



Interim Report -The Digital Terrestrial Broadcasting Migration Process in Georgia - Achievements and Problems (May-September, 2014)

October 2014

Author: Ucha Seturi

The analysis was prepared within the framework of the project “**Supporting and Monitoring of the Transition to Digital Terrestrial Broadcasting in Georgia**” implemented by Institute for Development of Freedom of Information” (IDFI). The project is supported by the “Open Society - Georgia Foundation”.



OPEN SOCIETY GEORGIA FOUNDATION
ფონდის ღია საზოგადოება საქართველო

IDFI is responsible for the content of the study. It does not necessarily reflect the position of the “Open Society - Georgia Foundation”.

1. Introduction

On February 7th, 2014, Government of Georgia has approved the Action plan and recommendations about Digital Terrestrial Switchover in Georgia. As a result, after IDFI's active advocacy work, the Ministry of Economy and Sustainable Development has completely changed the strategy which was presented in March 2013.

Transition to the digital terrestrial platform, as a result of various subjective and objective factors, should be implemented in Georgia in very short period of time (the switchover should be done by June 17, 2015). The lack of time is a major challenge of the process as well as some other challenges. Current process involves the Ministry of Economy and Sustainable Development of Georgia, of LEPL "Digital Broadcasting Agency", government owned "Georgian Tele-radio Center", the Georgian National Communications Commission.

Conclusions and Recommendations

Based on the analysis of the current situation, we can conclude that the situation about transparency of the process of Digital Switchover in Georgia is poor. The practice of engagement of stakeholders and transparency of the process in drafting the DSO Strategy, which was introduced by the Ministry of Economy and Sustainable Development of Georgia should be applied to the current stage of the digital switchover.

Recommendations

- be produced by the method of direct open procurement, competitive procurement stages of production, the assessment of the documents and other information related to the "Georgian Teleradiocenter" as well as the LEPL "Digital Broadcasting Agency";
- Activity Plan and Strategy for information security measures to be published;
- So-called Digitization headquarters to be created, which in addition to participation in the authorized state bodies, representatives of stakeholders and non-profit organizations
- Transparency of Information about call centre
- Customer Assistance Center staff training and operating procedures should be determined;
- Monthly reports to be prepared and published by LEPL "Digital Broadcasting Agency" for stakeholders, as well as the Government and the general public;

- A paper about billing and returning of funds which will be submitted to the Ministry of Finance to be created
- Licenses to be granted immediately in no competitive areas for local broadcasters

2. Situation Analysis

We believe that current period of transition to digital broadcasting issues should be divided into the following areas:

A) The supply side

- Private multiplex platform contestant's performance of its obligations and the current situation;
- Public Broadcaster DSO process and the challenges;
- The Regional access point to the private platform beauty content.

B) The consumer's side

- Set-top-box- selection tender and results;
- Public awareness campaign activities;
- STBs Subsidies and distribution issues.

Public service broadcaster MUX builder company selection process was closed for shareholders and NGOs. It was contrary in GNCC. There was created competition provision as well as the submission and evaluation process. The fact that the TV content network will be available for free and high-quality, over the next 10 years will be attractive, especially in terms of the security reasons, satellite and cable television services are relatively expensive, the country's main population is low profitable. Although the transition is delayed and the specific problems are identified, there are still active TV service provider companies.

This process will become more active in the years of 2015-2017. There is no doubt that including free digital terrestrial broadcasting platform in the field of competition and high standards in broadcasting will play an important role in Georgia.

As so the international practice, despite the UK markets high-tech development and multiplicity distributions, the UK Competition Commission's report noted that broadcasting platform will be

a "major economic balance paid TV content provider companies in the basic packages." ¹ We believe that the situation will be similar in Georgia.

Also, we believe that, competition which was announced by public broadcasting distribution deserves special attention.² The reason for the development and dissemination of the greatest importance is not only television, but also the fact that the broadcast networks and platforms have a balance role as the biggest coverage of the broadcasting network.³

Public broadcaster delivering quality content and quality of public broadcasting program, should become a sort of benchmark for Georgian broadcasting market.⁴

The so-called the multiplex platform required for the formation of the Public Broadcasting Frequencies were donated to the government owned Ltd "Georgian Tele-radio Center" and the state enterprise in connection with the broadcast of certain obligation imposed.⁵

"Georgian TeleradioCenter", with the right analog terrestrial TV broadcasting to digital terrestrial TV broadcasting-related goods and services, as well as an international expert services procured by means of a simplified procurement exercise.⁶ The so-called the multiplex platform for building equipment and services for the acquisition process of assessing the competition in the first place, questions arise regarding the implementation of the plan, which describes the strategy of the appendix. At present, unfortunately, the terms are violated.

Despite the increased interest due to lack of information transparency issues undoubtedly deserves criticism.

The government's decision about "Georgian TeleradioCenter"⁷ was carried out by the ease of purchase. Competition was not involved in the process as broadcasters and network providers, as well as representatives of non-governmental organizations that are actively involved in the strategy development process and issue advocacy.

¹ "Competition and Market Power in Broadcasting: Where are the Rents?", in *The Economic Regulation of Broadcasting Markets: Evolving Technology and Challenges for Policy*, PAUL SEABRIGHT and JURGEN VON HAGEN (eds.), Cambridge University Press, April 2007, p. 47-80.

² Public Service Broadcasting in the Nordic Countries. <http://www.dr.dk/NR/rdonlyres/AE3A5D9B-0C1A-44F6-8B3D-0F4BF3CCB9D8/292036/NordiskPSB1.pdf>

³ http://economy.ge/uploads/departamentebi/kavshirgabmuloba/ministry_digital_broadcasting_switchover_action_plan_and_reccomendations_2014_1.pdf

⁴ the European Union. Western Balkans and Turkey Media and Freedom of Expression Fact-finding and Scoping Study September 2012 – April 2013 FINAL REPORT

⁵ http://ec.europa.eu/enlargement/pdf/key_documents/2013/wbt_media_study.pdf
<http://www.tvrcenter.ge/>

⁶ Note: The permission of the legal basis for the "Government Procurement Law of Georgia" article 10¹.3, "d".

According to Georgia E-procurement page of information obtained in accordance with the "Georgian TV and Radio" Winners of the Competition Commission by the Company "g and h service" to the contract signed on July 24, 2014 July 30, collapsed⁸. According to Georgian TeleradioCenter" August 11, 2014, N10 / 317 letter, contract termination, the legal basis for the termination of the contract failure is bank guarantee.

Public procurement procedures were implemented by the digital broadcasting agency. Also it is scheduled to hold a special training session for journalists and other interested individuals.

At this stage, the main problem is the low level of participation in such important factors such as hardware importers and retailers, who should be actively involved in the ordering and distribution of equipment in the process.

When consumers make a choice between different technological platforms, namely service to cable, roof antenna or satellite dish, its decision to the quantity and quality of the content, in addition to the service fee will be due to the simplicity of using the program guide. We believe that the technological skill of the population is not enough, that without the support of their own TV or Set-Top-Boxes adjusting the digital signal.

Until June 2015, "digital broadcasting agency should manage to provide vulnerable people with Set-top-boxes (people with the scores of 70, 000 and less) - and ensure that they are able to watch TV after the digital switchover. According to September 2014, contract is not uploaded in the state procurement system. It should be noted that the selection procedures were not transparent, despite the huge public interest in this issue.⁹

Ltd. "Stereo +" holds the digital terrestrial television network to ensure the use of radio spectrum №MUX-B, №MUX-D and №MUX-E commercial network licenses. After June 17, 2015 Ltd "Stereo+" provides digital terrestrial television network №MUX-B and №MUX-D distribution of licenses for broadcasting TV content on a national level in the open air, while №MUX-E license will be coded^{10,11} Ltd. "Stereo+" was granted with a license in accordance with the following

⁸ "Georgian TeleradioCenter," a letter of cancellation dated 11 August 2014.

⁹ No information was uploaded on September 14, 2014 of the electronic procurement page www.procurement.gov.ge
¹⁰ <http://stereoplus.ge/index.php/ge/2014-07-23-07-43-06/2014-07-24-10-14-41>

¹¹ Reports on the work done for the presentation and monitoring of the implementation of the plan. Appendix N2
gncc.ge/index.php?lang_id=GEO&sec_id=7070&info_id=115633<http://gncc.ge/index.php?>

conditions MUX B-'s part of the main stations and antenna systems installation for the period from October 2014 until mid-May 2015.¹²

There is specified 42-point for relevant portion¹³. At the end of 2015, complete network should be build .The switching period of transmitters should also start from 2015. As for the power station and the main station, according to the company's web page the process of purchasing the equipment should be completed by the end of 2014.

On September 20, 2014, at a media conference, which was organized by the “Open Society Georgia Foundation”, "Stereo +" represented the technical solutions and the prospects for building a platform for national coverage of digital terrestrial broadcasting.¹⁴ According to their statement, despite a number of obstacles, the time set for the implementation of the plan will be completed in June 2015 and the new platform will have the option to extend the programs of the public broadcaster.

According to IDFI's expert's recommendation, GNCC offered UHF frequency range of resource alt, but at the regional level, the union provided the number of channels. Specifically, the Georgian National Communications Commission of the UHF range with 9 regional multiplex capacity building project, which was necessary according to the geographical region of the channels of the agreement, which ultimately was not acceptable for a regional broadcaster. Regional television stations responded to the offer of a joint letter to the National Commission. Discussion may extend period of time. This could substantially slow down the migration to digital platform of the regional channels. Due to the impossibility of determining the frequency and capacity of regional channels, it is still not possible to start the preparatory work in practice.

Remains in force for the regional and local broadcasters of frequency resources are prerequisites for the granting of the following:

- If local area is covered by two or more TV broadcasters, the Commission will ensure fair and open competition without submission of the application, free of charge, local digital terrestrial broadcasting network / multiplex platform for the formation of such a broadcaster to grant the necessary frequency resources.
- If more than one local TV broadcaster operating in the local area, who is willing to provide a platform for the formation of a local multiplex, Commission will give the rights to open competition without the grant.

¹²http://gncc.ge/index.php?lang_id=GEO&sec_id=7070&info_id=115633

¹³<http://stereoplus.ge/doc/B1.pdf>

¹⁴<https://idfi.ge/ge/representatives-of-idfi-at-batumi-media-conference>