Western Balkans

Comparative Report on the State of Philanthropy

2013 Western Balkans
Comparative Report on the State of Philanthropy in the Western Balkans 2013
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Introduction

The 2013 Comparative Report on Philanthropy in the Western Balkans is a result of media monitoring (print, electronic and web) of keywords related to domestic philanthropy throughout seven countries of the region\(^1\) during the period from May to December 2013. Based on both the quantity and quality of the instances of media reporting collected during this period, we believe that eight months of monitoring was a sufficient period to establish a baseline and to gain insight into the state of domestic philanthropy in six of the seven countries.

Although in most countries of the region tax incentives for philanthropic giving are in place, primarily for the private sector, but in some cases for individuals as well, the tax-reporting framework and the paucity of publicly accessible data make it difficult to obtain reliable information that could be used to quantify the philanthropy marketplace. There is little available comparable information that would show the size and scope of donations on an annual level, their purpose, how much is donated at a time, who the donors are and, most importantly, what the results are or what impact was made by these donations.

Given these challenges, Catalyst opted for alternative ways of data collection, using publicly available media sources as the primary source and augmented by other available data sources\(^2\), including annual reports from foundation, companies, and civil society organizations. The data in this report was collected through media monitoring at the local, regional and national level between 1 May and 31 December 2013. Despite the fact that this method is somewhat limited\(^3\), we believe that it provides us with information that is difficult to obtain elsewhere: the frequency of donations, geographic distribution of donations, type of donations, the purpose of giving, donors, recipients and final beneficiaries, as well as estimates of the total donated amount in the Balkans in 2013.

Similar independent research, covering a shorter period of time, was conducted in 2011\(^4\) covering four countries (Bosnia and Herzegovina, Montenegro, Croatia, Serbia). However, since this comparative analysis also used data collected from

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\(^1\) Albania, Bosnia and Herzegovina, Montenegro, Croatia, Kosovo, Macedonia, Serbia

\(^2\) Media monitoring is for the time being practically the only way to obtain data on philanthropic giving in most countries of the region

\(^3\) See Annex 1: General Overview of the Methodology and Limitations

\(^4\) Philanthropy in the Eye of Media, Aleksandra Vesić, 2011, C.S. Mott Foundation
Albania, Kosovo and Macedonia, extrapolating trends on a regional level was not possible, so only a baseline measurement was used for this effort. Future annual comparative analysis, however, will allow us to render a picture of trends on the development of philanthropy throughout the region.

Due to an extremely low number of articles collected from Albania, and the belief that the sample collected was not representative enough of the genuine state of affairs in Albania, we did not feel that using the same method to analyse the other six countries of the region would be appropriate or accurate for Albania. Instead of including data on Albania in comparative graphs, we included it in the findings we had, as well as in some of the examples and general comments based on available data.

**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 non-profit organizations. Bearing in mind that most foreign donors have left or are leaving the region, domestic donors are an important source of support to these organisations. The research shows that non-profit organisations have varying levels of fundraising success in different countries throughout the region. Therefore, we believe that conducting this research, and citing data and examples can be helpful to non-profit organizations for in becoming more successful at domestic fundraising.

However, this is not the sole reason for this research. The potential of philanthropy in the region has not yet been fully realized. Besides the obvious benefit of one-time assistance for those in need, global experience shows that the potential impact of giving is enormous if done 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, on-going monitoring of trends may contribute to better understanding of challenges to domestic giving in each of the countries where Catalyst does monitoring. 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
Summary

In spite of the fact that, as mentioned earlier, this research is somewhat limited, it does enable us to create a general picture of the level of philanthropy in the region.

Conservative estimates, based on the collected data, show that a total of between €55.8 and €62.6 million were donated throughout the region, quantitative levels that we consider significant. The highest levels by total donation value are recorded in Croatia and in Serbia, and the lowest in Kosovo. However, when viewed as the amount donated per capita, the highest amounts per capita are in Croatia and Montenegro and the lowest in Kosovo.

Two factors appeared to have an impact on the levels of giving: population size and the economic reality in each country. Population size is certainly related to the total donated funds in individual countries. When it comes to the amount donated per capita, however, the data indicate a clear correlation between donated sum and income, i.e. amount donated per capita clearly declines with GDP per capita. The research does not reveal a clear correlation between tax incentives and donation levels within a country, but Catalyst is going to continue monitoring this factor in years to come.

We have singled out a few more interesting findings:

**Donors:** In 2013, the most active donor type in the region was citizens, through mass individual donations, with 38.8% share as measured by the number of instances of donations. The private sector (including companies, small and medium-sized enterprises and corporate foundations) followed with 22%. In individual countries, mass individual donations were the most significant donor type in all countries except for Montenegro and Macedonia, where they are overtaken by the private sector. The available data from Albania indicate an equal share of private sector and mass individual donations. In comparison to the data known from 2011, the prevalence of donor types has not changed significantly, although in Serbia and Montenegro there was detected a slight downward trend of the private sector.
share. The participation of diaspora is conspicuously high in Kosovo, and notably low in Croatia, while in the remaining countries the levels are comparatively similar.

**Value of Donations:** When it comes to transparency, i.e. the percentage of media reports mentioning the value of donations, the regional average is about 25%. This figure varies quite significantly among the respective countries though – more than 40% of the recorded media reports in Bosnia and Herzegovina mention the value of the donation, whereas with Macedonia only 8.8% of the reports are associated with a sum and 18.6% with Montenegro. It is for this reasons that it is difficult to ascertain the amounts donated by types of donors, since the sample reliability differs in each country so widely. The available data does indicate that the private sector (including companies, small and medium-sized enterprises and corporate foundations) are the most significant category regionally when viewed by the amount donated. Having in mind the lack of consistent comparable data on funds raised, this drilldown data on type of donor should be viewed with some reservation.

**Purpose of Giving:** Regarding the purpose of giving, in 2013 four key issues / causes emerged in the region: support to marginalised groups (30.2%), healthcare (29.9%), poverty reduction (21.6%) and, though at a lower level, education (7.2%) – as measured by the number of recorded instances of donations. All other issues combined comprise 11.1% instances – and are perceived as far less important by domestic donors. Looking at the representation of issues (by their share of the recorded instances), and thus their perceived importance to domestic donors in each country, certain differences are identified. Thus, healthcare is the most important issue in Serbia and Bosnia and Herzegovina, support to marginalised groups in Croatia and Macedonia, and poverty reduction in Montenegro and Kosovo. Percentagewise, more instances of support to education in Montenegro and Bosnia and Herzegovina are recorded than in Serbia and Croatia. The available data from Albania show that the key issue in the country is support to marginalised groups and healthcare, while poverty reduction and education come in a distant third and fourth ranking.
Although the above four issues stand out in all the respective countries, an overview by country indicates a much broader range of issues, despite the number of recorded instances toward each being much lower. Throughout the region, other topics that occur include culture, sport, religious activities, public infrastructure, economic development, environmental protection, heritage, community development, animal welfare and natural disaster / emergency management. Compared to the 2011 collected, there is an incremental increase in environmental protection in the four countries from which data was recorded (Bosnia and Herzegovina, Montenegro, Croatia, Serbia).

**Recipients of Donations:** The primary beneficiary entities as recipients of donations recorded throughout is individuals / families (34.4%). By percentage of recorded instances of donation, state institutions follow with 29% and non-profit organisations with 27.5%. Analysing this same data on a country level, significant differences between recipients emerge. Montenegro and Macedonia have a similar distribution of recipients with the largest recorded share given to institutions, non-profit organisations and then individuals / families. While in Bosnia and Herzegovina there is a nearly equal distribution across the types of recipients, in Kosovo and Serbia, individuals / families comprise the largest share of recipients.

Viewing only the category of non-profit organisations as recipients of donations, Croatia stands out as the only country where non-profit organisations are ranked as the highest group of beneficiary entity. Using this as measurement of trust in the third sector, the share of donations to non-profits is next largest in Bosnia and Herzegovina, followed by Montenegro, Macedonia, and Kosovo. Serbia is, unfortunately, salient as a country with the smallest share of support for non-profit organisations in the whole region.

It is also interesting to look at the state as a recipient of philanthropy (i.e. institutions, as well as local and national authorities). At the regional level, the state is the recipient of nearly a third of the instances of donation. On a country level, the state is a more frequent recipient in Montenegro (with a larger number of instances being donated directly to local or national authorities contributing to this), but both Macedonia and Serbia have a similarly high number of instances targeting institutions. The state is most seldom a recipient of donations in Kosovo and Croatia. Available data from Albania indicate that the state is a rather large recipient of donations in that country.

These findings indicate that the state is still an important factor in the countries of the region, i.e. that the public and donors still believe that the state will use their assistance well. Another
factor that likely influences the relatively high levels of the state as a recipient of philanthropic donations is the continued bad situation in institutions and local communities and the lack of quality services that institutions / the state are providing to citizens. In other words, despite tax revenues that should fund the healthcare, social protection, and education systems, institutions and authorities are often not even able to provide the basic level of services or protection to their citizens. Citizens and companies, as donors, therefore additionally finance the state and institutions with their donations, hoping that their contributions will improve the quality of those services, and thus the quality of life.

**Final Beneficiary Groups:** Speaking of the **final beneficiaries of donations** (in other words, who actually benefits from the donated funds and goods), the most represented beneficiary groups on a regional level, are persons with health issues (21.9%) and the economically vulnerable (21.4%), followed by persons with disabilities (15.8%) as measured by the recorded number of instances of donation. Populations of specific communities and children and youth also rank as significant categories. Although there are slight differences in the ranking of these primary categories among the individual countries, these differences are not significant, indicating the similarities in attitudes of the public and donors from the region toward these groups. These findings show that all of the remaining beneficiary group classifications draw the attention of donors in much lower percentages – on a regional level, more than ten different beneficiary groups combined were the targets of less than a third of the recorded instances of donations.

Regardless of the high representation of just a few key beneficiary groups, there is a wide diversity of support to various beneficiary groups in the region. The beneficiary groups to whom some support is directed include: women survivors of violence; homeless people; survivors of human trafficking; elderly people; persons battling addiction; at-risk children; children and youth without parental care; refugees and internally displaced persons; minority groups; mothers and their newborns; persons with mental health issues; HIV-positive persons; talented children and youth; members of religious communities and animals. What should certainly be highlighted are women survivors of violence as a recorded beneficiary group in all countries except for Kosovo and Macedonia, which may be a reflection of varying levels of public awareness of this problem across various countries in the region.

**Use of Donations:** It is important to mention the **use of donations**. Expectedly, the highest share of instances – 53.6% - is directed toward one-off assistance (humanitarian aid and supplies and consumables). Still, it is encouraging that nearly one third of recorded instan-
ces (29.8%) are donations that can potentially have a long-term impact or strategic approach, like equipment, capital improvements, investment in services (educational, medical and/or social welfare), scholarships (long-term investment in human resources) and R&D. The situation is more or less the same in each of the countries of the region. By percentage, the only exception is Kosovo with an extremely high percentage of one-off instances compared those with a longer-term effect.

The breakdown of the use of donations between one-off assistance versus long-term support results from many factors. Public opinion surveys on philanthropy conducted in the last two years in the target countries indicate public preference for making donations for humanitarian assistance, demonstrating a lower level of awareness among the general population of the development potential of the philanthropic giving. Additionally, the poor economic conditions, growing poverty and the already mentioned bad condition of the basic citizen protection systems (health, social welfare and education) may affect citizen perception about what is most important, with many feeling the need to “save things”, i.e. to respond urgently to specific problems – conspicuous poverty and/or health issues of individuals or families – all of which are one-off uses of donations. Finally, there is a lack of information in media and public about options for giving and the results and impacts of strategic long-term philanthropic interventions, which may contribute to a lower level of awareness and thus lower interest of potential donors.

Youth as Donors: The involvement of youth as donors is noticeable from the research, with young people as a new generation of donors possessing the great potential to grow the level of philanthropy throughout the region. On a country level, Croatia appears to have the greatest level of youth engagement with philanthropy, where besides involvement with giving, campaigns and events, articles appear that speak about a philanthropy education programme for young people in a local community. In other countries, youth participation is somewhat lower and less strategic. In Kosovo, Montenegro and Serbia, numerous examples are recorded of young people (from primary school to university) being involved in both the collection of money and goods as well as in volunteering. In Macedonia and Bosnia and Herzegovina, it is noted that many of the recorded instances involved student organisations, youth fora and clubs, and youth cultural centres, through which high school or university students are involved; whereas, recorded instances with children from primary are rare. Except for Croatia, in all other countries, instances of youth involvement in philanthropy are of a humanitarian nature and often result from expressing solidarity for friends who are in dire economic situation or a poor health condition.
Use of Social Media: Philanthropy, while recorded in modest numbers, has begun to emerge online, with both reports on instances and calls for donations being launched via social networks. These donations are primarily one-off instances. Having in mind the speed and efficiency of information delivery and the ease of outreach using social media, this form of media will undoubtedly play an increasingly important role in both fundraising and in the transparency of reporting on philanthropy.

Religion-related Philanthropy: Another noticed characteristic is the lack of recorded data on donations for religious communities in all countries, except for Croatia where donations were more frequently recorded. Despite ample anecdotal knowledge of the significance of philanthropic flows to religious communities as a primary form of organizational survival, the public record and the insight into the philanthropic marketplace related to religion is practically negligible. There is definitely a need for increased transparency in this sphere of giving.

Cross-Border Cooperation: Regarding joint actions in the region, there was little coverage of such by the media. However, there are examples of good ideas being initiated in one country and spreading throughout the region spontaneously. One such example is an open appeal to customers to buy an additional item in bakeries (also in restaurants in Macedonia) and leave them for people who are unable to afford food. A similar campaign was recorded in four countries of the region, albeit under different names: Kruh za poslije (Bread for Later) in Croatia; Jedan gradanin – jedan hljeb (One Citizen – One Loaf of Bread) in Bosnia and Herzegovina; Solidarna klopica (Solidarity Meal) in Serbia and Solidaren obrok (Solidarity Meal) in Macedonia. Joint actions and cooperation are certainly areas that deserve more attention and efforts.
Recommendations

The results of this research point to several areas to which various stakeholders, especially those interested in promoting domestic 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 market.

- Increase Transparency. Although to a certain extent related to the lack of data, transparency in giving is a relevant issue to care about especially when related to reporting on how much is given and how those funds are used. Greater transparency allows for more precise monitoring of data and positively influences the trust of the donors and the general public. Trust grows stronger when information about the amount of funds raised, their purpose, results and effects of assistance is made public. Transparency would allow greater insight into religious and cultural philanthropy, both areas that remain largely opaque for the time being. Although levels of transparency do vary across the covered countries, no country in the region can take pride in achieving significant results in this area. To remedy this, in each respective country, advocacy efforts to should be increased with both recipient entities and with donors to publish data and information related to philanthropic activity and the media can gain greater knowledge in how to accurately report on such publicly available data.

- Promote Underrepresented Topics. As mentioned already, four key issues are highly represented across the region (healthcare, support to marginalise-groups, poverty and education). Given the needs and economic situation, the reasons for these issues being the focus are clear, but it is important to encourage giving to address other key societal challenges, such as culture, environmental protection, and economic development. Although education is one of the top four issues, giving to this area lags far behind the top three. Yet education is an extremely important issue for the region’s future, so it is important to encourage a greater level of giving for education.

- Build Trust in Non-Profit Organizations. Despite the higher trust bestowed on institutions, this research demonstrates that it is possible for non-profit organizations to obtain the trust of both citizens and business sector as evidenced through their giving. The key to building trust is the creation of strategic, long-term partnerships between non-profit organisations and potential/existing donors and a good communication strategy, especially as it is related to reporting back on the results or effects of the funds donated to them. Organizations, especially smaller community-based organizations that find it harder to reach the traditional donor base in most countries, would be well served to focus more on these two factors.

- Promote Giving and the Results of Giving as Strategic Investments. Although the percentages related to long-term investments vary from country to country, a common denominator throughout the region is the prevalence of one-off humanitarian donations. It is important to invest additional efforts to promote the potentials of philanthropy giving for strategic, long-term purposes and as a way to achieve long-
term solutions for certain types of problems. It would be useful to promote already available models/examples and, particularly, the results of such investments, so that the public and potential donors could see the tangible benefit of making such donations. In this area, an important role is to be played by both non-profit organisations and the media.

○ **Include Young People as Donors.** Although young people are involved in various ways in most countries of the region, this research shows that their involvement is primarily spontaneous and one-off in nature. Having in mind that youth are actually a new generation of donors, investing efforts in the strategic involvement of youth in learning about effective philanthropy, social impact, and the tools and methods to make philanthropic gifts can foster a new generation that would view philanthropy as an investment, not as charity. In those terms, the exchange and use of good practice examples among organisations dealing with fundraising across the countries of the region would be valuable.

○ **Involve and Connecting a Range of Stakeholders.** Although in most countries the range of stakeholders is rather broad, additional efforts are recommended to increase the breadth of the philanthropic front to include academia, celebrities, media and other key stakeholders to have heretofore been on the sidelines. Mutual connections of diverse stakeholders should be encouraged and more opportunities to meet and exchange would be useful.

○ **Engage and Work with Media.** Media certainly have a great role to play in shaping public opinion. In that regard, organisations working on domestic philanthropy development should aspire to involve media as actively as possible in the development of giving for the public good. Their influence is especially important when it comes to support for areas where there is less funding available, in highlighting the opportunities for and importance of making strategic donations, enhancing transparency and the role of the state in improving incentives for philanthropy. The profiling of donor stories and of the results of philanthropy are both of great importance for building a greater level of public trust in the impact that philanthropy can make and in expanding the circle of potential donors.

○ **Advocate for Tax Incentives to Facilitate Giving.** Although this process is on-going in all of the countries of the region, an increase in the momentum of advocacy efforts is needed in order to keep pace with the growth of philanthropy and the demand for an improved tax incentive framework among both individuals and the private sector. With the research showing that the state is frequently a beneficiary of philanthropic donations, there are additional arguments that could be developed and utilized in the advocacy process.

○ **Enhance Cooperation Across the Region.** The SIGN network has invested significant efforts and achieved results in cooperation regarding advocacy for an improved enabling environment, in conducting and publishing public opinion polls, and in providing training and matching grants to community-based organisations to do fundraising from local donors. Additional endeavours that involve a range of regional actors would be very valuable. It would be especially beneficial to include cooperation in addressing the problem of the lack of data (common to all these countries), networking and involving more stakeholders, joint promotion of strategic donations as well as youth inclusion. Finally, promoting good practice examples and new ideas applicable to various contexts would certainly contribute to a faster dissemination of good practices in the entire region.

1 The SIGN network was established in 2009 as a regional network of local foundations providing financial support to CSOs for support of sustainable local communities. The main goal of the network is promoting and supporting development of local philanthropy, local communities, international partnerships and long-term sustainability of civil society in the SEE countries at the national, regional and EU level.
General Overview

1.1 Philanthropic Activity Level and What Influences It?

In six Western Balkan countries, from the period of May to December 2013, there were 3,118 single instances of donating for public good total, which makes a monthly average of 390 instances monthly.

One of the factors influencing the activity level (number of instances) is certainly the total size of population in a country. The chart showing number of instances compared to population size (stated in thousands) indicates however that Montenegro has the “best” ratio between number of instances and number of inhabitants, then follows Croatia, and then Serbia. Apparently, the population size is not the only factor affecting the activity level.

Another factor to take into account is economic. The chart showing the number of instances against GDP per capita\(^2\) indicates that there is a correlation between the philanthropic activity and economic situation in the given country. This factor accounts for why Serbia (with largest population) has practically the same number of instances as Croatia and why Montenegro has a higher activity level than some countries with larger population.

\(^2\) Source: http://data.worldbank.org/indicator/NY.GDP.PCAP.CD in USD. Sums are restated in EUR for the given year.
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**Ratio of # of Instances of Donations to # of Citizens (1000s)**

**Ratio of # of Instances of Donations to GDP (EUR) per Capita**

- **Kosovo**: 0.05
- **Macedonia**: 0.11
- **Montenegro**: 0.55
- **Bosnia**: 0.11
- **Croatia**: 0.24
- **Serbia**: 0.15

- **GDP (EUR)**
  - 12K
  - 10K
  - 8K
  - 6K
  - 4K
  - 2K
1.2 What Topics Are Important to Citizens of the Western Balkans?

In all the countries invariably, there are four key issues that stand out: support to marginalised groups, health care, poverty reduction and education.

We can see that support to marginalised groups and health care are very close by importance in the region, as well as that education is significantly lagging behind the other three issues.

Donations Outside the Country of Origin

In terms of geographic distribution of donations, data can be found in individual reports for each country. We considered it interesting, however, for this report that covers all the countries to mention donations outside the country.

The percentages of actions directed outside own country, i.e. donors’ country of origin (diaspora) are relatively low: they are within less than 1% in Macedonia and Montenegro, over 1.2% in Kosovo, 2.1% in Croatia and 2.5% in Bosnia and Herzegovina, to 3.1% in Serbia, while there are no reliable data for Albania. Therefore, the share of actions geared outside the country is not significant in any country of the region.

What is interesting, however, is where these actions are directed i.e. what countries they go to. This analysis shows that donations outside the country are most often directed toward another country in the region, to compatriots, i.e. members of national minority. Thus, donations from Serbia are geared to Northern Kosovo, similarly, in Bosnia and Herzegovina (RS) and Kosovo directing its donations to Serbia’s region of the Presevo Valley.

The exception is Croatia, where apart from one donation sent to Bosnia and Herzegovina, all others were directed to African countries. Macedonia is also a specific case – the only donation outside the country was sent to a US foundation, whereas donations inside the region are not present at all. This indicates that the countries of the region (i.e. donors) are still focused on their own problems as main and most pressing. That is understandable, especially given the poor economic and other conditions in the region. Yet, the higher percentage of actions geared to countries outside the region would indicate a certain understanding of a wider, global environment and solidarity with others.
All other issues constitute about 11.1% of instances – so, they are considered by far less important.

If we take a look at the frequency of issues (percentage of instances) and, ipso facto, their relevance in certain countries there are visible differences. Thus, health care is most important in Serbia and Bosnia and Herzegovina, support to marginalised groups in Croatia and Macedonia and poverty reduction in Montenegro and Kosovo. Percentagewise, the highest number of instances geared to education are in Montenegro and Bosnia and Herzegovina,
and the lowest in Serbia and Croatia. The available data from Albania indicate that the key issues in that country are support to marginalised groups and health care, whereas poverty reduction and education are lagging far behind.³

NEW/OLD ISSUES IN THE REGION

Although in all the countries the four issues mentioned above stand out as key, the overview by country shows that there is a much wider range of issues, though the number of actions for them is significantly lower.

In the region, other issues occurring are culture, sports, religion, public infrastructure, economic development, environment protection, historical and cultural heritage, community development, animal welfare, as well as response to natural disasters.

Compared to 2011, an increase of interest in environment protection is noticeable in all the countries that have available data for those years (Bosnia and Herzegovina, Montenegro, Croatia, Serbia). Also, in all the four countries the range of issues has been broadened – only the transitional justice issue „disappeared“, having been most frequent in Bosnia and Herzegovina back in 2011.

It seems that some of the new issues can indicate a change in thinking – investment in public infrastructure, economic development and environment protection indicate a raised awareness of current issues. Reports from the following years will certainly indicate whether this change is just momentary or an incipient trend.

It is interesting that the number of actions presenting investment in economic development is still rather low, despite the deteriorated economic situation in almost all the countries. It is assumed that this is sooner a result of the ignorance of ways to invest in economic development and lack of ideas/programmes than reluctance of donors to invest in this issue. This is why one of the priorities is to promote less frequent issues to potential donors and public.

1.3 Who are Trusted Recipients of Donations?

Although the order of recipients by percentage of instances geared to them varies from country to country, an insight into percentages at the regional level indicates that donors prefer individuals/families. By percentage of instances, they are followed by institutions, and then non-profit organisations.

³ In marginalised groups there is a whole range of beneficiary groups that are in some way marginalised and/or discriminated against in the society because of certain characteristics; marginalised groups encompass, inter alia: children, youth and adults with disabilities and developmental difficulties, persons with health problems, children without parental care, children and youth under risk, women, unemployed, refugees and IDPs, ethnic and religious communities, LGBTQ persons, etc.
Assistance to individuals / families is by default mainly a humanitarian, one-off assistance. Most often it is assistance for medical treatments and economic support to the poorest part of the population.

That is why it seems that donors help those ‘with a face’ with their donations, i.e. those who need help in a relatively short period of time and for very specific reasons.
Although state institutions (health, social, educational) are in the second place, the fact that non-profit organisations are just one notch below them is encouraging, i.e. the difference between institutions and non-profit organisations as recipients is not that great. This, arguably, shows that non-profit organisations are perceived by the public as a certain place for philanthropic donations, as well as trust-worthy. However, if we take a look at the results by individual countries, we can notice significant differences in recipients.

Thus, Montenegro and Macedonia have a similar distribution of recipients – institutions are most frequent, then non-profit organisations, and individuals are only third.

In Bosnia and Herzegovina, recipients are most equalised.

Kosovo and Serbia stand out by the highest percentage of individuals and families as recipients. In Serbia, this is a result of a great attention caused by dysfunctional health care system (especially regarding children who need treatment unavailable in the country). In Kosovo, a large share of these donations is sent for family housing, i.e. assistance to economically vulnerable families.

Available data from Albania indicate that institutions, first of all social and health, hold the primacy as recipients, whereas non-profit organisations receive much less.

If we look at non-profit organisations alone, Croatia stands out as the only country where non-profit organisations are number-one recipients, and institutions only number three, which ascertains the high level of trust that non-profit organisations enjoy in this country. Non-profit organisations as recipients include a significant number of smaller, local or sub-regional organisations.

By trust in the third sector, the ranking includes Bosnia and Herzegovina, Montenegro, Macedonia and Kosovo. Unlike Croatia, however, in these four countries non-profit organisations standing out as recipients are mainly those with a humanitarian character, or the large national, umbrella organisations, whereas there are much fewer small, local organisations. This additional analysis shows that the trust of public and donors belongs to larger organisations that, by default, have a better communication strategy. Serbia unfortunately stands out as the country with the lowest percentage of non-profit organisations as recipients in the whole region. The explanation is probably in the still high mistrust of the public in non-profit organisations, i.e. lack of knowledge about their actions and results, Institutions in Serbia, on the contrary, still enjoy the public trust when it comes to donations.
It is interesting to look at the two graphs showing the percentage of instances with the state as recipient (institutions and local or national authorities). At the regional level, the state is recipient in nearly one third of cases/instances. In individual countries, however, the state is the most frequent recipient in Montenegro (a large number of instances targeting local and national authorities contributed to this, but Macedonia and Serbia are very close by a large number of instances targeting institutions. The state is most seldom a recipient in Kosovo and in Croatia. The available data from Albania indicate that the state is a large recipient of donations in that country.

These findings show that the state is still a strong factor in the countries of the region, i.e. that the public and donors still believe that the state will use their assistance well. Another factor that probably contributes to the relatively high share of the state as recipient of philanthropic donations is certainly the poor situation in institutions/local communities and the lack of services that the institutions/state should provide to the citizens. In other words, despite the tax revenues that should fund the health care system, social protection, education, etc., the institutions and authorities in the countries of the region are often times unable to provide the basic level of service or protection (health, welfare) to the citizens. Citizens, i.e. potential donors thus fund the state with their donations, hoping that their contributions will improve the quality of these services and thereby the quality of life.
Although non-profit organisations are still in the third place as donation recipients, in four countries where a survey was conducted in 2011 too, there has been an increase of share for these organisations in all the countries (Bosnia and Herzegovina, Montenegro, Croatia) except for Serbia, where there is a significant decline (by 6%). In Macedonia, non-profit organisations are before individuals/families, and they are even more trusted than institutions in Kosovo.

Taking the whole region into account, the issues that non-profit organisations have received donations for are within a wide range: although in most countries they are poverty reduction and support to marginalised groups, there are also health care, education, culture, sports, environment protection, animal welfare, community development, historical and cultural heritage, etc. Taking individual countries, the widest range of issues is covered by organisations in Bosnia and Herzegovina, Croatia and Serbia, while in Montenegro, Macedonia and Kosovo most donations go to support to marginalised groups and poverty reduction, covering other issues much more rarely.

The most frequent donors to non-profit organisations in most countries are companies and citizens through mass individual donations except for Kosovo, where mixed donors and associations are prevalent.

Bearing in mind that the amounts granted to non-profit organisations are quoted in different degrees in different countries, it is very difficult to assess the funds they might have utilised. In Bosnia and Herzegovina that is about 16% of total presented amount, in Croatia 43.7%, in Serbia 13.7%, while in Montenegro, Macedonia and Kosovo it is not possible to make even tentative assessments due to the extremely low percentage of published amounts donated to non-profit organisations.

Compared to 2011, in the countries with available data there is a noticeably higher activity of foundations, both on the side of recipients and that of donors. In foundations’ activities, Serbia and Croatia are leading the way; the lowest intensity of foundations’ activities was registered in Macedonia and in Kosovo.

Looking at the non-profit organisations that receive donations, we can recognise a significant difference among the countries in question. In Croatia, those are local and sub-regional organisations; in Montenegro, Food Bank is unrivalled in the first place; in Bosnia and Herzegovina, Macedonia and Kosovo the conspicuously largest number of donations go to national organisations and/or networks. In these countries the SOS Children’s Villages stands out as a recipient. In Serbia, the success of non-profit organisations is mixed – there are both local and national. In Serbia, there is also a prominent activity of non-profit organisations from diaspora. The Red Cross (Red Crescent), Caritas and UNICEF remain active in practically all the countries.

Interestingly, in Croatia, the associations/foundations under the auspices of the Catholic Church are very active, but over time, they have developed a certain number of independence. In Bosnia and Herzegovina, it is noticeable that each of the three major religions has “related” organisations/foundations, but it is not always possible to identify how deep their activity is related to religion. In other countries, organisations “related to” religion do not occur, or appear to much a lower extent.

Having in mind that non-profit organisations are most successful in Croatia, one should certainly account for that success. The explanation is primarily in the attitude of the Croatian state toward these organisations,
reflected for many years in support both financial and accepting partnership. Further, Croatian media (primarily the public broadcasting service) have a significant role showing programme dedicated to activities and achievements of non-profit organisations, so the public can get much more reliable information thereof. Thirdly, smaller, local organisations have a high level of activities in Croatia, working toward their community improvement. Their activities and results are therefore known to local stakeholders and citizens who do not hesitate to grant them trust.

In other countries, the organisations that pay a lot of attention to promotion, i.e. media rapport are prominently successful, providing simple explanations to their actions, making it clear who gets assistance and why, as well as the results of those actions. Also, a simple explanation of how different donors can help also has a bearing, as well as building strategic, long-term partnerships with donors, especially companies, having in mind the cross-section of non-profit organisations that receive donations in Bosnia, Montenegro, Macedonia and Kosovo, it is especially important to promote less local organisations and their results.

1.4 Who Are the Intended Beneficiaries of Donations?

When observing the most represented beneficiary groups in the whole region, one notices that persons with health issues and economically vulnerable occupy the first two places, with nearly the same percentages, followed by persons with disabilities. One can further notice populations from specific communities and children and youth. This indicates that all other beneficiary groups attract much less donor attention – the combined total of 10 different beneficiary groups amount to less than a third of the recorded instances.
Results on the level of the region mostly reflect situation in individual countries.

Common Final Beneficiary Groups by Country, by # of Instances (%)
These results do not come as a surprise – the growing number of the impoverished and bad condition of the healthcare system certainly place these two beneficiary groups on top of priority list, as those perceived by the public as group with a great and often urgent need for help.

A variety of public opinion surveys throughout the region have identified persons with disabilities as a beneficiary group that the general public would be willing to donate funds and time to. While it is encouraging that this population’s needs are recognised, most of the recorded instances are primarily one-off assistance and humanitarian in nature, which indicates that the public perceives this group as more needing humanitarian aid, instead of recognising their needs for accessibility, education and employment.

Children and youth of specific communities are an oft-mentioned group, which is another expected result: children and youth are part of the future.

Although there are certain differences among the countries by order of “importance“ – the number of instances geared to these groups, those are not significant differences, which implies similarities in attitudes of the public and donors in the region. The available data from Albania indicate that persons with health issues are in the first place, but economically vulnerable persons also stand out, like in other countries.

The percentages in which Other Groups are represented at the country level demonstrate public awareness of other less commonly targeted groups. That percentage is the highest in Macedonia and Croatia and by far the lowest in Kosovo.

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**Other Beneficiary Groups**

It should certainly be noted that, regardless of the high representation of low numbers of beneficiary groups, there is a wide range of final beneficiary groups in the region. Thus, we can notice among the beneficiaries women survivors of violence, homeless people, survivors of human trafficking, elderly persons, people battling addiction, at-risk children, children and youth without parental care, refugees and internally displaced persons and children, minorities, mothers and newborn babies, persons with mental health problems, HIV-positive persons, talented children and youth, members of religious communities and, ultimately, animals.

Compared to 2011, in the countries with available data there has been a remarkable expansion of the beneficiary group range, which is certainly a positive trend. What should certainly be singled out is the appearance of women who have survived violence as a beneficiary group in all the countries except for Kosovo and Macedonia, which has certainly resulted from raised public awareness of this problem.
1.5 Use of Donations

Expectedly, the highest percentage of instances is one-off assistance and support; besides humanitarian aid, supplies and consumables can be considered the least strategic investment, as well as instances targeting surgeries or health treatment of individuals. In the region, the share of such action exceeds half of the total number.

It is still encouraging that nearly a third of instances (29.8%) resulting in donations that can potentially have a long-term effect (i.e. there is a sort of strategic approach), like equipment, capital expenditure, investment in services (educational, medical and/or social), scholarships (long-term investment in human resources) and research and development.

For about 17% instances, it is not possible to establish whether their purpose is long-term or short-term, because media reports and other sources of information do not state the purpose of assistance sent to an organisation/institution.

With smaller or bigger differences, the situation is similar in all the countries of the region. By percentage, the only exception is Kosovo, where there is an extremely high percentage of one-off instances compared to those with a potential long-term effect.

These shares are certainly results of several factors. One, highlighted by surveys on philanthropy in various countries of the region, is that donations for public good are still primarily perceived as humanitarian aid, i.e. there is no raised awareness of developmental potential that philanthropic donations have. Also, poor economic situation, growing poverty and the already mentioned bas condition of the basic protection systems for citizens (health and welfare) to some extent affect the citizens’ perception that what matters is to “save the things”, i.e. to respond rapidly to certain problems – dire poverty and/or health problems of individuals and families, and emergency instances are by default one-off. Finally, too little information in the media and public about the possibilities and results of donations that could be more strategic, i.e. with long-term effects, certainly account for lower interest of potential donors.
Use of Donations in the Region, by # of Instances (%)

Use of Donations by Country, by # of Instances (%)

One-Off
Long-term
Unknown
Examples of Strategic Investment in the Region

In the whole region, if we take a look at the nature of actions with potentially long-term effect, it is noticeable that these are still very specific things – most often purchase of equipment and/or capital expenditure, in other words donations with clear results visible right away. There are much fewer examples of investing in services, research and development or raising awareness of certain social issues.

In addition, examples of strategic investment seem to be related to certain issues – education and health when it is equipment and capital expenditure, public infrastructure when it is capital expenditure and, interestingly, environment when it is about R&D, i.e. investment in protection of national parks.

In terms of investing in services, it seems that most attention is paid to services in support to marginalised groups and education.

Besides these examples, there are also campaigns for awareness raising and/or public advocacy when it comes to support to marginalised groups and health. Of topics in these campaigns, there are persons afflicted with breast cancer, autism, HIV-positive persons. One of interesting awareness-raising actions was launched in Macedonia – a campaign for sexual education and need to freely express one’s sexual orientation – by publishing calendars with nude pictures of Twitter community members.

A few other long-term investments should be underlined: building home for victims of human trafficking in Croatia, survey on protection of endangered maritime species in Montenegro, building school and home for orphaned children in Kosovo. In Albania, there was an example of an individual from diaspora who funded the construction of more than one hundred schools. Although the economic situation in all these countries is aggravated, there are extremely few strategic investments in this field, but examples from Serbia stand out (investment in start-up enterprises), then those from Macedonia (reconstruction of ski centres as tourist destinations).

Two more interesting examples of long-term thinking come from Croatia and Bosnia and Herzegovina, where long-term actions have been launched to raise funds for increasing the number of bone marrow donors as well as for typification of bone marrow of potential donors, in order for BiH and Croatia to accede to the European and world network of bone marrow banks.

As shown here, there are rare examples of strategic investment in human resources, R&D in various fields and long-term ideas for economic development. In order to encourage more strategic, long-term investment, it is extremely important to promote those already launched and their results. In addition, it is important to open public debates pointing to the potential and benefit of long-term donations as opposite to short-term, one-of gifts.
Donors

2.1 Who are the Donors in the Region?

According to the 2013 available data, the most active donors in the region were citizens, through mass individual instances, making a 38.8% share.

This is followed by the private sector (including companies, SMEs and corporate foundations) with 22.0% and then by associations / clubs and individuals (9.1 and 9.0% respectively).

Donor analyses in individual countries show that mass individual donations are indeed the first in all the countries except for Montenegro and Macedonia, where they are overtaken by companies. Associations are very active in Montenegro, Kosovo and Croatia, while individuals are very active in Serbia, Kosovo and Montenegro. The available data from Albania
show that private sector and citizens, through mass individual donations, are most present as donors.

Compared to the known 2011 data, the order of donors has not changed much, although in Serbia and Montenegro there is a visible decremental trend of private sector instances, certainly resulting from economic crisis that is still present in the whole region.

It is certainly interesting to take a look at diaspora participation in different countries. Regarding diaspora, Kosovo has the absolute primacy with more than a third of instances coming from abroad. The other extreme is Croatia with only 1.2% instances of diaspora.

Montenegro, Macedonia and Bosnia and Herzegovina have a similar participation (about 4-7%), while in Serbia there is a somewhat higher activity of diaspora with 12.8%. Diaspora certainly demonstrates potential in most countries, so organisations dealing with donation development should certainly pay attention to this specific group of donors.
Youth as Donors

In involving young people as donors and incentives to the culture of donating is of great importance, since this is the way of preparing next generations to raise the level of donations for public good.

An overview by country shows that in this regard Croatia holds the upper hand, with the programme of Zaklada Slagalica (the “Puzzle Foundation”) besides the regular actions. The programme titled “Mali filantropi” (“Little Philanthropists”) included eight schools in Osijek where lectures on charity donations were held. The pupils, assisted by their professors, created exhibitions on donors who had helped Osijek’s development through history. The whole action was followed by charity actions organised by pupils, raising funds to buy books for their school libraries.

In other countries, youth participation is a bit lower, and less strategic. In Serbia, Montenegro and Kosovo there are examples of involving youth of various age (from primary, via secondary schools to universities). In Macedonia and Bosnia-Herzegovina these are conspicuously actions of student organisations, youth fora and clubs, i.e. youth cultural centres, so university students are involved, whereas actions of children from primary and even secondary school are rare.

Except for Croatia, in all other countries youth actions have a humanitarian character and often result from expression of solidarity with friends in poor economic circumstances or aggravated health status – so, one-off actions.

In this sense, bearing in mind the already mentioned importance of youth participation from early age, perhaps it would be good to use good examples from Croatia and adjust them to different contexts in other countries in the region.

Individuals as Donors

The impression from this survey is that in philanthropy development, in most countries the focus was on private sector and development of corporate philanthropy rather than individual donations. Although citizens through mass individual donations have been most active donors, attention has been paid to identifiable individual donors (those who send their donations outside the mass campaigns) by philanthropy development organisations have mainly been sporadically and spontaneously. This is understandable, given that work with individual donors requires a great attention and significant administrative and human resources.

Despite this, individual donors appear in all the countries among the active donors. Their activities are within a range from smaller donations and actions they organise in their own communities to significant amounts sent for a certain problem solving in the long run (like building schools, homes for certain marginalised groups and equipment for health institutions). In Croatia, there have also been the first examples of bequeaths, i.e. donations through last will.

In that sense, more attention and work with individuals so that they should direct their donations to strategic and long-term problem solving could yield significant results.
2.2 Donor profiles - Giving to Whom, How and What?

Citizens as Donors (Mass Individual Donations)

Beneficiary Entities

In all the countries of the region, except for Croatia, the primary recipients of mass individual donations are individuals / families. Then come institutions followed by non-profit organizations.

Target Final Beneficiaries

Regarding beneficiary groups, the first place in Bosnia and Herzegovina, Croatia and Serbia belongs to persons with health problems. As for Montenegro, Macedonia and Kosovo, the economically vulnerable come first.

For What Purpose Do They Give?

Just like for beneficiary groups, the citizens of Bosnia and Herzegovina, Croatia and Serbia most often donate for health and in Montenegro, Macedonia and Kosovo – for poverty reduction.

How Do They Give?

In all of the countries except for Croatia, they mainly participate, i.e. respond to public appeals and campaigns. In Croatia, they attend events.

What Do They Donate?

Except for Montenegro, in all other countries citizens donate money in over 70% cases. In Montenegro, in almost the same percentage (around 40%) they donate money, or money and goods.
COMPANIES
AS DONORS

Beneficiary Entities
In all the countries of the region, except Croatia and Kosovo, the number-one recipients of corporate donations are institutions on the whole, then non-profit organisations. In Croatia, non-profit organisations are in the first place, and, unusually, it is still individuals and families in Kosovo.

Target Final Beneficiaries
Regarding beneficiary groups, a noticeable trend is that companies as donors often opt for populations from certain communities who are in the first or second place of practically all the countries of the region. This means that companies decide to donate to communities where they are present. Besides this beneficiary group, the most frequently targeted recipients of assistance are children and youth in Bosnia and Herzegovina, Montenegro, Macedonia and Serbia, while it is the economically vulnerable in Kosovo and persons with physical disabilities in Croatia.

For What Purpose Do They Give?
Other than Kosovo, where the primary issue is poverty reduction, in all other countries companies most often gear their donations to support for marginalised groups.

How Do They Give?
In all the countries of the region, in more than 80% cases, companies prefer direct donations.

What Do They Donate?
In all the countries of the region, in more than 70% cases companies opt for monetary donations. Much more rarely, donations are in commodities, or product use.
INDIVIDUALS
AS DONORS

Beneficiary Entities

Depending on the country, individuals opt for various recipients: in Kosovo and Serbia, they choose to assist individuals, while in other countries institutions have the primacy.

Target Final Beneficiaries

Regarding beneficiary groups, individuals often choose a population from certain communities. The assumption is that they invest in their own communities, or, if they are from diaspora, as often is the case, that they invest in communities of origin. Of other beneficiary groups in Croatia, Montenegro, Kosovo and Serbia the economically vulnerable come first, whereas in Bosnia and Herzegovina it is children and adults with health problems and in Macedonia children and adults with developmental difficulties.

For What Purpose Do They Give?

Regarding the issues, individuals in different countries demonstrate various preferences: in Bosnia and Herzegovina it is health, in Croatia and Macedonia support to marginalised groups, in Serbia and Kosovo poverty reduction and in Montenegro they most often opt for education.

How Do They Give?

In all the countries, in more than 80% cases individuals opt for direct donations.

What Do They Donate?

In all the countries of the region, in more than 80% cases, individuals donate money, except for Montenegro, where donations in money equal those in goods by percentage.
2.3 Value of Donations

As mentioned in individual country reports, it is very difficult to obtain specific data on sums donated, while media rarely publish specific sums. In this regard, for every individual country there is an approximation made by the known data.

Conservative assumptions show that in the region in 2013 between 55.8 and 62.6 million EUR were donated, which indeed is a significant amount.

Data on individual countries are presented in the next graph, showing that estimated sums significantly vary from country to country.

Just like with activity level, two factors certainly have influence over the donated sums: population size and economic situation. Population size certainly correlates with total donated funds in individual countries.

However, if we observe the other graph showing the average donated funds per capita and average GDP per capita, we can notice a clear correlation between donated funds and income, i.e. average donation per capita clearly declines with GDP per capita. The analysis of available data has not shown any visible correlation between donated sums and tax incentives, so Catalyst will certainly continue to follow this factor too.
3 Media Coverage

The total number of indexed reports in the region during the observed period was 7,636. The total number of media outlets covering these instances was 681. If looking at the whole region, the average number of reports was about 11. If looking at cross-section by countries, however, there are significant differences. By number of reports compared to number of media, Montenegro and Macedonia come first, followed by Bosnia and Herzegovina and Croatia, then Serbia, while the fewest number of reports was in Kosovo.

<table>
<thead>
<tr>
<th>Country</th>
<th>Total # of Indexed Reports</th>
<th>Total # of Media Outlets</th>
<th>Average # of Articles</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bosnia</td>
<td>723</td>
<td>65</td>
<td>11</td>
</tr>
<tr>
<td>Montenegro</td>
<td>673</td>
<td>25</td>
<td>27</td>
</tr>
<tr>
<td>Croatia</td>
<td>1761</td>
<td>166</td>
<td>11</td>
</tr>
<tr>
<td>Kosovo</td>
<td>215</td>
<td>25</td>
<td>9</td>
</tr>
<tr>
<td>Macedonia</td>
<td>1370</td>
<td>118</td>
<td>12</td>
</tr>
<tr>
<td>Serbia</td>
<td>2894</td>
<td>282</td>
<td>10</td>
</tr>
<tr>
<td>Region</td>
<td>7636</td>
<td>681</td>
<td>11</td>
</tr>
</tbody>
</table>

Reports are still published most often in print media, and most rarely in broadcast media. Media play various roles in different countries. In Serbia, Croatia and Macedonia they are the primary source of information, often in the capacity of partners and not rarely initia-
in their own instances. Launching own instances is most frequent in Serbia, where some of the media have established their own foundations.

In Bosnia and Herzegovina and Montenegro, media primarily inform and then get involved as partners, but much rarely do they launch their own actions.

Finally, in Kosovo, media are there first and foremost to inform, but they rarely take on some other roles (partners or initiators).

In terms of reporting quality, it is still relatively low – in all the country media coverage often does not provide complete information, so sometimes the information is missing, like the information about the donor, recipient or purpose of donation. It is especially the case with corporate donations, where media see the information about private sector charity instances as a form of “free advertising”, so sometimes they do not even report on them.

Information about the amounts are still rarely published in entirety. Although percentages vary from country to country, with Bosnia and Herzegovina having almost 40% and Macedonia even below 10%, each country has failed to publish the amounts in half of the cases.

In these terms, it is necessary to work more with media – both on reporting quality and on transparency.
Annexes

4.1 General Methodology and Limitations

The methodology employed in this research was 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 from 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 in the period 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 of 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, that we are aware of, we think that there are two reasons that argue in favour of our analyses:

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

2. 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 different media frequently report about the same donations and by comparing data from several media reports more accurate and complete data may be obtained.
the years shows trends of development of philanthropy, and trends of media reporting.

Catalyst will continue improving this methodology in the future. In addition, we plan to establish contacts with government offices (tax administration and offices with relevant statistical data) to 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 Bosnia and Herzegovina.

4.2 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.

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.

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:

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5 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.

6 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>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Instances of Philanthropy</strong></td>
<td>• number of different instances/initiatives in the course of the year</td>
</tr>
<tr>
<td></td>
<td>• geographical distribution (% of shares by region in relation to total number of instances)</td>
</tr>
<tr>
<td></td>
<td>• % of instances in which money was given compared to total number of instances</td>
</tr>
<tr>
<td></td>
<td>• % of instances in which they goods/services were given in relation to total number of instances</td>
</tr>
<tr>
<td><strong>Fundraising Methods</strong></td>
<td>• different groups (types) of fundraising methods</td>
</tr>
<tr>
<td></td>
<td>• % of representation of different methods</td>
</tr>
<tr>
<td></td>
<td>• emergence of new fundraising methods</td>
</tr>
<tr>
<td><strong>Purpose of Giving</strong></td>
<td>• purpose for which support is collected</td>
</tr>
<tr>
<td></td>
<td>• number (%) of actions for each purpose</td>
</tr>
<tr>
<td></td>
<td>• emergence of new purposes</td>
</tr>
<tr>
<td></td>
<td>• use of donations by purpose</td>
</tr>
<tr>
<td><strong>Recipients and Final Beneficiaries</strong></td>
<td>• types of recipients</td>
</tr>
<tr>
<td></td>
<td>• number of instances with recipients from public sector (% of total number)</td>
</tr>
<tr>
<td></td>
<td>• number of instances with recipients from civil sector (% of total number)</td>
</tr>
<tr>
<td></td>
<td>• number of instances with recipients from other groups (% of total number)</td>
</tr>
<tr>
<td></td>
<td>• types of final beneficiaries</td>
</tr>
<tr>
<td></td>
<td>• number of instances aimed at different groups of final beneficiaries (% relative to total number of actions)</td>
</tr>
<tr>
<td></td>
<td>• occurrence and number of new groups of final beneficiaries</td>
</tr>
<tr>
<td><strong>Donors</strong></td>
<td>• number of instances by type of donor (% relative to total number of events)</td>
</tr>
<tr>
<td></td>
<td>• number of instances by different recipients based on type of donor</td>
</tr>
<tr>
<td></td>
<td>• number of instances by purpose based on type of donor</td>
</tr>
<tr>
<td></td>
<td>• number of instances per user groups based on type of donor</td>
</tr>
<tr>
<td><strong>Value of Donations</strong></td>
<td>• total amount given</td>
</tr>
<tr>
<td></td>
<td>• % of actions in which the amount donated is known (relative to total number)</td>
</tr>
<tr>
<td></td>
<td>• % of amount given by type of donor</td>
</tr>
<tr>
<td></td>
<td>• % of amount given by type of recipient</td>
</tr>
<tr>
<td></td>
<td>• % of amount given by purpose</td>
</tr>
<tr>
<td><strong>Stakeholders</strong></td>
<td>• type and number of different stakeholders</td>
</tr>
<tr>
<td></td>
<td>• emergence of new stakeholders</td>
</tr>
<tr>
<td><strong>Media</strong></td>
<td>• total number of media reports</td>
</tr>
<tr>
<td></td>
<td>• number (%) of media reports by type of media</td>
</tr>
<tr>
<td></td>
<td>• number (%) reporting to the territory coverage (national, sub-regional, local)</td>
</tr>
<tr>
<td></td>
<td>• number of reports treated as important by type of media (print, electronic, web)</td>
</tr>
</tbody>
</table>
Comparative Review of Outstanding Tax Issues By Country

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 favour 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.). In addition, 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 to 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, however 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 “grey 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 (SIGN Network) have been working in this field for years, Catalyst did not analyse the situation in the specific countries, but opted to state the section of the “Tax Regulations of Significance for Philanthropy Development” publication of the SIGN network, which includes Mosaic 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](http://bit.ly/1wRCKkD)*
### Law on Corporate Profit Tax

**Bosnia and Herzegovina**

- Exhaustive and narrowly defined list of public benefit activities;
- Discrepancy in the notion of public benefit as compared with the Income Tax Law;
- No specific conditions for CSOs as recipient of donations;
- The issues of institutional grants to CSOs, carry-over donations and overhead not specifically addressed in the law;
- Corporations seem allowed to host volunteer activities on their business premises.

**Montenegro**

- Exhaustive and narrowly defined list of public benefit activities;
- Discrepancy in the notion of public benefit as compared with the Income Tax Law;
- No specific conditions for CSOs as recipient of donations;
- The issues of institutional grants to CSOs, carry-over donations and overhead not specifically addressed in the law.

### Law on Personal Income Tax

**Bosnia and Herzegovina**

- Exhaustive and narrowly defined list of public benefit activities;
- Discrepancy in the notion of public benefit as compared with the Profit Tax Law;
- Tax benefits only for entrepreneurs;
- No specific conditions for CSOs as recipient of donations;
- The issues of institutional grants to CSOs, carry-over donations and overhead not specifically addressed in the law.

**Montenegro**

- Exhaustive and narrowly defined list of public benefit activities;
- List of public benefit activities inconsistent with the NGO Law (more narrowly construed);
- Tax benefits provided only to entrepreneurs-tax payers.
- The issues of institutional grants to and overhead of CSOs not specifically addressed in the 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;
- Unregulatetd matter of transfer of donations;
- Companies cannot organize volunteering activities.
### Croatia
- Narrowly defined list of public benefit activities;
- List of public benefit activities not consistent with CSO framework regulation;
- Benefits only for in-country giving to qualified public benefit purposes;
- No specific carry-over rules for donations;
- No specific rules with respect to institutional grants to CSOs;
- No specific rules with respect to recognized overhead of CSO;
- Corporations not allowed to host volunteer activities.

### Kosovo
- Narrowly defined list of public benefit activities;
- The list exhaustive, rather than illustrative;
- The list not consistent with the one provided in the framework regulation;
- Not clear if donations in-kind are also tax-deductible;
- No specific rules with regard to institutional grants to NGOs;
- No specific carry-over rules for donations;
- No specific rules for the overhead of the organization.

### Macedonia
- Excessive administrative requirements imposed on the donor and the grantee;
- Overall high and disproportional transactional costs for executing and supervising the use donations incurred on all parties involved (the donor, the grantee and the supervising authority);
- No specific rules with respect to institutional grants to CSOs;
- The concept of public benefit is somewhat confusing and not consistent with the CSO framework regulation;
- The concept of public benefit is not consistently applied within the line ministries;
- Tax incentives for individual giving are limited to the non-employed;
- No specific carry-over rules for donations.

### Serbia
- Narrow definitions and extensive list of generally beneficial goals and purposes in the Profit Tax Law (inconsistent with the statutory regulations for CSOs);
- Amendments to 2012 law partially abandoned the focus on natural activity performed for generally beneficial purposes, before statutory form under which such activities are performed;
- Certain tax administrations recognize only monetary donations.

**Property Tax Law:**
- According to the interpretation of the Law by the Ministry of Finance, CSO should apply for tax exemption for each gift from an individual donor within one calendar year exceeding 100,000 RSD;
- The law does not define the tax status of donation transferred to the following taxation period;
- The law did not explicitly define the tax status of so-called institutional grants;
- Certain tax administrations tax donations used for administrative costs.

**Narrowly defined list of public benefit activities;**
- List of public benefit activities not consistent with CSO framework regulation;
- Benefits only for in-country giving to qualified public benefit purposes;
- No specific carry-over rules for donations;
- No specific rules with respect to institutional grants to CSOs;
- No specific rules with respect to recognized overhead of CSO.

**Narrowly defined list of public benefit activities;**
- The list exhaustive, rather than illustrative;
- The list not consistent with the one provided in the framework regulation;
- Not clear if donations in-kind are also tax-deductible;
- No specific rules with regard to institutional grants to NGOs;
- No specific carry-over rules for donations;
- No specific rules for the overhead of the organization.

**No clear tax benefits arising from the status of public benefit organization;**
- Initiative to exempt donors to public benefit organizations registered under the Law on Associations and Foundations from the duty to file a request with the Ministry of Justice under way.

**No tax reliefs and allowances for donations by natural entities - taxpayers.**