others), making sure that money is spent only where necessary, being prepared for calculated risk, both personal and financial, and doing everything possible for the benefits sought.

**A startup** is a project that is built from scratch and can achieve success for a segment of users within two years at the most; throughout this period it is called a startup. The term startup is currently linked to modern tech startups.

Steve Blank, a Silicon Valley entrepreneur, said that a startup is an organization formed to search for a repeatable and scalable business model. Paul Graham, founder of Y-Combinator and a Silicon Valley businessman and academic, said that it is a company designed to grow rapidly. According to him, the company's recent establishment does not make the company a startup nor is it necessary for startups to work in technology or take financial risks. The only key thing is growth,

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<sup>2</sup>Jeffrey A. Timmons, The Entrepreneurial Mind, 1981-1982

and everything else associated with startups follows this growth. The age of the company does not matter when it is classified as a startup, it can be a few months or three years old; as long as its growth curve remains vertical it can be classified as a startup. Therefore, major growth is a feature of startups. This growth can be internal growth, by expanding teams and processes, or can mean market growth, by increasing the number of users and customers.

Another feature of startups is the novelty element. Startups are seen as seeking to solve an old problem by finding new solutions. A startup must offer a new way of doing something in the world.

### **Entrepreneur:**

- Frederik Harbison defined the entrepreneur as a person who has the skill of organization building as well as managerial and creative skills in building or managing the organization.
- McClelland said that entrepreneurs are non-traditional people whose work culminates in a distinctive and innovative way. Most importantly, entrepreneurs are able to make decisions under uncertainty with a propensity to take risks. Entrepreneurs engage in realistic economic behavior to achieve their goals and a creative imagination.

In *The Entrepreneurial Mind*, Jeffrey A. Timmons described entrepreneurs as people with a propensity for development and possessing creativity, management skills and business know-how.

This trend distinguishes entrepreneurs from others, such as inventors, managers in large and stable corporations and promoters.

## **2- Media Startups in Lebanon**

There are 372 online media websites registered with the National Media Council; some are non-operational, while others use very basic design and graphics.<sup>3</sup>

They are also similar to existing media companies in terms of adopting a traditional economic, administrative and editorial model.

In fact, there are not many media startups in Lebanon. These companies face major challenges, including inability to generate revenue, the type of content, and thus

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<sup>3</sup>Survey of websites registered in Lebanon, National Media Council

the number of readers, innovation on offer and companies interested in advertising on these media platforms<sup>4</sup>. The most prominent media startups in Lebanon are ArabNet, Step Feed and Diwanee. There are also media companies taking their first steps in this field, such as Megaphone, Figur-it, Daraj and Labneh&Facts.

- **Daraj**

The Daraj website was founded in 2018. According to Diana Moukalled, co-founder, Daraj is an independent, not-for-profit organization founded in Beirut for the Arab region. There are writers from Syria, Iraq, Egypt, Turkey, Yemen and Arabs residing in Europe. When traditional media companies had to deal with a financial crisis a few years ago, the idea of establishing Daraj was proposed by three journalists from these traditional media companies, which receive political money and are guided by the financiers' agendas.

Daraj tried to work out a two-stage formula to reach financial independence as a media startup. The first stage is partnering with donor institutions working internationally which would not try to influence the company's editorial policy. In the second stage, extending over five years, the website is trying to obtain advertising and marketing revenues sufficient to achieve continuity and financial independence.

"In addition to providing excellent content in Arabic, Daraj offers a successful business model through its Third Story, as it also offers a space for media partners and private influencers who may be specialists in culture to obtain help updating their content with graphic effects, videos and photos before publishing them on Daraj."

Daraj specializes in journalism, but it will also focus on lifestyle issues by highlighting the most pressing topics in the Arab region, such as stories on bringing up children and sex, for example. "Such stories are not dealt with in Arabic at the level where we operate," said Moukalled. "The mainstream media are controlled by political money and are often subject to religious or cultural taboos.

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4- Interview with FawziRahal, Manager of Flat6 Lab

We can fill that gap because people who have the money to produce high-quality content do not enjoy the freedom we enjoy.”

There are several challenges faced by the media startups, according to Moukalled. The most prominent is the novelty of the digital media market in the Arab world, innovation and creativity in content production, and difficulty of generating revenue from offering content to readers.<sup>5</sup>

- **Megaphone**

The idea for the Megaphone platform came about on Facebook by a group of young people in December 2017 as Lebanon’s parliamentary elections neared. The platform consists of around 30 activists who are all volunteers. The main idea of this platform was to treat the news and articles in narrative form and to turn them into graphs and videos that target young people and to creatively bring them closer to the Lebanese political reality.

Members of this platform are still looking for accelerators and incubators to transform their work into a media startup, especially as they are launching a new website.<sup>6</sup>

- **Figur-it**

Figur-it is an application that collects stories, monitors sources and competitors, and displays ideas about the best content by monitoring more than 120,000 news articles in Arabic and linking them to the volume of interaction on Facebook to identify the most shared issues and topics by users.

The concept of Figur-it was proposed in 2016 and received funding of USD 25,000 from the 331 initiative. But the slow disbursement of the money by BDL affected the launch of this platform, according to Figur-it CEO Haramoun Hamieh. He stressed that there are difficulties facing the launch of media startups, notably the absence of specialized accelerators for media startups, in addition to founders who lack the experience and relationships in marketing and the knowledge of the legal framework associated with the establishment of startups in Lebanon.<sup>7</sup>

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<sup>5</sup>An interview with Diana Moukalled, co-founder of Daraj

<sup>6</sup>An interview with Jean Kassir, co-founder of Megaphone

<sup>7</sup>-An interview with Haramoun Hamieh, CEO of Figur-it

- **Labneh&Facts**

The Labneh&Facts platform was launched in 2016. It highlights stories about Lebanon's social and economic development to bring about change and build bridges between communities to promote peaceful dialogue. Labneh&Facts is active on Facebook, Instagram and YouTube.

Soraya Hamdan, the platform director, is trying to maintain independence by following the media startup model. She does not want to limit the platform to certain topics or allow ads that bother the reader, especially as all online readers use ad blockers. Therefore, the platform uses a model that is not widely known in Lebanon known as native advertising in the United States, using journalistic skills, video production, and educational follow-up and training for anyone willing to pay for such services, such as startup accelerators and incubators, companies and individuals.

The biggest challenge for media startups such as Labneh&Facts is company registration, which is very expensive, in addition to hiring a lawyer and an accountant. Although these steps are essential, they are a challenge to any media startup at its launch.<sup>8</sup>

- **ArabNet**

ArabNet specializes in covering the development of the digital community. It was established in 2009. Its activities aim to enhance digital communication in the Middle East, stimulate the growth of the digital knowledge economy, and support the creation of new companies. According to Rita Makhoul, co-founder and managing editor, as a startup, ArabNet relies on holding conferences about the digital world in various capitals of the Middle East with the participation of international speakers and experts for revenue. It also brings together entrepreneurs, startups, financiers and incubators through the Ideathon and Startup Demo competitions.

ArabNet also relies on its website, a leading digital business reference in the Middle East with news, expert advice, interviews and studies on start-ups, developers and entrepreneurs. The site also contains a database of digital startups,

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<sup>8</sup> - An interview with Soraya Hamdan, Director of Labneh&Facts

which is the most comprehensive in the Middle East, with more than 1000 registered companies from more than 19 countries.

ArabNet also issues The ArabNet Quarterly magazine, which is the first publication of its kind for developing digital companies and leading companies, with special coverage on e-business, technology, media and entrepreneurship news in the Middle East. ArabNet also offers Business Intelligence, a dedicated service to organize events to match businesses desire to meet entrepreneurial goals. It publishes in-depth annual reports on the digital sector, providing statistics and insights for executives.<sup>9</sup>

- **Maharat-News**

Maharat-News is a multimedia platform launched by Maharat Foundation, publishing in-depth reports to monitor public policies and to promote accountability. Maharat-News factchecks statements of politicians and highlights stories related to human rights and freedom of expression violations.

- **Step Feed:**

Step Feed is a platform that provides content in English about the region and focuses on youth issues and is human and women's rights sensitive.

- **Ounoussa – Sohati – Loolia**

Sohati, Ounoussa, and Loolia are run by a group of Lebanese entrepreneurs who have no media background, but who felt the need to launch media platforms related to women. Ounoussa was launched in 2009. Then the number of contributors increased so Sihati was launched in 2011 and tackles health issues. Loolia was launched to keep pace with the social media revolution in cooperation with bloggers and influencers to develop youth-friendly content. The content of the three platforms address an Arab audience and not only Lebanese.

In an interview, the editor in chief of these platforms, Veronique Abou Ghazale, said that these platforms are media startups, which are not many in Lebanon because of the weak ecosystem supporting startups. Despite the Banque du Liban

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<sup>9</sup>- An interview with ArabNet Managing Editor Makhoul

initiative 331, Lebanon suffers from weak internet infrastructure, administrative issues, lack of VAT exemptions for startups, and a long process for establishing a startup.

### **3- Challenges facing Media Startups**

The role of media entrepreneurship is achieving media diversity in the service of society. This requires a climate characterized by professional and occupational freedom. Such freedoms in turn need innovation and change in the structure of the labor market, as well as the launch of new and innovative products that change and advance the market.

In fact, most of the challenges faced by media startups are those faced by startups in general. In Lebanon, 50% of entrepreneurs do not have consultants to help them develop their business plan and connect them to multiple networks (investors, experts, links with support companies and incubators). This primarily affects support sources, which highlights the gap in the startup ecosystem in Lebanon.

The challenges are linked to internal and external factors and startup entrepreneurs must adapt to them. These factors include:

- Income uncertainty, creating fear that hinders the innovation process;
- Working long hours, intensive effort and bearing the sole responsibility, which is a great risk for those who prefer job security;
- Competition going beyond the local markets, including the Arab and global markets;
- Economic and political instability, internally and internationally;
- Lack of experience in the labor market, in addition to weak technical expertise and the lack of strategies that keep pace with innovation and risk-coping mechanisms.

The challenges to scaling media startups in Lebanon vary according to Wamda's Country Insights study; noting that Wamda undertakes researches about the startup ecosystem in the MENA region. The challenges to scale are generating revenue (31%), building a team (29%), expanding into new countries (22%),

finding partners to facilitate expansion into new countries (47%) and costs of setting up (44%).

Through interviews, we were able to determine that the challenges surrounding obtaining investment are the need for more money and optimizing resources from investors. Challenges to team building come down to the recruitment of a creative team, finding talent, paying salaries and retaining talent. Also, there are challenges to generating revenue because of poor marketing of products or services, finding customers and the extent of their interaction with the product, and collecting payments on media products or services sold.

The first observations regarding the challenges and hurdles cited by startup entrepreneurs clearly show a lack of understanding of the data that controls the structures of the media markets in which these institutions operate and that require statistics about the number of potential beneficiaries and similar companies on the market, product differentiation and the knowledge of cost structure.

Economic theory can be used to understand the relationship between consumer spending on media products and other services. Media economics can explain and analyze a media outlet's performance.

### **3-1 Content problems**

The goal of media entrepreneurship is to achieve diversity in the service of society in a climate characterized by professional and occupational freedom. This requires innovation and change in the structure of the labor market in addition to the launch of new and innovative products that change and advance the market.

In a review of the content produced by media startups, the main challenge that emerged was the creation of a qualitative difference between their content and that of existing media companies. This also raises the issue of lack of competitive approaches in content management in these companies.

The quality of media content is the basic criterion for consumption in a symmetrical relationship where demand increases as quality increases and decreases when it is lost. This quality is measured with three criteria:

- The value criterion associated with the content itself as a technical, cultural and communal value
- The functional criterion associated with specific objectives
- The personal, consumer-related criterion, who is the sole judge of the media content

The consumer of media material is looking for added value from the information to solve a problem, overcome a barrier, take a decision, satisfy his/her curiosity, etc., i.e. making him/her feel that he/she is gaining a benefit. In addition, the propensity to pay for content is generally very low in local media markets, unlike other global markets.

Also, the rapid growth of media platforms has made entrepreneurs aware of the importance of linguistic diversity on their pages; users want to use whichever language they prefer in the virtual space.

#### **a. Language Problems**

Content issues are closely related to language. Arab Internet users represent the fastest growing language sector in the world, but there is a large gap between the number of Arabic sites and the number of Arabic-speaking users. Even in most countries where the majority of people speak Arabic, such as Egypt, one-third of websites are not produced locally or offered in Arabic.

According to Florian Coulmas (Language and Economy, Alam al Maarifa, p.22), in order to be able to invest in language, certain social factors are essential, such as linguistic diffusion, intensive migration, language planning, transport and trade. These factors are less effective if they interact independently, as linguistic diffusion in accordance with economic conditions and developments brings about change in the conditions of the economy, which forces communities to adjust their language stock and patterns of communication.

One of the main issues facing startups is that they do not view language as an economic asset. Thus, challenges are usually summarized as the absence of consultants, dialogue and building relationships with investors; the extent to which startups are able to generate revenue; how to transform the content offered by media startups into content that is attractive for the audience; and the use of sound sales and marketing strategies<sup>10</sup>

#### **4- Media and Innovation in Lebanese Universities**

With the growing interest in entrepreneurship culture and skills, the concept of entrepreneurship has become one of the clear concepts in education. At the same time, in the entrepreneurship sector the role of universities in stimulating creativity, and developing interest and the ability to innovate has been reaffirmed.

This requires universities to develop educational systems and programs and to cooperate with the business community and other institutions to generate, transfer and apply knowledge and technology to serve entrepreneurial ventures.

This has led many international universities to establish centers for entrepreneurship. These offer one or more courses on entrepreneurship and develop the students' interest and ability towards self-employment and setting up their own projects, in addition to promoting scientific research and applied studies, and providing consultation services and guidance aim at transforming student ideas into concrete projects.

A survey of the public Lebanese University and private higher education institutions in an attempt to find out whether these universities orient media students towards innovation and entrepreneurship and the possibility of setting up media startups through educational curricula showed that all universities, without exception, have not yet introduced any clear and specialized academic courses in this field for BA-level students.

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<sup>10</sup> -Wamda Country Insights

On the other hand, there are universities that have started to modernize their curricula to meet the demands of the job market, but only at the MA level, as in the case of Notre Dame University (NDU), which four years ago introduced the Entrepreneurship in Media course<sup>11</sup>

The Lebanese American University (LAU) seems to be following suit. It has developed a new course titled Digital Innovation, which focuses on e-innovation, which will be offered to MA-level students only starting the 2018-2019 academic year.<sup>12</sup>

The American University of Science and Technology (AUST) seems to be taking the same path as LAU. AUST is considering introducing courses on innovation and entrepreneurship in its media department soon, although no decision on the matter has been made to date.<sup>13</sup>

There are other universities that do not overlook the topic completely, as they tackle it in courses under other titles, with the specialization being one of several foci within a course, as is the case at the American University of Beirut (AUB). Innovation, for example, comes as part of the major of Communication and Development, and the same for entrepreneurship which as part of Inter press Communication.<sup>14</sup>

Jinan University does not offer courses on media innovation or entrepreneurship in their titles. However, the university is conducting ongoing seminars with the media and business schools in this regard. It is looking forward to modifying its educational curriculum in the media faculty to better meet the demands of the job market.<sup>15</sup>

To date, the Lebanese International University's media department has not included any courses on entrepreneurship or innovation. These two subjects are addressed under different courses with different titles, such as Web Journalism.<sup>16</sup>

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<sup>11</sup>-An interview with Dr. Maria BouZeid, Department of Media Studies, NDU

<sup>12</sup>- Interview with Dr. Jad Melki, Department of Communication Arts, LAU

<sup>13</sup>- Interview with Dr. George Farha, Communication Arts Department, AUST

<sup>14</sup>Interview with Dr. Nabil Dajani, Media Studies Department, AUB

<sup>15</sup>Interview with the Mustafa Madbuli, Assistant Dean, Jinan University

<sup>16</sup>- Interview with Dr. Asaad Sadaqa, Director of media department, LIU

On the other hand, the Beirut Arab University is not considering introducing such courses to the students of the Faculty of Media, since each discipline has its own philosophy.<sup>17</sup>

As for the public Lebanese University, there are no courses offered to students of the Faculty of Media in the field of entrepreneurship directly. But BA-level students are expected to submit a graduation project that can take the form of a magazine, newspaper or media website. The project is developed in a team (not more than five people). Such a project can serve as a model for a media company if the necessary investment and means of support from companies or businesspeople who wish to invest in this area is made available. In addition, a course on management of media companies and their economics is offered and a data science degree has been introduced, which can encourage entrepreneurial projects that aim to invest in information and data.

At the MA level, a digital media program has been introduced to teach students digital innovation skills. In addition, programs have been developed and technology introduced to curricula.<sup>18</sup>

## **5- Basic Skills to Create a New Business Model for the Media**

Each economy has its own distinct model, and this applies to the digital economy as well as the industrial economy. A business model is the strategic design of how a company or organization seeks to generate revenue from its strategy, operations and activities. The business model is a new or improved way of doing business to gain market advantage, improve current position and thus increase market share.

Today media markets have become more complex than before, and this is reflected in the challenges faced by companies due to increased competition and difficulties in producing services and similar products. Therefore, any new business model must take into consideration that technology has become a competitive advantage in the field of media innovation. The function of technology is no longer limited to

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<sup>17</sup> Interview with Dr. Jamal Mujahid, Director of Faculty of Media, Beirut Arab University

<sup>18</sup> Interview with Dr. Ali Rammal, Faculty of Media, Lebanese University

reducing costs, but now includes helping companies (in terms of product, service, price and quality specifications) to survive and grow in the local and global competitive environment.

In addition, any new business model for media should be based on the power of networks. Information technology and communication systems today have a direct impact on consumer behavior. The traditional impact of networks depends on the consumer of a particular product being affected by the behavior of other consumers. Modern networks have multiplied this impact by providing search engines, web directories and tools for social networking. In any case, any business model is directly related to utility, as the impact of networks depends on the value of the utility or service compared to the number of consumers.

As a result, any business model should be based on five critical trends that are currently contributing to changing the media environment and pushing media companies to change their ideas and methods of work. They are: the plethora of media channels, websites and platforms; the increasing fragmentation of audiences; the development of special investment portfolios for media products to reduce the risks associated with economies of scale and scope; the contraction of traditional media forces; and the power shift in the communication process.

The concept of integration between the sectors of communication, IT and media is the starting point for building the business model, in addition to Didier Lombard's (2008) model, which consists of four tiers, each tier includes a sector that has a specific economic function:

The first tier includes companies producing network elements and their software, and technical programs and equipment.

Tier two includes operators and network service providers.

The third tier includes search engines (marketing websites).

The fourth tier includes platforms that include media companies, content producers and users.

These tiers overlapped as a result of the advent of the digital age, and competition among key actors intensified, increasing the supply of value-added services.

Therefore, we find it difficult for emerging media companies to start first and foremost, turning the idea into a profitable and viable company before adopting these changes and developing strategies to deal with it.

We believe that the failure rate of news media startups is an indicator of the difficulty of building sustainable local news companies that can provide a positive social benefit and fill the gap that has emerged in local news coverage. There are still many challenges surrounding the launch, management and development of local news websites, most notably the lack of the basic skills needed to create a successful media business model, with media startups not interested in contracting advertising and marketing agencies or having an advertising strategy created for them. There is also the need for journalists to provide creative and interactive content to the audience, in addition to the need to find a mix that integrates content strategy with revenue strategy in successful media companies<sup>19</sup>

### **5-1 The Beirut Editors Lab Initiative**

Given the lack of media startup proposals submitted to accelerators and investment funds, and because of the large number of Lebanese journalists who have great capacities and important skills, Flat6Labs, in partnership with Global Editors Network (GEN), has launched the Beirut Editors Lab initiative to encourage journalists to produce new and innovative ideas to create new media startups and a successful business model with eight teams of journalists and developers. Fawzi Rahal, Managing Director of Flat6Labs, admits that he was surprised by the amount of content one journalist could produce in two days in collaboration with developers. Rahal points out that these journalists need two or three extra steps to produce a successful media business model<sup>20</sup>

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<sup>19</sup> A Roadmap for Digital Media Startups <https://bit.ly/2JqZwSa>

<sup>20</sup> An interview with Fawzi Rahhal

## **6- The Entrepreneurship Ecosystem in Lebanon**

The ecosystem that constitutes the knowledge economy is divided between the financial system, investors, legal framework and infrastructure. The ecosystem of startups is formed by the customers and different types of enterprises in a physical or virtual location, interacting with each other as a system to create and expand new startups. These companies can be divided into different groups, such as universities, funding organizations, support organizations (incubators, accelerators, coworking spaces, etc.), research organizations, service providers (for example, legal and financial services, etc.) and large corporations. Different organizations usually focus on specific parts of the ecosystem function. The ecosystem in Lebanon has many strengths, notably the support of the Lebanese government through the Ministry of Telecommunications, which launched the MIC Ventures initiative, a USD 50-million startup fund supported by Alfa and Touch. At the time, Prime Minister Saad Hariri and his team were also trying to engage closely with the entrepreneurial and startup community and work on a number of initiatives to help improve the work and innovation environment with a focus on investment and urgently required regulatory reforms.<sup>21</sup>

### **6-1 The Financial System**

Banque du Liban (BDL), Lebanon's central bank, made great strides with the Circular 331 initiative that it launched in 2014. At the ArabNet annual conference in Beirut in March 2017, BDL Governor Riad Salame announced that the sector contributed USD 1 billion to Lebanon's GDP and created thousands of jobs, without providing the source of these figures.<sup>22</sup>

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<sup>21</sup>Paragraph 12 of Future Party' political program for the 2018 elections

<sup>22</sup>BDL Circular 331: Birth of a Sector, Wamda <https://bit.ly/2LPO8hm>

### 6.1.1 The Circular 331 Initiative

Advanced markets are increasingly dependent on the knowledge economy, where the production, use and distribution of knowledge and information is high. This relies primarily on human capital, Lebanon's richest resource, making Lebanon an ideal candidate for a knowledge-based economy. In line with this trend, BDL issued Circular 331 to encourage Lebanese banks to invest in the equity of startups, incubators, accelerators and other companies operating in the knowledge economy. This innovative scheme has opened up USD 700 million to support innovation and creativity. The initiative was launched in 2014, with more than USD 200 million committed in the form of investments made by commercial Lebanese banks. Three years in, the nurturing entrepreneurial environment seemed to be gradually evolving despite some of the hurdles it faces. The main objective of Circular 331 is to develop the ecosystem in Lebanon by providing the environment and appropriate infrastructure to support the boom in innovation and jobs that is expected to be generated by the growing knowledge economy.

The circular includes guarantees from BDL for commercial banks. In case of bankruptcy, BDL will cover up to 70% of the investment made by a commercial bank in a company (i.e. commercial banks do not incur more than 25% of the losses). Initially, banks' contributions were limited to no more than 3% of their own funds to local startups, either through funds or directly, i.e. an estimated USD 400 million. However, in the amended intermediate circular No. 419 of April 2016, BDL raised total bank contributions in startups to 4%, raising the potential investment amount to USD 600 million.

Between USD 300 million and USD 320 million has been raised to date, nearly half of which was invested in more than 40 startups. The inflow of funds has contributed to the creation of investment funds covering various stages of financing (seed, expansion stage, Series B), as well as new business accelerators and coworking spaces.

At this stage, entrepreneurs face their toughest decision: giving up part of their stake in the company in return for financing. The ownership stake of the financing

company can reach 35% of the startup. It is to be noted that there are many companies that do not disclose their ownership stake in a startup. It should also be noted that Circular 331 allowed banks to have an up to 80% ownership stake. In addition, entrepreneurs may also abandon part of their stake in their company to business accelerators created by the companies that manage the investment funds, such as Speed, which makes the actual share of these companies have in the startups larger than what is proposed in the financing and investment deal and reduces the stake of entrepreneurs.<sup>23</sup>

The flow of money into the startups sector contributed to the establishment of investment and venture funds covering all stages and risks profiles related to establishing and investing in startups. Moreover, joint ventures were established such as Azure Fund and MEVP (Middle East Venture Partners) investing jointly in Washed and Found, Berytech and MEVP investing in Scriptr and in Mobinets, and again MEVP with LEAP Ventures investing in Bookwitty in several rounds.<sup>24</sup>

#### **a. Incubators, Accelerators and Investment Funds**

Business accelerators and incubators offer educational and training programs for entrepreneurs. The difference between them comes down to the payment model. Business accelerators offer limited and intensive education programs during a period of three to six months. Accelerators take an ownership stake in startup companies in return for their services ranging between 6% and 15%. At the end of the program, accelerators offer entrepreneurs a list of investors. Business incubators do similar work but using non-profit business model designed for slow and gradual growth taking no stake in the companies. Entrepreneurs are trained in a slower program for a period between one and a half and three years that is paid for through funding or by the entrepreneurs. Sometimes these divisions are less clear-cut, as in the case of UK Lebanon Tech Hub. This is a clear example of an international non-profit business accelerator that does not take a share of companies. It is called a business accelerator because it teaches entrepreneurs how

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<sup>23</sup>Roadmap to Entrepreneurship in Lebanon, Al-Akhbar newspaper <https://bit.ly/2J98OyS>

<sup>24</sup>BDL Circular 331: Birth of a Sector, Wamda <https://bit.ly/2LPO8hm>

to enter foreign markets and this happens when the company has been established and has a business model, i.e. at later stages .<sup>25</sup>

There are also about 11 companies in Lebanon with investment funds financing entrepreneurs. Berytech and MIDDLE EAST VENTURE PARTNERS (MEVP) are among the leading companies active in Lebanon in the management of investment funds.

### **MEVP**

MEVP is a company focusing on investment during the early stages and the growth stage of startups. It currently manages four investment funds, including IMPACT, which was launched in 2014 and is exclusively dedicated to Lebanon with a value of USD 70 million. It targets ICT companies and the creative sectors. The company mainly focuses on investment in consumer services, technologies, consumer products, etc. “At a regional level, the company was able to raise USD 120 million to invest in startups, and to date has invested USD 80 million, of which USD 60 million in Lebanon, while the remaining USD 20 million is distributed between Dubai, Oman, Cairo and other countries,” said Walid Hanna, one of the company’s founders. The company has supported 38 startups, 25 of which are Lebanese. “Today more than 90% of these companies are considered successful. We hope that next year we will be able to get between USD 50 and 80 million for the region as a whole to invest in companies,” Hanna added.

### **Berytech**

Berytech is a company offering various services, including fund management. In 2008, according to Deputy General Manager Ramy Boujawdeh, the company financed the first startup fund for Lebanon and the region, with Berytech Fund I worth USD 6 million, invested in 15 companies. In 2015, Berytech Fund II was raised thanks to the BDL circular. The fund was financed by the leading banks in Lebanon (19 banks and financial institutions such as BLOM Bank, Audi, Bankmed, Bank of Beirut, Fransabank, etc.) to support Lebanese startups.<sup>26</sup>

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<sup>25</sup>Roadmap to Entrepreneurship in Lebanon, Al-Akhbar newspaper <https://bit.ly/2J98OyS>

<sup>26</sup>Roadmap to Entrepreneurship in Lebanon, Al-Akhbar newspaper <https://bit.ly/2J98OyS>

## **Wamda**

Wamda is an accelerator for entrepreneurship ecosystems throughout the MENA region. It is joined by Wamda Capital, which includes venture capital funds actively involved in initiatives for startups and investing in high-growth technology or tech startups throughout the MENA region, including Lebanon. The Wamda platform is a platform for media, community development, research, and corporate and government consulting services to various stakeholders in the startup ecosystem in the MENA region.

Wamda operates in two main areas: platform and fund. It operates a media platform, programs, events, a research lab, and several accelerator programs under its supervision. The fund is a multi-investment fund, and has made investments in Careem, yallacompare, bitOasis, etc. Wamda has invested in media and entertainment startups, such Kharabeesh regionally and Step Group in Lebanon.<sup>27</sup>

## **AltCity**

AltCity is a new collaborative space in media, technology, social impact, support and stimulation for startups in Beirut. The AltCity program, in collaboration with BDL and Mawarid Bank, is implementing the Startup Boot Camp. AltCity has probably worked with about 15 media startups over the past eight years in multiple programs.

These media companies have faced a range of challenges, but the main challenge is usually audience interaction, the inability to develop a strong revenue model that would ensure the media initiative's sustainability and survival. There are also other challenges with regard to content, tools, innovation and successful business models.<sup>28</sup>

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<sup>27</sup>Interview with Stephanie Nour, Director of Communication and Outreach at Wamda

<sup>28</sup>Interview with David Munir Nabti, CEO, AltCity

## **Flat6Labs**

It is an institution that seeks to support the technology sector and the knowledge economy in the Arab countries. Flat6Labs has launched its five-year program in Beirut, involving 10 commercial banks for a value of USD 20 million with the support of BDL as part of BDL's efforts with its Circular 331. Support has been provided to 18 startups and the target is 100 companies.

Flat6Labs aims to develop and support the knowledge economy in the Lebanese market, invest in it to advance it, and make the ideas of young people a reality. The company has an investment fund that seeks to combine the first stage in establishing startups and the subsequent expansion stage. Therefore, it provides funding from starting at USD 50,000 up to USD 500,000. This volume of support is currently not offered by any other business accelerator on the Lebanese market.<sup>29</sup>

The managing director of Flat6Labs in Beirut Fawzi Rahal confirms that there is a scarcity of media startups in Lebanon and the Arab region in general. There are several challenges faced by media startups relating to generating revenue, the type of content, number of readers, the innovation provided, and companies not interested in advertising on these media platforms. One of the most influential media startups in Lebanon is Diwanee. Diwanee is a digital media company, which describes itself as having one of the largest female audiences in the Middle East. Diwanee creates and distributes original, high quality and trusted content through its unique offering of premium Arabic sites targeting the Middle East audience along selected verticals. Each Diwanee digital property leads its category: 3a2ilati.com, a female focused portal focusing on mother and baby, family health, beauty and recipes, Yasmina.com a female focused lifestyle, beauty and fashion portal, and Wikeez.com an entertainment portal focusing on celebrities, music, movies, and TV shows. Diwanee produces two or three videos a day for a group of sponsors, which generates revenue for them. Rahal believes that there is a culture that does not care about content production and does not respect intellectual property, so the consumer does not pay for content. Readers do not pay USD 12 a month for The New York Times.<sup>30</sup>

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<sup>29</sup>Flat6Labs: The Means for Lebanese Startups to Global Markets, El Iktisad<https://bit.ly/2kHF1TA>

<sup>30</sup>An interview with Fawzi Rahal

## **Speed**

Speed is one of the biggest accelerators in Lebanon. It funds companies over two cycles a year and each batch can include 20 companies. To date, 15 companies have been funded in each cycle. Application is via the website. Startups receive USD 30,000 in cash and USD 30,000 in logistics support. In return, Speed acquires a 10% stake in the company.

While working on the Lebanese market, Speed did not receive any pitches for a media startup. But there is a new application called Top-Click to be released soon that media startups can use to double the number of followers through marketing on many websites. Speed does not take money for downloading this application but it charges for the marketing value.

In addition to innovation and content, Speed's managers believe that media startups should submit a comprehensive portfolio of technological entrepreneurship, good management and a clear fundraising plan. They also have to check supply and demand .<sup>31</sup>

## **Berytech Fund**

Receiving funding from the Berytech accelerator is one of the last stages in establishing startups. Berytech is one of the largest investment funds in Lebanon. This fund rarely works with media startups because most of these companies do not reach these stages of development, according to Paul Chucrallah, CEO of Berytech.

Chucrallah says Berytech does not finance traditional media. There are many who apply but they are rejected. Berytech has financed Ounousa, a media startup for women; Khoolood, the application for commemorations and obituaries; and News Deeply for news feeds. According to Chucrallah, the biggest challenges facing media startups in Lebanon is the unprofitability of the Lebanese market, so media companies should think more broadly.<sup>32</sup>

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<sup>31</sup>An interview with GraciaSoued, Marketing and Communication Director at Speed

<sup>32</sup>An interview with Paul Chucrallah, Executive Director, Berytech

## **7. Legal Framework for Media Startups in Lebanon**

The legal environment fostering startups in Lebanon has seen remarkable development since 2011 with the issuance of the Financial Markets Law No. 161 of August 17, 2011, which established the Capital Markets Authority, headed by BDL's Governor and charged with the protection and promotion of investments in the financial markets.

Startups received strong support in 2013 from the Capital Markets Authority Board with the issuance of the crowd funding decision No. 3 of June 11, 2013 and the intermediate decision No. 11512 issued by the Central Council of BDL on August 22, 2013. With these decisions, BDL aimed to put in place a capital financing scheme to develop the Lebanese knowledge economy. The first tangible results were revealed in Circular 331, which has made available USD 600 million for banks and investment funds dedicated to investing in the “knowledge economy” to create jobs and stop the brain drain. This is accompanied by an urgent effort to provide an appropriate legislative framework for investment development in this sector, as well as providing tax and financing incentives to startups.

What is the legal framework for establishing a startup in Lebanon? What are the administrative and legal challenges and obstacles faced by entrepreneurs? And what are the things that must be developed and updated to encourage Lebanese youth to start their own projects?

The Lebanese Code of Commerce offers many legal structures for corporate founders to choose for their projects. For startups, the most suitable form is the joint stock company or société anonyme. The limited liability company (LLC) would be more appropriate if shares are publicly traded. If a startup wishes to benefit from Circular 331, it must be founded as a joint stock company. This report will only look into the legal framework for joint stock companies.

As previously mentioned, the joint stock company or société anonyme (SAL) is governed by the Lebanese Code of Commerce (CC) and a set of rules from the Code of Obligations and Contracts, in a way that does not conflict with the mandatory provisions of the Code of Commerce. We will describe the most

important applicable legal texts, noting that specific regulations apply if the company wishes to carry out certain activities, such as financial services, insurance, commercial representation, media, real estate or any type of public service.<sup>33</sup>

**Capital:**

The minimum capital of a joint stock company is LBP 30 million and must be fully subscribed (CC Article 83). The minimum value of shares is LBP 1,000. Each subscriber must pay at least 25% of their total contribution (CC Article 84). The Code of Commerce does not specify a time limit for the payment of the full price of the shares. The shareholder who has not paid the remainder of the capital must complete payment upon the company's request. In-kind shares must be fully paid up upon establishing the company.

**Contributions:**

Contributions to the capital may be made in cash or in kind and the shares must be in registered form. The company's articles of association should include the preferential rights to be granted to the partners with preferred stock.

**Activities:**

Subject to the provisions of the laws and regulations in which the practice of certain activities is subject to prior authorization, the establishment of companies shall not require the authorization of the administrative authorities.

**Founders and shareholders:**

The minimum number of founders and shareholders is three. The Code of Commerce does not set restrictions on the nationality of the shareholders. However, the Code of Commerce requires that the majority of the board of directors be of Lebanese nationality and that the members of the board of directors own shares in the company as a guarantee of their management. In addition, laws governing certain activities specifically require a certain percentage of Lebanese nationals in the board of directors.

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<sup>33</sup>Legal comment by lawyer Nisrine Salhab specializing in establishing startups

**Liability:**

Founders are jointly liable for commitments and expenses made for the establishment of the company and they cannot default on them to the subscribers if the company is not established. Founders' liability is also joint and absolute, as they are obliged to compensate for damages resulting from the dissolution of the company or any error in its establishment .

When the company is established, the responsibility of the partners is limited to their contribution to the company's capital. The shareholder is not liable for the debts of the company except for the value of his shares. Therefore, he cannot be liable for more than that value regardless of the company's debts to others.

**Management:**

The management of the joint stock company is entrusted to a board of directors composed of three members, at least, and of twelve members, at most. With the exception of what may be enacted by special laws for some companies, the majority of the board of directors must be of Lebanese nationality. The directors are elected among shareholders holding a minimum number of shares as determined in the articles of association. The first members may be designated in the company's articles of association .

The members of the board of directors are appointed for a maximum term of three years, or for a maximum of five years if they are designated in the articles of association, and they may be re-elected without limitation. They can be dismissed for any reason notwithstanding any text to the contrary .

The Board of Directors appoints one of its members as chairman to oversee the company's daily activities, and by law, he acts as the company's general manager.

In order for the decisions of the board of directors to be legal, at least half of its members or their representatives should be in attendance when decisions are made. Representatives cannot represent more than one member.

Transfer of shares and capital increase:

Transfer of shares in joint stock companies is free of charge, unless the articles of association set limitations, such as a right of first refusal to shareholders and/or the board's approval of the buyer.

If the company wishes to increase its capital, the existing shareholders have a priority right to subscribe in proportion to their share in the capital if an extraordinary general assembly held to increase the capital doesn't allocate it to some shareholders only or to non-shareholders. In such a case, a request is submitted to the Commercial Register to appoint a court expert to ensure that the extraordinary general assembly resolutions are not in breach of existing shareholders' rights.

**Permits requirements:**

If the chairman or general manager is not Lebanese, he or she must obtain a work and a residence permit, which may require that he or she holds a minimum share of the joint stock company's capital.

**Legal reserve:**

Directors are required to allocate 10% of their profits to a reserve deposit, until the value of such reserve has reached one third of the company's capital. The articles of association or a decision by the shareholders may require to add to any such general or specific reserve.

**Shareholder's decisions:**

The ordinary general assembly convenes annually to review and audit financial statements, give a discharge to the directors, distribute dividends, elect new directors upon expiration of their mandate, and appoint auditors. It may also meet at any other time if necessary. The extraordinary general assembly convenes for the purposes of amending the company's articles of association. The quorum and the legal majority requirements are different for each of the ordinary and extraordinary general assemblies.

**Third parties service providers:**

The Company must appoint a principal auditor for a renewable one-year term and a lawyer with an annual retainer fee. It should also appoint an additional auditor designated by the Commercial Register.

**Taxes:**

Joint stock companies are subject to a 17% tax. Distributed dividends are subject to a 10% withholding tax.

**Procedure to incorporate a joint stock company:**

Subject to the provisions of the laws and regulations which require prior licensing of certain activities, the incorporation of joint stock companies does not require licensing from the administrative authorities.

The founders (at least three) sign the articles of association of the company before a public notary (in person or by proxy). The subscribing shareholders (at least three) pay the capital at the bank according to their share of the capital, and the bank will issue them a certificate confirming that the capital has been paid. The founders then meet as a constitutive assembly to review and declare the company's articles of association and appoint the first board members (unless designated in the articles of association) and the first two auditors. The company is considered founded as soon as they accept. Those members and authorized signatories are jointly responsible for verifying that the company has been legally established and they are jointly liable for that. Then the elected board members meet immediately to elect the chairman/general manager. Upon the request and recommendation of the chairman, the deputy general manager is appointed. After the incorporation of the company, members of the board of directors must carry out the initial administrative operations related to publishing and filing with the court registry and to registration in the Commerce Register that is mandatory for all companies. After the issuance of a certificate of registration and Commercial Circular bearing the signatures of the authorized signatories can be circulated when needed and the authorized signatory may withdraw the capital from the subscription account. The company should be registered at the Ministry of Finance within two months of its registration date.

## **8-Legal Framework of Media Companies:**

**1.Print media companies:** According to the Lebanese Publications Law, any natural person of Lebanese nationality, a commercial company duly registered in the Commercial Register or an association with a tacit license by notification of establishment may request the Minister of Information to grant them a license to issue a paper journalistic publication after consulting the Press Syndicate. The law does not require the establishment of a print media company to obtain a license to publish a journalistic publication unless the license required is in the category of “political print newspaper”, then the law requires that either the license applicant be a journalist member of the Syndicate of Editors or a press company operating as a partnership, private limited company, private company limited by shares, or joint stock company on the condition that all partners be of Lebanese nationality. In addition, a newspaper cannot be issued before providing a cash or bank guarantee for damages that may result from the activity of the media company. The value of this guarantee is determined by a decision of the Minister of Information after consulting the Press Syndicate .

**2.Television and radio companies:** The establishment of television and radio media companies within the Lebanese territory or in its territorial waters is subject to a prior license granted by a decree issued by the Council of Ministers after consulting the National Audiovisual Media Council. The law requires the applicant to be a Lebanese joint stock company free of foreign elements, whether on the board of directors or shareholder members. A partner in the company is not entitled, whether directly or indirectly, through his spouse, assets and the minor dependents, to ownership of more than 10% of the total stake. All shares shall be registered stock. The company is not entitled to own more than one television company and one radio company.

Television and radio companies are categorized as follows: companies licensed to broadcast all programs, including news and political programs; companies that broadcast general programs except for news and political programs; companies that use broadcast encryption, so that its programs can only be viewed by

subscribers; and companies that broadcast via satellite and have a reach beyond the Lebanese territory.

The licensing of television and radio media companies is subject to the provisions of the law and the standard terms and conditions specified for each category, in addition to the capabilities, human resources, the available technical specifications and the ability of the organization to meet the expenses, conditions and work requirements.

Licensed media companies are subject to the payment of a license fee and an annual rent of up to LBP 250 million for television companies broadcasting political programs and news.

The Lebanese government has licensed seven Lebanese television channels and dozens of radio stations. The TV sector in Lebanon has witnessed a marked decline in recent years due to the high cost of operating TV companies and the low advertising revenues in Lebanon, which are barely enough to cover the expenses of a single TV company. In addition, Lebanon failed to implement its international obligations under the Geneva 2006 Agreement to transition to digital terrestrial broadcasting technology by mid-2015. Its implementation would ensure the provision of resources and new digital broadcasting domains, incentivizing new startups to invest in the TV sector and offer new and innovative models in this sector.

[3.Digital media companies:](#) The spread of the internet and the development of communication technologies across various digital platforms has created a new reality for access to, circulation and dissemination of information. News production and dissemination is no longer limited to traditional press companies. It has become a participatory reality to which all members of the society contribute with the proliferation of smart phones, the internet and communication platforms readily available to everyone.

This new reality has presented great challenges for traditional media companies, most notably the shift of a big portion of advertising revenue to large digital

companies in addition to the shift of a large portion of viewers and readers of traditional media to digital consumption, benefiting from digital broadcasting features that allow consumption of information on demand and based on personal and individual criteria, rather than being dictated by owners of media outlets.

As of the publication of this study, there is no legal framework in Lebanon for media companies that have adopted digital communication technologies over the Internet to reach their followers, or for websites and online platforms that designate themselves as online media companies. The National Audiovisual Media Council took the initiative several years ago at the request of some of the owners of media websites to introduce a special registry for online media companies and called upon each website designated as a digital media company to register, even though no legal text exists to grant the Council such powers. There are 372 registered websites.

The regulatory initiative by the National Media Council was preceded by an initiative by Maharat Foundation that proposed reforms to the media laws in Lebanon and a new media law in cooperation with former MP Ghassan Moukheiber. This draft law was registered in the Parliament in 2010 and is still under consideration. Regarding digital media, the proposed law requires licensing for any party to establish media companies broadcasting online and exemption from broadcasting fees. In addition, it opens them up to any Lebanese or foreign natural or legal person, subject to the provisions of the laws in force and without imposing any requirement for the legal form of the company and number of founding persons or managers. The proposal included a transparency requirement for these institutions in terms of publishing the names of managers and owners, the address of the institution and means of communication on the website, in addition to registering in an online media registry containing information related to management and transparency to be openly accessible. Registration would not be subject to any permit or fee.

## 8-1 Legal Challenges

Whereas joint stock companies are the model structure for economic projects large in scale and scope and that require large financial investments, it is necessary to modernize this type of structure in a way that would be compatible with the requirements and realities of startups. Startups face many legal challenges, mainly: The Code of Commerce stipulates that the joint stock company must be composed of at least three persons. Therefore, one or two persons cannot establish the company unless they associate, even if artificially, a third person with their project. The Company should have a capital of LBP 30 million and that could constitute a major financial obstacle to founders. Although only 25% of the capital must be paid upon registration, they may be required to pay the remainder of the capital later.

Requiring board members to be shareholders, and the fact that the chairman of the board is legally the general manager hinders effective corporate governance. For example, if the company wants to appoint a board member with expertise in its sector of activity, it should sell him a number of shares, through an artificial mechanism too.

The absence of provisions regulating stock option plans.

The high running cost of a joint stock company, due, for example, to the obligation to appoint a lawyer with a yearly retainer fee, or to obtain a quittance from the National Social Security Fund when the company wants to register its documents in the commercial register or obtain original copies.

Procedures for the liquidation of the company, which requires obtaining a quittance from the Ministry of Finance and the National Social Security Fund can take months and sometimes more than a year to be finalized.

The absence of electronic signatures in the Lebanese legal system.

The strict regulations regarding online payments.

The absence of tax incentives, unless the company meets certain conditions to benefit from the tax incentives set in the Law on Encouraging Investments in Lebanon. However, startups often cannot meet these conditions. For example, the minimum investment for IT companies is set at USD 200,000.

The funds obtained as a result of the facilities granted by virtue of Circular 331 have to be used in Lebanon. So, companies have to spend their own money outside of Lebanon.

## 9- Recommendations

Based on the legal challenges faced by startups, we recommend:

1. Amending the Code of Commerce to:
  - Create a new type of joint stock limited liability companies that can be incorporated by one person only.
  - Lower the minimum capital required for joint stock companies if cancelling this requirement is not possible at this stage.
  - Remove the requirement for guarantee shares. This type of stock no longer fulfills its original role and has been abolished in France, where the legal regime is the closest to that of Lebanon.
  - Simplify liquidation processes and set limits to avoid lengthy procedures.
2. Vote the necessary legislation to recognize and allow electronic payments and signatures.
3. Amend the Tax Code and create a specific tax for startups.
  - Implementing the Electronic Transactions law

It is worth noting that the discussions of the subcommittee of the Joint Parliamentary Committees charged with examining the draft law on electronic transactions and personal data were concluded on March 14, 2018. The amended draft law on electronic transactions was sent to the General Assembly for approval. The law contains fundamental amendments to the first version that was sent to the Parliament in 2012.

The law offers a comprehensive approach to electronic transactions. The law includes several clauses, including electronic writing, electronic evidence, electronic support, electronic contracts, e-commerce, e-banking services, broadcasting to an online audience, data hosting, duties of technical service providers, registration of lb. domain name, and protection of personal data.

The new draft law creates a general framework for the field of technology. It contains general principles, offers protection for personal information associated with genetic, health and sexual information, allows access to personal data in

specific contexts, and gives the right to plaintiffs to file a lawsuit if his privacy and data are violated<sup>34</sup>

#### 4. Infrastructure

- High-speed internet: Internet service prices in Lebanon have come down and the speed has improved, but good speed is still concentrated in parts of the capital and is often below the speeds used in global indices. This is due to the delay in the implementation of the fiber-optic project, with the completion date moved from end of 2019 to the end of 2021, the date of completion of the extension of the network by contracted companies, according to Imad Kreidieh, CEO of Ogero. There is also a conflict of task between the Ministry of Telecommunications and Ogero, and disagreements over powers and the legality of the Ministry of Telecommunications' decision to contract out the deployment of the network to private companies.

During a ceremony to launch high-speed internet organized by the Ministry of Telecommunications at the Grand Serail, under the patronage of PM Saad Hariri, Kreidieh noted that the fiber-optic project on all Lebanese territories aims to ensure that it reaches every home, institution and all internet users. The project includes the creation of between 5,000 and 7,000 smart storage repositories to allow the center to reach more users and speed up the internet. In addition, between 11,000 and 15,000 kilometers of fiber optic will be deployed in all regions of Lebanon, allowing consumers to use this technology to connect to the internet at 50 Mbps. The project will bring huge revenues to GNI and will be a pillar of the national economy, especially for startups.

Thus, the lack of high-speed internet has so far been an obstacle for startups in terms of how easily their followers can access the content they produce, which mostly consists of video and infographics. This is clear given that people outside of Lebanon spend more time on the digital platforms of media startups than Lebanese users .

This project is known as the second phase of the fiber optics network, which began during the term of Charbel Nahas as Minister of Telecommunications. He contracted out the first phase, which includes the

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<sup>34</sup>Draft law on electronic transactions, March 14, 2018

deployment of the main network in all Lebanese regions. This phase is implemented over four years, until spring 2022 .

- **Beirut Digital District (BDD):** In Lebanon, there are several initiatives to develop the knowledge economy or the digital economy in an attempt to embrace the ideas of Lebanese entrepreneurs and help them flourish, stand out and compete internationally. However, most of the incentives come from private sector. The State is accused for not keeping pace with this sector.

In this context, BDD has emerged as an environment that has provided infrastructure for startups and entrepreneurs since 2015. With an area of 15,000 square meters, including office space and shops, the district includes high-speed internet using fiber optics. BDD also provides support and assistance in business development, including accounting, auditing and legal consulting services.

The project is a joint effort between the public and private sectors, between the Ministry of Telecommunications and in collaboration with Berytech and ZRE Real Estates .

- **National Information Center:** OGERO is planning to set up a national information center that will provide a range of services to various sectors, notably for entrepreneurs and startups. The Center, which will be set up over the next two years, will enable and strengthen the ICT sector and benefit from the fiber optics network. In addition to improving information technology and data security, and contributing to the establishment of databases, encouraging companies to invest and employment, the Center also contributes to enhancing data integration across government institutions to facilitate the establishment and delivery of e-government services.

## **Conclusion**

**The shift in media use is the long-term trend at the heart of the media startup problem, given that audiences are unwilling to consume any media content offered to them in a way that would ensure the financial sustainability of media startups and traditional media enterprises alike.**

**So, the next opportunities will be to invest in projects that offer quality and provide people with the information they need to act not simply as consumers but also as citizens, because doing things the same way is of no value in any new media venture.**

**Many media startups appear to be using “business model” to mean “revenue model”, which is only a small aspect of the business model. No doubt a company would collapse without a revenue model, but its effectiveness depends on the value offered through the broader business model.**

**Media startups are called upon to implement strategic innovation and rethink trends and opportunities. In addition, academic institutions are called upon to stimulate the role of innovation in the educational process by equipping students with 21st-century skills, such as critical thinking, problem solving, creativity, innovation, perseverance, adaptability, etc., and to establish innovation laboratories in schools and universities to encourage startups in various fields.**

## II- Media Startups in Morocco

### Introduction

Morocco has experienced a quantum leap in the use of the Internet. The latest statistics (January 2019) show that 22 million Moroccans use the Internet, while 86% of them are active every day on web pages<sup>35</sup>. These figures confirm the transformation that digital technologies in Moroccan society are witnessing at the same time as global technological expansion. This transformation was due to the openness that resulted from political and societal developments that many Arab countries have witnessed and which extended the horizons of widespread use of modern means of communication for individuals for entertainment and communication purposes, as well as for receiving news.

In light of this great demand for communication technology, the media market in Morocco has become more open and there has been an expansion in the number of new media; 892 licensed press projects have been registered according to the Ministry of Communications (April 2019). This growth in the media sector highlights the beginning of a trend towards more entrepreneurial models. It has become clear that the media market embraces new opportunities for investment that are far from what is familiar in traditional media, as emerging media organizations remain economically more liberal than their traditional counterparts. Studies have shown that traditional media is largely monopolized by the state or the Royal Family, while media startups must face market challenges to ensure their viability.

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<sup>35</sup> Statistics on the use of the Internet in Morocco, January 2019, <https://bit.ly/2QcfWPC>

Ensuring the stability of an organization in a competitive environment calls for addressing economic, technological and legal challenges, as well as other content-related challenges. The business environment requires the organization to search for a successful business model in order to ensure its continuity and develop its means of operation, allowing it to keep pace with the rapid developments in communication technology. In this regard, several initiatives have been launched and several funds and organizations have been established to encourage investment and ensure the necessary financial liquidity.

As for the relationship of media startups with the law and freedoms, it appears that their status is not exceptional, as the restrictions on journalistic work that apply to the traditional media also apply to them in many cases, in addition to the censorship on content and the decrease of freedom. Several attempts have also been seen at closing some organizations by imposing on them massive financial fines.

In addition to that, challenges related to language and content development also seem to stand in the way, as 80% of media organizations operate in Arabic while 20% of them operate in French<sup>36</sup>. The trend now is to use the local dialect in reporting news and entertainment news (e.g. [www.jawjab.ma](http://www.jawjab.ma), [www.goud.ma](http://www.goud.ma), etc.), which some perceive as lessening the quality of media, while others consider it creative. Meanwhile, efforts have emerged related to developing content, renewing its methods, and diversifying its forms in response to market requirements. Each media outlet has its own audience that it seeks to win over by studying its trends and tastes.

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Interview with Hussein Al-Saff, Professor of Higher Education at the Higher Institute of Information and Communication in Rabat<sup>36</sup>

In this new business environment, the problem of qualification (training) is central. The curriculum taught in media institutes is often traditional, such as the history of journalism and editorial rules. However, the ideas about entrepreneurship are starting to enter in universities and institutes. Courses that deal with establishing media organizations and educating young people about the current challenges that face this sector are being taught in those establishments, in addition to courses that aim to improve content.

## **1- Objectives**

### **1- Study Problem**

In light of the development of the knowledge economy and as it is considered fundamental in building an information society and developing the national economy, several media organizations began to see the light. They made use of traditional media experience, as most founders of digital media companies formerly worked in the largest newspapers before the stagnation in print media organizations appeared. They also benefited from the prevailing digital trend that generated investment funds and incubators, in addition to the direct support they received from the state.

This study aims to reveal the fundamentals of media startups and their incubating environment. It will attempt to answer the following questions:

- How diverse is the media in Morocco?
- How diverse is the media in Morocco?
- How are digital media startups distributed in Morocco?
- What are the business models that underpin media startups?
- What is the legal framework regulating media startups?
- What are the challenges facing media startups?

- What are the elements of a nurturing ecosystem of media startups in Morocco?
- Is there academic interest in the field of media and innovation?
- Are there basic skills required for creating a new business model for the media?

## 2- Study Methodology

The study relied on the survey method, which provides access to information and data related to entrepreneurship in the field of media, as the study monitored digital media startups in Morocco, as well as the conditions of their emergence and the incubating environment for them.

A sample was selected from startups according to the diversity of their content, language and method of work. The sample consisted of the following platforms: Al YawmNas, Karayti.com, Le Desk, Conso news, Welovebuzz, Jawajab, Smart media4you Interviews were held with the founders of these companies, researchers and professionals in the field of media and entrepreneurship in order to answer the problem of research.

## 2- Diversity of Media in Morocco

Morocco has sought to build a diverse media landscape characterized by quantitative and qualitative pluralism. The Moroccan audiovisual sector includes national media companies, private radio channels, as well as national newspapers distributed as follows<sup>37</sup>:

- 10 public TV channels that include 4 national channels, 5 specialized channels and a regional channel,

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<sup>37</sup> Indicators pertaining to freedom of the press 2018, issues by the Ministry of Culture and Communication, Communication Sector 2018, p.18

- The private Medi1 TV channel,
- Public broadcast sector that includes 4 specialized radio stations, as well as 11 regional stations,
- Private broadcast media that includes 19 private stations (divided into stations with multi directional coverage and stations with local or regional coverage),
- 252 newspapers nationally,
- 13 partisan newspapers on a national scale.

With the digital revolution increasingly expanding in Morocco, investors have become more and more eager to invest in this sector and the number of authorized websites has reached 892 (April 2019).

The pluralism in the media sector is due to the liberal policy that Morocco has adopted since 2006. Yet, the issue of pluralism and diversity raises many questions. A survey conducted by the Moroccan website Le Desk and Reporters Without Borders (RSF) entitled Media Ownership Monitor Morocco (MOMM) (2017) has identified the Moroccan media sector's leading players. It is a study that provides the first database on media in Morocco.

In this context, Director of Publications of Le Desk, Ali Amar, reports that, "This research confirms that diversity and pluralism are not synonyms. This is the first time a comprehensive map of the media landscape in Morocco has been set out. The concerning trend of forming a bloc based on common interests is confirmed, whereby politics intersect with finance and business, jeopardizing thus the

pluralism and independence of journalism.”<sup>38</sup>. The survey took not less than three months of research. It involved 46 media outlets (distributed among newspapers, digital newspapers, radio stations and TV channels) and among the 36 companies they own.

As for the owners of media outlets, the study shows that the state is the main owner in the TV sector, along with the Royal Family. They also monopolize a great share of radio stations, even though the ownership circle has expanded over the last decade, with many private companies joining in. There is a clear contrast in the written press between the prosperous market of newspapers issued in Arabic (most often owned by people working in the media) and the significant decline in newspapers and magazines issued in French, usually owned by economists and people working in finance in the country. Nonetheless, online social media platforms remain the most diverse in terms of ownership.<sup>39</sup>

### **3- Funding of Media and Communication**

#### **1- Knowledge Economy**

Knowledge economy is defined as as the dissemination, production and employment of knowledge in all the fields of community activities: economy, civil society, politics and private life; to the upgrade of the humanitarian situation, and this requires the building of potential human capacities, and the successful distribution of human capabilities.<sup>40</sup>

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<sup>38</sup> Article entitled "Pluralism is more than figures - RSF and Le Desk release Media Ownership Monitor Morocco findings", Posted on the website of Reporters Without Borders on November 21, 2017

<sup>39</sup> Ibid. edited.

<sup>40</sup> Ayyad Layla, Bilal and Jumaa, Hilali Ahmed, *Criteria for Measuring and Evaluating Knowledge Economy and Its Role in Activating the Process of Economic Development*, Journal of Human Development and Education for Specialized Research (JHDESR), issue no. 2, Vol 4, October 2018, p. 205, quoting: Abd al-Rahman al-Hashemi,

With regard to the link between knowledge economy and the media, researchers argue that without the development of communication and media technology, knowledge economy would not exist. This technology has contributed to a great revolution in societies and today we talk about what is known today as the new media. Huge capital was the means for creating a media organization with a reputation that can contribute to the creation of public opinion. Yet, following the advent of modern technology, the media grew more powerful and digital media platforms, with all their various components, have become more influential in societies.

Dr. Khaled El-Helwa defines media economics as a study that combines economics and media studies, as it applies the principles of economics to media organizations. It explains how economic conditions guide their work in the way they produce programs and media content and how media organizations make decisions according to economic opportunities and challenges<sup>41</sup>. It seems clear that the financial aspect has a significant impact on the trends of media organizations, as it controls their content quality, the methods they use for producing knowledge, and it also identifies their future orientations. When financial and technological strength is available, important and influential media companies are created with the ability to adapt the available resources in order to create a product that contributes to the enhancement of the knowledge society.

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Fayez Muhammad al-Azzawi, *Curriculum and Knowledge Economy*, first edition, Dar Al-Massira for Publishing, Printing and Distribution, 2007, p. 26

<sup>41</sup> Ibid. p. 6

Researchers agree on three main indicators<sup>42</sup> for identifying knowledge economy criteria:

- **Research and Development Indicator:** It depends on the expenses allocated to research, development and workgroups.
- **Education and Training Indicator:** It indicates the importance of human resources in the country's economic systems and the way to develop and value them within the knowledge society. It is based on data with relevance to levels of education and training and allows the evaluation of human capital that is considered to be the outcome of educational systems in any country. This indicator is of high importance, seeing as it directly impacts the technology and knowledge revolution whereby it helps to increase the number of specialists in various fields of knowledge and thus increases productivity.
- **Information and Communications Technology Indicator:** In light of this qualitative and quantitative boom in the means of information and communication, this indicator is of great importance. Combined with knowledge, the technological arsenal promotes the flourishing of intensive activities related to knowledge and influences the economy in three ways:
  - It generates private profits in processing, storing and exchanging information.
  - It fosters new industries: Multiple media, e-commerce, etc.

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<sup>42</sup>Ibid., p 7

- It forces the adoption of new organizational models in order to make better use of the new capabilities of distributing and disseminating information.

As for Morocco, the country has tried to keep pace with technological development, in addition to the social and economic changes that came along. The Economic and Financial Report of the 2014 financial draft law showed the first signs of Morocco's desire to include knowledge as a basic pillar of its strategies, which rely on four bases: Incentive economic system, successful education, effective innovation and adequate infrastructure for information and communications technology. Morocco is also keen to improve knowledge in various sectors to develop the economic model of the country. In the field of culture, for example, the government seeks to develop the cultural offering to keep pace with modern practices of young people. This is made possible by supporting thematic digital websites that offer them audio and visual contents, highlighting various aspects of culture, in addition to facilitating the procedures for investors to benefit in this field from the funds that encourage creativity and innovation in new technology.

According to the Knowledge Assessment Methodology (KAM 2012), Morocco is a middle-income country. Poor knowledge economy in Morocco is due to the low level of higher education.<sup>43</sup> Therefore, Morocco is making continuous efforts in order to address the problems facing universities, by expanding their powers to grow their independence and establish principles of evaluation and quality. This has resulted in a number of scientific research projects completed and published in

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<sup>43</sup>Economic and financial report of the financial draft law in Morocco 2012, 81

partnership with foreigners. However, it should be noted that Moroccan education is still floundering in several areas, notably the disparity between available qualifications and labor market requirements, in addition to neglecting technology in education.

As for innovation, Morocco is a medium ranking country in the MENA region due to the small number of patents and the lack of cooperation between universities and establishments.

In order to improve these indicators, Morocco has adopted several measures such as liberalizing communications, introducing the Bachelor degree, Master's degree and Ph.D. system in university structures and developing information production by creating technology hubs, in addition to implementing sectoral plans, such as the national Industrial Acceleration Plan to keep pace with global developments, Morocco's digital plan to create an information society, and Morocco's innovation plan for enhancing innovation and scientific research,<sup>44</sup> etc.

The country has also sought to develop a comprehensive digital strategy by launching the national strategy “Maroc Digital 2020”, which aims to make Morocco a regional center in information and communications technology. It encompasses various areas, such as social transformation, user-oriented public facilities (e-government), improving the productivity of small and medium enterprises / small and medium industries, as well as developing the IT industry. In parallel, measures have been adopted to ensure good governance of the strategy, financing and provision of the necessary human resources. Through this strategy, Morocco is betting on ranking third regionally, reducing the digital divide by 50%, enabling 20% of small and medium enterprises to make use of digital services and

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<sup>44</sup>Financial and Economic Report, financial draft law of 2014, Ministry of Economy and Finance, p. 81

equipment, qualifying over 1500 professionals in the field of information development and creating 60,000 offshore business opportunities.<sup>45</sup>

## 2-Economy of Digital Media Organizations

Media projects, like any other economic project, must undergo a feasibility study in order to determine the costs of construction and management, as well as potential incomes. The media work falls within the knowledge economy, seeing as information is a commodity that is sold and bought, and is thus subject to the terms of production, pricing, product characteristics, marketing, promotion and other popular concepts in the business world. However, it is worth noting that the technological transformation in the media and communication has led to new economic models that are based on new actors in terms of production and distribution.

The production cost of digital media material is limited to creating the first copy, technology allows people to consume information by copying and downloading content (sharing content on multiple news websites and across social media) without any additional cost. In digital media economics, this feature is known as the unlimited nature of economies of abundance or scale, as the increase in media material does not entail an additional cost and most of the costs are required in the pre-production stage. Therefore, these costs remain constant and the higher the consumption is, the lower the costs and the higher the profits would be<sup>46</sup>.

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<sup>45</sup> "Maroc Digital 2020 UNESCO website <https://bit.ly/30rysrW>

<sup>46</sup> Muhammad Al-Amin Musa, "اقتصاديات الصحافة الإلكترونية: الواقع والنموذج" (Economics of Arab Electronic Journalism: Reality vs. Model), Al-Jazirah Center for Studies, October 2, 2017.

Modern technologies, in particular the web, have contributed to changes in the equation of the media investment market. Prior to the advent of the new media, traditional organizations would take a long time to form their own readership and build an economic model that ensures their viability. For example, it took the famous American sports magazine Sports Illustrated at least ten years to find the right model for making profit, whereas the well-known media website Huffington Post changed, in less than six years, from an idea into an actual organization valued at 315 Million dollars when it was sold to America Online (AOL) in 2011<sup>47</sup>.

It appears to the public that the development of the Internet has largely contributed to the success of the new media in comparison to the problems faced by traditional media, such as forming a wide base of readership, difficulties in determining the type of news and information that the consumer wants in general, impossibility of providing news around the clock, production and distribution constraints, etc. Today, every website has its own audience, and modern marketing methods enable it to study the way individuals handle information in order to continuously keep pace with their requirements, as well as the decrease of production and distribution costs.

#### **A. Online Press Share of the Advertising Market**

Notwithstanding the paradigm shift Morocco has made in the digital field, as well as the increase in the number of Internet users, advertisers are still heavily investing in traditional media. According to statistics issued by the Moroccan Association of Advertisers (GAM), in 2017, Moroccan companies have invested nearly 5.5 billion Dirhams in advertising, of this television received nearly 37% of advertisements while billboards acquired 30%.

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<sup>47</sup> Ibid.

As for radio stations, it has acquired 964 million Dirhams from advertisements, i.e 17.5% of total the advertising spend. Written press has acquired 742 million Dirhams that is 13.5% of the advertising market<sup>48</sup>. Based on these figures, it appears that the share of the electronic press in the advertising market remains small.

In view of the unfair distribution of the advertising market, the Ministry of Communication is considering establishing the Observatory of Freedom of the Press, Ethics and Deontology for the Profession in order to ensure transparency and equal opportunities among all forms of media. Moreover, the country is preparing a draft law that would regulate the distribution and publication of legal, judicial and administrative advertisements. It would also regulate the terms and conditions for benefiting from advertisement publication, seeing as advertising helps improve the economic situation of press organizations, and supports newspapers indirectly. This project will enable organizations to gather and assemble all advertisement publication requests coming from various departments, as well as public and semi-public institutions in order to distribute them to newspapers that are eligible in terms of publication. Electronic newspapers that comply with those terms will get to have, for the first time, advertisements for publication<sup>49</sup>.

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<sup>48</sup> Article entitled "إشهار الشركات المغربية يهيمن عليه التلفزيون وتراجع في الصحافة المكتوبة" (Moroccan companies advertisement dominated by television and the print press faces a decline), [www.lakome2.com](http://www.lakome2.com), January 16, 2018

<sup>49</sup> Communication Plan of Action 2017-2021, Ministry of Communications website.

## B. Sources of Income for Digital Media Organizations

New technologies have provided electronic media organizations with an opportunity to vary their revenues in order to cover their expenses and make profits. The most important new technologies are:<sup>50</sup>

\* **Internet ads:** Online advertising market has experienced a steady growth in recent years, due to the ability of the Internet to reach the recipient for free, and seeing as search engines allow to study the consumer's behavior on the Internet and obtain statistics that enable media organizations to prepare content that matches the aspirations of the reader. Whenever the organization adopts this approach, it can expand its readership and thus attract advertisers looking to achieve their marketing goals. In general, digital advertising has dominated the income of various internet players: Electronic news websites, blogs, forums, social networking sites and search engines, especially after some initiatives aimed at tracking various media outlets (such as online newspapers and websites) have appeared. These initiatives have helped increase advertising revenue, such as Google Fast Flip, which appeared in 2009 and is an online news aggregator that uses an optical scanning method for identifying content.

\* **Selling digital content:** The concept of free content on the web has made selling content a difficult strategy. It requires the production of distinctive and unique media content to persuade the recipient to participate in a paid subscription.

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<sup>50</sup>Ibid.

**\* Content licensing:** Some organizations rely on licensing to allow others to use their media materials in exchange for money. That is the case with the Google search engine, which is authorized to post news headlines or full news of other agencies or organizations, such as the Associated Press. Furthermore, some global media outlets have made agreements with other organizations in order to get permission to share their digital content, such as the agreement that allows the New York Times to access the content of the technology-focused media website (Tech Crunch), or the agreement through which the French newspaper Le Monde gives the Spanish newspaper El Pais full access to its media content.

### C- Economic Models of Digital media

In light of the increasing number of Internet users in Morocco, the digital press witnessed a qualitative boom. The number of websites has increased from 262 in 2015 to 360 in late December 2016, and reached, in 2017, 656 digital websites authorized by the various courts of first instance in the Kingdom. The number of authorized electronic newspapers increased to 746 at the end of September 2018, and then reached 892 in April 2019<sup>51</sup>.

Despite the numerical boom of websites in Morocco, actual practices demonstrate that the real number of newspapers that operate remains insignificant. The field also lacks a legal framework that regulates the electronic press sector in a detailed manner. This may explain why newspapers are eager to create an economic model that will ensure their sustainability. In this regard, the White Paper for the Moroccan electronic press, which formed the first building block discussions on

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<sup>51</sup> Report on indicators related to freedom of the press, 2018, Issued by the Ministry of Communications on May 3, 2019.

the sector, touched on the various technological and economic challenges that face the sector. Based on this paper, the most important economic models for the electronic press in the country can be presented<sup>52</sup>.

- **Mature model**

Some electronic media organizations have been able to invest in building an organized structure similar to traditional media institutions, thanks to the nonexistence of fixed, non-reducible costs (such as paper, printing and distribution, etc.) An editorial board that includes the Editor-in-Chief, a team of journalists, technicians, and an electronic director (computer graphic artist) or a web designer, is now possible. The economic model of these organizations is based on advertising revenues after they have managed to gather a readership that entices commercial advertisers.

- **Embryonic model**

Media organizations, the business volume of which is less than two million Dirhams per year, face difficulty in forming an integrated editorial board that carries out editing and commercial management functions. They often rely on a journalist or two who are constantly in contact with the founder of the site, who, himself, leads various roles. These organizations also depend on revenues generated by advertising, yet are not self-sufficient to provide the necessary human resources for the development of the organization.

- **Mixed model**

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<sup>52</sup>The White Paper for the Moroccan Electronic Press: Challenges and recommendations, issued by the Ministry of Communications in April 2013.

Organizations that adopt this model vary their activities by providing services (website hosting, web agency, connection, etc.), or by showcasing their skills to ensure their continuity.

As for digital media organizations that sometimes rely on a paid content system (subscription), only a few experiences have adopted this system for three main reasons:

- Subscription to access internet content has not yet become part of the culture of Moroccan internet surfers,
- Online payment is not yet sufficiently available.
- No specific measures for value-added tax with regards to selling news content on the Internet are available, unlike paper-based press.

#### **D. Support Systems for Digital Media Organization**

Thanks to the functions of technology, digital media organizations were able to evolve, unlike their traditional counterparts. Notwithstanding the success achieved by several modern media platforms, the problem of financing largely prevails in the media sector, whether audiovisual, written or digital.

With regard to digital media, keeping pace with technological developments is the concern of every media organization that seeks to provide innovative content in a modern format.

Strengthening technology means<sup>53</sup>:

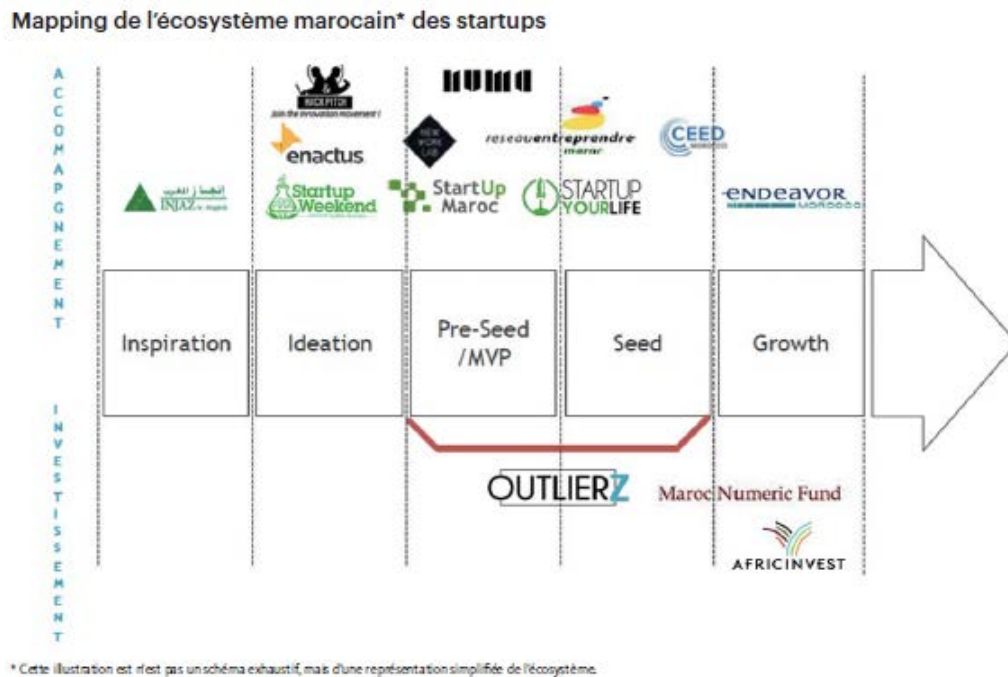
- Provide news in an immediate and sustainable way.
- Archive, search and retrieve available information.
- Allow the user to choose how to browse the site.
- Enable the use of multimedia tools.
- Interact with the user, enable them to express their opinion, comment on the journalistic material, and interact with journalists, editors, as well as other users.
- Allow immediate error correction.
- Provide social networking.

Several initiatives and institutions support startups in various sectors. As the illustration shows (Figure 1), the supporting parties are divided into organization that keep pace with startups in order to concretize their innovative ideas and start implementing the project from the first stages of searching for an idea to the stability and maturity stage. These initiatives include competency development programs: Conducting a market study, preparing the various stages of the project, starting from the required legal documents, all the way to the stage of promoting the project, which is provided for example by Injaz Al-Maghreb association. The other party in this system is the investment funds that provide financial support for these startups, such as the Maroc Numeric Fund and several others.

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<sup>53</sup>The White Paper, Ibid. p. 11

Figure 1: Morocco's startups ecosystems<sup>54</sup>



#### 4-Startups Support Funds

Several public bodies and institutions have launched programs and funds designed to encourage innovation, among which are<sup>55</sup>:

**Maroc Numeric Fund:** This fund was created by the incubator "Technopark" and some public banks, as well as the Deposit and Management Fund within the framework of the strategic plan Digital Morocco 2013. This fund aims to support project owners in the early stages of construction or in advanced stages of development in the technology and innovation sector with an estimated amount of 100 Million Dirhams.

<sup>54</sup> "Conjoncture" Magazine, Issued by the French Chamber of Commerce and Industry in Morocco, issue no. 992 May 15 to July 15, 2017, p. 44

<sup>55</sup> The White Book, Ibid. p. 11

In 2017, the second version of the project was launched (Maroc Numeric Fund 2), which benefited from Innov Invest program of the Central Guarantee Fund CCG, as well as national banks. The fund has allocated a budget worth 200 Million Dirhams to finance innovative startups in the field of modern information and communication technology.

**Innov invest program:** An initiative launched by the Central Guarantee Fund to finance startups. In 2017, the program benefited from World Bank support with a budget estimated at 50 million dollars. In the same year, the program granted financial assistance to startups worth 12 million dollars and allocated an amount of 30 million dollars to finance the risk capital of organizations that have reached a certain level of growth and want to develop their activities.<sup>56</sup>

**Moroccan Center for Innovation<sup>57</sup> affiliated with "Technopark":** Established in 2011 as the only space for financing innovative projects in Morocco. The Center operates in partnership with the Ministry of Industry, Trade and Investment and the Digital Economy as well as the National Agency for the Promotion of Small and Medium-sized Enterprises in order to encourage innovation, research development and protect intellectual property. In this regard, several financing initiatives were launched such as a "Start" and "Development".

**The Digital Maghreb Community<sup>58</sup> "Maroc Numeric Cluster":** a governing body that involves actors from both the public and private sectors: The government, large companies, small and medium-sized

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<sup>56</sup> "Conjoncture" Magazine, Ibid. p. 40

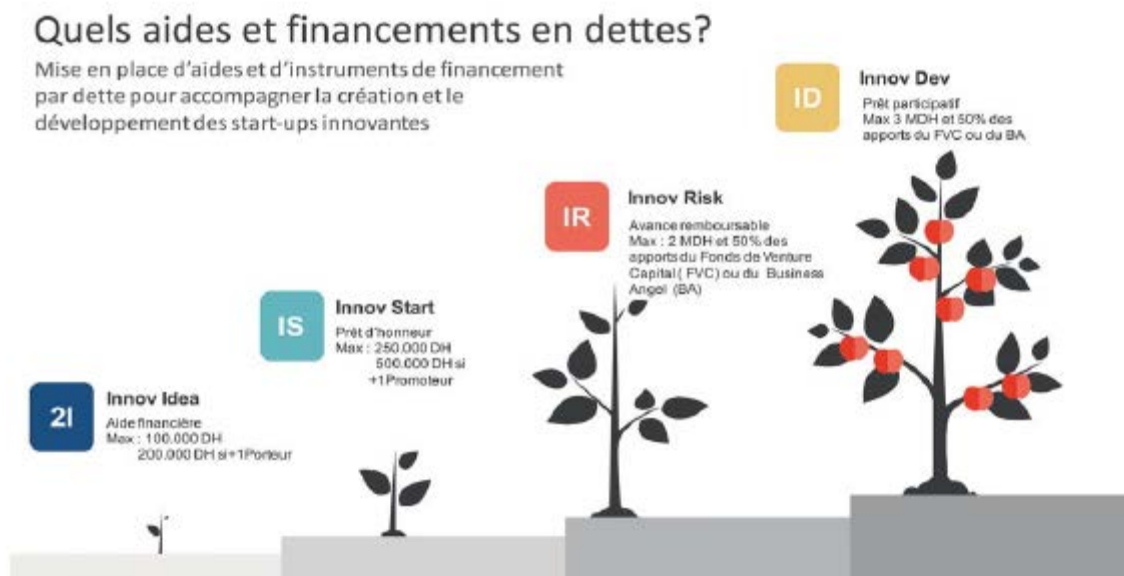
<sup>57</sup><https://bit.ly/2GUwVmt>

<sup>58</sup><https://bit.ly/2DHQmwO>

companies, actors in the education and research and development sector, along with some financial support organizations. It seeks to encourage holders of innovative projects in the field of information and communication technology.

**Central Guarantee Fund CCG:** This fund is a public financial institution similar to banking institutions pursuant to the law of banking. Its mission encompasses public benefit, by sharing risks with the financial sector in order to facilitate access to finance. Its involvement in favor of emerging and innovative organizations can be seen through financing provided in the early stages of their establishment, as well as in the promotion of self-financing.

**Figure 2: Support systems for startups by the Central Guarantee Fund<sup>59</sup>**



The figure above displays the Central Guarantee Fund support systems provided for startups during the different cycles of the organization. The fund grants

<sup>59</sup> “Conjoncture” Magazine, Ibid.

organizations a great subsidy in each stage of their development, starting from the project conception, going through the actual launch of the idea and facing the risks, all the way to the stage of maturity and development.

**National Agency for the Promotion of Small and Medium-sized Enterprises:** Its objective is to enable electronic news organizations to benefit from "Moussanada" and "Imtiaz-growth" programs, especially in relevance to technology.

**A- “Moussanada” Program:** The goal of the program between 2013 and 2020 was to keep pace with 700 SMEs annually, by supporting 70% of the cost of modernizing their information systems, as well as the cost of acquiring or using technological equipment within the range of four million Dirhams. The program mainly aims to support small and medium enterprises in terms of cost, duration and quality.

**B- “Imtiaz-growth” Program:** This program aim to follow-through, annually, 80 small and medium enterprises with promising growth potentials and which carry innovative development projects, in order to help increase their structural impact on the sector in which they operate. The government is committed to supporting the investments of these enterprises by up to 20% of the total material and immaterial investment, determined by a ceiling of 5 million Dirhams, provided that the organization provides a minimum of 20% of self-financing, while 60% of bank loans are financed<sup>60</sup>.

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<sup>60</sup> The White Book, Ibid., p. 12

**The Moroccan Federation for Information Technology, Telecommunication and Offshoring:** Founded in 1989, this federation is chaired by Saloua Karkri. Its mission is to develop the information sector and play a mediating role between public actors and its partners. It also aims to integrate organizations of the new generation and support creativity, research and development, as well as to keep up with its members in order to develop their projects. It seeks to play a key role in implementing Maroc Digital 2020 strategy as a key player in the sector<sup>61</sup>.

In this context, the federation has developed a short-term strategy 2018-2020 that is based on its partnership with the Digital Development Agency within the framework of the national digital strategy. The strategy helps to form and oversee administrations and small and medium enterprises as a means to facilitate their digitization. Furthermore, the federation is betting on promoting startups by bolstering partnerships in the business ecosystem, creating a legal and fiscal frame work, as well as a unified one-stop shop platform specific to startups. In order to keep pace with the transformations that the digital revolution has generated, the federation seeks to establish a digital alert cell for improving its services, and address the issue of human resources in the information sector by encouraging qualification and professionally integrating young people in this field.

**Enactus Morocco:** The International organization Enactus seeks to develop and grow the skills of young university students, strengthen entrepreneurship and create development projects. Morocco joined the network in 2003 and is active in over 72 universities and high schools across the Kingdom. It also works with leaders in the fields of business and higher education. Since its

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<sup>61</sup> Federation of Information Technology, Telecommunication and Offshoring website, <https://bit.ly/2HpwWim>

establishment, it has worked to keep up with over 20,000 students by activating more than 200 projects annually.<sup>62</sup>

**Entreprendre Maroc Network:** Founded in 2006 as an initiative made by major corporate owners, the network aims to provide support to startups. It currently operates in 8 cities: Casablanca, Marrakech, Rabat, Agadir, El Jadida, Khouribga, Ben Guerir and Tangier. The network works on:<sup>63</sup>

- Granting honorary loans, without interest and without collateral, to be paid within a period of 5 years.
- Accompanying organization project owners.
- Contributing to the success of new projects, especially the creators of job opportunities and wealth.
- Valuing and enriching new projects with the experience of certified employers.

**Startup Maroc<sup>64</sup>:** A non-profit organization committed to fostering a vibrant and dynamic Moroccan business culture. In the long run, Startup Maroc aspires to become a reliable reference at the national level that stimulates enterprise development and innovation as a fundamental value in our society.. To this end, the organization attaches great importance to concrete steps through its partnerships with well-known national and international actors. The organization also launched its ambitious program 2014-2015 that is built upon three stages:

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<sup>62</sup>Enactus Morocco official website

<sup>63</sup>Regional Investment Center Casablanca- Settat official website

<sup>64</sup>Ibid. p. 6

**A- Initiation stage:** Creating a culture of young institutions by teaching entrepreneurship to young people. This is made possible by organizing Start up Weekend Morocco, a national tour event that brings together 12 cities from the Kingdom,

**B- Pre-acceleration stage:** Accompanying young entrepreneurs to concretize their ideas and create viable projects that could grow into profitable young enterprises in the future, through the Maroc Startup Cup competition,

**C- Acceleration stage:** Accelerating the development of existing young institutions and linking them with actors from national and international companies through acceleration competitions, such as Get in The Ring, Business Creative Cup and Future Agro Challenge.

**Morocco Incubation and Spin-off Network (RMIE):** This network aims to encourage the creation of innovative organizations by incubating and supporting them. It provides support to project owners as follows:

- Financial support that can reach 230,000 Dirhams.
- Supporting the project on a legal and financial level.
- Connecting owners to an important network of experts, partners and investors.

As for individuals with project ideas, they benefit from guidance and assistance in preparing the project, in addition to getting into institutions that specialize in organization establishment.

**New Work Lab:** New Work Lab has been operating since 2012, motivating, framing and accompanying project owners in order to accelerate the creation of startups and develop the skills and leadership of Moroccan youth. It also connects major organizations and companies to the press and media experts.

**Startup Your Life :** Startup Your Life undertakes building entrepreneurial ecosystems for startups in Morocco and is the managing partner of the Outlierz Ventures fund, a primary financing fund in Africa. Startup Your Life was founded in 2013, with the aim to develop an entrepreneurial ecosystem in Morocco and create a network that involves entrepreneurs and stakeholders, creating a communication link and providing an opportunity to learn from each other's experiences. In 2017, KenzaLahlou, co-founder of this organization, noted that the number of startups to have achieved a high growth rate was still insignificant. Hence, she was involved in the launch of the Outliers Ventures fund and attracted a group of advisors and stakeholders to support it. Among the people hired, for example, were Michael Seibel, CEO at Y Combinator and Hassan Haidar, partner in a fund for 500 startups in the Middle East and North Africa.<sup>65</sup>

**Souss-Massa Initiative:** Souss Massa was founded in 2007 upon a proposal from the Ministry of Industry, Trade and Investment and Digital Economy, and as an initiative of the Council of Souss-Massa-Draa, the Chamber of Commerce, Industry and Services of Agadir. It aims to grant loans without interest or guarantees, while supporting beneficiaries, in order to encourage the creation of projects and organizations, as well as contributing to the development of the region.

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<sup>65</sup>ReineFarahat, Africa: A Missed Opportunity for MENA Investors?" Article posted on Wamda.com on May 30, 2018

In March 2019, the association concluded a partnership and cooperation agreement with the Council of Souss-Massa, which allocated a financial fund estimated at 10 million Dirhams for implementing the terms of the agreement. Mohamed El Mouden, president of the Souss-Massa Initiative Association, confirmed that this agreement would allow the annual support of 200 actors, after that the number of organizations that benefited from the interest-free loans in the last few years did not exceed 60 organizations annually.<sup>66</sup>

Generally, most of these organizations prepare innovative participatory projects in cooperation with universities, research and development centers, in order to create a financial environment that encourages innovative project owners to find sources of funding at various stages of the project while responding to internationally accepted standards. Furthermore, these initiatives encourage the modernization of press organizations work processes within the framework of public-private partnerships. Nonetheless, the White Paper of the Moroccan electronic press, which derives its data from what happens in practice, indicates that the Moroccan electronic press sector does not benefit effectively, clearly and systematically from the efforts and programs implemented by these organizations.

Electronic newspapers survive as a result of individual efforts, lacking appropriate financing and technological means. This puts into question the nature of the strategies and programs adopted as a public policy for supporting technological trends in this field. Within the framework of encouraging digital organizations, these organizations were integrated into the system of direct support provided by the government to the press, whereby 16 online newspapers benefited from this support in 2018.

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<sup>66</sup>El Mouden: Souss-Massa Initiative Association expands the pool of beneficiaries of interest-free loans, article posted on Machahid.com on March 12, 2019

## **5-Legal Framework for Organizing a Digital Media**

### **Organization**

In recent years, the growing number of media startups has caused an urgent need to prepare a law that regulates them. In 2016, the Moroccan government issued a new law related to press and publishing, many articles of which dealt with the issue of electronic journalism. Differing opinions have emerged regarding its provisions. Some saw it as a comprehensive law that limits the anarchy by which the digital media landscape is characterized. Others considered it a conspiracy aimed at preventing the widespread of digital organizations and limiting their impact, that is, restricting freedom of the press and expression.

#### **1- Creating an Electronic Newspaper**

The new law defines electronic journalism as a publication carried out regularly and on behalf of a special speaker who works for the electronic newspaper. It is also defined as a content management system directed to the public via the Internet and through modern technological mechanisms that extend from it.

The law has attempted to set the legal framework for digital media organizations by setting regulations and procedures for their establishment, regulating their workflow and imposing penalties on them. In terms of establishment, it also binds them to the same stipulated terms specific to the establishment of printed periodical newspapers, whether with regard to the declaration of the organization or the qualifications that the director of publication must possess<sup>67</sup>. Article 21 stipulates the declaration of any electronic newspaper within 30 days prior to the day of its issuance. This permit must be deposited with the King's Prosecutor's

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<sup>67</sup> Al Khalfi, Al Yazidi, Al Makhud, Al Sufyani, Academic Research on law no. 88-13 on Press and Publication, 2017-2018, p. 8

Court of First Instance in the region in which the headquarters of the press organization is located.

Mandatory registration tends to hinder media establishment initiatives and the trend in many countries is based on voluntary registration. Moroccan Press Syndicate member, Abdel Baqali, on the "Mubashar Maakom" program, broadcast on Channel 2 dealing with the press draft law, stated that the approach adopted by the new law in dealing with digital newspapers is inconsistent with internationally recognized legal standards established by many international organizations and international bodies that deal with human rights defense, including press and media rights.

According to article 24, if an electronic newspaper is established without declaration, the owner will be punished with a fine ranging from 2,000 to 10,000 Dirham.

According to article 34, electronic newspapers may benefit from a .press.ma web domain extension, which would be an introduction to its media content, in addition to benefiting from the general incentive measures relevant to this sector. Regarding photography licensing, article 25 states that electronic newspapers that comply with terms of article 20 may benefit from a photography permit. The permit is granted by the Moroccan Cinematographic Center and valid for a year (renewable), for audiovisual production that serves electronic press.

As for article 15, the law requires each newspaper to have an Editor-in-chief, stating that every periodical, electronic newspaper, or other form of online support must have an Editor-in-chief. In this regard, many terms must be met, perhaps the most important of which is for journalists to be professional. The journalist is defined as every person who engages in the profession of journalism, mainly and on a regular basis, and whose main income is from practicing the profession of

journalism. This definition implicitly excludes many electronic newspapers run by people who are paid for practicing a profession other than journalism..

## **2- Margin of Freedom of the Press and of Speech under the new law**

Among the controversies in the law, is holding the Editor-in-chief responsible for all that is published by the newspaper they run, including biased articles and the comments written on media contents by the web surfers, as well as compelling them to reveal the identity of the authors of articles to the King's agent when necessary, otherwise the Editor-in-chief would be considered the author of the article. Article 36 also binds the Editor-in-chief to put in place mechanisms for monitoring web surfers' comments, which could hinder the development of electronic journalism. Rather than looking for mechanisms to develop their press organization, the Editor-in-chief would be busy examining the identity of surfers.

As for penalties, although the new law on press and publication does not involve imprisonment, it penalizes online newspapers with heavy fines. According to article 72, anyone who publishes, broadcasts or disseminates fake news, allegations, false facts or fabricated documents is subject to a fine ranging from 20,000 to 200,000 Dirhams, in the event that they violate the public order or raise terror among people, by any means, especially by speech, shouting or threats uttered in public places or gatherings, either through publications distributed, sold or displayed in public places or gatherings, by posters displayed to the public, or by various audiovisual or electronic media and any other means used for this purpose as an electronic support. Article 81 also penalizes the offense made by newspapers against any person and the dignity of Heads of States, Prime-Ministers and Ministers of Foreign Affairs in foreign countries, with a fine starting from 100,000 Dirhams, up to 300,000 Dirhams. In this regard, Al-Dadesi considers that

the Moroccan Press and Publication Law includes mechanisms that may impede freedom of expression and press, as well as intimidate anyone who thinks about establishing a digital press organization, adding that this law "has tightened the screws upon the press, especially e-journalism, and has set out a bleak future that threatens the existence of thousands of digital media organizations"<sup>68</sup>

## **6- Reality of the Freedom of the Press in Morocco**

Morocco ranked 135 on a list that includes 180 Countries in the World Press Freedom Index. According to the latest report issued by Reporters Without Borders, 2018 was characterized by severe judicial pressure on Moroccan journalists, and numerous lawsuits that targeted citizens and professional journalists, in addition to the expulsion of a number of foreign journalists.

The Freedom House report classified Morocco as a partly free country, after scoring 11 points out of 25 in access to information, 10 points out of 35 in the content restriction index, and 24 out of 40 in the violation of Internet users' rights index. The report stated that Morocco has experienced many events that caused regression in the Freedom of the Net index, including the arrest of hundreds of people, among which a group of journalists, for publishing content related to the protests of the Hirak Rif movement<sup>69</sup>. The report also added that Moroccan authorities use specific methods to limit online content and violate users' rights, by enforcing strict laws related to terrorism and other matters that often lead to taking

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<sup>68</sup>Article entitled "الصحافة الإلكترونية في المغرب... ضحية جديدة لتقنين قمع الحريات" (E-Journalism in Morocco... a new victim for legalizing the oppression of freedoms), [www.ultrasawt.com](http://www.ultrasawt.com), September 31, 2017

<sup>69</sup>Article entitled "فريدم هاوس غير دقيق وغير موضوعي" (Morocco: Freedom House report is inaccurate and subjective), [Aswatmaghribia.com](http://Aswatmaghribia.com), November 7, 2018

down news websites, in addition to spreading self-censorship and trial of prominent journalists, and the taxation of digital ads.<sup>70</sup>

These reports were preceded by a study conducted by NOVACT institute in 2017 on the limits of freedom of expression in the digital field, which stated that freedom of expression in the digital field has witnessed a noticeable decline in Morocco. The study indicated that a number of bloggers and journalists working in websites were recently arrested, as well as social media activists, particularly after the intensification of the Hirak Rif crisis.<sup>71</sup>

In response to these criticisms, the Ministry of Communications explained in a report issued on freedom press in Morocco 2018 that its efforts on several levels are based on international standards adopted to ensure an appropriate environment for journalistic practice in the country. With regard to tracking the guarantees related to press freedom, no cases of wiretapping on journalists or keeping them under surveillance were recorded, and no cases were reported on forcing any journalist to disclose their news sources, out of respect for sources confidentiality. In the context of strengthening the legal practice of digital journalism, the number of journalists working in these organizations and possessing a press card has increased from 98 in 2015 to 276 in 2016, to reach 349 journalists in 2017 and 535 journalists in 2018<sup>72</sup>.

In its endeavor to ensure freedom of the press, as stated in the Ministry's report, the government has worked hard to establish the National Press Council under law

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<sup>70</sup>Noureddin eIkjan, "تقرير 'فريدم هاوس الدولي: الحرية ضعيفة على الانترنت في المغرب' (Freedom House report: Freedom is tenuous on the Internet in Morocco), article published on the electronic newspaper PressHes, November 3, 2018

<sup>71</sup> "حرية التعبير في المجال الرقمي بالمغرب تراجعت في 2017" (Freedom of expression in the digital field in Morocco has declined in 2017), article posted on Tanmia.ma, September 24, 2017

<sup>72</sup> Report on Press Freedom Index in Morocco 2018, issued by the Ministry of Communications on May 3rd, 2019, p.14

90.13, which was entrusted with managing this profession and developing sector self-governance, ensuring the principles of the profession are preserved and working in accordance with the code of ethics and the laws regulating it. Members of the Council held a session on October 5, 2018 to elect the Head of the Council and their deputy<sup>73</sup> Thus, an institutional framework was put in place in order to structure the media sector in Morocco.

In terms of opening up to foreign countries and media, 86 reporters and cameramen from different nationalities and continents were hired in 2018, representing 49 foreign media organizations. Moreover, 894 photography licenses were issued in 2018, for national and international production companies, as well as foreign television channels. On July 25, 2018, a decree was published in the Moroccan gazette concerning the process for granting permission for the creation, publication or printing of any foreign periodical. This encouraged several foreign platforms to distribute their publications in Morocco, as the number of publications surpassed 2000 foreign publications in various languages<sup>74</sup>.

The report indicates that the Ministry is striving to implement effectively the requirements of treaties and agreements related to the promotion of freedom of expression and freedom of the press and audiovisual communication, as well as to reconsider the legal arsenal that regulates the sector by improving and developing it. It also indicates the willingness of the Ministry to take practical and concrete measures that would ensure the protection of these rights and freedoms, as well as the advancement of this sector. On a number of occasions, the Ministry commended the dispatch of a delegation of international institutions special for

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<sup>73</sup> Ibid., p. 8

<sup>74</sup> Ibid, p. 15

monitoring the development and progress of freedom of expression and freedom of the press and information in Morocco<sup>75</sup>.

## **7- Media Startups**

Despite the continuous increase in the number of media startups in Morocco that reached 892 according to the latest statistics issued by the Ministry of Communications, these startups are often purely informative and cover a variety of topics. This study has followed different criteria in order to choose the right sample for conducting this research. It selected websites with creative, new and diverse content in terms of specialization, method of handling topics and their language.

This study will address seven digital media companies: Lioumness, 9rayti.om, Le Desk, Jawjab, Welovebuzz, Conso News and Smart Media4you. It will address their growth rate, business model and the challenges facing them.

### **• LIOUMNESS MAGAZINE**

Lioumness is an independent and periodical digital magazine that was founded in November 2012. Its legal status was created in 2013. The idea to establish this company appeared in 2011, amidst a series of events that smudged the Arab political scene. Shama Al-Taheri and Reem Al-Khaledi wanted nothing less than to highlight the cultural and creative aspect of Arab youth in the Middle East and North Africa, which was long absent in the traditional media, and to restructure the image of the region that was circulating. This digital platform conveys creative business and initiatives for young people, thereby embodying the image of the Arab world.

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<sup>75</sup> Ibid, p. 10

From this standpoint, the authors on this website discovered that the widespread of the work of creative people, who were subject of many published articles, is still limited. Therefore, it was decided to establish a consultative agency for cultural communication that aims to enhance the radiation of artists, cultural festivals, cultural organizations and their activities. After six years of experience in cultural media, the features of the so-called cultural engineering have begun to emerge.

Regarding the content of the platform, Shama says: "We make sure to produce quality and creative content through articles, videos and documentaries. We are also trying to keep pace with the structural organization of the culture sector in Morocco as an essential means for addressing economic and social crisis."

The business model of "Lioumness" relies on the revenues generated by the consulting agency created in parallel with its contracting activity. Shama added: "We chose not to resort to ads in order to maintain the independence of the website's editorial policy but rather to pay attention to its form, which gives the one browsing a unique experience."

The weakness of the culture sector in Morocco is one of the most important challenges facing this company, especially seeing as its activity is mainly related to culture. Shama also noted: "our company has not been able to develop its activities to live up to our aspirations. This is due to the lack of cultural organizations that hold activities and a communication strategy we can keep pace with, similar to the big theater in Rabat." In view of the lack of support for cultural initiatives and poor cultural education, and seeing as cultural interest is limited to the intellectual class of people, the audience of "Lioumness" is therefore limited and the magazine is required to produce content in French. She stated: "While cultural activities are still limited to a specific social class, our biggest challenge is to target an

intermediary class that is both curious and ready to pay a simple subscription fee for the sake of culture. We do not encourage free cultural activities, yet we want to facilitate access to culture for everyone."

In light of all these challenges, "Lioumness" managed to leave a trace in the media landscape. Shama affirms that profit is not among the foundation's priorities. What is more important for her is supporting creative people who were able, thanks to her, to participate in several cultural demonstrations, creating valuable ties and leaving a positive impact on people in need of support, as well as expanding her audience base.

Setting up a digital media company may seem easy, but it takes many skills to ensure its continuity. In this regard, Shama affirms that journalistic writing skills are almost non-existent. Most of the times, the desire to produce abundant content affects its quality, leading to a poor writing style, and the issue of writing in foreign languages (French and English). It also raises the issue of objectivity and accuracy in transcribing quotes (...) Shama added: "In light of the current technological developments that have contributed to the emergence of citizen journalism and that have added a new character to media content, this has affected the ethics and rules of the journalist profession and have been floundering in a crisis,"

#### ● **9RAYTI.COM**

9rayti.com is a digital platform in the field of educational guidance. It was founded in 2008, yet it was not until 2014 that work started, when three high school students decided to establish it based on their own experience. They felt the need to create a media platform in the education field.

This platform aims to accompany high school students in order to prepare them for their high school and university examinations and provide the necessary information to facilitate their choice of university field of study after obtaining the baccalaureate degree. The platform's audience extend beyond the Moroccan borders to encompass the Francophone African countries, (% 10 of the audience).

With regard to human resources, the Foundation's team comprises 7 people, including web development engineers, design and video creation technicians, as well as web editors. It should be noted that the website does not include professional journalists, as is the case in other websites.

The business model of 9rayti.com website relies on revenues from advertising and selling its visitors and subscribers' database. It provides advertisers with a lot of data on users, especially seeing as the website has a wide audience. Moreover, NGOs provide continuous support for this website (such as the French Agency for Media Development). The website also created a platform "Concourate.com," through which a guide to entrance examinations of higher institutions is sold to baccalaureate students.

The website depends on shaping its content on modern digital marketing means such as social media, phone applications and newsletter that enable openness to the largest number of followers.

Adam Bouhdama, founder of the company, stated that the increasing development of technology requires the creation of innovative content and providing innovative services to keep up with the requirements of readers and facing competition in the media market, in addition to the obsession with maintaining permanent resources to fund the organization<sup>76</sup>.

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<sup>76</sup> Interview with Adam Bouhdama, one of the founders of 9rayti.com

Regarding the evaluation of the experiment, Bouhadma says: "We believe our experience is successful and moving forward in development. The secret of success lies in how to choose the target audience and in investigating in a specific field with the need to improve the services provided, by harnessing technological monitoring methods on social media and analyzing the data it provides. Analyzing user experiences of the website (Feedback), as well as constant contact with them across various platforms makes the media experience successful."

- **LeDesk.ma**

LeDesk website was founded in 2015 by three journalists: Ali Ammar, Christophe Guggen, Omar Radi, Fatima Al-Zahra Qadamiri (Facilitator of Pulse Média company and owner of the LeDesk website), and Aziz Awadi (businessman and artefacts dealer) are the co-founders of this website based on their shared desire to create a credible and innovative professional platform. LeDesk is an independent and interactive news and investigation website that undertakes to provide a unique media experience, focusing on addressing issues that are of concern to citizens in an independent and professional manner.

In light of what the founder of the website describes it as "editorial press crisis," that is, the desire of the majority of websites to achieve popularity at the expense of content quality, LeDesk has decided to base its economic model upon paid subscription (subscription fee) in order to ensure that the editorial plan is independent from its advertising impact and to maintain the continuity of the website . Moreover, businessman Aziz Awadi, who has a significant fortune, has widely contributed to this organization. However, given the difficulty in relying on advertising as a source of funding, a large part of it remains unpaid, and the website settles for a monthly or annual subscription fee for those who wish to

access investigation articles that often include recent information related to public issues.

- **Welovebuzz**

At the age of seventeen, Idris Al-Salawi discovered his passion for the web and Welovebuzz in 2010, a website that is based on creating creative content beyond what is common in traditional digital press. As the name of the website suggests, Welovebuzz publishes viral videos and news. Given the type of topics the website publishes, it has managed to reach a large category of the millennial generation, people aged between 18 and 25 years old. Today, it attracts two million followers every month and 15 million viewers every week, as well as over 60 sponsors from different sectors<sup>77</sup>.

Thus, the economic model of this organization is mainly based on content marketing or what is known as "Contenu Viral," which enables it to attract a great number of celebrities. Furthermore, relying on social media websites increases its chances of expanding its fan base. Its positioning strategy in the media market has made the content and vision of Welovebuzz, along with its management of financial resources that ensures the website viability, a one of a kind experience.

This remarkable success has expanded the founder's desire to launch another platform in Egypt, especially seeing as the Egyptian advertising market and the Middle East region in general offer more opportunities for developing business models.

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<sup>77</sup> Statistics conducted by Startup.ma website, <https://bit.ly/2Hrx3u1>

- **Conso News**

Conso News is the first consumer website in Morocco, founded in 2016 by Nabil Tawfiq. It addresses issues related to the economy, as well as products and services provided to the consumer in various sectors (banking, foodstuffs, education, telecommunications, etc.) The website provides citizens with the latest updates on the consumer market. It also provides advice in other areas such as travel, health, beauty, etc. with the purpose of diversifying its content. Apart from Nabil Tawfiq, the team is comprised of 5 permanent journalists and others who work as freelance journalists.

While browsing the website, the design seems creative and out of the ordinary. The website also includes several categories specific to ads. Therefore, through its content, the positioning of the website helps to determine its economic model. Consumer production companies are constantly looking to attract the consumer no matter where they are and they have the chance to benefit from an important advertising share. The organization is also working on diversifying its financial resources by organizing events.

Conso news does not solely publish its material on its website but also sends periodic newsletters to subscribers, in addition to issuing publications. Tawfiq, founder of the website, confirmed that one of the most important challenges he faces is the way to produce quality media material that would enable him to reach the largest number of readers, as well as develop digital alertness<sup>78</sup>.

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<sup>78</sup> Interview with Tawfiq Nabil, founder of Conso news website

- **Jawjab**

The media experience of Jawjab is a unique one in terms of content and editorial line. The founders of this website have chosen to address topics considered as "taboos" in Moroccan society in a humorous manner and in a new style, away from Arabic and French that have taken over Moroccan web pages. The founders have also chosen to publish articles in Moroccan dialect and to post viral videos.

Based on the analysis of the website, the design seems out of the ordinary and its headlines do not comply with the norms of classic media. Apart from being a media organization, Jawjab also established an advertising agency that is currently preparing a controversial video series such as “Marokiat,” “Marocaines”, “First Blood,” “Framed” etc. The secret of the website success lies in the use of social media, which allows it to reach a bigger number of viewers and thus generates important revenue for the website.

- **Smart Media4you**

Smart Media4you is a participatory technology platform geared to encourage innovative initiatives (Digital communication of economic institutions and sectoral organizations, as well as support for youth entrepreneurship and good governance). Founded in 2013 by media expert Hussein Al-Saf, it managed to win two awards in only five years since it was founded, the first being awarded in 2016 and the second in 2018. The team consists of 7 Journalists and a financier, and possesses high skills in the journalism, new technologies and network development.

As for the business model of the organization, General Manager Al-Hussein Al-Saf stated that Smart Media targets journalists and economic actors through a monthly or annual subscription.

If the subscriber happens to be a journalist, they will benefit from:

- Access to all media materials.
- Continuous distance training in the field of modern technologies, video editing and big data journalism.
- Distance lectures and programs.
- Content writing: The content is published in the name of the journalist who writes it instead of the platform name, which helps with the journalist career development.
- Job opportunities, such as covering news.
- Database specific for interviews.

As for economic actors (Startups owners, self-entrepreneurs, etc.) They get to benefit from:

- Communication advice.
- Assisting in developing a communication strategy to introduce their products and services.
- Participatory Marketing: Advertising, display and request services among the platform's audience and partners.

## **8- Academic Interest**

Regarding academic interest in the media field, 35 institutions in Morocco offer specialized qualification in the fields of journalism, communication, audiovisual, cinema, advertising and other professions related to media, distributed among 4 higher education institutions, as well as 12 colleges that provide qualification in the field of media and communication, two public vocational training institutes, 10

private higher educational institutions and 7 private institutes and centers for professional specialization.<sup>79</sup>

In order to diversify the specialization, during the academic year 2017-2018, the Higher Institute of Information and Communication introduced two new paths: Masters of Research related to "Media and Immigration" and a professional Bachelor degree related to "Journalism and Digital Communication." This offer aims to develop educational curricula to adapt it to developments in the media and communication sector and to meet the requirements of the media market in the areas of: Media, webbing, social networks, etc. The development of the offer affected the number of students registered with the institute, as it reached 350 students during this academic season.<sup>80</sup>

In this context, Professor Hassan Hamayez, Editorial Board Supervisor at IbnZohr University in Agadir, stated that journalistic qualification is not limited solely to higher institutes and schools anymore but rather the university's experience proved its ability to produce journalists who are qualified to practice their profession. He noted that the university was particularly interested in introducing a course on launching institutions in order to encourage students to create their own projects. 20% of the graduates in this major have made their way to create their own project. Students are also encouraged to create group initiatives to launch media experiences that would create job opportunities.

In the era of technology, journalistic training that is limited to the teaching of history of journalism, methods of editing, methodology for preparing reports, is no longer enough to keep pace with the rapid development of information and methods of their circulation. It has become essential to update materials in colleges

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<sup>79</sup> Press Freedom Index report for 2018, issued by the Ministry of Culture and Communications on May 3, 2019

<sup>80</sup> World Press Freedom Index report 2018, Ibid.

and universities and to enable journalist student of using the means of practical application. Based on these transformations, IbnZohr University has made an agreement with the Al-Jazeera Media Institute in order to provide two training courses per year on the latest updates in journalism across the world, such as: Mobile journalism, Big data, Journalism specializing in immigration issues, modern techniques of photography and montage, etc.

In order to develop the skills of journalists, training sessions and meetings on the developments of journalism and publishing blog and professional ethics were organized for employees working in electronic newspapers, in partnership with professionals in each of the following regions: East side, Dakhla Valley, Gold Valley, Tangier-Tetouan, Hassima destination, Souss-Massa, Marrakesh-Safi, and Fez-Meknes.<sup>81</sup>

Similarly, in order to support the professional and cognitive capabilities of media professionals, many professionals in the field of media and communication, journalists, experts in modern technologies and legal professionals have established the Center for Media Innovation and Entrepreneurship. This center aims to encourage young media professionals to create new forms of media and keep pace with projects for founding new media organizations, on a national and regional scale. It also encourages them to qualify media organizations that are experiencing difficulties, by organizing training courses for journalists in the fields of digital journalism and national and international law system in the field of journalism, electronic publishing, information security, protection of personal data, the regulations and standards in force nationally and internationally to make publishing operations on the Internet environment a responsible and targeted

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<sup>81</sup> Ibid, p. 6

process that serves the communication of various groups of society. In addition to supporting the owners of media projects and initiatives with advanced technologies and expertise, which allow them to use the latest information technology and benefit from them by investing them in entrepreneurship in the field of quality and income-generating media services, and encouraging them to create emerging companies or work within the framework of the individual enterprise system<sup>82</sup>.

## **9- Challenges Facing Digital Media Startups**

**Technological challenge:** E-journalism is closely related to new technologies. It involves investing mainly in the multi-functional interaction feature that distinguishes it, whereby workers in the field of e-journalism can be described as "techno- journalists." This indicates that technology is a major pillar that lies at the heart of the pressing issues of making the field of e-journalism more qualified.<sup>83</sup>

**Content development challenge:** One of the most important challenges facing news websites is content development. Maintaining these websites continuously relies on creativity in producing content that meets the expectations of their followers. It can be noted that Moroccan digital media startups ignore this aspect, as they often rely on copy-pasting content, which results in content redundancy.

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<sup>82</sup>Interview with Al-Hussein Al-Saff, Professor at the Higher Institute of Information and Communication, member of the Federation of Information Technologies Telecommunication and Offshoring, Founder of Smart Media, Vice-President of the Center for Media Innovation and Entrepreneurship and member of the committee that produced the White Book

<sup>83</sup>The White Book, p. 11

**Attracting Advertisers Challenge:** Attracting advertisers can be difficult, given the prevailing monopoly in the advertising market, in addition to the feeling of mistrust that investors demonstrate towards media startups.

**Continuous Qualification Challenge:** One of the challenges facing digital media businesses is the lack of journalists who possess real skills in areas related to e-writing. Moreover, most universities and institutes do not offer trainings on new media and relevant applications.

**Economic Challenge:** The situation of Moroccan online journalism today reminds us, on many levels, of the situation of paper press in the 1990's: High hopes in the field about income generation, a large number of new arrivals, insufficient capital, ambiguity in the horizon and future, and confusion in the organizational aspects arising mainly from the absence of legal frameworks that regulate this sector. It can also be noted that most electronic newspapers do not operate as press organizations and that the number of those that do remains low. The majority of electronic newspapers operate in an irregular or voluntary manner. Some organizations that run online news websites are trying to find financial balance through individual solutions, yet with great discrepancies in their status.<sup>84</sup>.

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<sup>84</sup>The White Book, p. 17

## **10- Recommendations**<sup>85</sup>

### **1- Recommendations for Technological Qualification:**

- Carrying out a diagnostic study of the reality of technology in Moroccan electronic press in cooperation with the National Center for Information Technology.
- Establishing a special fund for technical support, training and qualification, aimed at ensuring better control of technological aspects.
- Enabling e-journalism, within the framework of Morocco's digital strategy, to benefit from public support mechanisms, as well as to keep pace with technology and contribute to professionalizing this field.

### **2- Recommendations for Economic Improvement:**

- Using innovation in creating new ways to achieve self-financing, making the organization independent from advertisers.
- Adopting new business models to achieve the sustainability and development of startups.
- Improving opportunities for e-journalism publishers to benefit from the press public support.
- Establishing a security fund for e-journalism that also takes into account the value of human resources operating in the sector, assist with training workers in the sector and ensures continuous qualification.
- Exempting shareholders in electronic publications from income tax.

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<sup>85</sup>Interview with Al-Hussain Al-Saf, Kawthar Burmana, member of the incubator Khouribga Skills Center, Abdel Fattah Nate Al Ghazi, PhD in Entrepreneurship and Co-founder of 3C LABACOM for innovative content producers, Sufian Hamidach, Co-founder of 3C LABACOM for innovative content producers, Saeed Mataiesh, National Agency for the Promotion of SMEs (Maroc PME) representative

- Valuing e-journalism as an advertising tool and raising the prices of advertising.
- Reducing taxes on developmental and research in order to encourage e-journalism organizations to innovate, which would help in modernizing and professionalizing this sector.
- Establishing partnership between the Ministry of Communications and that of Higher Education and Scientific Research, as well as creating relevant frameworks in order for e-journalism organizations to benefit from the work of university institutions specialized in the field of research and development.

### **3- Recommendations for Content Development**

- Creating Information and knowledge (developing good digital, scientific, cultural, educational, economic and social content).
- Encouraging researchers and specialists to create digital content and publish relevant reference materials that would help in the investment in global materials.
- Making capabilities more efficient and improving human resources in the field of modern technology.
- Developing opportunities for creativity and innovation in the digital content industry, and setting indicators to monitor and evaluate its enrichment.
- Supporting the Moroccan production of multilingual digital news content that has the potential to compete in the Arab world, as well as regionally and globally.
- Creating quality content that meets the expectations of visitors and followers.

- Avoiding copy-pasting from other websites .
- Diversifying content broadcasting channels (social media, email, etc.).
- Constant updating of website content.
- Diversifying content .

#### **4- Recommendations to Enhance Qualification**

- Urging institutes of higher education to adopt e-journalism as a stand-alone subject on various levels.
- Developing a strategy for basic and continuous education that includes all disciplines related to digital technology and electronic journalism and creating a specialized institute for training engineers in the field of the Internet in order to enhance national digital content.
- Creating a special fund to finance education in order to empower journalists and technicians with technological and professional tools and to increase their efficiency.
- Establishing ongoing training programs for journalists, supported by the government, as part of a program for supporting the press, both paper and electronic.
- Encouraging electronic media organizations to take advantage of the education programs proposed by the Moroccan Center for Information Technology and Telecommunication within the framework of Morocco's digital strategy.
- Acquiring training in entrepreneurship.

## **Conclusion**

**Despite the diversity of digital media companies in Morocco, very few of them have been able to occupy a place in the media landscape, by adopting a mixed business model that relies on diverse activities in order to provide resources that would ensure their sustainability. This study has showed that the majority of the digital startups are still in a fetal stage due to their economic models, which depend mainly on advertising revenues. Consequently, they cannot develop their financial resources to provide the necessary human resources, especially seeing as investors in Morocco are still attached to traditional media and still have very low confidence in these new organizations.**

**This study has demonstrated that media startups in Morocco do face professional challenges, notably the low quality of media content, which is mainly due to the lack of education and capabilities of digital journalists, the lack of clear standards for this profession, as well as the lack of majors in universities and institutes related to the production of digital content. The concerned parties in this sector are called upon to improve the quality of media training, reform the curricula of journalism education and introduce digital media concepts and skills.**

# III- Media Startups in Jordan

## Introduction

Generally, media organizations carry out several tasks that are dictated by their role as a fourth power and an essential part of a democratic life, given the social, political and economic importance of these organizations.

When speaking of democracy, it is important to note that the role of the media is not solely limited to informing and educating the public about their rights or the course of events, but rather it goes beyond that to empowering society and convincing it of its role in the process of change, development and controlling of any violations that may be carried out by public authorities or official agencies.

In order to achieve that, a supportive and democratic environment based on the principle of the rule of law and respect for the values of pluralism and dialogue is required. The freedoms protected by the constitution, international treaties and conventions, such as freedom of opinion and expression, must also be guaranteed.

However, the principle of free and effective democratic media in the Arab world as a whole is subject to question and skepticism, especially with regard to two basic components, that is, the prevailing political system and the economic situation.

Those two components control, in one way or another, the behavior and performance of the majority of media outlets in Arab countries, especially traditional media.

Being an Arab country, Jordan is still in the process of transition towards democracy and suffers from difficult economic conditions due to the limited

natural resources and high rates of unemployment and poverty. In addition Jordan is stranded in a turbulent region full of political conflicts and turmoil. As a result, it was forced to adopt modern policies in order to keep pace with the development that the world is experiencing today, especially relating to the Internet, the information revolution and entrepreneurship.

The overall entrepreneurial sector in Jordan has consequently witnessed a remarkable boom, with investments in Jordanian entrepreneurial companies reaching 56 million Jordanian Dinars in 2018,<sup>86</sup> according to the report issued by the Magnet Foundation<sup>87</sup>. Jordanian companies accounted for 8% of the total investment deals that the leading companies in the region have made. Jordan came in fourth place after the United Arab Emirates, Egypt and Lebanon.

Jordan's population is 3% of the population of the Arab region. Entrepreneurs account for 23% of the total number of entrepreneurs in the region, and Jordan has advanced 7 places in the global entrepreneurship index in 2018, ranking currently 49th, and has moved from being 70th to 50th in Global Talent Competitiveness Index in only 3 years<sup>88</sup>.

Perhaps the high unemployment rate in Jordan has contributed, in one way or another, to the orientation of many people towards entrepreneurship, according to the report of the Department of Statistics<sup>89</sup> on the unemployment rate in Jordan for the fourth quarter of 2018. The unemployment rate has reached 18.7%, an increase 0.2% over the same period in 2017.

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<sup>86</sup>Information and Communication Technology Companies Association – Production <https://goo.gl/pkmC8P>

<sup>87</sup>Report issued by Magnet Foundation <https://goo.gl/c4BV7M>

<sup>88</sup>E-government official website <https://goo.gl/5YXjCm>

<sup>89</sup>Department of Statistics [http://dosweb.dos.gov.jo/ar/emp\\_q4\\_20193/](http://dosweb.dos.gov.jo/ar/emp_q4_20193/)

The same report also showed that the unemployment rate was high among university graduates holding a BA and higher, i.e 24.5% compared to other educational levels.

As a result of this, many workers in various sectors have established their own companies, including in the media sector, which has witnessed a remarkable quantitative and qualitative development, especially in the last ten years. Those last ten years have also witnessed significant political, social, legislative and economic changes that have led to the emergence of different media, whether in terms of orientation or methodology. This trend can be described as the pioneering media professionals.

Among the most prominent characteristics of this startups trend is its dependence on modern technology and the use of modern (digital) media, in addition to the production of its own media content that differs from traditional content covered by the standard media in Jordan.

## **1- Objectives**

This study seeks to explore the reality of media startups in Jordan and the challenges they face. It also aims to identify their incubating environment with regard to law, innovation, incubators, accelerators, investment funds, available skills and knowledge for developing this sector, as well as the basic recommendations for improving them.

### **1- The Importance of this Study**

Traditional media faces great challenges, especially related to its ability to survive and keep abreast of the fundamental changes that have affected the current media sector, as the Internet has become one of the most important and easiest sources used by the public to search for news, specialized topics and even for entertainment.

According to the annual report of the Telecommunications Regulatory Authority (TRA)<sup>90</sup> issued in Oman on September 23, 2018, as of the end of 2017, the number of Internet users in Jordan has reached 6.6 million, compared to 5.53 million in 2016.

The rate of Internet users in Jordanian population has reached 65.7% at the end of 2017, compared to 56.4% in 2016.

By looking at the numbers above, it is clear that the ability to access news and information through the Internet has provided a more suitable alternative to a large share of the public, due to the diversity of sources provided by the Internet, continuous content updating and audiovisual display tools in various areas that many methods of traditional media cannot provide. This is either due to the lack of experience in the field of digital content production, or to their low financial capabilities, as most of these organizations rely on a traditional business model mainly based on commercial advertisements, or due to their inability to deviate from the traditional editorial policy and shift towards creativity and competition by producing creative content that goes beyond the original framework.

Consequently, it is critical to shed light on media companies that address unconventional topics and issues and provide different types of media content dependent on the Internet, modern technology and digital media tools. It is also important to showcase their experiences in order to see if they have a specific business model and what this model is based on, in addition to the challenges that they may face, legally and in terms of business environment, their ability to innovate, sustain and cope with change.

## 2- Study methodology

This study is classified as a descriptive research that adopts the survey method based on direct observation and data collection from several sources and various methods, including personal interviews, online interviews, electronic correspondence and phone calls, related studies, legal references, statistics and official decisions.

The study showcases a sample of the most important media startups in Jordan that have emerged. The origin, development, business model, challenges and achievements of this sample have been highlighted.

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<sup>90</sup> <http://trc.gov.jo/Pages/viewpage.aspx?pageID=180>

This sample comprises several projects: 7iber, Sawt, Tappenwa, Aramram, Al-Hudood, Media Credibility Monitor "Akeed", Community Media Network (CMN), owned by Al-Balad radio station, Amman Net, Kharabeesh, and ARIJ Network. A model of a media startup that stopped operating due to certain reasons related to its business model was also presented.

### 3- Conceptual Framework of Startups

The concept of a startup enterprise is often mistaken for small and micro enterprises, which could lead to inaccurate results, especially in the absence of a unified and agreed upon definition for each of these two concepts. Thus, these concepts must be presented and defined according to the common definition in Jordan.

The Central Bank defines<sup>91</sup> an enterprise in general as a legal entity independent of its owner and that is created for the purpose of making profit. The owners of enterprises who invest in the capital and complete the legal procedures for registering the project are considered as partners in the enterprise. An enterprise owns assets such as money, equipment and inventory that are purchased with the capital invested by the shareholders. These assets are used to manufacture the product or to provide a service.

The Central Bank also defines micro-enterprises as usually being unofficial and the total of their assets or the size of their sales is usually less than 100 thousand Dinars. Moreover, working in these enterprises happens often from home and sometimes the owner of the enterprise is the only employee. These enterprises may be official but are small operations (a juice booth for example).

As for small enterprises, they comprise between 5 and 20 employees and their total assets or sales volume is less than 1 million Jordanian Dinars annually.

Small and medium enterprises play a vital role in the Jordanian economy, representing 95% of the business sector, 70% of job opportunities and contributing to 40% of Jordan's GDP.<sup>92</sup>

So far in the Jordanian context, there seems to be no unified and agreed upon definition of enterprise or startups, given the implications of this definition on the

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<sup>91</sup>Small and Medium Enterprises Guide

[http://www.cbj.gov.jo/EchoBusv3.0/SystemAssets/PDFs/AR/SME\\_Guide\\_Arabic\\_Final\\_27\\_4\\_2017.pdf](http://www.cbj.gov.jo/EchoBusv3.0/SystemAssets/PDFs/AR/SME_Guide_Arabic_Final_27_4_2017.pdf)

<sup>92</sup>Ibid.

national economy by measuring the contribution of this sector to the output of the local economy and the mechanisms of support and development. The German Agency for International Cooperation (GIZ), Orange Jordan and the Information and Communications Technology Association (Int@j) have launched a study aimed at reaching a clear definition of startups that would be the basis for the startups law on which "Int@j" will work in partnership with the relevant authorities within the entrepreneurship system in Jordan<sup>93</sup>.

Seeing as there is no official and approved definition of startups in Jordan, the concept will be covered from a global perspective.

Silicon Valley's godfather and modern entrepreneur Steve Blank defined startup as a temporary organization designed to search for a replicable and scalable business model<sup>94</sup>. That is, the business model is the center of focus, and it must be one that is capable of developing and making continuous change.

Most of other definitions described startup as a modern enterprise that is still in the process of evolving and developing in the markets, with the aim of being integrated or expanding, and a few basic characteristics were also added in order to distinguish it from other enterprises. For example, British website Startups<sup>95</sup> distinguished startups from other enterprises with the element of speed, whether in decision-making or re-setting priorities or even with regard to the growth and expansion of the enterprise. It also noted that a startup is usually based on an idea that is most likely globally applicable and that is not related to specific geographical boundaries. While many enterprises seek to receive financing from investors, including startups, the latter is usually based on the principle of sharing with the investor, who may also himself provide some advice and guidance to the startup.

Investopedia<sup>96</sup> also defined startup as a newly established organization or company initially funded by its founders who attempt to make profits by providing a service or commodity that does not exist. They perceive a need for it, or believe that this service or commodity exists but in a way or at a level below the required one. The website also adds that the long-term viability of these enterprises is not possible unless they are funded by investment capital.

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<sup>93</sup>Conducting a study on the contribution of startups to the Jordanian economy <https://goo.gl/1ZAxUx>

<sup>94</sup><https://steveblank.com/2010/01/25/whats-a-startup-first-principles/>

<sup>95</sup>What is a startup? <https://startups.co.uk/what-is-a-startup/>

<sup>96</sup>Startup <https://www.investopedia.com/terms/s/startup.asp>

Therefore, what is the difference between a startup and a small or micro enterprise? If we look at the most common definitions, including the previous ones, a startup can be distinguished by several characteristics, the most important of which being the process of continuous development and change and that a startup is not based on the principle of persistence, as is the case with most commercial companies trying to reach a specific goal or a fixed business model in order to generate revenues and profits.

Startups are always striving towards innovation, whether in relation to the development of a specific innovative product or service which became needed with modern development and relevant changes, or in the way of providing a specific service or commodity that essentially exists but is being offered in an innovative entrepreneurial manner. As for ordinary commercial companies, they try to avoid the risk of offering a new service or commodity or re-providing it in a unique way, and on the contrary, most of these companies or organizations try to find a popular business idea and copy it.

Money is also the main driver and objective for establishing companies and commercial establishments, and it is undeniable that profit is also a priority for startups. However, the difference is that startups usually see this profit as a means and opportunity to achieve further expansion and growth and develop the service or product that they provide in order to reach new levels that the project founder had been looking forward to since its foundation.

That is, growth, change, the desire to expand, adventure, leadership and innovation are all elements that must be available in startups if they wish to step out of the framework of traditional commercial companies.

## **2- Media Startups in Jordan**

The number of media websites licensed by the Media Commission up until February 2, 2019 137 websites, in addition to around 36 satellite stations and 39 radio stations licensed by the Commission<sup>97</sup>. However, most of these licensed media organizations have not stepped out from the framework of mainstream traditional media in terms of form and content, as they adopt a semi-fixed business model that focuses heavily on advertising as an irreplaceable source of income in order to cover the organization's business costs and achieve a profit margin.

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<sup>97</sup>According to the lists of Mrs. Majd Al-Amad, Director of the Licensing Department at the Media Commission

Nevertheless, there is a number of promising media organization that were able to provide different content and use unconventional methods that are in line with the rapid development we are experiencing what some call the Internet era.

One can argue that there is a clear disparity in the ages of these enterprises. Some have been launched over ten years, others have not exceeded three years, yet the common denominator between them is that these enterprises are trying to present a new media model that deviates from what is familiar in the local media sector and serves issues and topics of interest to the public that traditional media may not necessarily address.

### **1- Examples of Media Startups (list)**

#### **7iber**

7iber is a media organization and electronic magazine, launched in Jordan in 2007 as a volunteer-managed citizen media platform. In 2012, it turned into a professional press magazine that produces in-depth multimedia reports, critical analysis, as well as public discussions on political, economic, social, cultural and intellectual issues.

When 7iber launched in 2007, social media in Jordan, such as Facebook, was not as popular as it currently is, and personal blogs were still present and had their own audience. Therefore, 7iber emerged at that time with the aim of creating a space for the ordinary citizen to express their views through the website by publishing articles and through the contributions of citizens on various topics in a way that combines the professional aspect and the spontaneity of these posts, in addition to its ability to address topics that are of concern to citizens and that may not be covered by the official media.

The initial cost of 7iber website was covered by the founders, and the website has gradually evolved since 2009, becoming a registered company as a limited liability company in Jordan.

The business model of 7iber is based on several revenue sources, including projects and grants from some international institutions that implement media projects generally aimed to perpetuate the principles of democracy, justice, freedom, accountability, pluralism and human rights. In addition, 7iber relies on

workshops, training courses, consulting and production services, and web development and multimedia services as diverse sources of income.

As for advertisements, Executive Editor and Co-founder of 7iber Magazine LinaEjeilat<sup>98</sup>, says that they are no longer a reliable source of sustainable income, especially in light of the advertiser's dominance and aspects that some advertisers may sometimes impose and that may affect the editorial policy of the press organization. Moreover, many advertisers perceive social media platforms as a less expensive alternative achieving higher integration and outreach than those achieved through advertising on most websites.

In addition, the nature of 7iber magazine's work is generally based on the production of in-depth press reports and investigations that usually take a longer period of time than some other press material, which prevents 7iber from producing a large volume of content, hence, many articles may not be published on a daily basis on this website. This may not suit the aspirations of advertisers.

More importantly, the type of topics that achieve a higher rate of interaction or number of views are simple topics such as those related to celebrities, crimes or fashion, while in-depth reports or investigations, which require a great journalistic effort and are higher in cost, may not have a sufficient reaction rate or number of views. This may not suit the aspirations of advertisers.

7iber is currently working on developing a new business model that aims to develop the activities and services provided by the organization while securing the largest proportion of income, and gradually reducing its dependence on grants as a source of income.

Ejeilat says that accessing an ideal business model requires many experiences and constant adjustments, which means that the process may take a lot of time, especially seeing as 7iber is making sure that the business model adopted and the services provided through it would not affect the level and volume of journalistic work provided by the organization.

7iber team is made of 12 people (full-time), including reporters, news editors, technicians and administrators. Authors from Jordan and several Arab countries such as Egypt, Palestine and Lebanon are cooperating with 7iber.

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<sup>98</sup>During a personal interview with Lina Ejeilat, Executive Editor and Co-founder of 7iber magazine

The Jordanian public constitutes 50% of 7iber's audience, while the other 50% is distributed among several countries in the Arab region.

7iber has close cooperation with the technical community in Jordan and in some Arab countries. This is mainly due to it being a media organization that relies heavily on digital technologies to produce content and provides specialized training programs in this field. It also relies on the digital community in order to protect its privacy and digital security. For example, 7iber was subjected to several hacking attempts in 2014 and at that time it used the digital community to acquire the best practices and methods for securing its website and files.

Ejailat believes that there are many challenges facing 7iber, including the legislative environment regulating journalistic work in Jordan, whereby journalistic work is subject to many laws and regulations that may limit the freedom to practice journalism or the ability to address specific issues.

However, the biggest and most difficult challenge for 7iber magazine is sustainability, which is a permanent challenge. Trying to harness its capabilities and continuously developing them not only ensures the sustainability of 7iber on a financial level, but also in terms of producing valuable content and leaving a different mark.

Ejailat believes that 7iber has created a new space in the Jordanian press landscape, by making a qualitative impact, regardless of the limited production, as it does not necessarily produce journalistic content on a daily basis.

For example, 7iber has dealt with certain topics which then led other media organizations to address them as well, such as the issue of Al-Baqoura and Al-Ghamr treaty, which Ejailat says that 7iber was the first to address through an in-depth report issued in October 2017, after which, other media organizations produced press materials related to this same topic. The topic then turned into a popular campaign that culminated in Jordan's decision not to renew the treaty with Israel.

## Sawt

Sawt platform was established in 2016, and aims to produce high-quality audio content in Arabic, in order to create an open environment to discuss important and sensitive issues for Arab followers around the world. It also seeks to create a open environment that discusses the principles of justice, pluralism and human rights through audio production.

Sawt team comprises six full-time employees, and the platform collaborates with several technicians and journalists to produce content. It provides many services, including:

- Sound production, which includes interviewing, writing text, editing, technical production and audio designs.
- Content management and audio programs distribution, including digital promotion of content via short videos, as well as helping podcast producers to publish their programs by presenting them on social media audio platforms.
- Training in audio production and storytelling.

Sawt has a business model that mainly relies on grants and sales of services that include for example the production of podcast for a specific organization, training courses or consulting services centered on podcast production.

Regarding content Sawt has produced so far, Ramsay Tesdell, one of the founders of the platform, says<sup>99</sup> that Sawt has not faced a real problem with regard to obtaining information. However, it does face difficulty in access to sources and reaching people of concern.

One of the most important challenges facing Sawt platform is funding and providing financial resources, as well as having an adequate knowledge of the public and their podcast use patterns, due to the lack of studies conducted on this topic, in addition to the challenge of finding skilled and creative people in this field to produce content. Tesdell also believes that the operating environment in Jordan and the region make it easy to implement business. Despite these challenges, Sawt describes its experience so far as successful, in terms of making better use of resources and producing professional content of societal value.

Tesdell believes that podcasts are still relatively new, thus it is possible to carry many experiments and develop new things.

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<sup>99</sup>Through several phone calls and e-mail correspondence

## **Fatabayyanu**

Fatabayyanu (or “Go Check” in English) is an Arab media project that was launched in 2014 with the aim of filtering Arabic content on the Internet from myths, rumor and false news.

The project mainly aims to raise awareness about myths, rumors and false news, as well as to encourage investigation before transmitting any information on social media, and consolidating the basics of scientific research and objective thinking of the emerging generation. Therefore, creativity and innovation are among the most important foundations on which Fatabayyanu is based in the investigation the various facts and research methods, in addition to the mechanism of conveying information.

Fatabayyanu presents its content to the public through many forms, including articles, studies and research articles, pictures and videos, be it photography or cartoon, all posted on the Fatabayyanu website, blog, social media platforms (Facebook, Twitter, Instagram, Telegram, WhatsApp) and television interviews.

The number of employees in this organization is approximately 42 young men and women from 14 Arab nationalities and diverse professional and scientific backgrounds, such as news editors, doctors, engineers, physicists and specialists in various fields of science, including religious sciences. Their duties are distributed among photography, episode preparation, directing, production, research and editing, graphic design, programming, translation, administration and supervising social media platform. However, most staff are researchers and editors.

Founder of Fatabayyanu Moath Althaher<sup>100</sup> stated that the main problem facing the project is achieving an income that would ensure its sustainability and make it able to cover its costs on its own. He noted that, despite the team's continuous work over 5 years and the success the project has achieved in addition to reaching the public in order to fight against false news, the problem of material income limits its spread and development. He also added that the team does not receive payment for its work, as the project does not make enough income and the team members most likely do the work voluntarily.

Despite the achievements of the project so far, it does not have a defined business model. Financing the project and production was based on a limited number of sponsorships and advertisements during the period 2016-2018, and Althaher

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<sup>100</sup>During an interview with Moath Althaher through Facebook Messenger due to his residence outside Jordan

refuses to use Google Ads despite the financial returns it may provide. Althaher says he is still trying to reach a business model that fits the project mission, in order to provide financial sustainability without affecting its content.

Althaher measures the indicators of the project success through several factors, including:

- Achieving over 100,000 visits to Fatabayyanu per month since the beginning of 2019,
- Reaching around 500,000 followers on Facebook,
- Reaching more than 4 million views on Fatabayyanu video series
- Scoring 9.8 out of 10 in a comprehensive evaluation that was presented to the public in 22 Arab States, which comprised 1730 participants.

With regard to freedom of the press in Jordan, Althaher believes that access to information is somewhat difficult, and the communication and response mechanism is very slow and often unanswered. He notes that the press has no moral value, and consequently, there prevails a fear of addressing many topics in order to avoid problems, especially political and social issues.

Althaher says that Fatabayyanu project is highly interested in digital safety, especially seeing as the project was previously exposed to an offensive campaign that resulted in taking down some of their videos on YouTube that had around a million and a half viewers.

Althaher describes the experience as successful, yet he asserts that it still needs more development and hard work, as well as a successful business model that guarantees the continuity of the project. He lists the awards that the project has received, the most important of which are:

- An invitation by Harvard University to Harvard Arab Weekend conference for being one of the best Arab youth projects for 2016.
- An invitation to Expo 2017 sponsored by Queen Rania Al Abdullah for being one of the best creative projects for 2016-2017.
- Being praised by the French Media Development Agency (CFI) as one of the best youth projects in the Middle East for 2017 within the SafirLab program, in addition to being invited to a two-week training in Paris.
- An invitation to participate in the Arab Digital Media Conference in Istanbul 2017, as one of the most influential Arab youth media projects in serving Arab content on the Internet.

- An invitation from the French online investigative and opinion journal Mediapart in 2017 to receive an eight-month training.

## **Aramram**

Aramram was the first attempt to establish the first Arab TV station that broadcasts online from the Jordanian capital, Amman. Its production and target audience is Arab youth.

Aramram station aims to provide a space for youth to express, in their language, their vision of their surroundings, to bring them closer, and raise awareness about modern life and the various components that constitute societies, using images based on cultural and civil heritage. It also aims to provide an interactive space for raising topics that influence all aspects of society and backgrounds in order to provide a dialogue among all society categories.

Moreover, it seeks to review and address national issues in a creative and dynamic manner, seeing as what unites Aramram team is their desire to become part of a deliberate interactive social dialogue through the production and publishing of high-quality audiovisual and audio content.

In its videos, Aramram addresses issues such as those that may not be covered by traditional media, and provides a space for young artists to share their work. It is an electronic space for open discussion and exchanging views, and a space for video content based on public demand, thus providing Jordanians with a deliberate platform for showcasing their work. The content provided by Aramram ranges from reinterpreting or stimulating participation in a dialogue on several issues such as history, religion, industry and local occupations, economics, political participation, gender roles, as well as environment and art.

Although most of Aramram's content deals with local issues and topics, much of its content has been produced and viewed at a regional level.

Over the past three years, Aramram has attempted to reinterpret the meaning of media content production, and has expanded the debate on social media to explain press and media products on the grounds that the media product is not limited to video, graphic images and text, but rather includes the dialogue that comes along with it. This can be explained by the need of influential media for interaction.

In view of Jordan's widespread use of the internet and smartphones, an unprecedented rate of interaction has been recorded, and social media has become the public space in which both decision makers and interested people freely discuss, and information is easily accessible.

Editor-in-chief of Armarm Hams Rabah<sup>101</sup> stated that this strategy pursued by Aramram proved to be very successful, and the interaction was reflected through publications that had hundreds of thousands of shares, comments and likes. Decision makers, academics and businessmen have interacted with the content, which resulted in an internal review of government procedures leading to significant behavioral and information changes.

Through its pages on social media, Armram currently has:

- More than 750,000 Jordanian followers,
- 32% of its followers are between the ages of 18 and 24 years,
- 37% of its followers are between the ages of 25 and 34 years,
- 40% of females and 60% of males
- 65% of its followers are from the capital Amman and the rest are from the rest of the Kingdom's governorates.
- It reaches six million people per month,
- Over 85% follow Aramram's content on mobile phones.

Aramram's archive consists of more than 2500 online videos, and the average length of its videos is about two minutes. The archive dates back to 2009 and includes political, economic, artistic, environmental, religious, societal topics and many others.

Aramram team consists of 10 employees from a variety of professional backgrounds including journalists, social workers, editors, producers, graphic designers, accountants and project managers.

Aramram has a business model that is mainly based on finance and sponsorship, production services, advertising and social media services.

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<sup>101</sup>Through several phone calls and e-mail correspondence

Rabah notes that, as is the case with media organization in general, Aramram faces many challenges that affect the media sector, including clear hostility towards freedom of the media and freedom of expression and journalists, unfriendly legislative framework, difficulty in accessing some information related to the government, unstable revenue flows and immature media ads online.

As Aramram is an organization that uses media to achieve development, it measures its success by the size and credibility of its audiences, as well as its ability to influence people. Rabah explains that the external evaluations of some projects has shown that the knowledge of issues raised and the public awareness of the main messages these issues convey has increased by 60 to 70%.

### **Al-Hudood**

Al-Hudood network was established in 2013 by two young people from Jordan in a volunteer effort, and it has evolved over 5 years to become an extensive Arab network that includes a team of 12 people, dozens of participants, and an audience of more than two thousand people.

Al-Hudood has benefited from the flexibility that irony provides in order to produce creative critical content. It also touched on sensitive issues that traditional rigid media usually avoids, which made it an alternative media platform that discusses important and sensitive regional issues, as well as social issues facing young people in their daily lives.

Al-Hudood primarily targets young people of both genders in various Arab countries and countries of asylum, and it specializes in providing creative and diverse content, including news, opinion polls and other types of visual content. Its team consists of 12 creative and innovative people, in addition to dozens of volunteers coming from several countries, distributed among writers, illustrators and specialists in the administrative and financial fields, and technical and programmatic aspects.

Isam Uraiqat, who is one of the founders of Al-Hudood network, says<sup>102</sup> that the working method at Al-Hudood is participatory and flexible, whereby everyone participates in all discussions and studies options. In the field of writing, designers and administrators express and discuss their opinions, and writers and designers

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<sup>102</sup>During an interview with Isam Uraiqat through Facebook Messenger due to his residence in Britain

contribute to developing ideas that technologists can work on and make them related to content.

Uraiqtat indicates that the content produced by Al-Hudood reaches readers digitally through its website and its pages on social networking sites. Al-Hudood has reached more than 400,000 followers on Facebook alone, and the content reaches more than 20 million readers annually. The team communicates directly with the public through Al-Hudood group on Facebook where they discuss suggested ideas and the team receives from their audience news about their countries that can be included in the scope of work. In addition, Al-Hudood also reaches the audiences through Instagram, Twitter and Facebook Messenger through Al-Hudood chat bot

Uraiqtat says that this network takes the issue of personal information and digital protection very seriously, and uses basic protections such as FA2. It also protects its servers from Denial of Service (DDoS) attacks, and all the members of the network use the primary methods to protect their accounts and information.

As for its business model, Al-Hudood relies on several sources of income. It receives grants and financial contributions in the context of a strict policy that determines the entities from which support can be accepted. These entities they accept support from are ones that do not interfere in the content of the network or impose certain agendas, and do not oppose to its values. The network also produces creative content and advertising campaigns for companies that wish to launch unique creative campaigns, different from the usual redundant theme.

Al-Hudood receives donations periodically from its readers and will soon launch an online store for selling creative products designed by the team, in addition to launching a paid subscription service in order to have access to special content and receive a newspaper. According to Uraiqtat, the majority of the organization income comes from grants and contributions that it receives through cooperation with donor organizations, and with organizations that aim to shed the light on societal issues to improve society.

Given the nature of A-Hudood's work, the team's tasks often do not require seeking official information, as it mostly depends on commenting on daily news and social issues rather than producing investigations and reports. However, Uraiqtat says that in some cases where they have tried to access official information, such as knowing the salaries of officials or other information that are supposed to be of the citizens' right, they hit what he called a "solid wall" and were unable to obtain a response or even a denial.

He adds that, by observing the work and performance of press organization partners, Al-Hudood noticed that many obstacles disrupt the work of these organizations with regard to access to information and in the area of freedom of the press and expression. Uraiqat notes that Al-Hudood had to register as a company based in Britain and not to publish the names of article authors in order to ensure their safety.

He considers that the financial aspect is one of the major challenges facing Al-Hudood network, stating that some advertisers and companies avoid working directly with a press organization that does not write according to what is dictated by the government. They often worry that their name will be associated with the organization and try to avoid clashing with the official authorities.

Uraiqat believes that the ability of Al-Hudood to continue, expand, and spread during the last few years despite the hard circumstances that stood before them is a sign of great success. The increase in the number of readers and participants, the development of their patterns of interaction with the content provided, as well as their direct participation in the production and suggestion of content, indicate widespread acceptance and popularity of that what the team is doing. Al-Hudood is currently working on developing, expanding and creating new financing opportunities, strategic forward thinking, and increasing the quantity and quality of content.

## **Akeed**

The Jordanian Media Credibility Monitor (Akeed) was established in 2014 and is a tool for media accountability. The Monitor aims to follow media content of various local media outlets, and to follow up on everything published about Jordan in Arab, regional and international media in accordance with declared professional and ethical principles and standards. It is one of the projects of the Jordan Media Institute (JMI), established with the support of King Abdullah II Fund for Development (KAJD). Thus, the Jordan Media Institute is the owner of Akeed intellectual property rights and is the legal liable for all its activities and programs.

JMI Dean Dr. Bassem Twaisi<sup>103</sup> says that the monitor seeks to achieve two major goals: ensuring the citizen's right to obtain accurate and correct information and contributing as much as possible to the improvement of Jordanian media

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<sup>103</sup>During a personal interview with JMI Dean Dr. Basem Al-Twaisi In order to achieve that, Twaisi says that Akeed monitor adheres to the highest editorial standards and best ethical practices in all its work and functions, and seeks to achieve positive neutrality, balance, fairness, objectivity and transparency in the various materials it produces.

performance by presenting the imbalances that may affect it, as well as pointing out the best professional practices in order to fix these Imbalances.

The monitor confirms that it is entirely independent and relies on objectivity in all its work and functions. The observatory does not accept commercial advertisements and deals with various media, press organizations and media professionals in a positive way. It is also unbiased, seeing as its main concern is the interest of the citizen.

Twaisi adds that Akeed aims to spread a culture of media accountability among media, journalists and the public in an equal manner, and to spread the concept of verification before publication. It also seeks to raise the efficiency of Jordanian media by developing the capabilities of journalists to uncover false or misleading news or news that relies on fact-finding, in addition to news that does not adhere to professional standards, whether it relates to information sources or the way news is handled and processed.

### **Community Media Network (CMN)**

CMN is a non-profit organization registered on March 3, 2007 with the aim of establishing and managing media and cultural projects in Jordan and the Arab world. It manages both its community radio station, Radio Al-Balad, and its website, Amman Net.

CMN Founder and Director Daoud Kuttab<sup>104</sup> says that Amman Net was the first Jordanian news website in 2000 and it has become a leader in regards information sources and journalistic interaction with Jordanians inside and outside the country. Kuttab also indicates that the precedent achieved by Amman Net has raised the profile of CMN and increased the number of website surfers according to international standards. The study on Jordanian public's use of social media conducted through International Research & Exchanges Board (IREX) showed that Amman Net was among the first news websites in Jordan to exist in 2008.

Kuttab adds that Radio Al-Balad (formerly Amman Net Radio) represents the first Jordanian community radio. Amman Net Radio had launched on November 15, 2000 as the first local Arab radio broadcasting programs with text, sound and photo via the Internet. UNESCO and Greater Amman Municipality have sponsored

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<sup>104</sup>Exclusive interview with Daoud Kuttab, CMN Founder and Director

the radio during the first year of its launch. Kuttab believes that the presence of this radio has helped break the government's broadcasting monopoly.

On July 2, 2005, Amman Net started broadcasting on 92.4 FM in the Greater Amman Municipality after the government issued a decision to grant licenses for the establishment of private radio stations in the Kingdom. As for news programs, they were granted licenses in September 2005.

In the beginning of January 2008, the name of Amman Net Radio was changed to Radio Al-Balad, and Kuttab explains that this name refers to downtown, a name used to refer to the public markets in the center of the city, where common people gather. The name Amman Net was limited to the news website only.

Radio Al-Balad has been keen from the beginning to address local political, social, cultural, sports and leisure issues covering the Amman metropolitan area, starting with the slogan "The voice of society ... the voice of people and the country."

CMN comprises about 12 full-time employees, including 5 media workers and 7 employees distributed among technicians and administrators. However, many other employees work voluntarily, and the number of those working in CMN sometimes reaches 30 people.

A technical information company manages and protects the CMN website. Kuttab notes that CMN website and Facebook page have been hacked many times, but the hack was quickly stopped.

He also states that the network is still searching for an appropriate business model. Although the network was open to advertising, Kuttab believes that the lack of democracy and freedoms in a certain State makes it hard for most businessmen to cooperate with a serious radio such as Radio Al-Balad. It indicates that the number of radio advertisements currently covers only about 10% to 20% of its total expenses.

Kuttab sees Jordan as a country that does not provide honest and free competition with regard to radio advertising. This explains that Radio Al-Balad Radio, for example, is not equal to Hala Radio, owned by the Jordanian army, or Amen FM radio, owned by the Jordanian Police Security, which are supposed to provide general service. Yet, with such radio stations accepting advertisements, private

radio stations are denied access to a higher rate of advertisements, even though they do not bear financial burdens like those borne by private radio stations.

Kuttab adds that the orientation of public service broadcasts towards advertisements has made them monopolize some of the services that are supposed to be provided to the general public instead of being monopolized in order to attract a larger number of advertisers. For example, the traffic news is exclusively provided through Security Radio FM, a service that must be available to everyone and not limited to one radio only.

Kuttab says that the network has introduced a new element to the business model, i.e the rebroadcast of some radio and television stations news broadcasts, such as Arab TV, in exchange for a monthly fee. The business model also includes the implementation of some radio campaigns and the rental of network studios, but the amount of income involved does not exceed 5-10% of the total income. CMN is currently considering offering paid training programs.

The network has gone through a financial crisis about two years ago that forced it to reduce the space of its offices as well as to dispense with the layoff about 17 of its employees.

Although CMN did not encounter problems with regard to the issue of freedom of the press and freedom of opinion and expression, Kuttab believes that the public atmosphere creates a state of self-censorship among media workers, which may lead to avoiding self-treatment of certain topics.

### **Kharabeesh**

Kharabeesh was launched in 2007 with a comprehensive Arab mindset adopted by the founders, namely Mohammad Asfour, WaelAttili, Wafa Al Nabulsi, Firas Al Otaibi and Shaher Al Otaibi.

Kharabeesh network has collaborated with a large number of Arab artists and creators, including, but not limited to, cartoonist Omar Adnan Al-Abdullah and the stand-up comedian Rajae Qawas from Jordan who later joined as partners in Kharabeesh, Ashraf Hamdi from Egypt, Abdullah Jaber and Yasser Bakr from Saudi Arabia, Fadi Idris, Fiba and Hamzaoui from Morocco, and many others.

Kharabeesh has adopted Arab talents until it produced high-level artwork that acquired a wide popularity in the Arab world. It was also able to manage a multi-channel network on YouTube with the help of its partners, to become the largest video network with Arabic-speaking content, with the number of views exceeding five billion, according to Wafa Al Nabulsi<sup>105</sup>, Vice President of Enterprise Development at Kharabeesh.

Al Nabulsi notes that Kharabeesh is the first Arab company to receive a partnership certificate from YouTube, to be the first Arab reference in providing intellectual property rights protection services, in addition to providing consultations in content production techniques, such as how to develop it, increase the number of views and generate profits from its productions. It also indicates that the Endeavor Network chose Kharabeesh in 2010 to be among the leading companies that have its support, given Kharabeesh's performance at the level of leading companies in the region.

The company's offices are located in four Arab countries, namely Jordan, Saudi Arabia, United Arab Emirates and Iraq, to cover Middle East and North Africa related content. It includes a group of Arab content writing professionals: 5 writers, 3 researchers and 20 technicians. The team communicates with the technical community through professional work assigned or produced by the company. All rights to artwork are digitally protected by a strategic partnership with YouTube.

Kharabeesh has a business model based on the principle of direct selling of services and consulting and revenues generated by the technical production of clients. It also embraces a group of Arab talents with whom it establishes partnerships and shares the profits made by publishing and digital advertising.

Regarding the ability to access information, Production Manager at Kharabeesh Saleh Habbab says<sup>106</sup> they did not face any problems in accessing information or any restrictions on freedom of opinion and expression. He notes that the challenges faced by the company are financial and marketing challenges, which are usually the same challenges faced by any pioneer company in the Middle East and North Africa, especially those working in the field of services and media.

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<sup>105</sup>Through several phone calls and correspondence through e-mail

<sup>106</sup>Through several phone calls and correspondence via e-mail

He also adds that despite these challenges, Kharabeesh is still in a relative growth since its establishment, and that persistence and teamwork spirit are what keep Kharabeesh on the battlefields.

## **ARIJ Network**

The Arab Reporters for Investigative Journalism (ARIJ) was established for consolidating the principles of investigative journalism in the Arab world at the end of 2005 in Amman - Jordan. It sought to contribute to supporting professional, independent, high-quality journalism by funding investigative and in-depth reports, in addition to organizing training workshops and providing supervision experiences by professional media professionals. It assists journalists working for newspapers, radio, TV stations, and websites in Jordan, Syria, Palestine, Lebanon, Egypt, Iraq, Bahrain, Yemen and Tunisia.<sup>107</sup>

The mission of ARIJ overall is to increase the quality of investigative journalism, a key element in free societies based on documenting facts and investigating in depth in search of facts from multiple sources. It is also a key to ensuring transparency, accountability and a platform for diversity of opinions and divergent views.

In order to achieve this mission, ARIJ works on:

- Providing qualitative training and multiple resources to support investigative journalists.
- Promoting compliance with high professional standards.
- Organizing workshops specialized in data encryption in order to protect journalists' sources and files.
- Investing in the future and thriving to become a partner that provides advice and training to many investigative press organizations in Arab capitals.
- Introducing Arab media professionals to international research and publication / broadcast platforms.

Today, 27 people work in the ARIJ Network, including 19 full-timeers, 3 part-timers, 4 from the ARIJ Fellowship Program and one consultant.

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<sup>107</sup>Information on ARIJ Network was obtained from their website, as well as phone calls and correspondence via e-mail with Tamara Qaraïen, Program Manager at ARIJ

The tasks of the working team are divided into full-time editing and research (journalists) with a total of 11 people, technical support managed by 4 people, in addition to administration, programming and business development with a total of 11 people.

The business model of ARIJ network is mainly based on grants, as is the case of many non-profit press organizations. This happens through a network of donors and partners that ARIJ has developed since its establishment. The network is also developing parallel services that can grow in the upcoming years and provide the required funding to cover budget deficit, including:

1. Registration fee from the annual ARIJ Forum.
2. Sponsorship programs of the annual ARIJ Forum.
3. Designing and implementing marketing campaigns targeting Arab journalists.
4. Sharing expenditures to produce investigative reports with international media organizations.

In addition, the network is currently studying the possibility of adopting new services such as:

1. ARIJ archive: ARIJ has a large archive from different parts of the Arab world, and is now working on archiving and documenting photographic material, in order to create a library that can be sold to news agencies and media organizations, and this service is expected to be launched in 2020.
2. ARIJ Network Membership: ARIJ is currently working on designing a membership system and providing services to members, in exchange for a small annual subscription fee, in addition to the ARIJ Data and Research Office.

With regard to access of information, ARIJ has been encouraging its journalists, since its launch, to exercise their right to obtain information for carrying out investigative reports. The right to obtain information is a legitimate right that helps the journalist in verifying information, which reinforces the concept of investigative journalism that is based on uncovering an issue of public concern by documenting the facts and confronting the perpetrators in order to achieve transparency and good governance.

ARIJ is facing many career challenges related to different aspects. Given the mission of ARIJ that consists of documenting facts and investigating in depth, ensuring the safety of journalists is one of the most important challenges facing it.

Moreover, ARIJ also faces challenges that comprise journalists being harassed by Arab governments and security bodies, while some officials ignore the right of journalists to access information and therefore do not abide by it.

ARIJ aspires to retain the best professional skills while ensuring its sustainability. Seeing as the network gathers employees from different Arab nationalities, it faces obstacles in obtaining work residency for its non-Jordanian Arab employees . Nevertheless, ARIJ has been continuously supporting its employees and workers with great efforts, as well as maintaining their safety and providing the appropriate environment for their work.

ARIJ measures its success based on the impact it leaves through the training and investigative reports it provides, and through the policy papers, studies, research and training books it issues.

For example, in 2009, the network launched the ARIJ manual for investigative journalism entitled "Story-Based Inquiry: A manual for investigative journalists," funded by UNESCO and it has now been translated into 14 languages. The manual is considered one of the main references for investigative journalism and is being taught in many Arab countries.

## 2- Example of an Emerging Media Project (interrupted)

### **Bahr El Shabaki TV**

Bahr Al-Shabaki Television was established in February 2017 to make video reports in Jordan, starting from the capital Amman, by second year students studying at the Faculty of Information. The project's work lasted one year before it was interrupted.

Abdul Jabbar Zaitun<sup>108</sup> who was one of the founders of the project, says that Bahr Al-Shabaki Television stemmed from the belief of its founders in the freedom of expression and belief, as well as the need to adhere to objectivity and equilibrium in presenting the selected topics and the right of the viewer to know the truth or to reach it.

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<sup>108</sup>Through several phone calls and correspondence via e-mail

He adds that the topics of Bahr Al-Shabaki TV relied first on providing educational and informative messages while keeping pace with technical developments in the field of visual production. The television founders also believed in the principle of not monopolizing the culture and its elitism, which provided an area of diversity. Between covering daily life necessities and the concerns of the social mind, work had also been done in favor of promoting meaningful entertainment.

Bahr Al-Shabaky TV team consisted of four video journalists who worked together as technicians and developers of the materials. Each of them would write their own material, conduct the initial research, prepare and implement the themes. A responsible from the work team would be then appointed as editor, such as Research Material Editor, Theme Editor and Video Editor.

The project's basic business model relied on grants and partnerships, and the team initially sought partnerships with private sector institutions that have interest in the areas of television work. It also sought grants from national institutions involved in journalistic or creative production.

Zaitun notes that the team faced some difficulties in accessing information in certain areas such as mental health, for example, and believes that this difficulty was due to scarcity and lack of available information on these topics, rather than restrictions related to the right to obtain information. He then added that the cause of the main problem related to information in Jordan is the lack of sufficient sorting, organizing and analysis of data to be disseminated from the main sources.

Regarding the reasons that led to the interruption of Bahr Al-Shabaky TV project, Zaitun says that the main obstacle was financing, although he had achieved good public interaction with the simplest financial and technical potential. However, Zaitoun believes that the technical knowledge of the working group at the time was not sufficient to cover all aspects of the work, and due to the lack of funding, it was not possible to contract with individuals outside the team as part-time collaborators. There were also many challenges related to social media professionals. Yet, seeing as the founders of the project were second year students in the Faculty of Information, they were unable to provide the required funds for hiring such professionals.

Zaitun sees not a single reason that prevented the continuation of the project. Instead, weak financial resources, lack of experience in managing media organizations, and of maturity in understanding the visual production market all

led to that. He adds that the founders have learned from this experience that establishing a media startup requires the availability of several factors rather than good content only, as there are several administrative, financial and technical skills that must be available within the work team in order to ensure the continuity of the project.

### **3- Challenges Facing Media Startups**

There is no doubt that many challenges face media startups, directly affecting either their sustainability or their development, as well as their ability to compete.

Media startups, like any other enterprise and organization in the Jordanian business sector, have been affected by the economic, political and social changes that occurred in Jordan, such as the global economic crisis that rocked most economies in the world, and the turmoil and regional conflicts that directly disrupted the political and security situation in the country, in addition to what the economic and social consequences that have followed.

However, this does not mean that media in Jordan does not face field-related challenges imposed by the nature of its work, whether on the economic or democratic scale, or even issues related to the legislations governing journalistic work.

Media startups not only face challenges arising from the media sector, the most important of which being laws and legislations that regulate the work of the profession and the extent to which freedom of the press, opinion and expression is allowed, but they also face economic challenges similar to those faced by startups in Jordan in general. These challenges are related to the costs of establishing and licensing companies and the financial burdens that come along on one hand, as well as achieving a sustainable business model and the incubating environment for entrepreneurship, innovation and competitiveness on the other hand.

As Jordan is located within a politically troubled region, many entrepreneurs, especially startups with limited capital, might hesitate to establish their own project because of the risk that this could entail their capital.

The challenges facing media startups in Jordan can be classified under broad lines, the most important of which being:

## 1- Legal and Legislative Environment

Legal and legislative environment is divided into two parts: Laws and legislations related to the press and media sector, and the legislative framework for startup and pioneering companies or projects.

### A- Laws and Legislations Governing Media Work

The practice of journalism work in Jordan is subject to a system of laws and legislations that includes the Press and Publications Law, the Right of Access to Information Law, the Penal Code, the Contempt of Court Law, the Jordan Press Association Law, the Protection of State Secrets and Documents Law, the Prevention of Terrorism Act, the Cybercrime Law, the Audio-visual Media Law, the State Security Court Law, the Copyright Law, in addition to a set of regulations related to licensing works, licensing enterprises, broadcasting licenses and delay fines, which are related to the Audio-visual Law.

Accordingly, the media content must take into account all those laws and regulations, otherwise the owner of this content shall be held accountable.

The diversity of laws and regulations governing journalistic and media work in Jordan is seen by many workers in this sector as confusing and restricting to the journalists and their work, given the legal consequences that may arise, as well as the direct impact of these laws on freedom of media work and freedom of opinion and expression.

In this context, Khaled Kheilfat,<sup>109</sup> a lawyer specialized in media and cybercrime cases, believes that the legislation system regulating the media needs to be reviewed. According to him, it is better to reduce the number of legislations related to the practice of journalism and make them more comprehensive.

Although the Jordanian Press and Publication Law does not include a penalty of imprisonment or detention for journalists, this does not give the journalist the necessary immunity that enables them to freely address press issues and monitor the three branches of the government as part of the tasks of the press which is

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<sup>109</sup>Exclusive interview with lawyer Khaled Khleifat

usually referred to as the fourth authority. A journalist can be therefore easily arrested or imprisoned under some laws such as the Penal Code, the Cybercrime Law, and the Prevention of Terrorism Act.

For instance, on January 16, 2018, the Prosecutor General of Amman arrested both the Editor-in-Chief of the Jafra News website, journalist Omar Maharmeh and his colleague Shadi Zaynati, following a complaint filed by former Minister of Finance Omar Malhas against them, for publishing an article on the website by Zaynati Related to the issue of tax evasion of some Jordanian officials.

The Public Prosecutor referred both Maharmah and Zaynati to the Juweidah Correction and Rehabilitation Center and decided to arrest them for two weeks. They were released on bail only two days after the arrest. Zaynati said<sup>110</sup> that the Prosecutor had arrested them on the basis of Article 11 of the Cybercrime Law, rather than the Press and Publications Law, which should have been the case, as the article was published by a licensed media.

Khleifat adds<sup>111</sup> that the Cybercrime Law had pushed journalists to exercise great self-censorship, which could practically affect freedom of opinion and expression, as it may lead them to refrain from addressing certain topics and issues for fear of legal question.

In early 2015, the Jordanian security services arrested the founder of the Saraya news website, Hashim Al Khalidi, as well as the websites Editor, Seif Obeidat, and referred them to the State Security Court, on the grounds that Al Khalidi had published an article on the website related to the case of pilot Muath al-Kasasbeh, who was still a prisoner of ISIS at the time. Consequently, Al-Khalidi and Obeidat were arrested for 14 days in Marka prison, and were summoned by the State Security Court's Prosecutor General Department on the grounds that they used media to promote ideas related to a terrorist group, and carried out actions that put the Jordanians at the risk of hostile and reprisal actions,<sup>112</sup> contrary to the provisions of Articles 3 and 7 of the Prevention of Terrorism Act no. 55 (2006) and

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<sup>110</sup>Fellow Zinati talks to "Akhbar Al-Balad" about his arrest .. He reveals the most difficult thing he faced <https://goo.gl/uEJKKx>

<sup>111</sup>Ibid.

<sup>112</sup>Intimidation of freedom of opinion in the context of combating terrorism in Jordan <http://www.legal-agenda.com/article.php?id=1013>

its amendments. According to Mohammad Qteishat<sup>113</sup> Director of the Jordan Media Commission, the Public Prosecutor declared that he was incompetent in the case.

### **The Right of Access to Information Law**

Although Jordan was one of the first countries in the region to issue a law on the right to access information in 2007 with the aim of facilitating access to information for citizens and journalists equally, the law is yet to achieve tangible results with regard to the ability to access official information, data and documents.

Some articles of the law have been criticized, especially the articles stipulating that the right to access information only applies to Jordanian citizens, and restricting this right to the presence of a legitimate cause or interest. The law also faces other criticisms regarding exceptions of the right to access information, especially Article 13 thereof.

Khleifat adds<sup>114</sup> that despite the presence of a law that guarantees the right to access information, there are many exceptions to it. For instance, paragraph 13 of Article 13, which relates to the Protection of State Secrets Documents Law, gives officials the right to restrain from unveiling too much information on some documents although they might not necessarily be classified documents or contain classified information. In fact, the classification of documents is still subject to the opinion of the official. Khleifat believes that it is critical today to put in place a mechanism for classifying information, and to amend the law. It may be more appropriate according to him to repeal the law and introduce a new one.

He also pointed out to the lack of knowledge of the person seeking information sometimes on how to use their right to obtain information, how to access it and use it when obtaining it.

### **Legal restrictions**

Perhaps one of the most controversial laws in the media that is still facing a lot of criticism, especially by online news websites, is the amended Press and Publications Law of 2012, which required websites to register and license just like

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<sup>113</sup>During a personal interview with Muhammad Qteishat - General Manager of the Media Authority

<sup>114</sup>Ibid.

any press publication. Many websites considered that this decision was a form of journalistic work restriction, as licensing implies obtaining permission to practice journalism work by the government, and therefore many of these websites have refused to abide by licensing because it conflicts with the principle of freedom of the press.

Refusing to abide by this licensing requirement resulted in the blocking of about 290 websites in 2013<sup>115</sup> The case of managing an unlicensed press organization was filed against some of these websites, which led many of the affected websites to get licensed despite not being convinced of the decision in order to be able to continue to practice their journalistic work.

Licensing entails, according to its basic terms, the appointment of a full-time Editor-in-Chief of the online media site, provided that they are member of the Press Association for a period of no less than four years, a requirement that feels like a burden to journalists and the press organization equally, as will be explained later.

Ejailat says<sup>116</sup> that the paradox is when the person charged with implementing the laws related to journalistic work in Jordan, including the amended Press and Publications Law of 2012, is the same lawyer who was one of the most important activists at the time standing against the Press and Publications Law and the licensing of online media sites and is currently the Director of the Media Authority, Mohammad Qteishat.

One of the major problems is the issue of classifying workers practicing the press profession as journalists or as journalist impersonators, according to the determinants of the Press and Publications Law and the Jordan Press Association Law. Both laws stipulate that only a registered member of the Press Association who practices the profession of journalist in accordance with the provisions of the Press Association Law is considered a journalist. Moreover, it is not possible for persons who are not classified as journalists according to the definition of these laws to practice the profession of journalism in any of its forms, including

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<sup>115</sup> A human rights call to unblock sites in Jordan <https://goo.gl/b8EpL1>

<sup>116</sup> Ibid.

correspondence in periodicals and external media, or even to identify themselves as journalists.<sup>117</sup>

Some may wonder, what prevents one from joining the Association, as long as it would provide a legal umbrella for practicing journalism? In fact, many consider the conditions for affiliation with the Jordan Press Associations unrealistic and sometimes impossible. According to the Jordan Press Association Law<sup>118</sup> whoever registers at the Association must have been trained in the profession of journalism for a period of no less than two years, provided that this training is carried out in any official press or media organization.

Journalists who do not work in official media organizations and who have not trained in them for at least two years are not able to join the Association and obtain a press title regardless of the years of their practical experience in the media field, even if they work at major international agencies and media outlets.

The problem that many media websites struggle with is namely related to the requirement to appoint a full-time Editor-in-Chief for the website, provided that they are member of the Jordan Press Association for a period of no less than four years, according to the amended Press and Publications Law of 2012. Due to the difficulty of meeting this requirement, some media websites have resorted to appointing a website editor who is member of the Association, only symbolically in order to meet the requirement.

Twaisi<sup>119</sup> believes that the Press Association has restricted membership and has not entered the digital world yet. He also describes its media orientations as traditional to date, which limits the ability of young people to create media projects or initiatives. He adds that although Jordan's legislative environment is better than other countries' in the region, it is not entirely friendly to entrepreneurship in media projects.

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<sup>117</sup>Article 10 of the Press and Publications Law

<sup>118</sup> Jordan Press Association <http://www.jpa.jo/Inner.aspx?lng=2&pa=Details&Type=12&ID=247>

<sup>119</sup>Ibid.

## Jordan's level of freedom of the press

Addressing the system of laws and legislations that govern media work in Jordan leads to questions about the extent of press freedom in Jordan. From a global perspective, according to Reporters Without Borders for the year <sup>120</sup>2018, Jordan ranked 132<sup>nd</sup> globally in the freedom of the press, advancing six places compared to its ranking in the 2017 report of the organization, which ranked Jordan 138th.

Despite this progress, according to the report, Jordan is still classified as free in terms of press, but not to a large extent. This organization relies in its classification on several elements, including the interference of the authorities in the media, laws and regulations, as well as the ability of journalists to access information, and the trial of journalists.

As for Freedom House, Freedom of the Press in Jordan in 2018 was not classified as a free press.<sup>121</sup> Jordan ranked 5 out of 7 on the Freedom scale overall, where by the first place refers to the most free country, whereas 7<sup>th</sup> place refers to the least.

From a local perspective, some believe that Jordan provides a fair amount of freedom of the press, while others attribute some restrictions on it to political conditions. Khleifat says that the extent of freedom of the press and expression is related to the political atmosphere. For example, if dealing with a specific subject during a political circumstance, the owner may be held accountable, because of the implications this issue may have at this time.

Twaisi says that freedom of the press and the media has witnessed ups and downs over the past two decades, which indicates both progress and regression, partly due to regional political situations. It also indicates that the decline in freedom of the press and expression contributes negatively to the growth of small projects specialized in the media, as the content is closely related to freedom of expression and of the media.

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<sup>120</sup> <https://rsf.org/en/jordan>

<sup>121</sup> <https://freedomhouse.org/report/freedom-world/2018/jordan>

## **B- Legislative Framework for Startups and Entrepreneurial Projects**

Startups or Entrepreneurial projects do not only include media organizations of that kind, but also emerging and entrepreneurial organization from various sectors and disciplines. Media startups as part of this system are directly affected by all related laws and procedures.

The existence of a legislative framework for startups or entrepreneurial projects facilitates the process of reaching a specific definition of this sector and thus the ability to give it the specificity it needs and determine the requirements for its support and development, in addition to identifying the body responsible for its regulation.

It should be noted that Jordan does not yet have a legislative framework for regulating the work of the entrepreneurial sector or startups, yet the Ministry of Communications and Information Technology has announced at the beginning of this year the launch of a preparatory dialogue in order to establish a legislative framework for startups and entrepreneurial companies in partnership with the National Committee for Entrepreneurship, with the decision of the Prime Minister<sup>122</sup>.

The dialogue aims to prepare a legislative framework for entrepreneurial startups during the current year, to reach a draft law that includes radical solutions to the challenges and difficulties facing entrepreneurs, as well as to provide and create a possible, stimulating and speedy environment for entrepreneurship and startups in Jordan.

### **Financing Startups**

Funding is usually among the main challenges facing startups and entrepreneurial projects, especially given that most of the founders of these projects cover the costs of establishment and operating expenses during the early stages using their own funds. Therefore, the need to find alternative and sustainable sources of financing has become critical to ensure continuity of these companies and develop them to be able to compete.

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<sup>122</sup> Launching a dialogue for preparing a legislative framework for entrepreneurial and emerging companies  
<https://goo.gl/EtaJJp>

Media startups projects in Jordan are not very different from those in the Arab world. Producing media content of press and societal value and within high-quality technical standards requires large sums in the various stages of its preparation and production. Moreover, the profit made by this type of content is often minimal. This is due to several factors, including the prevailing economic situation, as many categories of society have economic priorities that may be more important to them than spending on media content, such as the basic requirements of life.

The majority of Jordanian society also has a culture of non-feasibility of paid subscriptions for media content, as the public in general believes that news and information are available in more than one form and from more than one source through the Internet, and even if they cannot obtain it through a website or media organization, they will be able to access it from several other sources. Although the research sample from media projects in this study is considered one of the most famous and follow-up and produces its own content, the business model of any of these companies does not entail a paid subscription.

In addition, the issue cannot be separated from the political crises prevailing in the region that have had a direct impact on the business sector in Jordan. After the outbreak of the Syrian crisis and the influx of Syrian refugees into the Kingdom, providing financial support and relief services to refugees inside Jordan has become a priority for international donor organizations. Consequently, this has reduced the volume of grants and funding for startups that were largely dependent on the major source of funding. For instance, Kuttab says<sup>123</sup> that social media network relied, in the first period, almost entirely on grants that were widely available, which have decreased now due to the Syrian refugee crisis, after most grants went to relief and refugee support services.

Therefore, the business model remains one of the most important elements that have a direct impact on financing, as the ability to reach an appropriate business model based on the principle of diversity, flexibility and scalability could provide the necessary funding for the media companies gradually, and will reduce dependence on external funding sources such as grants and loans.

Despite the challenges facing media startups in Jordan, the Jordanian market is witnessing a clear prosperity with regard to the production of content on the Internet, as 75% of the Arab content on the international internet comes from

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<sup>123</sup>Ibid.

Jordan.<sup>124</sup> The rate of young people aged below 30 years old is 68% of the population in Jordan, which implies a large rate of interaction with pioneering media companies that present their content through modern digital technology.

#### **4- Media, Innovation and Entrepreneurship in Jordanian Universities**

The Organization for Economic Cooperation and Development<sup>125</sup> (OECD) defined innovation as the implementation of a new or significantly improved product (good or service), or process, a new marketing method, or a new organizational method in business practices, workplace organization or external relations.

According to the Global Innovation Index, Jordan ranks 79th on the Global Innovation Index with a score of 30.8, while it ranked 14th in the region and 9th in the Arab World.<sup>126</sup>

Several factors caused Jordan to have this low ranking, the most important of which being difficulty in obtaining financial facilities, slow growth in the Jordanian worker's share of the GDP and its purchasing power, and the lack of training programs for workers provided by the establishments they work for.

Nevertheless, Jordanian universities have witnessed a remarkable development during the past five years in terms of promoting the culture of entrepreneurship and innovation among university students, in an effort to motivate young people to shift towards creative and free work. The high unemployment rate in Jordan, especially among those with university qualifications, has led Jordan to search for alternatives based on innovation and creativity that would contribute to the economic empowerment of young people, by qualifying and guiding the student community and the local community with the necessary skills that enable them to create their own projects with a view to reaching sustainable development.

Almost all Jordanian universities include a center of entrepreneurship, innovation or creativity. Different centers for leadership and innovation in different names exist in most Jordanian universities, such as the University of Jordan, Yarmouk University, German Jordanian University, Jordan University of Science and Technology, Al-Balqa Applied University, Mutah University, AlHussein Technical

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<sup>124</sup>Jordan: Growth and Opportunity, the London Initiative - 28 February 2019

<https://www.gov.uk/government/speeches/jordan-growth-opportunity-the-london-initiative-28-february-2019>

<sup>125</sup><https://stats.oecd.org/glossary/detail.asp?ID=6865>

<sup>126</sup><https://www.globalinnovationindex.org/gii-2018-report#>

University and others. Princess Sumaya University for Technology has been grants Master's degrees in Entrepreneurship since the 2012/2013 academic year. Universities that include special centers for innovation and entrepreneurship provide services similar to those offered by business incubators, and most of them actually work as business incubators in terms of providing guidance, training, and administrative, technical and financial support to entrepreneurial ideas and projects.

Yet, if we look at the media specialization in particular, Jordanian universities that grant a Bachelor's degree or a Master's degree in the media do not teach student majoring in media about innovation or entrepreneurship in particular. According to Jihan Gabr<sup>127</sup> From the Higher Education Accreditation Commission (HEAC), there are six Jordanian universities that teach journalism and media, namely Yarmouk University, University of Petra, Middle East University, Jadara University, Zarqa University and Philadelphia University, in addition to the Jordan Media Institute that is academically affiliated with the University of Jordan and which grants a Master's degree in Journalism and New Media.

As for the lesson plan of media curricula in these universities, no teaching course on innovation or entrepreneurship exists within the plan. Nevertheless, the Middle East University gives all university students, including students of the Faculty of Information, an optional course on Introduction to Leadership and Entrepreneurship.

Deputy Dean of the Faculty of Information at the Middle East University Dr. Kamel Khurshid<sup>128</sup> says that there are currently no university streams on leadership, innovation or creativity for Faculty of Information students, yet there are required courses in the university that touch on these concepts, not necessarily with the same name, for example. For instance, first year students are given a course on social responsibility and another on scientific thinking skills. A course on media education will also be integrated as required materials of the beginning of the next academic year.

Khurshid explains that the university seeks to promote the principle of innovation and creativity among its students through practical application. In fact, students are required to submit a senior project for graduating, and any project that is not new, beneficial to the local community and contemporary would not be accepted.

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<sup>127</sup>During a phone call with the Higher Education Accreditation Commission (HEAC)

<sup>128</sup>During an interview with Dr. Kamel Khurshid

As for Dr. Abdel-Rahman Zureik, Director of the Center for Innovation and Entrepreneurship at the University of the Middle East, he believes that students of the Faculty of Information do not have sufficient knowledge of the concepts of entrepreneurship and innovation and their importance. He notes that the Center, which also works as a business accelerator for innovative entrepreneurial projects, did not receive any ideas for media projects, although it has received around 50 projects from inside and outside the university in the first stage and about 23 projects were chosen to be adopted.<sup>129</sup>

Zureik indicated that the Middle East University is currently communicating with the Scientific Research and Innovation Fund in the Ministry of Higher Education regarding an initiative to set out a curriculum for innovation and entrepreneurship as part of a required university course for obtaining a Bachelor degree.

Dean of the Faculty of Information at University of Petra Dr. Tayseer Abu Arja<sup>130</sup> indicated that there may be no courses taught for university students that hold the name of innovation or entrepreneurship, yet a course was created at the university level within its new plan called Leadership and Creativity, and a new course called Critical thinking was also added, as the university attaches great importance to the students' research in thinking and analysis.

Abu Arja considered the media itself an innovative work. Therefore, the Faculty of Information teaches a course on digital media for Bachelor students, and it relies heavily on practical application and provides an opportunity for students to be creative in choosing and designing media projects that deviate from the traditional framework, while keeping pace with digital development. Moreover, both Bachelor and Master students are required to take a course called Media Organization Management, through which they are taught all that is related to the media industry and its management.

At the Jordan Media Institute, about a year ago, additional lectures have been added for Master students in media innovation. According to the Dean of the Institute, Dr. Bassem Twaishi,<sup>131</sup> the Institute is seriously taking into consideration the introduction of this course within the curriculum as of the beginning of the next academic year. The Master's degree awarded by the Institute is mainly based on

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<sup>129</sup>During a personal interview with Dr. Abdul Rahman Zureik

<sup>130</sup>During a personal interview with Dr. Tayseer Abu Arja

<sup>131</sup>Ibid.

creativity and innovation, as it teaches digital media based on the application that develops students' innovative skills and creativity.

## **5- Incubating Environment for Entrepreneurship in Jordan**

In Jordan, startups are faced with many difficulties that may limit their ability to survive and compete, including the lack of practical experience in planning and running a business. Entrepreneurial projects, especially innovative ones, are largely based on a specific idea needed by the public that is distinguished from all similar existing products or services. They may indeed be innovative entrepreneurial ideas, but not knowing how to manage, promote and present them as products that meets the needs and aspirations of the audience may reduce their importance and uniqueness.

In addition, the individual effort of entrepreneurs may not be effective enough if there is no supportive and stimulating business environment, as well as specialized destinations that provide support and guidance, especially in the first stages of establishment. Jordan has provided the incubating environment for many entrepreneurial ideas and concepts through business incubators, accelerators and investment funds, which in turn have provided financial and technical support to hundreds of projects.

Although some media startups have benefited from business incubators and accelerators, the number of these projects was very little. Among the most important incubators and accelerators for business and investment funds in Jordan are:

### **Oasis 500**

Oasis 500 is a pioneer in financing and investing in the first stages of establishment. It was established in 2011 and is one of the first companies in this field in Jordan and the MENA region.

The company started with the idea of building a new platform for entrepreneurship in the region by helping aspiring and passionate entrepreneurs to initiate their own businesses. The Oasis 500 program includes initial investment, entrepreneurial training, mentoring, incubation, accelerated growth, and additional supplementary financing. It seeks to nurture creative ideas in the field of ICT, telecommunication, digital media, and creative industries.

Former Minister of Communications and Information Technology and current Chairman of Oasis 500 Marwan Juma<sup>132</sup> says that one of the most important criteria that Oasis 500 looks for when accepting any project is that these projects must be prone to investment and development inside and outside Jordan. He notes that the number of media projects submitted to the company is very few, i.e less than 2-3% of the total number of projects that Oasis 500 has worked on since its foundation.

Although the majority of projects that Oasis 500 has worked with was in e-commerce, software and content, it welcomes any creative ideas and projects from other fields such as media, for example. Juma sees that media projects that use digital media tools have a great opportunity to develop and survive, but they must dispense with the traditional business model and adopt a new model in which the sources of income are diverse.

Oasis 500 develops entrepreneurial projects and accelerates business. In order to implement this, the company's business acceleration team is pursuing entrepreneurs and growing their business through a weekly business acceleration program with a weekly follow-up plan, to ensure the success of their business, and to qualify their products and services so that they can continue and achieve success.

The duration of the acceleration program is 180 intensive days, followed by a period of study, evaluation, and preparation to attract investment, for a full year as of the date of the completion of the acceleration program. On the other hand, Oasis 500 acquires a share of the company that does not exceed 10%. The company provides its services in Jordan with strategic partnerships in neighboring countries such as the UAE, Egypt, Saudi Arabia, Lebanon and Palestine.

Juma says that upon the establishment of Oasis 500, 13,000 applications were submitted in various fields. The company received about 2500 Jordanian and Arab projects and has trained cadres, to invest then in only 150 projects.

The company seeks to continue establishing funds in order to invest in projects during their early stages and to accelerate and develop them, enabling them to attract the relevant investors in the stages of growth and maturity. Moreover, it seeks to continuously support and expand the horizon of Jordanian entrepreneurs in

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<sup>132</sup>During a personal interview with Mr. Marwan Juma

order to create transformative, sustainable and scalable business. It has embraced many emerging projects since its inception, whereby the number of incubated projects has reached 151 projects to date. In general, Oasis 500 believes that the weaknesses of most of the media projects that have been submitted were the lack of a competitive advantage and lack of clarity in the project vision and strategy.

## **Darat Al Reyada**

Darat Al Reyada was established under a memorandum of understanding between the Ministry of Communications and Information Technology, the Amman Chamber of Commerce and the Information and Communications Technology Association (Int@j) on April 18, 2016.

Darat Al Reyada seeks to turn Jordan into a leading region in the Middle East, making it the nucleus of entrepreneurial projects that provide exportable goods and services. This can be made possible by supporting entrepreneurs in the ICT sector and providing an integrated environment for them, as well as opening the way for them and supporting them to build and develop their intellectual properties.

The company provides services and programs serving startups that aim to turn them into effective companies that contribute to the economic progress of the Kingdom and provide job opportunities for the people of the country. This in turn would contribute to reducing unemployment rates and would create opportunities for innovative and creative minds. Darat Al Reyada also seeks to build partnerships and cooperation programs with similar companies in order to exchange and benefit from their experiences and that of global and international bodies specialized in ICT with a view to developing the region.

Programs Manager at Int@j Ayad Ashram<sup>133</sup> says that Darat Al Reyada incubates any innovative and entrepreneurial project ideas, including media projects. However, He refers to the lack of media projects presented before the incubator, stating that a project owner of one of the media projects that have been submitted had bailed out on their commitment, and that there are currently no media projects incubated. Ashram also adds that Darat Al Reyada has embraced 21 entrepreneurial projects so far, yet no media projects were among them. He notes that the incubator has received about 100 projects since its establishment, of which only two projects could be classified as media projects, and that the viability of these two projects is at stake, similar to other projects.

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<sup>133</sup>Through several phone calls and correspondence via e-mail

## **iPARK**

iPARK was established in 2003 as part of an initiative from both the Jordanian government represented by The Higher Council for Science and Technology (HCST) and the Royal Scientific Society (RSS). The ownership of the incubator was then transferred entirely to the RSS.

iPARK aims to develop knowledge economy by supporting startups based on innovation in the field of technology. At first, it focused on information technology but then it expanded to cover different types of technology. In 2016, iPARK established, in partnership with a private sector institution and funded by the European Union, its first business incubator outside the capital in the Irbid governorate under the name Shamal Start. This incubator aims to support startups in the field of industrial technology and service technology. In 2017, a third business incubator was established in Aqaba governorate, which aims to develop projects in various technology fields, specifically in logistics and tourism. In 2018, in partnership with Mercy Corps and with funding from Google, the fourth business incubator was established, its center located in Amman, which is oriented towards startups in the field of participatory economy.

Director of the Shamal Start incubator Mohammed Obaidat says that iPARK has only incubated two media companies, namely Jordan Now TV and D1G, and it does not currently incubate any company in the media field.

Obaidat indicates that during 16 years, iPARK has incubated over 200 companies and created more than 2000 job opportunity. It receives a large number of incubation requests, that is 15 requests per month, but has currently no such projects in the media. He notes that the most prominent weak point of media projects that were presented in the past was the high budget they needed that did not fall within the scope of most of the financial institutions present in Jordan, in addition to the lack of an innovation criterion in the ideas that were presented.

## **King Abdullah II Fund for Development (KAJD)**

King Abdullah II Fund for Development (KAJD) was established with the aim of promoting sustainable development in the Kingdom. In partnership with the public and private sectors, the Fund seeks to implement development projects and hotspots, especially in the areas that suffer the most from poverty and unemployment.

As part of its efforts to optimize human potential, the KAFD provides opportunities for training and professional support to Jordanian youth, and seeks to attract youth energies from creators, develop their talents, and encourage them to lead and innovate in order to prepare them for the labor market and to take social responsibility. From this standpoint, the fund's slogan came to carry in its contents the main axes of its work, namely: active citizens, capable of innovation, qualified to work.

KAFD has many initiatives and programs that support youth entrepreneurial ideas and projects, including: a youth empowerment window that provides financial, technical and logistical support to young people to turn their ideas into entrepreneurial projects or to expand the scope of successful civil society organizations projects and adopt them at the national level.

The youth empowerment scheme consists of four branches: "Try," "Develop," "Shape," and "Expand," which differ in size, impact and scope of beneficiaries. The ideas, initiatives and projects supported by the window extend to support to a wide array of ideas and initiatives based on the needs of local communities. Some of these initiatives seek to entrench civil practices and values such as spreading the culture of dialogue, acceptance of others and rule of law. Other initiatives are related to enhancing social entrepreneurship, voluntary work and enhancing the participation of the youth in the decision-making process.

KAFD implemented three rounds within the activities of the empowerment window. In the first round, 64 young Jordanian aged between 16-25 years received grants under the category "Try", 23 persons aged between 18-28 years received grants under the category "Shape". Under the category "Develop", 7 civil society organizations received grants and 3 other received grants under the category "Expand". Whereas, In the second round, 77 young Jordanians received grants under the "Try" category, 23 others got grants under the "Shape" category. Seven young persons and civil society organizations received grants under the "Develop" category and two civil society organizations got grants under the "Expand" category.

In the third round, 15 young men and women received support under the "Try" category, 10 others under the "Shape" category, 4 youth and civil society organizations received grants under the "Develop" category, in addition to one civil society organization under the "Expand" category. This was followed by project support of 30 ideas, initiatives and projects from various governorates of the Kingdom.

The youth empowerment window was able to support a number of projects during those rounds as follows: In the first round, the project supported 97 ideas, initiatives and projects from various governorates of the Kingdom. In the second round, 109 ideas, initiatives and projects came from all governorates of the Kingdom were supported. And in the third round, it supported 30 ideas, initiatives and projects from different governorates of the Kingdom.

### **Innovative Startups and SMEs Fund (ISSF)**

The Innovative Startups and SMEs Fund (ISSF) was established in response to the first recommendation of the Jordanian Economic Policies Council, with a capital of \$ 98 million, of which \$50 million came from the World Bank and \$48 million from the Central Bank of Jordan.

The fund was registered as a private joint stock company owned by the Central Bank of Jordan and the Jordanian Loan Guarantee Corporation (JLGC) at the Ministry of Industry and Trade in December 2017.

The fund, which is the largest investment fund of its kind in the Kingdom, aims to increase direct financing for emerging, small and medium-sized companies during their early stages, especially companies that have an ambitious vision and high growth potential. It also aims to create a stimulating environment for creative and passionate Jordanian entrepreneurs, thus bypassing the traditional role of investment funds in venture capital, and playing a comprehensive economic development role.

The fund seeks to invest in Jordanian companies and provide financial support to its investor partners. It also seeks to improve the quality and diversity of services provided by the fund's partners, and to increase number of entrepreneurs and emerging, small and medium enterprises within the entrepreneurial environment in Jordan.

### **Queen Rania Center for Entrepreneurship (QRCE)**

Queen Rania Center for Entrepreneurship (QRCE) is a non-profit organization, established in 2004 with the aim to develop and support technical entrepreneurship in Jordan. QRCE is now part of Princess Sumaya University for Technology (PSUT), where it develops entrepreneurship in Jordan through a technology entrepreneurship initiative that focuses on networking, raising awareness, training,

support and financing. Over the past few years, QRCE has implemented dozens of programs that helped thousands of entrepreneurs and students. It has also organized, over the past 10 years, many activities from which thousands of businessmen, professionals and students in Jordan have benefited as follows:

- Supporting 100 recognized projects and companies.
- Supporting 25 rapidly developing technology startups.
- Involving 30,000 people in public and private network activities.
- Involving 4,000 people in training camps, workshops and mentoring programs.
- Creating 300 job opportunities.

As part of the QRCE strategic plan, four main areas are focused on:

1. Communication: Assisting Jordanian entrepreneurs to communicate and exchange experiences and knowledge with each other.
2. Awareness: Creating more awareness about potential opportunities in technology startups and learning about innovative and distinctive business ideas and startups.
3. Capacity Building and Support: Offering Jordanian entrepreneurs specialized training, mentoring and service development to help them set up, finance, manage and expand their technology companies.
4. Funding: Assisting Jordanian entrepreneurs in acquiring the necessary funding in order to start working on companies originally established.

## **Endeavor Jordan Endeavor Jordan**

Endeavor Jordan is a global organization that supports high-impact leaders around the world in an effort to stimulate long-term economic growth. Since its establishment in 1997, Endeavor has worked to select, guide and accelerate the growth of the world's leading entrepreneurs. Through the guidance and orientation provided by Endeavor, these pioneers can become highly influential in their societies, create new job opportunities and motivate their communities to innovate. Today, Endeavor supports 1,840 entrepreneurs from 1153 companies in 34 markets around the world.

As for Endeavor Jordan, it was launched in 2009, and currently supports 39 entrepreneurs representing 25 companies from various sectors.

## **Communications Companies: Zain, Orange, and Umniah**

Each of these companies has its own platform to support entrepreneurial projects. They consist of a program that accelerates the business of technology startups in the process of growth. Zain has a platform called ZINC, Orange has a platform called BIG, and Umniah owns The Tank platform.

According to the survey on business incubators and accelerators and investment funds in Jordan, only few media projects have benefited from these institutions and that most of these incubators are mainly concerned with the information technology sector, even if they welcome projects from other sectors like the media.

Accordingly, some local authorities tend to establish media incubators or business accelerators. The Jordan Media Institute is currently working on a study to establish the first business accelerator for the media sector in the region in order to build a local national experience in this regard.

Dean of the Institute Dr. Bassem Twaisi<sup>134</sup> stated that the accelerator will provide a period of training, guidance and orientation, as well as 6 month period of incubation at the institute, at a rate of 10 companies / projects annually.

The ISSF also tends to create a fund for supporting media projects, arts and creative content. Mr. Laith Al-Qasem,<sup>135</sup> member of the Fund's Board of Directors says that current discussions are taking place with several competent authorities to determine the feasibility of establishing this fund.

## **6- Legal Framework for Media Startups in Jordan**

In order for media startups to be able to operate legally, they must register as a company with the Ministry of Industry and Trade, and they must be licensed by the Media Commission.

Project owners can choose the type of company that is appropriate to the nature and size of its plans, as there are, of course, limitations for each type of company

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<sup>134</sup>Ibid.

<sup>135</sup>During a phone call

that vary according to the capital, the number of partners, and other financial and administrative considerations.

In this section, we will shed light on the most important characteristics of a group of company types as defined in Jordanian law, as well as the requirements set by the Media Commission for licensing media projects according to the following categories: Radio broadcasting, television broadcasting, and digital print.

Types of companies and registration requirements according to Jordanian law

### **Joint Partnership:**

It is a company consisting of a minimum of two natural persons and a maximum of twenty, who are not less than 18 years old. In this company, each partner is deemed responsible for any of the company's obligations and a guarantor of the latter with his personal funds, and in the event of the death of the partner, such guarantee is transferred to the heirs within their shares of the deceased partner's estate and it is usually called after the partner / partners or their surname or title, and the phrase (and company) is added to it according to the requirement of the number of partners.

- The company's articles of association and its deed of association determine (the name of the company / its headquarters and its main address / capital / whether the company duration is fixed or unlimited or does it depend on the purpose thereof / the names and data of the partners / the authorized signatories and their powers, and management / the goals of the company / what happens to the company in the event of the death of one of the Partners (or partners) and any amendment thereof shall be adopted by the majority of shareholders, or as determined by the articles and deed of association.

- The joint partner in the partnership shall acquire the capacity of a businessman before the law, and the company articles and deed of association shall determine the partner's rights and obligations.

- The company shall keep its books and records at the company's headquarters, and if its capital is (10) thousand dinars or more, it shall keep accounting books organized according to established practices, and if its capital is (100) thousand dinars or more, it shall appoint a legal auditor.

**Limited Partnership Corporation:**

A limited partnership corporation is a company composed of two types of partners (joint/limited) where the joint partner is a guarantor and responsible with his private and personal funds like in a joint partnership. As for the limited partner, he is only accountable according to his share in the company and he has no right to manage it or to represent it and its name is usually after the names or the nicknames of the joint partners in addition to appended mention such as joint partnership. Any amendment is usually adopted by a majority of partners including all of the joint partners and such corporation is usually governed by the same provisions applied to joint partnerships.

The limited partner shall not append their name, nickname or title to the company name or management or to deal with others on the basis that he is responsible for it. In the event the limited partner does so, they shall be deemed equally accountable as the joint partner and be subject to the same provisions.

**Limited Liability Company:**

A limited liability company is a company consisting of one or more persons, and its financial liability is independent of the partners and is accountable for its capital and assets before others. The partners' responsibility is commensurate to their shares and in the event of depositing their full share in the bank, they shall in no way be held accountable. The company capital is divided into equal shares. Its articles and deed of association shall determine the meetings quorum, the company goals, duration and type of management (through a manager or a board of directors) in addition to the names of the partners, their shares, their data, methods for assigning shares, the applicable obligation format and any other provisions, and that its name is usually derived from its goals and is appended to the phrase (limited liability) or abbreviation (LLC). Such company is obligated to elect a certified auditor to handle its accounts for each fiscal year.

**Joint-stock Company:**

- A joint-stock company is a company consisting of two types of partners:

- A minimum of two joint partners, not less than two, who are accountable for and guarantors of the company liabilities and debts with their personal and private funds.

- A minimum of three shareholders. Each partner is accountable for their amount of contribution to the company's capital with regards to its debts and liabilities.

The company's capital must not be less than (100) thousand dinars, divided into equal shares, negotiable and open to subscription in the stock / securities market, and the value of each share (one Jordanian dinar) is indivisible.

The subscribed money shall not exceed twice the amount of the capital of the joint partners.

The name of a joint-stock company shall consist of the name of one or more of the joint partners, provided that the phrase (joint-stock company) and what indicates its objectives are appended to it. The name of the shareholder shall not appear in the name of the company. In case the name is mentioned with their knowledge of that, they shall be considered a joint partner before others dealing with the company in good faith.

- The joint-stock company shall be managed by one or more joint partners, whose number, powers and duties shall be specified in the company's articles of association. Their powers, responsibilities and removal shall be governed by the same provisions that apply to authorized partners in joint partnerships.

The provisions of joint partnerships shall apply to joint partners, and the provisions of limited partnership corporations shall apply to shareholders.

- The general assembly of the company consists of joint partners and shareholders, and the meeting provisions are subject to the same provisions as the meetings of the public joint-stock company.

- The control board of the company shall consist of (3) elected members from the shareholders for a period of one year, and it must appoint a certified auditor.

- This company is subject to the same provisions of a public joint-stock company.

### **Private Joint-stock Company:**

- A private joint-stock company consists of two or more persons. It may consist of one person or that the number of its shareholders becomes one.
- The financial liability of the private joint-stock company is independent of the financial liability of each shareholder, and the company with its funds and assets is solely responsible for the debts and liabilities that arise. The shareholder is not responsible towards the company for those debts and liabilities except to the extent of their contribution to the company capital.
- The name of the company should not conflict with its goals, provided that it is always followed by the phrase (a private limited joint-stock company). It may be in the name of a natural person if the goal of the company is to invest in a patent legally registered in the name of that person.
- The term of the private joint-stock company is unlimited, unless provided otherwise in its deed and articles of association. In such case, its term ends with the expiry of the duration or work set for that company.

The capital of the private joint-stock company is the sum of the nominal values of the company shares, provided that the subscribed capital is not less than fifty thousand Jordanian dinars.

- The capital of a private joint-stock company is set in Jordanian Dinars.

The private joint-stock company may issue shares, assign a loan and other securities. The company may also decide to list and trade its securities in the market in accordance with the regulations and instructions issued by the Securities Commission and in accordance with the Securities Law.

- The company can issue types and categories of shares that differ in terms of nominal value and voting power and in terms of how profits and losses are distributed onto shareholders, the rights and priorities of each of them upon liquidation and their convertibility to other types of shares as well as other rights, benefits, priorities and restrictions, provided that such specifications or a summary thereof are included in the stock certificates, if any. The company may also issue

redeemable shares, either at the request of the company or the shareholder, or when certain conditions are met.

### **Public Joint-stock Company:**

- The public joint-stock company consists of not less than two founders who register shares in it that can be listed in the stock markets for trading and transfer. The founder of the limited public joint-stock company may only be one person or the ownership of the company may be transferred to one shareholder in the event that they purchase all the shares.
- The name of the public joint-stock company derives from its objectives, provided that it is always followed by the phrase (a public limited joint-stock company). The company shall not be in the name of a natural person unless the purpose of the company is to invest in a patent registered legally in the name of that person.
- The duration of the public joint-stock company is unlimited unless it aims to fulfill a certain mission. In that case, the company shall expire upon the completion of the mission.
- The financial liability of the public joint-stock company is independent of the financial liability of every shareholder in it, and the company with its assets and funds is responsible for the debts and obligations arising there from. The shareholder is not responsible towards the company for those debts and obligations, except by the amount of shares they own in the company.
- The authorized capital of the public joint-stock company and the share actually registered is set in Jordanian dinars and divided into nominal shares. The share value is one dinar, provided that the authorized capital is not less than five hundred thousand (500,000) dinars and the capital registered for less than one hundred thousand (100,000) dinar or 20% of the authorized capital, whichever is more.

### **1- Types of licenses, licensing requirements, and license renewals with the Media Commission**

Fees and requirements for licensing and renewal of licenses for the most important types of media establishments (radio, television, websites)<sup>136</sup>.

### Radio station license:

Radio station license	
<b>Categories benefiting from the service</b>	Private and public investors (Jordanians and non-Jordanians).
<b>Service location</b>	Media Commission / Licensing Department / Radio and TV Broadcasting Division.
<b>Conditions for benefiting from the service</b>	<ul style="list-style-type: none"> <li>• Company registration with a capital of (100,000) Jordanian dinars for the Capital Governorate and (50,000) Jordanian Dinars for the other governorates for the purpose of radio broadcasting.</li> <li>• Financial solvency.</li> <li>• Appointing a company executive director with at least (10) years of experience in the field of radio broadcasting.</li> </ul>
<b>Required documents</b>	<ul style="list-style-type: none"> <li>• Civil Status ID and family book (for Jordanians) / passport (for non-Jordanians) for the authorized signatory applicant and for partners whose contribution exceeds (5%).</li> <li>• Certificate of non-sentencing of the partners, the general manager and the authorized signatory (for Jordanians).</li> <li>• A letter of authorization for the person concerned to follow the application procedures.</li> <li>• A study on the project that includes a programmatic, technical and feasibility study.</li> <li>• A company registration certificate issued by the Ministry of Industry and Trade.</li> <li>• A certificate from the Ministry of Industry and Trade stating the objectives and registered capital of the company, as well as its value amounting to (100,000) Jordanian dinars for the Capital Governorate and (50,000) Jordanian dinars for other governorates, in addition to the names of the owners and authorized signatories, the General Manager and their</li> </ul>

<sup>136</sup>Service Directory – Jordan Media Commission

<http://www.mc.gov.jo/Pages/viewpage?pageID=68&CategoryID=6&ID=23>

	<p>deputy or the head of the Board of Directors and their deputy.</p> <ul style="list-style-type: none"> <li>• A letter from the Ministry of Industry and Trade stating the name and logo of the approved station and duly registered with the Ministry of Industry and Trade / Industrial Property Protection Directorate, or a certificate proving the application for the name and logo registration.</li> <li>• The articles of association and statute of the company.</li> <li>• A valid working contract of the CEO with the company and attaching experience certificates.</li> <li>• Experience certificates of the CEO.</li> <li>• Biography and practical experience of partners and CEO.</li> <li>• Bank documents proving the ownership of the solvency with a required capital value of (100,000) Jordanian dinars for the Capital Governorate and (50,000) Jordanian Dinars for other governorates registered with any of the banks.</li> <li>• A certified check, along with the application, for the Radio broadcasting license <u>grant fee</u>, in addition to the equivalent of (0.006) of its value as stamp fees, and (2%) of the license fees, which represent the fees of the Arab Fund for Arts and Culture.</li> <li>• Certified check, along with the application, for the broadcasting license <u>annual fee</u> which represents (20%) of the license fee, in addition to the equivalent of (0.006) of its value as stamp fees. <ul style="list-style-type: none"> <li>◦ A one-year performance bond (which may be renewed for similar periods) of 50% of the broadcasting stations license fee, in addition to an amount equivalent to (0.006) as stamp fees.</li> </ul> </li> </ul>
<b>Partner Institutions in the service provision</b>	<ul style="list-style-type: none"> <li>• Telecommunications Regulatory Commission (TRC).</li> <li>• Council of Ministers.</li> </ul>
<b>Service fee</b>	<ul style="list-style-type: none"> <li>• Application fees for granting a broadcasting license: (5) dinars.</li> <li>• Fee for granting a broadcasting license using any FM wave with a transmission capacity not exceeding (5) kW: <ul style="list-style-type: none"> <li>• (25,000) dinars in the Capital Governorate.</li> <li>• (15,000) dinars in the Zarqa Governorate or Irbid Governorate.</li> </ul> </li> </ul>

	<ul style="list-style-type: none"> <li>• (10,000) dinars in any other governorate of the Kingdom.</li> <li>• An annual fee equivalent to (20%) of the license grant fee, in addition to the equivalent of (0.006) of its value as stamp fees.</li> </ul>
<b>Duration of service</b>	<ul style="list-style-type: none"> <li>• 2 months.</li> <li>• The license is renewed every (5) years.</li> </ul>

## Renewing a radio station license

Renewing a radio broadcasting license	
<b>Categories benefiting from the service</b>	Companies holding a broadcasting license in advance from the Commission.
<b>Location of service</b>	Media Commission / Licensing Department / Radio and TV Broadcasting Division.
<b>Conditions for obtaining the service</b>	N/A
<b>Required documents</b>	<ul style="list-style-type: none"> <li>• A valid work contract for the CEO with the company.</li> <li>• A company registration certificate, recently dated.</li> <li>• A certificate of registration of the name and logo of the final station issued by the Ministry of Industry and Trade.</li> <li>• A certified check amounting to (50%) of the fee for granting a radio broadcasting license, in addition to the equivalent of (0.006) of its value as stamp fees, and (2%) of the license grant fee, which represents the fees for the Arab Fund for Arts and Culture.</li> <li>• A certified check for the value of the annual fee, at a value of (50%) of the license fee, in addition to the equivalent of (0.006) of its value as stamp fees.</li> </ul>
<b>Partner institutions in the service provision</b>	<ul style="list-style-type: none"> <li>• Telecommunications Regulatory Commission (TRC).</li> <li>• Council of Ministers.</li> </ul>

<b>Service fee</b>	<ul style="list-style-type: none"> <li>• Application fees for the renewal of the broadcasting license: (5) dinars. <ul style="list-style-type: none"> <li>◦ A fee for their newel of the broadcasting license with a minimum of (50%) as a minimum of the value of the license grant fee, which may reach (100%), according to a decision issued by the Council of Ministers based on the minister's recommendation upon on the recommendation of the Director General.</li> <li>◦ An annual fee of (50%) of the amount of the license grant fee, in addition to the equivalent of (006 and 0) of its value instead of stamp fees.</li> </ul> </li> </ul>
<b>Time of service</b>	<ul style="list-style-type: none"> <li>• 1 month.</li> </ul>

### Satellite TV broadcasting license (Satellite)

License to broadcast television programs of all kinds via satellite (space)	
<b>Categories benefiting from the service</b>	Private and public investors (Jordanians and non-Jordanians).
<b>Location of service</b>	Media Commission / Licensing Directorate / Radio and TV Broadcasting Division.
<b>Conditions for obtaining the service</b>	<ul style="list-style-type: none"> <li>• Company registration with a capital of (50,000) Jordanian dinars for the purpose of satellite broadcasting.</li> <li>• Financial solvency.</li> <li>• Appointing an executive director of the company with at least (10) years of experience in TV broadcasting.</li> </ul>
<b>Required documents</b>	<ul style="list-style-type: none"> <li>• Civil Status ID and family book (for Jordanians) / passport (for non-Jordanians) for the authorized signatory applicant and for partners whose contribution exceeds (5%).</li> <li>• Certificate of non-sentencing for the partners, the general manager and the authorized signatory (for Jordanians).</li> <li>• A letter of authorization for the person concerned to follow the application procedures. <ul style="list-style-type: none"> <li>◦ A study on the project that includes a programmatic, technical and</li> </ul> </li> </ul>

feasibility study.

- A company registration certificate issued by the Ministry of Industry and Trade or the Free Zones Corporation.
- Certificate from the Ministry of Industry and Trade stating the objectives and registered capital of the company and its value (50,000) Jordanian dinars in addition to the names of the owners and authorized signatories, the general manager and their deputy or the head of the Board of Directors and their deputy.
- A letter from the Ministry of Industry and Trade stating the name and logo of the approved station and duly registered with the Ministry of Industry and Trade / Industrial Property Protection Directorate, or a certificate proving the registration application of the name and logo.
- The articles of association and articles of association of the company.
- Biography and practical experience of partners and CEO.
  - A valid working contract of the CEO with the company, provided that they have not been working for less than ten years in the field of TV broadcasting.
  - Experience certificates of the CEO.
- Bank documents proving the financial solvency of the company's owners, with the required capital value (50,000) Jordanian dinars registered with any of the banks.
- A bank certificate depositing (50,000) Jordanian dinars into the company's account.
- A certified check with the application of the value of the fee for granting a satellite broadcasting license plus (0.006) of its value instead of stamp fees, and (2%) of the license grant fee, which represents the fees for the Fund for Supporting Cultural and Artistic Movement.
- A certified check, along with the application, equivalent to the annual fee of the satellite broadcasting license, in addition to the equivalent of (0.006) of its value as stamp fees.
- A one-year performance bond (which may be renewed for similar periods) valued at (100%) of the amount of the license grant fee for satellite broadcasting stations, which is equivalent to (5,030) Jordanian dinars, in addition to (0.006) of its value as stamp fees.
- The lease and service contract concluded with the Jordan Media City or the Saudi-Jordanian company for satellite broadcasting, or with the satellite in

	<p>the event of broadcasting from private studios.</p> <ul style="list-style-type: none"> <li>• A letter from Media City showing the uplink frequency and downlink for the space station, and the megabyte size.</li> </ul>
<b>Partner institutions in the service provision</b>	<ul style="list-style-type: none"> <li>• Telecommunications Regulatory Commission.</li> <li>• Council of Ministers.</li> </ul>
<b>Service fee</b>	<ul style="list-style-type: none"> <li>• Application fees for granting a broadcasting license (5) dinars.</li> <li>• A fee for granting a satellite broadcasting license, the amount of which is (5.130) dinars, in addition to the equivalent of (0.006) of its value as stamp fees, and (2%) of the license fees, which represent the fees of the Arab Fund for Culture and Arts.</li> <li>• An annual fee for a satellite broadcast license:(5.030) dinars, in addition to an equivalent of (0.006) of its value as stamp fees.</li> </ul>
<b>Time of service</b>	<ul style="list-style-type: none"> <li>• 2 months.</li> <li>• The license is renewed every (5) years.</li> </ul>

### Renewing a license to broadcast television programs by satellite (space)

Renewing a license to broadcast TV programs of all kinds via satellite (space)	
<b>Categories benefiting from the service</b>	Companies holding a TV broadcast license in advance from the Commission.
<b>Location of service</b>	Media Commission / Licensing Directorate / Radio and TV Broadcasting Division.
<b>Conditions for obtaining the service</b>	N/A
<b>Required documents</b>	<ul style="list-style-type: none"> <li>• A valid work contract for the CEO with the company.</li> <li>• A company registration certificate recently dated.</li> <li>• A certificate of registration of the name and logo of the final station issued by the Ministry of Industry and Trade.</li> </ul>

	<ul style="list-style-type: none"> <li>• A certified check, along with the application, equivalent to the license renewal fee for a satellite broadcast of at least (50%) of the value of the license grant fee, according to a decision issued by the Council of Ministers based on the minister's recommendation upon the recommendation of the Director General.</li> <li>• A certified check, along with the application, equivalent to the annual fee for the satellite broadcasting license, in addition to an amount of (0.006) of its value as stamp fees.</li> </ul>
<b>Partner institutions in the service provision</b>	<ul style="list-style-type: none"> <li>• Telecommunications Regulatory Commission (TRC).</li> <li>• Council of Ministers.</li> </ul>
<b>Service fee</b>	<ul style="list-style-type: none"> <li>• Application fees for the renewal of the broadcasting license: (5) dinars.</li> <li>• A fee for satellite broadcast license renewal of at less than (50%) of the value of the license grant fee, according to a decision issued by the Council of Ministers based on the minister's recommendation upon the recommendation of the Director General.</li> <li>• An annual fee for a satellite broadcasting license amounting to (5,030) five thousand thirty dinars, including the equivalent of (0.006) of its value as stamp fees.</li> </ul>
<b>Time of service</b>	1 month.

## A comprehensive electronic publication license

A comprehensive electronic publication license	
<b>Categories benefiting from the service</b>	<ul style="list-style-type: none"> <li>• Jordanian companies registered and owned by Jordanians.</li> <li>• Licensed Jordanian political parties.</li> </ul>
<b>Location of service</b>	Media Commission / Licensing Directorate / Licensing Department for publications, institutions and websites
<b>Conditions for obtaining the service</b>	<ul style="list-style-type: none"> <li>• The electronic publication must be registered as a company in accordance with the provisions of the Companies Law in force.</li> <li>• The owner of the company shall be Jordanian, and shall not be convicted of a felony or a misdemeanor that violates honor and</li> </ul>

	<p>public morals.</p> <ul style="list-style-type: none"> <li>• Appointing an Editor-in-Chief who fulfills the following conditions:</li> <li>• A journalist with a membership in the union for a period of no less than (4) years. <ul style="list-style-type: none"> <li>◦ Jordanian and actual resident of the Kingdom.</li> <li>◦ Working full-time, and not to work in any other publication.</li> <li>◦ Proficient in the language of the print, read and write.</li> <li>◦ Not previously sentenced to a ban on practicing the profession of journalism.</li> </ul> </li> </ul>
<b>Required documents</b>	<ul style="list-style-type: none"> <li>• Civil Status ID of the owner / owners and the editor-in-chief.</li> <li>• Non-sentenced certificate for the owner / owners and editor-in-chief.</li> <li>• A certificate of no less than (4) year membership for the Editor-in-Chief in the Jordanian Press Association.</li> <li>• A statement from the Social Security Corporation (SSC) that includes the insurance number of the editor-in-chief.</li> <li>• A copy of the Editor-in-Chief's employment contract with the electronic publication institution.</li> <li>• Academic diploma of the Editor-in-Chief.</li> <li>• A pledge from the Editor-in-Chief to devote themselves to working in the electronic publication institution.</li> <li>• A valid profession license from the competent secretariat or municipality.</li> <li>• The company / institution registration certificate issued by the Ministry of Industry and Trade or the Companies Control Department for the purpose of establishing and owning an electronic publication.</li> <li>• Party license certificate.</li> <li>• Trade name or trademark registration certificate.</li> <li>• Identifying the applicant's domain name, as well as the name and address of the company hosting the electronic publication.</li> </ul>
<b>Partner</b>	<ul style="list-style-type: none"> <li>• N/A</li> </ul>

<b>institutions in the service provision</b>	
<b>Service fee</b>	<ul style="list-style-type: none"> <li>• (50) dinars: license application fees.</li> <li>• (1500) dinars, license fees.</li> <li>• Renewed annually for an amount of (50) dinars.</li> </ul>
<b>Time of service</b>	<ul style="list-style-type: none"> <li>• (10-30) days according to the text of the law.</li> </ul>

### Renewing a comprehensive electronic publication license

Renewing a comprehensive electronic publication license	
<b>Categories benefiting from the service</b>	Comprehensive electronic publications pre-licensed by the Media Commission.
<b>Location of service</b>	Media Commission / Licensing Directorate / Licensing Department for publications, institutions and websites
<b>Conditions for obtaining the service</b>	<ul style="list-style-type: none"> <li>• N/A</li> </ul>
<b>Required documents</b>	<ul style="list-style-type: none"> <li>• Valid professions license.</li> <li>• Company registration certificate / company control department.</li> <li>• A statement from the Social Security Corporation confirming the appointment of a minimum of five journalists.</li> <li>• A clearance from the Income and Sales Tax Department.</li> </ul>
<b>Partner institutions in the service provision</b>	<ul style="list-style-type: none"> <li>• N/A</li> </ul>
<b>Service fee</b>	<ul style="list-style-type: none"> <li>• Fees for license renewal application: (50) dinars.</li> </ul>
<b>Time of service</b>	<ul style="list-style-type: none"> <li>• (1-3) days.</li> </ul>

## 7- Conclusion and Recommendations

Emerging media projects in Jordan face many challenges and opportunities, and many aspects can be developed, modified, or even created in order to support and improve this sector.

Given the reality of media work in Jordan in general and of media startups in particular, the most important steps that can bring about tangible positive changes can be summarized. The effects of these steps reflect not only on these media startups but also on the overall economy and the democratic environment of the country. Among the most important of these steps are the following:

- 1- Developing the educational system in general, from basic study cycles to university level, so that educational curricula include concepts of entrepreneurship, innovation and creativity since the students' early ages until they reach a stage where these concepts become part of their life practices.
- 2- Creating training activities for media startups through which this sector can be empowered professionally, especially with regard to developing a sustainable and scalable business model, and conveying the most important models and successful experiences in media startups emerging in other countries, including reviewing and studying innovative and sustainable business models.
- 3- Establishing professional incubators and accelerators for the media that are able to provide technical and professional support for media startups that is appropriate to the privacy of this sector, especially since most of the current incubators and accelerators of business in Jordan are more oriented towards the information technology sector.
- 4- Completing the work on the legislative framework for pioneering and startups that the government has begun working on and which was referred to earlier in this study, as this will have direct effects on the ability of the emerging media sector to develop and compete.
- 5- Reviewing the system of legislation governing journalistic and media work, to ensure that journalists are able to practice journalistic work more freely, and in a manner that provides greater space for freedom of opinion and expression.

6- Reviewing the conditions for affiliation with the JordanPress Association and lowering the restrictions imposed on membership conditions, so that they do not stand in the way of those who wish to join the union.

Media startups in Jordan have managed to provide a distinctive media model and experience despite the internal and external challenges it faces. They will be able to provide more if the country provides them with a greater area of freedom of expression and freedom to practice journalism, in addition to other enabling tools that guarantee their financial and professional independence.

## General Summary

Based on those three studies that have addressed the cases of Lebanon, Morocco and Jordan, it appears that a strong trend towards the establishment of digital media startups in these countries is now emerging. It seems also clear that these organizations are now making serious efforts in order to gain their place in the field of innovation, entrepreneurship as well as in the establishment of new economic concepts. The presence of reliable incubators and funds sponsoring such projects to launch innovative initiatives are what motivate innovators to implement their desired projects.

However, it also seems clear that startups are struggling with many obstacles that stand in their way, such as the absence of regulatory and supportive laws, the broad limitations that restrict the freedom and activity of these organizations, the difficulty in accessing information, and the absence of advanced information networks.

In addition to these constraints, the absence of new appropriate economic models for these startups is also a challenge for startups, given the failure of old financing models. This implies that self-financing initiatives are much needed, through the response of these projects to important societal needs. It is important to note that universities in these countries have not yet taken a necessary scientific step in this direction, which is the introduction of the concepts of innovation, leadership and business in academic curricula.

Moreover, the political and economic conditions that surround the Arab world today generate additional obstacles, such as warning political systems from

startups, the absence of basic funding for technological infrastructure and the scarcity of advertising resources.

All types of startups in developed countries have proven their importance in terms of economy, growth, public service, as well as with regard to responding to the new needs of society arising from information technology. Several experiences in the models presented by the study have also shown this great role for such organizations and the society's need for them in several fields. Therefore, it seems necessary to develop plans by the public and private sectors in Lebanon and the Arab world, in order to support and sponsor these initiatives and to develop the legal, financial and technical structures that would foster the launching and incubation of these projects.