Annual Report on the State of Philanthropy

2013 Montenegro
Annual Report on the State of Philanthropy in Montenegro 2013
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Foreword

The 2013 Annual Report on Philanthropy in Montenegro was the result of media monitoring (print, broadcast and electronic) of keywords related to domestic philanthropy during the period from May to December 2013. While the media monitoring covered only an eight months period, we believe that a sufficient level of information has been collected to gain an insight into domestic giving in Montenegro.

Media monitoring is, for the time being, the only option available for collecting data on philanthropy in most countries in the region. While Montenegro offers tax incentives for philanthropic giving both to the private sector and individuals, it is very difficult to find information that would show the scope of donations on an annual level, their purpose, how much is donated at any time, who are the donors and, more importantly, what are the results or what difference has been made by those donations.

Given the challenges, Catalyst opted a data collection method with its primary sources coming from media monitoring combined with other available data sources. More specifically, the data in this report was collected through the monitoring of the local, regional and national media. We monitored electronic, print and online media during the period of May 1 to December 31, 2013. This same method was successfully used in a short independent research initiative in 2011. Despite the fact that this methodology is somewhat limited, we believe that it provides us with information that would otherwise be difficult to obtain: frequency of donations, geographic distribution, type of donations, purpose of giving, who the donors, recipients, and final beneficiaries are, as well as estimates of the total value of giving in Montenegro during 2013.

This report, when compared with the 2011 research and with the Individual Donations in Montenegro survey research carried out by the

1 Philantropy in the Eye of Media, Aleksandra Vesić, 2011, C.S.Mott Foundation
2 See Appendix 1: General Methodology and Limitations
3 Individual Donations in Montenegro, fAKT, 2012. The research can be found at http://www.faktcg.org/2013/03/prezentacija-istrazivanja-individualna-filantropija-u-crnoj-gori/
The State of Philanthropy Fund for Active Citizenship (fAKT), presents both trends on giving and progress in the development of local philanthropy in Montenegro.

Why is it important to monitor the data in this and other research?

A primary reason to carry out the previous (and current) research was to monitor trends of domestic (including diaspora) donations provided to non-profit organizations. Non-profit organizations, as organizations with an important role in society, still predominantly depend on foreign donor funds, the providers of which are slowly but surely leaving the region. In that sense, domestic donors may be an important source of support to those organizations, and the trends of domestically-given donations, as well as individual cases, may help us learn how to increase giving to the non-profit sector.

This, however, is not the only reason. Philanthropy in the region, and in Montenegro, hasn’t reached its full potential. Besides the obvious benefit of one-time assistance for those who needed it, international experience shows that the potential for giving is enormous, if provided strategically. It not only finances services provided to marginalized groups, but it allows investing in research and development in fields such as poverty reduction, education, healthcare, environment, etc. Global experience shows that such giving complements government investments and that it frequently becomes the impetus towards significant progress in those fields.

Therefore, ongoing monitoring of trends in this field may contribute to better understanding of challenges to local giving in each of the countries where Catalyst does monitoring. Simultaneously, such understanding enables us to influence general tendencies, how they change and develop and also, up to a point, shape the society we live in.

Catalyst Foundation

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4 The Fund for Active Citizenship (fAKT) has been involved in the development of local giving for quite some time, with special emphasis on donations to the non-profit sector. For more information on fAKT please go to http://www.faktcg.org/

5 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 Montenegro. The resultant data show that the situation is more positive than what is believed to be.

Conservative estimates made based on the collected data show that a total of between 2.9 and 3.3 million EUR was donated in Montenegro in 2013, which is a significant amount. The number of instances of donation/media reports on philanthropy increased compared to 2011, which points to a higher awareness level about the importance of giving and the increase in the number of instances of philanthropy. Thus, it is clear that the economic crisis didn’t diminish the willingness of Montenegrins to give. The data are consistent with the findings of fAKT’s Individual Donations in Montenegro research which showed that, despite the economic crisis, the giving index for Montenegro increased from 2011 to 2012. In addition to the increased number of instances of philanthropy, our research produced some additional interesting findings.

The private sector, although with a somewhat lower number of instances compared to 2011, has remained the most active donor. Citizens (donations by mass individuals) are the second most active group, followed by associations and individuals. It’s worth noting that the number of instances associated with giving by associations (most frequently Rotary Clubs) increased by more than threefold from 2011 to 2013. While the diaspora was not as active as in 2011, the activity of diaspora foundations continued to be recorded, which seems to be specific for Montenegro.

It is difficult to provide reliable estimates of the amount of money given by different types of donors, because the media rarely include amounts donated in their reports. Actually, it is of concern that only 18.6% of the media reports in 2013 included information about the value of donations, which was a decrease from the 27.3% of reports associated with a value in 2011 (a figure that is closer to the 2013 regional average). It was not possible to conclude from the research whether such a decrease was due to the unwillingness of donors, beneficiaries or the media to reveal the value of donations or if it is reflective of the media simply not reporting on it. It is important to address this issue, together with the media, and thus support media transparency which may increase the trust of potential donors.

Regarding the purpose of giving in 2013, Montenegrin donors supported poverty reduction activities the most (31.7%), followed by support to marginalized groups (23.3%) and with healthcare and education equally being supported (12.8%) as causes. Compared with 2011, the number of instances related to poverty reduction increased considerably, while the number of those...
aiming at other topics decreased. It is of note that there is more interest in the environment and that this particular area attracted some of the most interesting long-term investments.

Donations are still more often given to institutions (almost 20%), but not as frequently as in 2011. Non-profit organizations as beneficiary institutions are the second, with a somewhat larger (2%) share than in 2011, while individuals/families as beneficiaries increased significantly (nearly 20%). Although the percentage of donations directed to non-profit organizations increased, the analysis of positive examples points that their strategic partnerships with potential donors and better communication strategies could significantly increase their share in donations provided locally.

When the percentage of instances directed towards government institutions and local/national authorities as beneficiaries is considered, the inference is that the government benefited from 38.6% of the donations, which is significant portion. This information can be used as an argument in attempts to lobby to create an even better environment for philanthropy in Montenegro.

When it comes to the final beneficiary groups of the given donations (to be more specific, the groups who directly benefit from the donated money and goods), it is noteworthy that these are mostly economically vulnerable people (30.8%), children and youth (17.7%), and children and adults with physical disabilities and people with developmental disabilities (13.1% each) and people with health problems (7.0%). Compared to 2011, the focus – as expected, based on purpose of giving data – shifted to economically vulnerable people, while the number of instances for all other groups decreased. Women victims of violence appeared as a new group of beneficiaries, thanks to the efforts of women’s groups; however, only a small number of instances aimed at helping less visible or “controversial” groups such as the elderly, at risk children/youth, homeless and HIV/AIDS-positive persons were recorded (if at all).

It is important to mention the use of donations. In the majority of instances (57.3%), one-time assistance was given – including humanitarian assistance, supplies and consumables. It is encouraging, however, that there were a significant number of instances (33.7%) with uses that could be viewed as strategic, like for the purchase of equipment, capital improvements, investments into services (education, medical and/or social), and scholarships (long term investments in human capital). There is also a record of several donations aimed at research and development, which are rare in the region.

Another interesting finding is that are very few public records exist about the level of giving of/donations to religious communities. Such a small number of records is not proportionate to their real share in philanthropy. Rather, the unavailability of data is the reason why a large portion of the philanthropic „market“ has remained outside of this analysis.
Recommendations

The results of this research point to several areas that stakeholders interested in promoting philanthropy could draw from:

- 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.

- Promote underrepresented issues. While it is understandable that the issues of poverty and marginalized groups are highly emphasized, support should increase to less represented and equally important areas: education and environment; also, more attention should be given to economic development, an area which remains unrepresented in Montenegro.

- Promote giving and impact of strategic investments. The analysis shows that donations directed towards longer-term solutions are more frequent than in other countries, e.g. Serbia. Such giving should be promoted as much as possible and particular attention should be paid to the promotion of their outputs and impacts. The role of non-profit organizations in this area is significant, and particularly that of the media.

- Advocate tax authorities to create incentives for giving. Although the process in Montenegro, as in other countries in the region, is underway, primarily thanks to the efforts of the SIGN Network,² it should be intensified. The benefit for the government from donations provided by citizens and the business sector is a good argument that interested stakeholders can use in the already initiated dialogue with government institutions.

- Increase transparency. The transparency of all stakeholders (those who benefit from donations and donors and the media alike) is essential when it comes to philanthropy. 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. Undoubtedly, the media have a large role in shaping public opinion and the attitude of potential donors. 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.

² Regional network of domestic foundations which promotes and supports development of local philanthropy http://www.sign-network.org/index.php
Trends as Compared to 2011

% of instances of donations by type of final beneficiary group:
- Healthcare: 12.8% (2013), 10.6% (2011)
- Poverty Reduction: 31.7% (2013), 10.6% (2011)
- Education: 19.7% (2013), 12.8% (2011)
- Individuals / Families: 26.2% (2013), 7.6% (2011)
- Institutions: 33.4% (2013), 10.6% (2011)
- Local / National Authorities: 10.6% (2013), 5.2% (2011)
- Associations / Clubs: 30.5% (2013), 28.8% (2011)
- Foundations: 0.3% (2013), 0% (2011)
- People with Health Issues: 7% (2013), 3% (2011)
- Economically Vulnerable: 10.6% (2013), 30.8% (2011)
- People with Disabilities: 13.1% (2013), 30.3% (2011)
- Children and Youth: 17.7% (2013), 21.2% (2011)

Trends as Compared to 2011

% of instances of donations by type of donor:
- Mass Individual: 16.6% (2013), 51% (2011)
- Mixed Donor Types: 26.2% (2013), 379% (2011)
- Companies: 22.7% (2013), 20.9% (2011)
- Diaspora: 11.3% (2013), 6.7% (2011)
- Individuals: 2.8% (2013), 7.8% (2011)
- SMEs': 5.2% (2013), 6.1% (2011)
- Associations: 11.3% (2013), 3% (2011)
- Private Foundations: 3% (2013), 1.5% (2011)
2 General Overview

2.1 Number and Geographic Distribution of Instances of Giving

During the observed period, according to the media reports there were 344 different instances of fund raising and/or collection of goods for philanthropic purposes in Montenegro. Although the number of instances varies from month to month, statistically, the average is around 43 instances per month. In 2011, that number was lower – 27 instances per month according to the data.

No matter whether the increase resulted from the actual increase in the number of instances or in the amount of interest of the media for this topic, this is a positive sign which points to increased interest in philanthropy and giving, in general, in Montenegro.

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 which show the direction of donations point to balanced distribution among three regions. What is interesting is that the smallest percent of instances was directed
towards Northern Montenegro, which is traditionally considered economically most vulnerable region.

The greatest number of donations were provided to beneficiary entities based in Podgorica, followed by Kotor, Nikšić, Bar and Tivat. Compared to 2011, it is notable that towns along the coast outperformed towns in Northern Montenegro in terms of the number of instances.

The comparison to 2011 data shows a small decrease in the number of instances in Podgorica and an increase instances targeted to the interior parts of Montenegro. It is interesting to look at the trends of donations directed outside of Montenegro — they not only decreased compared to 2011 but changed their direction — while in 2011, they were directed to Serbia, now they are directed to Kosovo (mostly to the north part).

2.2 Causes Important to the Citizens of Montenegro

The data show that the range of causes or purposes of giving is rather wide in Montenegro.

The major change compared to 2011, is that poverty reduction, as a purpose of giving, moved to position number one by the number of instances (31.7%) while support to marginalized groups, number one in 2011, is now second with 23.6% of all instances.

Healthcare and education rank the same – with 12.8% each; it’s interesting that, compared to 2011, healthcare gained in significance (education ranked better in 2011).

![Purpose of Giving Diagram]

*Purpose of Giving*
Public infrastructure, culture, environmental protection and community development account for between 2 and 3% (between 7 and 9 instances).

Purposes classified as “other” were mostly humanitarian instances involving donations of New Year’s and Christmas gifts, and giving for other for other special occasions. In several cases, these were multi-purpose donations (or several donations by the same donor).

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**ENVIRONMENTAL PROTECTION AS A TOPIC AND THREE INTERESTING STRATEGIC LONG-TERM INVESTMENTS**

Even though there are no new topics, compared to 2011, instances concerning environmental protection show a positive, growing trend (though relatively small) compared to 2011 – they are close to 1% higher. It is particularly interesting to present here three donations with strategic approach and long-term investments.

The Alliance Group’s donation is the first. They supported the Marine Biology Institute (the Environmental Protection Agency of Montenegro) for an aquatic bio-monitoring system.

The second is the agreement between the Petrović Njegoš Foundation and the National Parks of Montenegro to construct of a birdwatching tower for watching pelicans on Skadar Lake and collecting data and preparing promotional/information material that can help protect this species of birds.

The third is Jugopetrol’s donation (with the assistance of several NGOs) to the Kotor-based Marine Biology Institute to protect certain areas and enable the preservation of endangered marine species.

In the region, donations for environmental protection do not rank as high; with many of them being directed to one-time cleaning actions for landfills and polluted areas. Those three donations are particularly encouraging because they are innovative and include long-term investments in the future.

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2.3 **Intended Beneficiary Institutions of Donations**

Although public institutions kept their position as number one type of beneficiary entity in 2013 (33.4% of instances), it is interesting to note that the percentage of instances decreased significantly compared to 2011. Donations are more frequently provided to educational institutions and less frequently to cultural institutions.

Non-profit organizations are second as recipients (30.5%).

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3 In 2011, institutions were recipients in over 53% of the instances
NON-PROFIT ORGANIZATIONS AND THE SUCCESS OF THE FOOD BANK

It’s interesting that non-profit organizations remained at the second position as recipients of donations although with somewhat higher share of the instances than in 2011 (by around 2%). They received donations for a wide variety of topics, though poverty reduction, support to marginalized groups and community development are still prevalent.

They most frequently receive donations from companies, mixed donors and citizens. Associations (like Rotary Clubs) and private foundations had least trust in them.

Sums donated to NGOs are very rarely mentioned in the media reports, and this is why the information that out of the total known donated sum (1.044 mil EUR, 18.6% of instances) only 2.3% was donated to NGOs cannot be considered reliable. Because of that NGOs should, whenever possible, report about the amount donated. Reports about outputs and donated sums could significantly increase trust of some donors in NGOs.

It is striking that half of the donations covered by the media were received by the Bank Food (50.9%). That is most certainly a success story of that organization.

The list of their donations shows that some donors appear several times, which points to long-term partnerships. Given that this analysis relies on the media reports, it is clear that the Food Bank pays much attention to public and media relations. Also, their webpage explains in a clear and understandable language who their beneficiaries are and how they support them and advises different potential donors how to join them and help.

They owe their success to the fact that they address current topics and that the Food Bank has clear, quick and direct effects. Apart from that, long term partnerships and public and media relations are factors which contribute to their success. In that sense, other NGOs could try to create long term partnerships and pay more attention to communication strategy in order to have better results in attracting donors.
Individuals and families are third with 26.2%. Also, the national and local authorities account for 5.23%, of the instances and all other recipients are far below the mentioned groups.

In addition to those categories, there are donations for which it was impossible to identify the beneficiary entity, and cases with multiple recipient entities who couldn’t be identified and differentiate between.

### 2.4 Final Beneficiary Groups of Donations

The dataset paints an interesting picture when it comes to the final beneficiaries of donations. In Montenegro, the first three groups of beneficiaries, by the number of instances, are as follows:

- **30.8%** Economically vulnerable
- **17.7%** Children and youth
- **9.6%** Children and adults with physical disabilities

The main difference compared to 2011 is that the share of children and adults with physical disabilities decreased and they dropped from the first to the third position, while the economically vulnerable group shot from 9.1% in 2011 to over 30% of the instances. Children and youth remained at the number two position, although the share of instances targeting children and youth in 2013 is somewhat below that in 2011.

As for other trends, persons with health problems are more visible compared to 2011 while other groups of beneficiaries remained mostly at the same level of support as in 2011.

The table below shows the complete picture:
2.5 How Are Funds Raised?

Funds are most frequently collected by direct donations (where donors directly connect with/chose beneficiaries). In around one fourth of the instances donors respond to campaigns and calls.

A significant change compared to 2011 is the increase in number of instances of fundraisers - from 3% to as much as 13.4%. Given that organization of an event requires preparations, logistics, targeted audience, etc.; such change demonstrates that the approach to fundraising has become more focused, organized and more sophisticated.
The diversity of events organized is rather interesting: concerts are most frequent but there are also sporting events (often swimming competitions) and exhibitions/fairs.

Fashion-shows are also frequent, as well as theatre plays, while fundraising evenings and parties are rare.

How to Conduct a Fundraiser?
An interesting example of a fundraising activity, which at the same time reflects an entrepreneurial spirit, is an instance of fundraising organized by Štampar Makarije elementary school students. In their school activities and classes, they organized three mini “entrepreneurial clubs” where they were made a variety of handcraft items. The handicrafts were sold and the profit was donated to the Home for Children without Parental Care.

Another example that has drawn our attention is a “Fair of Confections” organized by Roditelj Association. This association invited citizens to donate homemade cookies and sweets. They were then sold over the stand of the Association and the entire profit was donated to the Toy library where children without access to toys could borrow them, like in a library. Besides the fact that around 1000 EUR was raised, a number of companies and small and medium enterprises donated toys.

A good example of an organized fundraiser in a local community is “Open Heart Day” in Tivat. While the event itself is not unusual – a selling fair – it’s interesting that the entire Tivat community participate in it: non-profit organization, small and medium enterprises, institutions companies, schools and local authorities. The fair has its organizational board responsible to decide who will receive funds raised each year. In 2013 they organized the event the fifth time.
2.6 Use of Donations

The use of donations helps us to understand the proportion of one-time (humanitarian) assistance to the funds spent on long-term solutions to specific issues within the total amount raised. The use of donation focuses on whether funds were used to purchase equipment, food and clothes or to finance the construction/renovation of buildings, etc. Here is how that looks in Montenegro:

![Use of Donations chart]

As expected, the largest number of instances aimed at humanitarian assistance – almost one half of them. In addition to humanitarian assistance, material and consumer goods could be considered the first next type of investments which is not fully strategic. In total, those two categories account for 57.3% of the recorded instances. The output is expected: one-time donations are “simple” in terms of decision-making: it is clear who receives it and for what, or what would be the expected output and the results are immediately visible. However, such donations, although useful and often necessary, do not really eliminate the root cause of the problem. In other words, by donating food and clothes we will not reduce poverty in the long run.

A significant percent of instances which result in donations with long terms effects encourage (a strategic approach is present); those are donations of equipment, capital improvements, investments in services (education, medical, and/or social), scholarships (long term investments in human capital) and research and development. Those “long-term” donations account for 33.7% of the recorded instances.

There are categories where it is not possible to determine their use, they account for 9%, and this is because the reports do not mention purpose of giving, but only the recipient.
Based on such data it may be stated that the situation in Montenegro concerning strategic investments is encouraging: although little more than one half of donations may be considered one-time assistance, there is a wider range of investments which may be considered long-term investment.

STRATEGIC INVESTMENTS IN RESEARCH AND DEVELOPMENT AND HOW TO PROLIFERATE THEM

In addition to already mentioned examples (environmental protection – research and watching pelicans, creating a protected area for endangered marine species), an activity which points to strategic thinking is a fundraising night organized by Gusinje foundation of the diaspora. Besides fundraising the objective was to collect development project funds for the Gusinje Region.

Considering that those are not usual examples – not just in Montenegro but in the whole region – the question to ask is how to proliferate them. Promotion of results, media articles which explain benefits of long-term investment may be one way to have more donations of such kind.

3 Donors

3.1 Who Gives in Montenegro?

The 2013 data show that companies were the most active donors in Montenegro with over one quarter of the instances (26.1%). If small and medium enterprises are included, the private sector is undoubtedly the first by the number of instances (31.3%). Compared to 2011, when the private sector was also prevalent, the decrease of the number of instances by around 12% is notable, which is definitely caused by the economic crisis.

Next are the instances involved a mix of donor types with 21.5%, then mass individual giving (citizens in large numbers giving together) with 16.6% of the instances, which is a significant increase compared to 2011. Associations recorded a big jump with almost 8% more instances where they appear as donors. The fourth are individuals with 10.5% of the instances.

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4 These are instances where several donor types were recorded as giving together in one instance. These might be citizens and companies, individuals, associations and companies or any other combination of various types of donors.
It’s interesting to note the 3.8% increase of the number of instances in which private foundations were the donors.

If we separate out diaspora giving alone, the chart shows that individuals are the most active followed by foundations from the diaspora community. The diaspora took part in 6.7% of instances in 2013 out of which some involved participation of several other types of donors. This is a small decrease compared to 2011 when they took part in 9.1% of the instances.
ACTIVE DONORS

Adriatic Marinas, Maxi, Delhaize Montenegro were among the most active private sector donors in 2013; banks such as Prva Banka Crane Gore, Rest, Hypo Alep, Atlas, also got involved as well as Yes Event and Bar Kod.

As for associations, the most active ones are Rotary Clubs, obviously well connected with the International Rotary Network, which contributed in several cases. The share in instances of that groups significantly increased – their participation increased by over 10% from 2011 to 2013 (instances by diaspora included).

Participation of private foundations as donors is particularly interesting - Petrović Njegoš Foundation and the Gusinje Foundation are the most frequently mentioned.

DIASPORA AS A DONOR

As regards diaspora, although its share in donations decreased compared to 2011, it is worth mentioning that the number of foundations active in 2013 exceeded that from Montenegro.

The diaspora most frequently gives donations to institutions, then individuals/families. Also, in terms of beneficiary groups it firstly supports specific communities and then the general population.

Values of donations provided by the diaspora were reported about in more than half of instances. The largest number of donors from the diaspora comes from the USA, Serbia, France and Great Britain.

Gusinje Foundation is worth mentioning because it was among the most active foundations in 2011 as well, which points to a continuous activity. The Foundation is supported by people from Gusinje that live in the U.S., with the aim of supporting development and programs for the Gusinje Region. This is quite interesting type of support by the diaspora, or individual donors who support the local community from which they originated.

3.2 What Is Donated?

In Montenegro, money is the most frequently donated (47.1%), and then goods (37.8%), followed by instances where both money and goods were given (13.4%). Donations of
services occurred once and time was donated five times as a result of several organized volunteer actions.\(^\text{5}\)

Compared to 2011, the number of instances in which money was donated significantly decreased (by about 15%); while the share of instances where goods were donated somewhat increased, and the number of instances involving both money and goods increased.

\[\begin{array}{c|c|c|c}
\text{Money} & \text{Goods} & \text{Money and Goods} & \text{Time} \\
\hline
13.4\% & 0.3\% & 13.4\% & 37.8\%
\end{array}\]

\(^{5}\) Although Catalyst recorded volunteering instances, that piece of information is unreliable, because the media, in principle, rarely report about volunteering instances, unless they are of major scope and of significant relevance. In that sense, it may be assumed that the number of those instances (and their share) is probably a lot higher; still, once the information is monitored year in year out, it may be presented the change in attitude towards volunteering instances.

**OTHER WAYS TO MAKE A DONATION**

It is worth to mention Mikel F jewellery store’s instance called “Life is Brilliant”. They donated 10% of profit from diamond jewellery to the institute for Child Diseases of the Clinical Centre of Montenegro. It proved efficient in other countries to donate percent of proceeds; therefore companies and SMEs could use it more frequently.
Profiles of Common Types of Donors – To Whom Do They Give, How and What?

**Companies as Donors**

**Top Three Beneficiary Entities**

<table>
<thead>
<tr>
<th>Percentage</th>
<th>Instances</th>
<th>Entity Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>27.8%</td>
<td>25</td>
<td>Food Bank - non-profit organization</td>
</tr>
<tr>
<td>25.6%</td>
<td>23</td>
<td>Education institutions</td>
</tr>
<tr>
<td>11.1%</td>
<td>10</td>
<td>Healthcare institutions</td>
</tr>
</tbody>
</table>

**Target Final Beneficiaries**

<table>
<thead>
<tr>
<th>Percentage</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>31%</td>
<td>Children and youth</td>
</tr>
<tr>
<td>25.6%</td>
<td>Economically vulnerable</td>
</tr>
<tr>
<td>8.9%</td>
<td>Children and Adults with disabilities</td>
</tr>
</tbody>
</table>

**How They Give?**

<table>
<thead>
<tr>
<th>Percentage</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>91%</td>
<td>Direct donations</td>
</tr>
<tr>
<td>8%</td>
<td>They responded to campaigns and general calls</td>
</tr>
</tbody>
</table>

**What They Donate?**

<table>
<thead>
<tr>
<th>Percentage</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>53.4%</td>
<td>Money</td>
</tr>
<tr>
<td>35.6%</td>
<td>Goods</td>
</tr>
<tr>
<td>IN ONE CASE</td>
<td>They donated services, and in other cases money and goods</td>
</tr>
</tbody>
</table>
Citizens as Donors

Top Three Beneficiary Entities

- 35.1% Individuals and families
- 14% Non-Profit organizations
- 12.3% Education institutions

Target Final Beneficiaries

- 35.1% Economically vulnerable
- 14% Children and youth
- 8.8% Children without parental care

How They Give?

- 54.4% They responded to campaigns and calls
- 22.8% They gave direct donations, and in remaining instances they attended events

What They Donate?

- 42.1% Money
- 40.4% Goods
- In remaining cases they gave both, and there were two volunteering instances
**ASSOCIATIONS AS DONORS**

**TOP THREE BENEFICIARY ENTITIES**

- **42.9% instances** Individuals and families
- **19% instances** Education institutions
- **14.3% instances** Institutions of Social Welfare

**TARGET FINAL BENEFICIARIES**

- **23.8%** Economically vulnerable
- **23.8%** Children and youth
- **19%** Children and adults with disabilities

**HOW THEY GIVE?**

- **59.2%** Direct donations
- **40%** They responded to campaigns and calls

**WHAT THEY DONATE?**

- **40.5%** Money
- **IN 1/3 OF THE CASES** Goods
- **IN REMAINING CASES** They donated both and there was volunteering in one instance
**INDIVIDUALS AS DONORS**

### TOP THREE BENEFICIARY ENTITIES

- **30.6%** Individuals and families
- **16.7%** Education institutions
- **13.9%** Healthcare institutions

### TARGET FINAL BENEFICIARIES

- **30.6%** Specific local communities
- **19.5%** Economically vulnerable
- **16.7%** Children and youth

### HOW THEY GIVE?

- **91.7%** Direct donations
- IN OTHER INSTANCES
  - They took part in events

### WHAT THEY DONATE?

- **44.5%** Money
- **41.7%** Goods
- IN REMAINING CASES
  - They provided both, and there was volunteering in one instance
3.4 Value of Donations

Since it is very difficult to find concrete data about the value of donations and because the media do not consistently report on concrete values in many of the recorded instances of donation, the data stated here should be understood as estimation or as a general indicator.

Out of 344 different instances (calls, instances, reports, etc.), the value of the donation was reported in 18.6% of the instances, nearly 10% less than in 2011, reflecting a negative trend when it comes to reporting on the value of donations. Values were most frequently reported when donations were given by companies, individuals and private foundations, and the least frequently so when donations were made by associations, small and medium enterprises and in instance involving mass individual giving.

The total value reported about by the media which equaled 18.6% of the donations was 1,044,000 EUR\(^6\) in last eight months of 2013. However, as this amount includes one donation of 0.5 million EUR, which is unusually high and therefore is exception, this donation is excluded from the further calculations; the base for calculations is therefore 543,979.65 EUR.

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. Still, by using extrapolation we may conclude that the value donated in Montenegro for philanthropic purposes is between 2.9 and 3.3 million EUR\(^7\).

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

<table>
<thead>
<tr>
<th>Type of Donor</th>
<th>Value of Donation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Companies</td>
<td>41.2%</td>
</tr>
<tr>
<td>SMEs</td>
<td>24.2%</td>
</tr>
<tr>
<td>Individuals</td>
<td>20.5%</td>
</tr>
<tr>
<td>Mixed Fundors</td>
<td>6.6%</td>
</tr>
<tr>
<td>Associations</td>
<td>4.1%</td>
</tr>
<tr>
<td>Private Foundations</td>
<td>2.0%</td>
</tr>
<tr>
<td>Mass Individual Giving</td>
<td>1.3%</td>
</tr>
</tbody>
</table>

\(^6\) The exact sum is EUR 1,043,979.65.

\(^7\) Since this value is recorded for the period of eight months, if we consider the period of one year the value would be 815,969.48 Euros. If we put that amount against 100% of donations, we would reach 4,387 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 2.9 million Euros; if we reduce it by one fourth we reach the figure of around 3.3 million Euros.
If the value of SME donations is added to corporate donations, the private sector’s share accounts for a larger percentage (34.1%).

The data on value of donation, however, should be considered an estimation, given that value of donations was not reported in a large number of instances.

## 4 Media Coverage

Since the majority of data was sourced from media reports, media coverage is also a part of this analysis.

In the observed period, there were 673 media reports about philanthropy in Montenegro. On average, there were 84 reports per month which is a significant step ahead compared to 2011 (avg. 50 reports per month).

As the below charts show, nearly three quarters of the reports was published by print media (74.6%), followed by web media with 21%. The presence of electronic media is at the lowest level. In terms of the territory they cover, the largest number of reports came from the national media - over 96.1%, while the share of others is practically insignificant. Similarly, dailies have absolute primacy with 99% of the published media reports.
A total of 25 media outlets reported about instances of philanthropy. In terms of the number of reports the following stand out: Dan, Vijesti, Pobjeda, and among the electronic media: TV Vijesti, RTCG and Atlas TV. As regards the size of articles, most of them were short - over 77% and medium sized – 16.3%. As for the length of the video reports, most of them were reports up to 3 minutes - almost 87%.

In addition to that, it is important to note that the media in Montenegro, as in other countries, play a double role: they are the primary source of information about philanthropic giving, but also get directly involved, mostly by becoming partners and by promoting instances. The media in Montenegro would rarely initiate an instance, as is the case in some other countries in the region.

The role of the media is quite significant: more frequent reporting about philanthropic giving contributes to the general promotion of philanthropy. Still, the analyses of the media reporting show that they do not always offer the full information, reports or articles about instances of philanthropy boil down to several sentences instead, and it is difficult to conclude out of that who is the donor of the money, how much was donated and even for what purposes.

It is concerning that the percentage of reports which included information about the value of donations is smaller than that in 2011. As mentioned earlier, value of donation was reported in 18.6% of the reports which is almost 8% less compared to 2011. In that sense, once again we would like to stress that both donors and recipients need to pay attention to the media reports, as it was proven that transparency builds trust in both donors and the general public.

5 Donations

5.1 General Methodology and Limitations

The methodology employed in this research was unavoidably limited by available options for collection of data. The global research shows that the only completely reliable source of information about the level of philanthropic giving is – 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 and then all other available sources of data. 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 in the period from May 1 to December 31, 2013.

There are three key limitations to this methodology. First of all, one cannot get comprehensive data this way, because the media cannot be expected to cover all charity events and donations. Secondly, media reports often do not specify all the information that are important for monitoring philanthropy development (the sum of money given and collected is usually not stated). The third potential limitation is the question of the authenticity of the data announced by the media.

Unfortunately, the first issue cannot be avoided at the moment. As for the second and third limitations, Catalyst overcomes them by cross-referencing data from a variety of different media\(^8\), and then performing additional research i.e. checks reports of companies and non-profit organizations (if publicly available). In spite of the limitations of which we are fully aware, we believe that there are two reasons that justify our analyses:

\(^8\) Various media often report on the same donations, so by comparing data from multiple media reports we can receive more accurate and complete information.

- The obtained figures, although not comprehensive, provide a minimum of relevant indicators. So, if we are talking about the number of charity events, we can state with confidence that the number we are quoting is the minimum number of events because these certainly took place, and that the real number is definitely higher. It is similar with the sums of money, stakeholders and the like. So, these data can be used as indicators of the minimum level of the development of philanthropy in a particular country.

- Continuous monitoring will indicate growth and/or decline in numbers and changes in data regarding our defined parameters. In this regard, the ongoing monitoring over the years shows trends of philanthropy development, as well as trends of increased media coverage.

Catalyst will be refining this methodology in the future. Catalyst plans to strengthen contact with government agencies (the tax administration and tax offices that have the relevant statistics) as we want to emphasize the importance of these data and investigate possible ways in which we could increase the number of credible sources. Under the current conditions, we believe that this methodology provides a preliminary insight into the state of philanthropy in Montenegro.
5.2 Factors That Indicate the Level of Philanthropy Development

In the absence of a continuous monitoring and precise data it is difficult to give an estimate of the level of development of philanthropy. Catalyst, therefore, created an initial list of indicators which may point to different aspects of giving: instances/initiatives of philanthropy; fundraising methods; purpose of giving; recipients of donations and final beneficiaries; donors; stakeholders; media coverage.

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:

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 them.

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9 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 who 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.

10 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.
<table>
<thead>
<tr>
<th>Factor</th>
<th>Indicator</th>
<th>(Observed time period – one year)</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 actions)  
- 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) | |
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 for public benefit. 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 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 recognized 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, however the fact is that unclear legal/fiscal conditions discourage its 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 (Fund for Active Citizenship) have been working in this field for years, Catalyst didn’t analyze the situation in Montenegro but opted to state the section of the “Tax Regulations of Significance for Philanthropy Development” publication of the SIGN network which includes fAKT 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 Montenegro while the text of the complete publication is available at http://bit.ly/1wRCKkD

**Corporate Profit Tax**

Article 6(1) of the Law on Corporate Profit Tax\(^1\) anticipates inter alia that “non-governmental organizations” (NGO)\(^2\) are not payers of corporate profit tax, “if they have been established in line with special law to carry out non-profit activities”. Exceptionally, if non-governmental organizations carry out an economic activity they must pay corporate profit tax on profit gained from such activity (Article 6(2)). Article 14 of the Law anticipates that “Expenses incurred for healthcare, education, scientific, religious, and cultural and sports,

\(^{11}\) “Official Gazette of the RMN”, No 65/01 and 86/04 and “Official Gazette of the RMN”, No. 40/08, 86/09 and 14/12.

\(^{12}\) Non-governmental organizations in Montenegro act as associations and foundations.
and humanitarian purposes, as well as for environmental protection shall be recognized as expenses in the amount not exceeding 3.5% of the total revenue”. The Law does not explicitly specify that expenses (donations) are recognized as expenses except when provided to legal entities registered for the above mentioned purposes in line with special regulations. Also, the Law does not explicitly regulate the matter of tax status of donations in goods, rights and services.

**Personal Income Tax**

Article 24 of the Law on Personal Income Tax13 anticipates that: “Expenses incurred for healthcare, education, scientific, religious, and cultural, sports and humanitarian purposes, as well as for the environmental protection shall be recognized as expenditures to a maximum of 3.5% of the total revenue”. 14 The Law does not explicitly specify that expenses (donations) are recognized as expenses except when provided to legal entities registered for the above mentioned purposes in line with special regulations. Also, the Law does not explicitly regulate the matter of tax status of donations in goods, rights and services.

**Status of Organizations Acting for Public Benefit**

The concept of organizations acting for public benefit is not covered in details in tax laws. However, certain elements of the concept are addressed by the Law on Non-Governmental Organizations15 but they do not include the matter of beneficiaries of services acting for public benefit. Pursuant to provisions of Article 32, Paragraph 2 of the Law, NGOs may apply with their programs and projects for funds from the national budget in the following areas of public benefit: “social and healthcare protection, poverty reduction, protection of persons with disabilities, social care of children and youth, assistance to elderly, protection and promotion of human and minority rights, the rule of law, development of civil society and volunteerism, Euro Atlantic and European integrations of Montenegro, institutional and alternative education, science, art, culture, technical culture, environmental protection, agriculture and rural development, sustainable development, consumer protection, gender equality, combating corruption and organized crime, combating addictive diseases and other areas of public interest specified by special laws”.

**Use of Donations**

- The law did not specify any time period up to which the received donation must be used, which raises the issue of the tax status of donations which remained unused in the rele-

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13 “Official Gazette of the RMN”, No 65/01; 37/04; 78/06

14 Research by DE FACTO Consultancy in 2012, commissioned by FAKT NGO from Podgorica, lists absence of tax incentives as one of barriers to development of individual philanthropy (3.5% of respondents); however, this reason is far below the most important reason recognized by respondents-difficult economic situation (61.9% respondents). See: “Individual Philanthropy: Research results”, 12/5/12, pg. 44., http://faktcg.org/files/INDIVIDUALNA_FILANTROPIJA.pdf

15 “official Gazette of the RMN”, No 39/11
vant calendar year. Also, the law did not specify any which part of a donation may be used to cover administrative costs.

**VOLUNTEERING**

The law on Volunteering does not allow companies to organize volunteering activities (Article 5).16

### 5.4 Preview of Raised Tax Issues in Montenegro

#### Corporate Profit Tax Law

- Narrowly defined and limited list of activities/areas of public benefit (not in line with the Law on NGOs);
- Unclear whether donations are recognized as expenses only when provided to legal entities registered for activities of public benefit;
- Unclear tax status of donations in movables and rights;
- Unregulated matter of transfer of donations;
- Unregulated matter of institutional grants;
- Unregulated matter of recognized admin. costs;
- Companies cannot organize volunteering activities

#### Personal Income Tax Law

- Narrowly defined and limited list of activities/areas of public benefit (not in line with the Law on NGOs);
- Unclear tax status of donations in goods and rights;
- Unregulated matter of transfer of donations;
- Unregulated matter of institutional grants;
- Unregulated matter of recognized admin. costs.

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16 “official Gazette of the RMN”, No 26/10
СИР—Каталогизација у публикацији

Народна библиотека Србије, Београд
Crna Gora
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Davanje za istraživanje