INVESTING IN FACTS

How the Business Community Supports a Healthy Infosphere in Czechia

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About the Author

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Introduction

A number of small independent media projects operating mainly online have emerged over the past decade in Czechia. In addition, several dozen initiatives generally focused on combating disinformation — using a variety of tools ranging from fact-checking and media monitoring to applied research and educational activities — have appeared in recent years.

As new initiatives, one of their primary objectives has been to secure sustainable funding. Private businesses have played a key role in providing financial support to these initiatives—though, as this paper shows, the interactions between the private sector and media and fact-checking groups have not been without problems.

The ability to identify a societal problem, in this case disinformation, and mobilize resources to solve it shows that Czechia has a healthy civil society. Similarly, the willingness of entrepreneurs and private companies to support such initiatives is a sign of a mature philanthropic sector.

The rise of these initiatives occurred during a period of significant deterioration of media freedom and the democratic culture in the country. Hence, these newly emerged media, and especially the nongovernment organizations (NGOs) focused on disinformation, often fulfill tasks that state institutions should carry out.

Although these newly launched media outlets and initiatives focused on disinformation seem to be an established part of Czech civil society, the sector remains young and insufficiently institutionalized, and dependent on a handful of civil society actors, including activists, fact-checkers, and experts. Its further development remains uncertain, especially amid unavoidable social, economic, and possibly political challenges. However, regardless of what the future brings, documenting the previous decade of dynamic development of this emerging sector helps us understand the Czech civil society and its relationship with private funders.

This paper summarizes experiences from this period. First, it provides a brief overview of the situation in Czech media and politics to show why local civil society became interested in the topic of disinformation. Second, it describes the newly established media outlets, with an emphasis on their relationships with private donors. This section analyzes the case of the Endowment Fund for Independent Journalism (Nadační fond nezávislé žurnalistiky, NFNŽ). Third, it summarizes the experiences of NGOs and emphasizes the case of the NELEŽ initiative, which was able, mainly thanks to its expertise, to build partnerships with a number of private companies. The final section presents other activities supported by private donors.
The Czech Context and Its Impact on Disinformation Initiatives

The Czech philanthropic sector is developed on the individual and institutional levels. Private donations to organizations providing humanitarian assistance to Ukraine totaled CZK 1.5 billion ($60 million) in the first two months after the Russian invasion began, an example that highlights the strong philanthropic culture that characterizes the Czech society and business sector.¹

Czech companies donate approximately CZK 8.3 billion ($330 million) annually to charitable projects, an amount that increases every year. A significant number of the large private companies in Czechia have their own foundations, and a bevy of wealthy Czech businesspeople are engaged in philanthropic activities,² according to data from Donors Forum, an organization established in 1997 that monitors key donors and trends in the Czech philanthropic sector.³ According to the forum’s Donations Map, which provides an overview of philanthropic activities in Czechia, most of the charity funding goes to initiatives focused on education (13 percent), youth activities (12 percent), and assistance to the sick and disabled (10 percent).⁴

While there are still significant differences among individual foundations, the general trend is to finance long-term projects focused on structural problems facing Czech society. These long-term interventions require considerable on-the-ground knowledge, which is why interactions between the donor community and experts have become so common.

Czech civil society and private donors are usually keen on supporting projects they perceive as being in the public interest. However, it is not always easy for a new topic to get on donors’ agendas. Disinformation had this problem not only because it is a relatively new topic, but also because it is a complicated and, for some, controversial issue. However, a combination of several factors has led to increasing public and media attention on the issue, which has consequently spurred donor interest.

In 2013, the Czech public and journalistic community were shocked by the decision of the billionaire and then-aspiring politician Andrej Babiš to buy Mafra, a media group that publishes the most influential and popular daily newspapers in the country. Concern that Babiš would try to use these outlets to promote his political goals led to the departure of several dozen of the publisher’s most experienced journalists. Earlier that year, populist politician Miloš Zeman won the Czech presidential election. His victory marked the beginning of a decade of attacks on the nation’s democratic institutions and attempts by the president to use more power than he’s allowed by the constitution (Zeman was reelected in 2018 and is to hold the post until 2023). In 2014, the Russian annexation of Crimea and increasing tensions between Russia and the West made disinformation and foreign propaganda one of the most discussed security threats in Czechia.

The dramatic changes to the media, political, and security landscape in Czechia not only led to the mobilization of civil society but also attracted the attention of private donors who became increasingly willing to support initiatives that offered solutions to the problems posed by disinformation.

These local factors played an important role in the success and viability of the media and NGO initiatives described in this study. But the importance of these local factors limits this study’s replicability to contexts similar to the Czech media environment.
Private Sector Support for Independent Media

Journalists’ concern over Babiš buying Mafra proved to be justified when Babiš repeatedly tried to influence the content published by Mafra’s outlets. Moreover, following his entry, these newspapers also began to be less critical of him. However, not all journalists who left Mafra could find a job elsewhere; some of them had to establish their own media projects to stay in journalism.

As a result, since 2014, the Czech media scene has witnessed the launch of six media outlets, which differ significantly in style, focus, and format. They include small online media outfits that focus on investigative journalism and cover a limited range of topics, such as Hlídací Pes, Investigace, or Neovlivní, as well as more generalist media outlets such as the magazine Reportér, weekly Forum, and news portal Deník N, which focus on a wider array of topics and, in some cases, also run print versions.

These projects usually began as online-only news sites. Although they had the advantage of being low-cost initiatives, they still had to develop sustainable funding models. In most cases, the preferred model was a combination of direct sales of print editions or sales of merchandise (such as books written by journalists), crowdfunding, and philanthropic donations. Financial support from private companies, specifically from their owners, has always been a thorny issue. On the one hand, the media companies realize that they can’t be sustainable without such support. On the other hand, this financial dependency raises questions about their editorial impartiality and the potential influence that donors could have on their editorial agendas.

This question has remained particularly important for journalists who left media outlets fearing clashes with their owners over editorial issues. These journalists decided to apply several strategies to mitigate the risk of facing such problems in their new workplaces, such as adopting codes of ethics that define what type of funders the outlet would accept and that ban communication with potential donors before a grant is approved. Outlets generally limit contact with donors as much as possible to mitigate any risk. Exceptions include occasional services that media outlets provide for donors, such as moderating events and organizing workshops where journalists are allowed to participate.

CASE STUDY: The Endowment Fund for Independent Journalism

Endowments provide a different way for media outlets to engage with donors without allowing the donors to influence their editorial independence. The Endowment Fund for Independent Journalism (NFNZ) has become the most influential organization of this kind in Czechia.

It was established in 2016 by 12 people connected with the Prague Business Club, an organization whose goal is to connect entrepreneurs interested in understanding trends that affect Czech society. The club has become a venue where entrepreneurs can meet with experts to learn about various topics.

Andrej Babiš
The endowment’s founders created the NFNŽ to address the “oligarchization” of the Czech media and the impact of this phenomenon on democracy. Their main goal was to maintain media pluralism in Czechia, which they viewed as a key condition for meaningful political deliberation. From the onset, the Collegium, a body consisting of the NFNŽ’s founders, has set the endowment’s general goals. The organization is run by three employees, including the director who is also responsible for communicating with the public. Since the director, can provide credibility to the institution, the NFNŽ’s founders ensure that people filling this role have media experience and solid reputations in the journalistic community. The endowment’s current director is Petr Orálek, a journalist and manager who has worked for several major media houses since 1993.

To secure its prestige, the endowment has created an Expert Council consisting of 13 members, mostly academic researchers, senior journalists, and NGO workers, who advise on the work carried out by the organization. In some more complex cases, the NFNŽ has contracted external researchers to evaluate the quality of the work done by the media outlets financed by the endowment.

Since its establishment in 2016, the endowment has attracted approximately 200 small-size business donors. Their identities are not disclosed, as the NFNŽ believes that making this information public would inject bias into the work of the journalists who are supported by the fund. Besides the financial support, journalists and NGOs interviewed for this report appreciate the endowment’s assistance in fundraising, an activity they are not able to consistently focus on because they lack time and experience in this area. However, some of them pointed out that some donors have stopped directly supporting media outlets and journalists because they donate instead to NFNŽ and believed they had fulfilled their duty to support free media.

NFNŽ’s main activity is financing journalistic initiatives that have no affiliation with mainstream media houses. Since it aims to protect a plurality of opinions, it has funded a raft of ideologically and topically diverse projects. Since its establishment, the endowment has provided an estimated CZK 31 million ($1.23 million) to more than 110 projects. The funds are awarded in the form of grants following two open calls a year. An applicant can access a maximum of CZK 250,000 (roughly $10,000). Applicants can apply with any topic. Hence, the endowment has thus far supported projects covering a variety of topics ranging from investigations of tax evasion by offshore companies to reportages about the working conditions of people doing low-paid, precarious jobs. The NFNŽ has also funded research projects focused on mapping Russian and Chinese influence in Czechia conducted by European Values (Evropské hodnoty), an NGO known for its work on these topics.

NFNŽ also provides funding for development, through a series of grants aimed at helping to improve journalistic initiatives. The size of these grants varies widely depending on what the grantees plan to achieve with the cash. The grants can start at €10,000 ($10,600) and go up to €80,000 ($85,000) or more. Through this type of support, the endowment has covered, for example, the costs related to the print version of the news outlet Forum 24 and the launch of a podcast by Deník N. The NFNŽ has designed its grant system in such a way as to prompt journalists and media companies to set specific development goals for their institutions, stimulating journalists’ thinking about new topics and improving their grant-writing skills. However, while the application process has been simplified, some applicants still find it to be unnecessarily bureaucratic, preferring private businesses to finance them directly.

Overall, the endowment has significantly shaped the Czech philanthropic landscape and bears responsibility for its development. It has become an
indispensable part of the Czech media scene due not only to the funding it provides, but also to its active involvement in supporting the development of the journalistic community.

Since 2018, it has organized the Journalist Forum (Novinářské fórum), an annual event to discuss issues facing the media that has become the preferred networking venue for many of the country’s journalists. For example, the agenda of the 2022 forum included panels discussing the impact of the war in Ukraine on journalism, media ethics, and intergenerational conflict in the journalistic community. The event is co-organized with the Open Society Fund Prague (Nadace OSF), a local NGO that used to be financed by the philanthropist George Soros, which uses the forum to recognize journalists with awards for their quality reporting.

By maintaining contact with the Czech journalistic community, NFNŽ has gained a solid understanding of journalists’ needs and concerns, and is able to articulate them in public debates and effectively advocate for changes in media legislation.

For example, in cooperation with Rekonstrukce státu (literally: reconstruction of the state), an activist organization, NFNŽ has been advocating against the politicization of the councils supervising Czech public media (Czech Television and Czech Radio). As their members are elected by politicians, the Czech Television and Czech Radio councils have become instruments used by politicians to exert pressure on public media. The endowment has raised this issue in public debates, making recommendations for legal changes aimed at ensuring the independence of the public media councils. It’s yet to be seen whether this initiative will be successful, as the newest government has only been in office since December 2021. Nevertheless, NFNŽ is in a good starting position—a former member of its board of directors, Michal Klíma, was appointed advisor to the prime minister for media-related issues in March 2022.

In recent years, NFNŽ has also conducted in-house research into the dynamics of the Czech information space, including a project mapping the Czech online media landscape and a series of readership surveys. The endowment’s most ambitious project, MediaRating, which evaluates the quality of Czech media, aims, among other things, to provide feedback to journalists and motivate them to improve their practices. The findings of the MediaRating project were taken seriously by many newsrooms. Even Parlamentní listy (literally: Parliamentary Papers), an online outlet notorious for its low editorial standards and tabloid reporting about political events, made efforts to improve its practices to achieve a better rating.

However, the project also stirred controversy. Some journalists criticized NFNŽ for embarking on such a project, which they see as a deviation from the endowment’s original objective. Critics argue that the money invested in this project could have been better used by supporting journalistic projects.
The Role of the Private Sector in Supporting Disinformation Initiatives

After 2014, Czechia witnessed a steep increase in the number of initiatives focused on disinformation. These projects differ significantly in their thematic focuses, levels of institutionalization, and sustainability. Since many of these initiatives were launched by small NGOs, and sometimes even individual activists, securing funding is a primary issue.

The projects have approached fundraising differently but they all generally rely on various sources of financing, mostly grants from foreign foundations (such as the National Endowment for Democracy or German foundations—such as Konrad-Adenauer-Stiftung or Friedrich-Ebert-Stiftung), embassies, and institutional and private donors.

The most renowned fact-checking organization in the country, Demagog.cz, was established in 2012 by university students with a mission to verify statements made by politicians in the media. The initiative has since grown thanks also to the support of business donors, including the NFNŽ, which awarded CZK 250,000 ($10,000) to the organization in 2019-2020. Since 2020, Demagog.cz has become more financially sustainable thanks to a contract with Facebook wherein Demagog’s job is to fact-check statements made by various political actors on the social media platform.19

In a separate development, the public’s growing interest in how foreign actors influence Czech politics has prompted the think tank European Values to establish several programs dedicated to countering foreign influence and safeguarding the information space. Its regular newsletter, “Kremlin Watch,” maps disinformation and conspiracy theories that undermine trust in democratic institutions. The NFNŽ awarded European Values funding worth about CZK 2 million ($80,000) in the period 2019-2021. European Values is also financed by other private donors, both companies and individuals, yet its main source of income remains grant funding from philanthropies and institutional donors.20

In general, approaching private donors seems to be a challenging task for NGOs since they lack capacity for fundraising. Their work, especially research, is often irrelevant to private companies. This mismatch of expectations has sometimes resulted in situa-
tions where NGOs have accepted cash from private funders to run projects outside their areas of expertise. Unsurprisingly, such types of cooperation are not usually successful or sustainable.

Therefore, NGOs welcomed the presence of NFNŽ, which adjusted its grantmaking to their needs, helping them communicate their goals to donors. The success of such projects is judged by the ability of the NGOs to deliver specific outputs with measurable impact, which is the donors’ main requirement.

Fulfilling such requirements depends on the project. For example, fact-checkers or educators running media literacy projects can quantify their impact. In contrast, projects focused on more abstract research topics, such as opinion polling, usually have a harder time explaining how their work helps find solutions to problems in terms that business donors understand.

**CASE STUDY:**

**NELEŽ**

The most successful form of cooperation between NGOs and private businesses is when NGOs provide donors with needed expertise. One example of this type of relationship is exemplified by NELEŽ, an initiative that was launched in 2020 with financial support from T-Mobile, a mobile service provider.

NELEŽ (meaning “don’t lie” in Czech) raises awareness about the harmful impacts of disinformation on company brands. In the Czech context, an important spreader of disinformation and conspiracy theories are various websites that are partly funded through online advertisements. As ad distribution on the internet is done according to an algorithmic logic often unknown to companies, private businesses are usually not aware of the risk of having their brands advertised on disinformation portals. NELEŽ emerged as a team of public relations (PR) experts whose declared tasks were to identify such problematic websites and find technical solutions to prevent advertisements from appearing on those portals.²¹

NELEŽ’s business background coupled with its practical and tangible goal made communication with private companies easier. The group has thus far established partnerships with 205 organizations, primarily private companies (including tech firms) and providers and creators of online ads. They have all pledged to follow NELEŽ’s recommendations when they design online advertising campaigns.

Aside from publicly acknowledging this cooperation, private donors also provide NELEŽ with funding or in-kind support.

However, maintaining cooperation with private companies has so far proven difficult because NELEŽ has not historically offered much beyond its recommendations. To fill that gap, NELEŽ has begun in recent years to also focus on raising awareness about brand safety and disinformation, and on bringing this topic to various forums attended by the PR community. For example, in March 2022, NELEŽ launched, in cooperation with various foreign chambers of commerce and disinformation experts, a series of lectures for foreign private companies operating in the Czech market.²²
Other Initiatives

Disinformation remains a niche topic for Czech business donors due to its novelty and complexity. However, it is slowly gaining ground in the philanthropic community. For example, mobile service providers address this issue as a logical extension of their ongoing activities aimed at raising awareness about safe behavior in the online environment.

In 2019, T-Mobile, as part of its philanthropic activities, provided more than CZK 2 million ($80,000) to support various media literacy activities. O₂, another mobile service operator, included disinformation in the curriculum of its long-term educational project Smart School (Chytrá škola). Several foundations with a general focus, such as Nadace Jablotron (Jablotron Foundation) and Nadační Fond Rodiny Orlických (The Orlický Family Endowment Fund), have also supported several projects focused on tackling disinformation, an indication that an increasing number of organizations are beginning to view this topic as relevant.

Another reason why private donors began to support initiatives that seek to combat disinformation is disinformation’s impact on the NGOs themselves. There have been cases of false content circulated online criticizing NGOs for, for example, being politically biased, that has damaged the trust of private companies in certain organizations. In 2019, to prevent the spread of such false content, in 2019 Donors Forum launched an initiative whose goal is to fight disinformation about the NGO community; it has also organized a conference on this topic.
Recommendations

**Amplify the public narrative around the dangers posed by disinformation**

To encourage more private businesses to support disinformation initiatives, NGOs should amplify the public narrative about the dangers posed by disinformation to both democratic society and companies’ performance and prestige. NGOs should encourage private companies to set up or support media literacy projects tackling disinformation as one of the key threats endangering a safe online environment.

**Improve dialogue between NGOs and private businesses**

NGOs should work with communication specialists with experience in or understanding of corporate communications, such as PR experts or journalists, to better articulate their goals. This could improve their communication with private businesses and their skills in designing realistic and relevant projects anchored by clear and measurable objectives.

**Improve fundraising capacity**

Small independent media and NGOs should seek assistance and support in developing their fundraising capacities, including from experts with fundraising knowledge, to develop internal mechanisms that would ensure fundraising efforts are well-coordinated.

**Better utilize internal expertise**

NGOs should build on the model of expertise exchange wherein NGOs offer their knowledge to private businesses in exchange for financial and in-kind support.

**Adopt rulebooks on accepting donations**

Small media outlets that seek financial support from private businesses should adopt a set of clear and transparent rules regarding the conditions under which donations from companies can be accepted to prevent accusations of bias. They should explain the need and rationale of such rules to private businesses.

**Promote the use of intermediaries of private funds**

The NFNŽ is an example of an intermediary distributor of private company funds to media outlets and NGOs that is worth promoting and encouraging in other contexts, particularly in environments similar to Czechia. Endowments should do the following: act as moderators between donors and NGOs/media outlets; advocate on behalf of independent media and NGO communities; and promote models of governance and decision-making structures that include cooperation with the expert community, involve reputable public figures, and have a transparent system of checks and balances.

**Methodology**

This report summarizes the findings of research carried out from March to April 2022, which consisted of desk research, document review, and eight interviews with representatives of the following organizations and companies:

**NGOs/media outlets**
- NELEŽ (March 29, 2022)
- Hlídací Pes (March 30, 2022)
- Demagog.cz (March 31, 2022)
- Transitions Online (TOL) (April 1, 2022)

**Private donors**
- Member of Supervisory Board, NFNŽ (April 8, 2022)
- Head of Communications, Vodafone Foundation (April 14, 2022)
- Director, Czech Donors Forum (April 19, 2022)
- Philanthropy Strategist, Česko.Digital (May 5, 2022)


8 The founders are Petr Cichoñ, owner of the sandwich maker Crocodile; František Dostálek, former president of the American Chamber of Commerce in Prague; Jiří Hák, managing partner with Corpin, a corporate finance group; Janos Horác and Silke Horáková, co-owners of the publishing house Albatros Media; Richard Kaucký, co-founder of the software firm Software602; Jiří Kučera, managing partner at the law firm Kučera & Associates; Petr Lašťovka, founder of Emun Partners, a family property management company; Vaclav Muchna, co-founder of the software manufacturer Y Soft; Tomas Richter, a hotel entrepreneur; Martin Vohánka, chairman of the board at Eurovelo Group, a provider of road mobility solutions; and Libor Winkler, managing partner at RSJ Group, a security dealing and investment fund management firm.


