Annual Report
on the State of Philanthropy
Croatia
2013
Annual Report on the State of Philanthropy in Croatia 2013
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The 2013 Annual Report on Philanthropy in Croatia was a result of media monitoring (print, electronic and web) of keywords related to domestic philanthropy during the period from May to December 2013. We believe that eight months of monitoring was sufficient time for gaining an insight into domestic giving in Croatia.

Although Croatia offers tax incentives for philanthropic giving both to the private sector and individuals, it is difficult to find information that would show the scope of donations at the annual level, their purpose, how much is donated at a time, who the donors are and, more importantly, what are the results or what impact was made by those donations.

Given the challenges, Catalyst opted for the only possible data collection method, using primarily the media and then all other data sources available, which included annual reports from foundations, companies, and civil society organizations. More specifically, the data in this report have been collected through media monitoring at the local, regional and national level. We monitored electronic, print and on-line media from May 1 to December 31, 2013. Despite the fact that this method is somewhat limited, we believe that it provides us with information which is difficult to obtain elsewhere: the frequency of donations, geographic distribution of donations, the type of donations, the purpose of giving, donors, recipients, and the final beneficiaries as well as estimates of the total donated amount in Croatia in 2013.

Similar independent research, covering a shorter period of time, was conducted in 2011. Therefore this report not only can describe philanthropy in 2013, but also through comparing the results from 2011, we provide a reliable snapshot of the trends in and the development of local philanthropy in Croatia.

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1. Media monitoring is for the time being the only way to obtain the data on philanthropic giving in most countries in the region
2. See Appendix 1: General Outline of the Methodology and Limitations
Why it is important to monitor data presented in this and other research efforts?

A primary reason for previous and current research activities is to monitor trends in local donations provided to nonprofit organizations. Given that most foreign donors (with the exception of the European Union) have already left Croatia, local donors are an important source for local nonprofit organizations. The research shows that Croatian nonprofit organizations are more successful fundraisers than similar organizations in other countries of the region. Nonetheless, the results of this continued research activity can only help these organizations be more successful in their fundraising efforts.

That, however, is not the only reason for this research. The potential of philanthropy in the region, including Croatia, has not been fully realized. Besides the obvious benefit of one-time assistance for those who need it, global experiences point that the potential impact of giving is enormous if provided strategically. In this way, not only can services be provided to marginalized groups but also research and development becomes enabled in areas such as poverty reduction, education, health, environmental issues and others. Experiences show that such giving is complementary to the funds provided by the state and often become an impetus for significant progress in the stated areas.

Therefore, ongoing monitoring of trends may contribute to better understanding of challenges to local giving in each of the countries where Catalyst does monitoring⁴. Simultaneously, such understanding enables us to influence general trends in philanthropy, their change and development and thus, up to a point, shape the society we live in for the better.

Catalyst Foundation

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⁴ Albania, Bosnia and Herzegovina, Montenegro, Croatia, Kosovo, Macedonia, Serbia
Summary

In spite of the fact that, as mentioned earlier, this research is somewhat limited, it certainly allows us to get a general idea of philanthropy in Croatia.

Conservative estimates, based on the collected data, show that a total of between 25.2 and 28.4 million EUR were donated in Croatia in 2013, which is a significant amount. The number of instances/media reports on philanthropy increased compared to 2011, which points to a higher awareness about the importance of giving and an increase in the number of instances of philanthropy. In addition to the increased number of instances of philanthropy, our research has included some other interesting findings.

First, let us see who the Croatian donors are: Croatian citizens were, just like in 2011, the most active of all donors in philanthropic giving, taking part in 50.9% of giving; and this number has increased compared to 2011. Mass giving by citizens (those who give but who are impossible to know their identities), are followed by the private sector, which has also increased its participation, and then by associations and specific individuals who are known to have donated. It’s worth noting that donors of all categories were more motivated to take part in giving than in 2011, and only the number of instances with mixed types of donors (where several types of donors provide support simultaneously) decreased. The appearance of the diaspora on the list of donors is an important change; although their participation is still relatively small (1.2% of the instances) this change points to an improvement compared to 2011 when the diaspora was not present.

Compared to some other countries in the region, Croatia has a greater percentage of media reports that mention the value of donations (30.9%), but it is still difficult to come up with an estimate as to the amount of money donated by various types of donors. The data show that the private sector (including companies, small and medium enterprises and corporate foundations) has the lead in terms of the value of donations; it is followed by citizens, individuals, private foundations and associations. Still, the data should be taken with some reservation, given that the value of donations collected in two thirds of instances are unknown.

As regards the purpose of giving, in 2013, Croatia donated to support marginalized groups (38.8%), healthcare (27.6%) and poverty reduction (around 17%). Education is far in fourth place with 5.7%, while other areas are even less represented. It should be noted here that the number of topics significantly increased compared to 2011 – from 7 to as many as 13 different purposes of giving. New topics are: culture, sports, public infrastru-
structure, historical and cultural heritage, community development and economic development. Also, donors were somewhat more interested in environmental issues but, as in other countries in the region, despite the economic downturn, there were few investments in economic development.

Croatia is the only country in the region where non-profit organizations are the primary beneficiary institutions as recipients of donations (in 36.2% of the overall instances); the number of instances in which they were recipients even increased by 2.5% compared to 2011. Individuals/families hold second place, as in 2011, with 30%; and in third are institutions, with 23.4%, whose participation as recipients of donations decreased compared to 2011. The local/national government authorities appeared as recipients (1.4%) and foundations (1.8%). In any case, Croatia remains among countries in which the state (institutions and authorities) is the recipients in the fewest number of instances in the region.

When talking about direct beneficiaries of donations (in other words, to whom the money is donated and who is using the donated money and goods) it is clear that those are mostly children and adults with health problems (19.3%), the economically vulnerable (18.3%) and children and adults with disabilities (13.1%). Compared to 2011, the focus – as expected – turned to economically vulnerable people (an increase of the number of instances by almost 11%), while considerably fewer instances focused on people with health problems (a decrease of the number of instances by 16%). Two new groups of beneficiaries appeared: women who suffered domestic violence and victims of human trafficking, and a number of instances focused on the homeless (in the category of the economically vulnerable). Two groups of beneficiaries, which were present in 2011 did not register in the media reports of 2013: abused children and persons with mental health problems. Despite the fact that only a small number of recorded instances focused on the elderly, children and youth at risk, addicts, the list of beneficiary groups is still missing philanthropic giving towards topics related to the LGBT population and people living with HIV/AIDS.

It is important to mention the how the donated money and goods were spent. As expected, the largest number of instances – 46.9% - included a one-time assistance (humanitarian assistance and material and consumer goods). However, it is encouraging that there are a significant number of instances (30.1%) which focus on long-term purposes (with that strategic), like equipment, capital improvements, investments into services (education, medical and/or social welfare), scholarships (long term investments in human capital). Also, instances focused on building awareness on specific challenges and research, were recorded.
There are several other characteristics of giving in Croatia, which are still atypical for the region: a number of calls or requests for projects were recorded (most frequently published by companies). Further, the number of instances that included youth in elementary schools was above average in the region; it seems that an effort has been made to include youth in giving early on. Also, it’s worth noting that the media, more frequently than in other countries in the region, follow instances of philanthropic giving which are initiated through social media. The reason for this should be sought in the continuous presence of such groups in social media, or the fact that their pages, like on Facebook for example, are not launched for one instance only but exist for a longer period of time and support a series of different giving actions.

In terms of the manner of giving, Croatia is the first country in the region where the media reported about legacy giving (donations made via wills and bequests). Croatia is also one of only several in the region which records as much as 2% of instances focused on countries outside of the region (primarily in Africa and Asia) where donations for humanitarian causes or education were recorded. Although such types of giving are mostly connected to the activities of the Catholic Church, it still points that there is some awareness in Croatia of problems outside of one’s own direct surroundings.

Finally, although there is very little information about donations to/from religious communities and churches, a number of non-profit organizations/foundations originated from religious communities and churches and developed into more or less independent organizations. Their operations are mostly transparent and the media often reported about their activities. In that sense, we may say that our insight in the share of the philanthropic market connected to religion is somewhat larger than in other countries in the region.
Recommendations

The results of this research point to several areas to which different stakeholders, especially those interested in promoting philanthropy, could pay attention:

- Solve the problem of the lack of data. As all previous research on local philanthropy, this report also shows that one of the major issues is the lack of complete and accurate data on the number of donations, donors, amount of money etc. In that sense, it is necessary to initiate a dialogue with government institutions and to explore ways to collect data that can provide us with a more complete picture of the philanthropic scene.

- Promote underrepresented issues. As in other countries, poverty and support to marginalized groups are highly represented as a topic. Still, we should support higher investments into less represented and equally important areas: education, culture, the environment and economic development.

- Promote giving and outputs of strategic investments. In Croatia, almost one third of all instances have focused on long-term solutions and there are several examples of strategic investments. In that sense, such giving should be promoted as much as possible and pay particular attention to the promotion of their outputs. The role of non-profit organizations in this area is significant, and particularly that of the media.

- Advocate to the tax authorities to create incentives for giving. Although the process in Croatia, as in other countries in the region, is underway, it should be intensified.

- Increase transparency. While Croatia has a lead when it comes to the percent of instances for which the amounts of donated money has been disclosed, it is important to further support transparency. Transparency allows insight into data and increases the trust of donors and general public. Trust is growing stronger when information about the amount of funds raised, their purpose, results and effects of assistance is made public.

- Work with the media. As in other countries, the media in Croatia have a large role in shaping the public opinion. In that sense, organizations investing efforts to develop philanthropy should try to include the media as much as possible in the process. Their influence is particularly important for instances seeking to support underrepresented areas, promoting possibilities for strategic donations, increase of transparency and efforts of the state to increase giving.
Trends as Compared to 2011

- **Health**: 27.6% (2013) vs. 48.1% (2011)
- **Marginalized groups**: 38.8% (2013) vs. 38% (2011)
- **Poverty Relief**: 16.9% (2013) vs. 7.5% (2011)
- **Education**: 5.7% (2013) vs. 4.3% (2011)

- **Individuals, families**: 30% (2013) vs. 29.9% (2011)
- **Institutions**: 23.4% (2013) vs. 28.9% (2011)
- **Loc/nat gov.**: 1.4% (2013) vs. 0% (2011)

- **Domestic CSOs**: 36.2% (2013) vs. 33.7% (2011)
- **Foundations**: 1.8% (2013) vs. 0% (2011)

- **Population with health problems**: 19.3% (2013) vs. 35.3% (2011)
- **Economically Disadvantaged**: 18.3% (2013) vs. 7.5% (2011)
- **Population with disabilities**: 14.4% (2013) vs. 22.7% (2011)

- **Citizens (mass individual)**: 50.9% (2013) vs. 39% (2011)
- **Mixed donors**: 17.8% (2013) vs. 11.9% (2011)
- **Companies**: 15% (2013) vs. 6.4% (2011)
- **Diaspora**: 1.6% (2013) vs. 0.6% (2011)
- **Individuals**: 2.4% (2013) vs. 1.6% (2011)
- **SMEs**: 1.6% (2013) vs. 1.4% (2011)
- **Associations**: 10.8% (2013) vs. 9.6% (2011)
- **Private foundations**: 1.3% (2013) vs. 0.5% (2011)
2. General Overview

2.1 The Number of Instances and Their Direction

In Croatia, during the observed period, according to media reports there were 1,036 different instances of fund raising and/or collection of goods for philanthropic purposes. Although the number of instances varies from month to month, statistically, the average is around 130 per month. In 2011, that number was far lower – the data indicated that it was close to 75 per month, which points that the number of instances has almost doubled.

As in other countries in the region, the increased number of media reports about fundraising (no matter whether the number of instances or the number of media reports increased) is a positive sign which points to increased interest in philanthropy and giving in Croatia, in general.

The number of instances by months is rather balanced, spiking in October and, as expected, in December when the largest number of instances occurred.

The data about the direction of donations point that the coastal part of Croatia has the lead, and it is followed by the northwest and Pannonian parts of Croatia.

Geographic Distribution

- 31.1% Northwest Croatia
- 25.2% Adriatic Croatia
- 3.4% Multiple region
- 2.1% Out of CRO
- 38.2% Mid and east Croatia

Instances Per Month

<table>
<thead>
<tr>
<th>MAY</th>
<th>JUN</th>
<th>JUL</th>
<th>AUG</th>
<th>SEP</th>
<th>OCT</th>
<th>NOV</th>
<th>DEC</th>
</tr>
</thead>
<tbody>
<tr>
<td>86</td>
<td>61</td>
<td>47</td>
<td>82</td>
<td>114</td>
<td>161</td>
<td>364</td>
<td></td>
</tr>
</tbody>
</table>
As expected, most donations were directed towards Zagreb, then Osijek, Split, Zadar and Varaždin.

As opposed to other countries in the region, in Croatia the number of instances directed towards the capital is somewhat higher than in 2011. Osijek, Rijeka, Split and Varaždin have a lead by the number of instances in 2011 also compared to other cities.

### DONATIONS TO OTHER COUNTRIES

It is interesting that as many as 2.1% of donations were sent outside of Croatia. Countries which received donations were mostly in Africa – mostly to Kenya, then Tanzania, Ethiopia and others. Syria also had an amount of donations from Croatia. The number of such instances is somewhat lower than in 2011, but is still significant.

The data point out that a large number of such actions were connected to religious communities, first to Catholic missions in Africa and Asia. It is important to mention that in certain number of instances children and youth were the initiators and participants, which is a good way of learning about the importance of giving but also about the importance of giving to people outside of one’s own country.

Although, humanitarian aid was provided in most of those instances, it is interesting that almost one third of them (30.8%) focused on education – like donations for building schools, scholarships and teaching aids.

Regardless of the purpose thereof, such donations single out Croatia from other countries in the region as a country with such a level of development of philanthropic giving which includes giving for addressing problems outside of one’s own surroundings.

### 2.2 Topics Important for the Citizens of Croatia

The data point to a wide spectrum of topics/purposes for giving in Croatia – indeed the widest in the region.

Major changes compared to 2011 are as follows: decreased giving for healthcare, which lowered from the number one and assumed the number two position with almost 20% fewer number of instances; increased giving for poverty reduction by around 10% and a small increase of giving for education. Support to marginalized groups took the first place with 38.8% (increase of 2% compared to 2011).

Environmental protection, culture, animal protection, and instances of mixed purpose giving, natural disasters and sports take part with 0.5% to 1.7%.

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1 Zagreb 155 instances, Osijek 54, Rijeka and Split 48, Zadar 45, Varaždin 43
As for purposes marked as others, those are most frequently humanitarian efforts to build houses to families who lost everything to fire and then to multi-purpose donations (or several donations by the same donor). In about 3% of overall instances, the purpose remained unknown because the media reports didn’t contain that information.

### THEMES AND INTERESTING INSTANCES

The number of topics addressed increased compared to 2011—from 7 to 13 different categories. The new topics are: culture, sports, public infrastructure, historical and/or cultural heritage, community development and economic development. Nevertheless, as in other countries in the region, the four key topics are: support to marginalized groups, poverty reduction, health and education. The difference in the percent of instances focused on other topics is considerable—all other topics attract significantly less attention/fewer donors.

Nevertheless, compared to 2011, the number of instances focused on the environment increased by around 0.5%. Besides the usual cleaning illegal dumps, there are two instances that seem particularly interesting and strategic: in the first, Croatian Telekom provided children in ten schools with solar panels (Solar Sunflowers) in order for the children to learn about renewable sources of energy and environmental protection; in the second, Adris Foundation donated funds to the Falconry Center to build and equip hospital for birds of prey in order to improve their chances for survival.

Out of other less represented topics, culture mostly includes donations of books to libraries, but also support to theater plays, which is less usual. Activities focused on public infrastructure mostly pertain to renewal and reconstruction of public facilities. An instance of giving related to heritage is an interesting one: The Ethnographic Museum donated handmade wooden toys modeled from types of toys made in previous generations in order for children to learn more about their own cultural heritage. Despite the poor economic situation, as in other countries, the number of donations focused on economic development is extremely small.
2.3 **Who are Trusted Recipients of Donations?**

When it comes to recipients of donations, the traditional recipients haven’t changed much in Croatia.

Croatia remains the only country in the region where non-profit organizations / foundations (38%), are principal recipients. The margin compared to other recipients was, compared to 2011, even increased by 2.5%. If we put foundations aside (1.8%), associations are the second as recipients in 36.2% of the all cases.

The second place, as in 2011, is held by individuals / families which are subject of 30% of all instances.

In third are institutions with 23.4%. Healthcare and social institutions are most frequent recipients and cultural are the least so.

However, there is a large percent of instances of giving where it is impossible to define recipients (somewhat over 4%). In some, there are several recipients who not all could be identified or classified.
NON-PROFIT ORGANIZATIONS IN CROATIA
AND THE SECRET BEHIND THEIR SUCCESS

An analysis of non-profit organizations as a recipient category in Croatia points to a whole lot of diversity. In addition to local/national associations, Caritas, the Red Cross, foundations and foreign non-profit organizations (primarily UNICEF) are particularly active as well as religious associations/foundations. However, there are no organizations with particularly large number of donations/instances. With the exception of Caritas and the Red Cross, there is one to two or up to ten instances in which the focus is put on one organization.

Topics for which non-profits received donations greatly vary, although support to marginalized groups is the most frequent. Non-profit organizations handle poverty reduction, health care, education but also, environmental protection, animal protection and other topics.

Croatia has unique results in the region in terms of the trust in non-profits as recipients and the amount of money donated to them. In 2011, they were the number one on the list of recipients, and in 2013 donations provided to them recorded a growing trend.

Non-profits are thus the most frequent recipients of donations provided by citizens, companies, associations or individuals and not so frequent when it comes to donations provided by small and medium enterprises and private foundations. The data from the media reports show that 43.7% of donated amounts went to non-profit organizations (including foundations). Given that they are the most frequent recipients of donations it is not surprising that they receive the largest amounts of funds.

In 2013, instances (foundations) which were not recorded in 2011 showed a growing trend. It is interesting that those foundations were mostly of local and regional character and that they cover a large number of topics. The following foundations are particularly active: Slagalica, Community Development Foundation, then Paraolimpijac Foundation for active athletes with disabilities and the Nora Štrum Foundation which was established by a little girl’s parents after she died and used the funds donated to her medical treatments to build a house for children with cancer.

One of the more well-known foundations, based on the number of recorded instances, is the Ana Rukavina Foundation which was founded by the friends of a young woman who died of leukemia. The purpose of the foundation is to develop a better system for providing bone marrow donations in Croatia and to promote giving of potential donors. This is an example how an attempt to help one person may trigger long-term and strategic activities focused on tackling the root cause of a problem.

Another characteristic that makes Croatia different from other countries in the region are intense activities of associations/foundations founded under the auspices of the Catholic Church, which in time became more or less independent. Although they all clearly have “religious” names and are mostly focused on poverty reduction and support to marginalized groups, many of them deal with activities that are similar to those of other associations and foundations which have nothing to do with religion. The one that stands out is Roses of Saint Francis Homeless Shelter – a strategic, organized support to homeless provided through shelters and programs for empowerment and reintegration into society. This shelter provides services to persons regardless of their "gender, age, race and confession". Croatian Caritas outclasses others in terms
of the number of instances in which it appears as recipient and by the range of topics it covers and final beneficiaries: although in many of the instances it is focused on humanitarian aid, it frequently engages in support to marginalized groups, elders or children with developmental disabilities and the like.

Given that the performance of non-profit organizations in other countries in the region is not as good, it is important to understand Croatian good practices. This can be explained, first of all, by the attitude of the Croatian government towards those organizations, which includes long-term open support both in financial terms and in terms of accepting their partnership. Further, Croatian media (mainly the public broadcaster) play an important role by broadcasting programs focused on activities and achievements of non-profit organizations. In doing so, they provide more positive information about them to the public at large. Third: smaller, local organizations that focus on the well-being of their community records a high level of activities. Local stakeholders and citizens are familiar with their activities and outcomes and do not hesitate to put their trust in them.

This analysis provides some direction for non-profits in other countries, like advocacy and exhorting influence on the government and media (the public broadcaster first of all) in order to improve the opinion of the public about their activities. Since this has turned out to be quite difficult task in many countries in the region, it is important to pay attention to the promotion of results and effects of their work, particularly in local communities where the media sometimes are not even needed for that purpose.
2.4 Who are the Intended Beneficiaries of Donations?

The data present an interesting situation when it comes to the end beneficiaries of donations, or groups for which donations are provided. In Croatia, the first three groups of end beneficiaries who are the focus of most instances of giving are as follows:

- **Women victims of family violence**: 19.3%
- **Talented children and youth**: 18.3%
- **Elderly**: 13.1%

### PERCENTAGE OF INSTANCES

<table>
<thead>
<tr>
<th>Percentage</th>
<th>Groups of Beneficiaries</th>
</tr>
</thead>
<tbody>
<tr>
<td>0–2%</td>
<td>General population, Children and youth, Population of other countries</td>
</tr>
<tr>
<td>2–5%</td>
<td>Community children and adults with developmental disabilities, Inhabitants of some local communities, Children and youth without parental care</td>
</tr>
<tr>
<td>5–10%</td>
<td>Adults, youth and children with health problems, Economically vulnerable, Children and adults with physical disabilities</td>
</tr>
<tr>
<td>10–20%</td>
<td>Adults, youth and children with health problems, Economically vulnerable, Children and adults with physical disabilities</td>
</tr>
</tbody>
</table>

**ADULTS, CHILDREN AND YOUTH WITH HEALTH PROBLEMS**

**ECONOMICALLY VULNERABLE**

**CHILDREN AND YOUTH WITH PHYSICAL DISABILITIES**
NEW AND OLD BENEFICIARY GROUPS

Compared to 2011, the media reports recorded two new groups of final beneficiaries: women, victims of domestic violence and victims of human trafficking. Also, there is support to the homeless as final beneficiaries (presented in the tables as part of the group of economically vulnerable).

Two groups of final beneficiaries that were present in 2011 have dropped from mention in the media reports: abused children and persons with mental health problems.

As in most other countries in the region, the largest number of final beneficiaries, falls under the group supported by 0 – 2% of all instances, or rather, which haven’t been significantly represented. It is important to note that here there are some groups of final beneficiaries which are not so popular in other countries in the region, such as homeless persons, women who suffered domestic violence, victims of human trafficking, children at risk (including minors as offenders), and addicts. As in other countries, the LGBT population and people who live with HIV/AIDS are still not on the list of end beneficiaries.

It is interesting that the instance of giving focused on victims of human trafficking is used to collect donations to build a home/shelter for this group of people which points to long-term, strategic using of the money donated. Also it’s worth noting that the donors who provided donations for the second new group of final beneficiaries – women and children who suffered domestic violence come from different categories: from citizens, associations of pensioners, companies, small and medium enterprises to associations such as biker’s clubs and the Croatian Rugby Team. Such diversity of donors points to an increased awareness of the public about this problem.
2.5 How Are Funds Raised?

As opposed to other countries in the region, in Croatia, the funds are mostly raised by means of events. Almost half of the instances of giving imply some sort of event, most commonly concerts or sporting events. 26.5% of those instances are followed by direct donations, while about one fourth of all instances imply responding to various campaigns and calls for donations.

While in 2011, events were the most common way of fund raising, their percent dropped by about 15% in 2013. The appearance of requests for gifts is a significant change compared to 2011 when there were none. Another significant change was the increase in number of direct donations by about 15%, primarily at the expense of events. This tendency is quite interesting considering that most other countries recorded the increase in number of events.
Various Methods of Raising Funds

Open Requests for Proposals of Croatian Companies

In regards to the method of fundraising, it is important to emphasize good examples of Croatian companies which often place open calls for proposals (which are rare in other countries in the region), and which certainly contribute to transparency and ease access to funding for non-profit organizations. Croatian Telekom and Adris Group Foundation are leading examples of this form of corporate giving. Adris Group Foundation is an excellent example since it issued six thematic calls for proposals during the year: scholarships, knowledge and research, creativity, charity, environment and heritage. The Croatian Academy of Sciences and Arts is also an interesting example of issuing open calls for proposals.

Increasing Role of Social Media

Apart from calls for proposals, it is interesting to mention that social media platforms are increasingly used for fundraising. Although such activities undoubtedly exist in other countries, it seems that the Croatian media report about them more frequently. It is interesting that there are Facebook groups which are focused on individual cities: among others, there are Facebook Humanitarians Zagreb, Humanitarians Pula, and Humanitarians Rovinj. There is another instance of giving initiated by three women who created a Facebook page called “Cipele 46” which is used as a place where people can seek or give whatever they need, though it was created primarily for helping the homeless. The following example illustrates how powerful social media can be: News was published and spread quickly on Facebook that a special bicycle was stolen from a boy with a physical disability. It took only four hours to collect money to buy a new bicycle. Social networks spread the news faster (and enable potential participation) and provided the story to a large number of people in a relatively short time, and in that sense these phenomena are ideal for urgent responses; The Croatian experience shows, however, that social media is also a good tool for continuous philanthropic instances.

Local and regional instances

An interesting instance of giving organized by Caritas in Šibenik Diocese called “5 for 1” illustrates how a large number of donors can be involved. Here, five companies had the opportunity to give 100 HRK each for one family who was in need of help. That instance of giving involved as many as 120 companies providing aid to 24 families.
2.6 Use of Donations

How the donations are used, that is whether they are used to purchase equipment, give food and clothes refurbishing or building of objects, indirectly shows how frequent one-time (humanitarian) aid is on one hand, and to which extent the instances are focused to long-term solutions of certain problems on the other. The chart below illustrates the situation in Croatia:

As expected, the largest number of instances, that is, more than one third, pertains to humanitarian help. Apart from humanitarian help, material and consumable goods are the least strategic, as well as instances focused on health treatments and surgeries underwent by individuals. Those three categories together comprise 46.9% of all recorded instances. Such a result is expected: one-time donations are “simple” in the sense of decision-making: it is clear to whom and for what purpose the donation is given, what is expected, and the results are immediately visible. It is important to bear in mind that such donations, though undoubtedly useful and are necessary, do not actually solve the root cause of the problem. In other words, by giving food and clothes, poverty will not be eliminated in the long run.

However, there are a significant number of instances with potential long-term effects (which involve some kind of strategic approach), such as purchase of equipment, capital improvements, investments in services (educational, medical and/or social), scholarships (long-term investment in human capital), as well as research and development. It is inte-
Apart from the above-mentioned examples (protection of environment – hospital for birds of prey, solar panels in schools, building of homes for victims of human trafficking and Ana Rukavina Foundation’s activities), there are some other examples of long-term investments that are worth mentioning.

There are many actions aimed at raising awareness / stressing specific problems, which mainly concern certain diseases and environmental issues.

An interesting example is the Zadar Marathon Run for Charity which has made this city part of the global “Running For Those Who Can’t” campaign. Marathons for charity are not rare, but what makes that marathon unique is that all the collected funds are given to medical institutions, which handle research on the cure for bone marrow injuries.

As in other countries, such examples – especially investing in medical research and promotion of research and its results (i.e. the media articles reporting about the benefit of those long-term investments) are one way to encourage that type of donations.

resting that in Croatia there are a certain number of instances aimed at raising awareness about specific problems, which can be considered long-term investments. All together, these “long-term” donations comprise 30.1% of all reported instances.

There is a large percent of instances where it was impossible to determine the purpose of donation – about 22%. In such cases, there was no mention of the purpose only of the recipient, and sometimes not even the recipient.

3 Donors

3.1 Who Donates in Croatia?

According to the data, the most active donors in Croatia during 2013 were citizens and their donations were made through mass individual giving, with almost 51% of all instances.

Mixed donors hold the second place with 17.8%.

The Corporate sector, including companies, small and medium enterprises, as well as corporate foundations, is in the third place with 14.3% of all instances and it is followed by associations with 10.8%.
The State of Philanthropy

Among the most active corporate donors, that is, those that are most frequently mentioned, in 2013 are DM Drogerie Croatia, Telekom, Ina Oil, Makarska Hotels, Konzum and Lidl Croatia. Commercial Bank Zagreb, OTP Bank, and Argeta were also mentioned. However, Adris Foundation was the most active among corporate foundations. In addition to this, there were many small and medium enterprises mentioned more than once.

The most active donors among associations are Lions Clubs, followed by Rotary Clubs and Inner Wheel which have been mentioned several times. In terms of the media, Vecernji list and RTL are those most frequently mentioned.

In comparison to 2011, the breakdown of the most common donors remained the same: even at that, the citizens were the most common donors and in 2013 the number of instances in which citizens were donors increased by up to 12%. They were followed by mixed donors; only the corporate sector climbed up from the fourth to the third place, while associations dropped from the third to the fourth place.

We should note that private foundations are more present in 2013 than in 2011, with their contributions rising from 0.5% to 1.4%. Charitable giving from individuals has increased by about 1.5%.
The diaspora originating from Croatia does not seem to be very active, or the media simply does not report its activities. In total, the diaspora took part in only 1.2% of all instances of giving, while the individuals were the most active. Even though this percent is small, it still indicates a slight improvement in comparison to 2011 when there were no reports on donations from the Croatian diaspora.

**Diaspora**

**YOUTH AS DONORS**

Croatia, more than other countries in the region, promotes sharing among young people and in schools. An interesting instance refers to participation of schoolchildren of the Garesnica Elementary in the collection of old paper and donating the collected funds to the Red Cross, while another instance is related to the Kralj Tomislav elementary where children organized a sale of handicrafts with all money earned being donated to UNICEF, in support of the “Schools in Africa” project.

An instance of giving organized by Slagalica Foundation represents a good example how children can be taught about philanthropic giving. The foundation organized a program named “Little Philanthropists” that included eight schools in Osijek where lectures on charitable giving were held. Afterwards, guided by their professors and the Foundation, the children made exhibitions on donors who have supported development of Osijek throughout history. The entire program was followed by instances of giving, organized by school children who raised money to buy books for their school libraries.

Another example that draws attention is an instance of giving by the wards of Ivanec Educational – Correctional Facility (which provides help to children at risk) who donated grapes which they grew themselves to the local nursing home for elderly and persons with disabilities.
3.2 What is donated?

In Croatia, money is the most frequently donated resource (78.8%), then money and in-kind goods or materials (12.4%), followed by instances where only goods were donated. Donations of services occurred in 1.2% in instances. Volunteering actions were recorded in 2% of instances.

Compared to 2011, the situation changed in the sense that the number of instances of giving both money and goods increased (by around 9%) and the number of instances of giving goods only decreased (by around 5%).

Several Croatian companies used their products for charities: such as the L’Occitane Company which gave a certain sum of money from the sale of its products (soap) to the organizations helping visually-impaired persons.

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Even though Catalyst recorded some instances of volunteering, we have to mention that this piece of information is rather unreliable, because the media, in principle, rarely cover volunteers’ actions unless they are of a major scope of importance. In that sense, we may assume that the number of such actions (and their share in the general structure) is probably much higher; nevertheless, once this number becomes an item of regular monitoring it may point to changes in approach to volunteers’ actions.
Croatia is the leading country in the region in terms of the number of instances where time is donated, and there is one interesting instance which promotes and encourages volunteer work - Volunteer in Croatia - organized by the Croatian Network of Volunteer Centers. This activity was held for the third time in 2013. During only one day there were 184 volunteering instances, which involved 2154 volunteers of both genders. They donated more than 9250 hours of work. This volunteering instance was reported about sporadically and only in some cities, which indicates low level of interest in such forms of charitable giving.

Regardless, such actions may be duplicated as good practice in other countries in the region, while better communication with the media would contribute to even better promotion of volunteering work.
OTHER WAYS FOR PROVIDING A DONATION

There were two interesting instances where gifts were donated through last will and testaments. There were two known instances in Croatia, which is otherwise the only country where such cases were recorded. They refer to Mrs. Vojinovic who decided to sell all her possessions and give the money to the city of Vukovar. This money was used to renovate a kindergarten building in Vukovar.

The second instance refers to Mr. Bilic who donated a significant amount of money to the Croatian Academy of Sciences and Arts.

This type of giving is not common in the region, while it is widespread in Western European countries. Thus it can be presumed that the number of such donations will gradually increase. There are many ways in which it is possible to donate property or part thereof by means of last will, and such examples should be promoted and citizens should be better informed about them.
3.3 Donor profiles - Giving to Whom, How and What?

**Citizens as Donors**

**Top Three Recipients**

<table>
<thead>
<tr>
<th>Percentage</th>
<th>Recipient Type</th>
</tr>
</thead>
<tbody>
<tr>
<td>38.5%</td>
<td>Non-profit organizations</td>
</tr>
<tr>
<td>36.6%</td>
<td>Individuals and families</td>
</tr>
<tr>
<td>7.8%</td>
<td>Healthcare institutions</td>
</tr>
</tbody>
</table>

**Their Target Beneficiaries**

<table>
<thead>
<tr>
<th>Percentage</th>
<th>Beneficiary Type</th>
</tr>
</thead>
<tbody>
<tr>
<td>27.8%</td>
<td>Adults and children with health problems</td>
</tr>
<tr>
<td>22.9%</td>
<td>Economically vulnerable</td>
</tr>
<tr>
<td>12.7%</td>
<td>Children and Adults with disabilities</td>
</tr>
</tbody>
</table>

**For What Purpose?**

<table>
<thead>
<tr>
<th>Percentage</th>
<th>Purpose</th>
</tr>
</thead>
<tbody>
<tr>
<td>34.5%</td>
<td>Healthcare</td>
</tr>
<tr>
<td>32.6%</td>
<td>Support to marginalized groups</td>
</tr>
<tr>
<td>21.8%</td>
<td>Poverty reduction</td>
</tr>
</tbody>
</table>

**How Do They Give?**

<table>
<thead>
<tr>
<th>Percentage</th>
<th>Method</th>
</tr>
</thead>
<tbody>
<tr>
<td>54.9%</td>
<td>They attended events</td>
</tr>
<tr>
<td>36.7%</td>
<td>They responded to campaigns</td>
</tr>
<tr>
<td></td>
<td><strong>IN OTHER INSTANCE</strong></td>
</tr>
<tr>
<td></td>
<td>They gave direct donations</td>
</tr>
</tbody>
</table>

**What They Donate?**

<table>
<thead>
<tr>
<th>Percentage</th>
<th>Item</th>
</tr>
</thead>
<tbody>
<tr>
<td>79.4%</td>
<td>They donated money</td>
</tr>
<tr>
<td>13.1%</td>
<td>They donated goods and money</td>
</tr>
<tr>
<td></td>
<td><strong>OTHER INSTRUCTIONS</strong></td>
</tr>
<tr>
<td></td>
<td>They donated goods</td>
</tr>
<tr>
<td></td>
<td><strong>IN 9 INSTANCES</strong></td>
</tr>
<tr>
<td></td>
<td>Mass volunteering actions</td>
</tr>
</tbody>
</table>
COMPANIES AS DONORS

TOP THREE RECIPIENTS

38.6% 14.9% 13.2%
Non-profit organizations Social institutions Healthcare institutions

THEIR TARGET BENEFICIARIES

17.5% 16.7% 11.4%
Children and Adults with disabilities Population of particular communities Children without parental care

FOR WHAT PURPOSE?

44.7% 14.9% 12.3%
Support to marginalized groups Healthcare Education

HOW DO THEY GIVE?

86% 7.9% 4.4%
They prefer direct donations They responded to campaigns They published requests for proposals

WHAT THEY DONATE?

78.9% 12.3% 7%
The donated money They donated goods and money The donated goods

ONE INSTANCE
Volunteering
ASSOCIATIONS AS DONORS

TOP THREE RECIPIENTS

- 31.2% Non-profit organizations
- 24.1% Individuals and families
- 17% Social welfare institutions

THEIR TARGET BENEFICIARIES

- 17.9% Children and adults with developmental disabilities
- 17% Economically vulnerable
- 9.8% Children without parental care

FOR WHAT PURPOSE?

- 50.9% Support to marginalized groups
- 14.3% Healthcare
- 8.9% Education

HOW DO THEY GIVE?

- 46.4% They gave donations
- 43.7% They organize events
- 6.3% They responded to campaigns

WHAT THEY DONATE?

- 79.5% They gave money
- 8% They gave goods
- IN 3 INSTANCES Volunteering
INDIVIDUALS AS DONORS

TOP THREE RECEPIENTS

34.7%  
Non-profit organizations

24.5%  
Individuals and families

22.5%  
Healthcare institutions

THEIR TARGET BENEFICIARIES

18.4%  
Economical vulnerable

16.3%  
Population of particular communities

16.3%  
Adults and children with health problems

FOR WHAT PURPOSE?

38.8%  
Support to marginalized groups

32.7%  
Healthcare

14.3%  
Poverty reduction

HOW DO THEY GIVE?

87.7%  
They gave direct donations

IN OTHER INSTANCES

They responded to campaigns

WHAT THEY DONATE?

65%  
They gave money

14.3%  
They gave goods and money

IN 4 INSTANCES

Volunteering
3.4 Value of Donations

Since it is very difficult to find concrete data about the value of donations and the media does not report about concrete values, the data stated here should be understood as an approximation or general indicators.

Out of 1036 different instances (calls, instances, reports, etc.), values were reported about in 30.9%, which is almost by 4.7% more than in 2011. This can point to an increasing trend in publication of the value of donations. Values were most frequently reported in connection to corporate and private donations and donations provided by companies, while in instances when donations were provided by other donors the value of donations was made public in 25 to 28% of the time.

The total value reported by the media for 30.9% of donations was around 7.793 million Euros\(^3\) in eight months of 2013.

Naturally, with so little information (less than one third of donations are connected to that amount) it is difficult to make estimates about the total value. Nevertheless, by using extrapolation we may conclude that the value donated in Croatia for philanthropic purposes is between 25.2 and 28.3 million Euros\(^4\).

If we explore values of donations by type of donor compared to the known value, we have the following data:

\[
\begin{align*}
\text{35.4\% Companies} & & \text{29.0\% Citizen (mass individual)} & & \text{10.6\% Individuals} & & \text{10.0\% Corporate foundations} & & \text{7.5\% Mixed donors} & & \text{4.8\% Private foundations} & & \text{2.4\% Associations} & & \text{0.4\% SMEs}
\end{align*}
\]

\[30.9\% \text{ INSTANCES} = 7.793\text{ MIL €}\]

\(3\) The exact sum is EUR 7,793,318.50.

\(4\) Since this value is recorded for the period of eight months, if we consider the period of one year the value would be 11.6895 million Euros. If we put that amount against 100% of donations, we would reach 37.83 million Euros. Given that the number of donations varies from period to period and that the value of donations differs, this figure should definitely be reduced. If we reduce the extrapolated value for one third we reach the figure of around 25.22 million Euros; if we reduce it by one fourth we reach the figure of around 28.37 million Euros.
The data, however, should be considered provisional or approximate, given that value of donations hasn’t been reported about for a large number of instances.

4 Media Coverage

Considering that the data have been extracted from media reports, we present here a brief analysis of media reporting. In the observed period there were 1761 media reports covering philanthropy in Croatia in some way. On average, there were 220 reports per month which is a significant step ahead compared to 2011 with, on average, around 118 reports per month.

As shown in the charts, almost three quarters of the reports were published in print media (74.6%), followed by web media with 13.1%. The electronic media are the least present. Considering the territory they cover, the largest number of the reports were published by the national media - 52%, but the share of the sub-regional media is a considerable one (32.7%) and even the local ones (12.9%). Similarly, the daily media hold primacy with 80% of published reports.
WHAT OTHER ROLES COULD THE MEDIA PLAY?

In Croatia, in addition to the reports which present specific instances of giving there were a number of reports which discussed philanthropy in general – most frequently those were reports about general contributions of individuals or companies, reports about rewards and the like. Such articles contribute to general promotion of philanthropy.

One example points to another role that the media might have: an article was published announcing that singer Marko Perković Thompson promised to donate a portion of revenues obtained from his concert in Split to the Clinical Hospital in Split, and the report went on to say that the hospital received nothing. Only four days after that article went public the hospital received the promised donation. Therefore, the media can definitely be the conscience of donors and recipients alike, since complete reporting would look at the efficient use of donations.

A total of 166 different media have reported about philanthropic giving. In terms of the number of reports the following are the most prominent: Večernji list, Slobodna Dalmacija, Novi list, Glas Slavonije, and of the electronic: HTV.

In print media, only 2.75% of the articles were placed in the first five pages, and an additional 2.64% from the fifth to the tenth page. The fact is that almost 95% of all articles were positioned behind the tenth page is a sign that this topic is not considered important. The situation in electronic media is quite similar.

Also, when it comes to the size of the articles, the largest number of them were short (half a page or less) - over 77% and medium sized (up to one page) - 16.3%. As regards the length of the TV reports the largest number of them was 3 minutes long.

In addition to this, it is important to note that the media in Croatia play a triple role: they are the primary source of information about philanthropic giving generally, how to become involved with philanthropy, and they also initiated their own instances or solicited individuals to donate.

As in other countries, more frequent coverage and reports about philanthropic giving contributes to the general promotion of philanthropy and in that sense the Croatian media have made important progress compared to 2011. Also, the increase of the percentage of reports, which provide information about the value of donations or provide feedback about how the money was used, is a step in the right direction.
Still, the analyses of the media reporting show that they do not always offer the full information, and key information, such as about the donor, beneficiary or the purpose of giving is missing.

In that sense, it is necessary to work with journalists and assist them in presenting more information and thus contribute to transparency, which would in turn increase the trust of donors.

5 Annexes

5.1 General Methodology and Limitations

The methodology employed in this research was unavoidably limited by available options for data collection. Global research shows that the only completely reliable source of information about the level of philanthropic giving is from the Tax Administration. This source was not possible to use in the West Balkan countries for several reasons.

As mentioned before, Catalyst opted for alternative methods of data collection, by using, primarily, the media as well as reports of associations and other organizations. Specifically, the data in this report were collected by monitoring the media at the local, regional and national level, and electronic, print and online media from May 1 to December 31, 2013.

There are three key limitations to this methodology. First, it is not possible to get comprehensive data because the media cannot report about all instances of philanthropy and giving. Second, the media reports often do not state complete information needed for monitoring philanthropy (they mostly do not report about value of donations). Third, credibility of data stated in the media reports may not be absolute or without bias.

The first limitation – at this point – is impossible to overcome. As for the second and third, Catalyst has overcome them by cross-referencing data from different media, and then by means of additional research, or verification of the reports provided by companies and non-profit organizations (if made public). Regardless of these limitations we think that there are two reasons work in favor of our analyses:

- The collected figures, although not comprehensive, present minimum values of relevant indicators. Thus, if we speak about the number of fundraisers we may claim,

5 Different media frequently report about the same donations and by comparing data from several media reports more accurate and complete data may be obtained.
with certainty, that the number presented in our reports is the minimal number of instances, because they definitely occurred, and that the actual number of instances must be higher. It is similar with the value of donations, number of stakeholders and the like. Therefore, the data may be used as indicators of the minimal level of the development of philanthropic giving in a specific country.

- Continuous monitoring will point to growth and/or drop of figures and change in data pertinent to our indicators. In that sense, a continuous monitoring through the years shows trends of development of philanthropy, and trends of media reporting.

Catalyst will continue improving this methodology in the future. Also, we plan to establish contacts with government offices (tax administration and offices with relevant statistical data), explain the importance of the data, and explore ways to increase the number of credible sources of data. In current circumstances, the methodology used enables a preliminary insight into the status of philanthropy in Croatia.

5.2 Factors That Indicate the Level of Philanthropy Development

It is difficult to assess the general level of philanthropy development, especially in the absence of continuous monitoring. Catalyst has therefore created a list of factors that serve as a starting point in looking at the different aspects of philanthropic giving: instances/initiatives of philanthropy; fundraising methods; purpose of giving; recipients of donations and final beneficiaries\(^6\); donors; stakeholders\(^7\); media coverage.

During this research – which will hopefully last for several years – some of these factors will change, become sharper, and new ones will be added. At this point, the above listed factors represent a solid baseline for exploring the status of philanthropy in each of the countries where we monitor it.

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\(^6\) Although those two categories may seem the same, in practice they often differ. Recipients of donations are usually registered legal entities (like institutions, non-profit organizations, local authorities, etc.) seeking support for some purpose; recipients can also be individuals or families. Final beneficiaries, on the other hand may be various groups that will benefit out of the support. So for instance, if a recipient is a local hospital, final beneficiaries are citizens of that local community. If a recipient is a school, final beneficiaries are children/youth at a particular age who attend it. If a recipient if a non-profit organization handling people with disabilities, its final beneficiaries are citizens with disabilities, etc. An insight into information about who receives donation shows perception of public about who “deserves” support and who is trusted. The range of final beneficiaries shows us which groups the public considers vulnerable (in any way) and in time, it will show us how much the mind-set of people on account of this issue has changed.

\(^7\) Stakeholders are not just donors, but also those who call for assistance and those who in some way become involved in the issue of philanthropy. Experience tells us that the increase in the number of stakeholders contributes to building awareness about the importance and the role of philanthropy in society.
In order to conduct comparative analyses (both between countries and in one country over time), it is important to define quantitative and qualitative indicators for each factor. The parameters used were as follows:
<table>
<thead>
<tr>
<th><strong>Factor</strong></th>
<th><strong>Indicator</strong></th>
</tr>
</thead>
</table>
| **Instances of Philanthropy** | - Number of different instances/initiatives in the course of the year  
- Geographical distribution (% of shares by region in relation to total number of instances)  
- % of instances in which money was given compared to total number of instances  
- % of instances in which goods/services were given in relation to total number of instances |
| **Fundraising Methods** | - Different groups (types) of fundraising methods  
- % of representation of different methods  
- Emergence of new fundraising methods |
| **Purpose of Giving** | - Purpose for which support is collected  
- Number (%) of actions for each purpose  
- Emergence of new purposes  
- Use of donations by purpose |
| **Recipients and Final Beneficiaries** | - Types of recipients  
- Number of instances with recipients from public sector (% of total number)  
- Number of instances with recipients from civil sector (% of total number)  
- Number of instances with recipients from other groups (% of total number)  
- Types of final beneficiaries  
- Number of instances aimed at different groups of final beneficiaries (% relative to total number of instances)  
- Occurrence and number of new groups of final beneficiaries |
| **Donors** | - Number of instances by type of donor (% relative to total number of events)  
- Number of instances by different recipients based on type of donor  
- Number of instances by purpose based on type of donor  
- Number of instances per user groups based on type of donor |
| **Value of Donations** | - Total amount given  
- % of actions in which the amount donated is known (relative to total number)  
- % of amount given by type of donor  
- % of amount given by type of recipient  
- % of amount given by purpose |
| **Stakeholders** | - Type and number of different stakeholders  
- Emergence of new stakeholders |
| **Media** | - Total number of media reports  
- Number (%) of media reports by type of media  
- Number (%) reporting to the territory coverage (national, sub-regional, local)  
- Number of reports treated as important by type of media (print, electronic, web) |
5.3 Legal and Fiscal Framework for Philanthropy in Croatia

The legal and fiscal framework for philanthropy is certainly an additional factor. This primarily implies clear and harmonized definitions within the legal framework that pertains to:

- Public benefit and organizations acting in favor of it. This means that relevant laws have to include a clear and harmonized definition of purposes of benefit for the public (like: culture, education, human rights, etc.). Also, definitions of organizations acting for the public benefit should be clear and harmonized.
- Appropriate, clearly defined, easy to prove and attain in administrative sense both to the private sector and individuals.

A regulated legal/fiscal framework represents a significant progress in the development of philanthropy and points that the state recognizes philanthropy as an important issue. Regulations, in a way, support development of philanthropy. Experience shows that proper regulations are not the only prerequisite for monitoring of giving, and the fact is that unclear legal/fiscal conditions actually discourage philanthropy’s development. This creates and maintains the perception of the public that philanthropy is a kind of “gray zone” which enables fraud (although experience to date proves that abuses are not as frequent as they are thought to be). Given that other stakeholders (the National Foundation For Civil Society Development, as well as a series of smaller foundations/associations like „Slagalica”) have been working in this field for years, Catalyst didn’t analyze the legal situation in Croatia, but opted to state the section of the “Tax Regulations of Significance for Philanthropy Development” publication of the SIGN network, which includes the National Foundation as its member.

The text of this appendix has been taken from the publication "Tax Laws of Significance for Philanthropy Development in the South-East Europe Countries" prepared for the SIGN Network by Dragan Golubović, PhD. This appendix includes a segment related to Croatia while the text of the complete publication is available at http://bit.ly/1wRCKkD

Corporate Income Tax

Civil society organizations8 are exempted from corporate income tax, as long as they pursue public or mutual benefit goals as set out in their bylaws (Article 2(6), Profit Tax Law).9 Income generated from CSOs economic activities is taxed only if those activities give rise

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8 CSOs in Croatia operate in the form of associations, endowments, funds and private institutes.
9 "Official Gazette", No. 177/04, 90/05, 146/08, 80/10, 22/12.
to the issue of "unjustified privileged position on the market" - a determination which the
tax authority makes on a case-by-case basis (Article 2(7), Profit Tax Law).\(^{10}\)

In-country donations ("gifts") by corporations to cultural, scientific, educational, medical,
humanitarian, sport, religious, ecological and other purposes deemed for public benefit are
exempted up to 2% of their gross annual income in the preceding year. The tax exempt
percentage may be higher, pursuant to a decision of the line ministry on financing particular
programs and actions. Donations can be in money and in-kind (Article 7(7), Profit Tax
Law).

**Personal Income Tax**

Individuals can donate under the same foregoing conditions set out for corporations in the
Profit Tax Law (Article 36 (12) Income Tax Law).\(^ {11}\)

**Gifts Tax**

CSOs are exempt from gifts tax.

**Public Benefit Status**

The concept of public benefit status is not developed in tax law, and is not entirely con-
sistent with the notion of public benefit in the CSO framework regulation.\(^ {12}\) The Law on
Endowments and Funds provides that endowments and fund must engage in "public
benefit" or "charitable" activities (Article 2(1)(2)).\(^ {13}\) The Law contains the non-exhaustive list
of permissible activities deemed for "public benefit", which roughly mirrors the one in tax
law: cultural, educational, scientific, spiritual, sport, medical, ecological and other activities
which are deemed for public benefit or which generally contribute to the well-being of
the society (Article 2(3)). Activities are deemed "charitable" if they are aimed at supporting
the needy (Article 2(4)). Activities which are deemed charitable or for public benefit must
serve public at large or defined segment thereof: professional, national, cultural, scientific,
religious groups, etc. (Article 2(5)).

\(^{10}\) Despite economic difficulties corporate philanthropy is on the rise in Croatia, though such assertion is difficult to verify
skoj-122310

\(^{11}\) "Official Gazette", No. 177/04, 73/08, 80/10, 114/11, 22/12, 144/12, 36/12

\(^{12}\) See a study on the enabling tax environment for CSOs and public benefit organizations, which was prepared by the
Institute for Public Finances and commissioned by the National Foundation for Civil Society Development (December, 2009)
http://civilnodrustvo.hr/upload/File/hr/vijesti_i_priopcenja/priopcenja/2010/priopcenje_25_ozujak_2010.pdf

\(^{13}\) "Official Gazette", No. 36/95, 64/01
On the other hand, the Law on Associations\textsuperscript{14} provides somewhat different—and broader—list of activities deemed for public benefit, as compared to the ones in tax law and the Law on Endowments and Foundations. This list include human rights, ecological, humanitarian, support to knowledge-based society, cultural, national, pro-birth, educational social, sport, and technical culture, medical, scientific and other activities deemed for public benefit (Article 2(1)).

Finally, the Law on Institutes\textsuperscript{15} provides that a private institute may be established in order to permanently pursue: "educational, scientific, cultural, information, sport and physical culture, technical culture, child care, medical, social protection, care of persons in need and other not-for-profit activities". (Article 1(2)).

Use of Donations
Tax law does not provide a specific time-line in which a donation must be utilized - nor does it set out a specific threshold with respect to the organization's overhead expenses.

Volunteering
The Law on Volunteering does not allow a corporation to be a host of volunteer activities (Article 7).\textsuperscript{16}

5.4 Summary of Outstanding Issues in Croatia

\textbf{Profit Tax/Law on Volunteering}  
\begin{itemize}
  \item Narrowly defined list of public benefit activities;
  \item List of public benefit activities in tax law not consistent with CSO framework regulation;
  \item Benefits only for in-country giving to qualified public benefit purposes;
  \item No specific carry-over rules for donations;
  \item No specific rules with respect to institutional grants to CSOs;
  \item No specific rules with respect to recognized overhead of CSO;
  \item Corporations not allowed to host volunteer activities.
\end{itemize}

\textbf{Income Tax Law}  
\begin{itemize}
  \item Narrowly defined list of public benefit activities;
  \item List of public benefit activities not consistent with CSO framework regulation;
  \item Benefits only for in-country giving to qualified public benefit purposes;
  \item No specific carry-over rules for donations;
  \item No specific rules with respect to institutional grants to CSOs;
  \item No specific rules with respect to recognized overhead of CSO.
\end{itemize}

\textsuperscript{14} "Official Gazette", No. 88/01, 11/02
\textsuperscript{15} "Official Gazette", No. 76/93, 29/97, 47/99, 35/08
\textsuperscript{16} "Official Gazette", No. 58/07, 22/13
Crna Gora
opštedobro
Davanje za istraživanje