

KOSOVO  
2015

ANNUAL REPORT  
ON THE STATE OF  
PHILANTHROPY

*Research*

*Belgrade 2016*

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*The views expressed here are those of the authors and do not necessarily represent or reflect the views of the Balkan Trust for Democracy, the German Marshall Fund of the United States, or its partners.*

# Table of Contents

## Introduction

- 4 Foreword
- 6 Terminology
- 7 Summary

## 1. General Overview

- 11 Level of Philanthropic Activities in Kosovo
- 12 Geographic Distribution of Giving

## 2. Overview of the Key Indicators Related to Philanthropy in Kosovo

- 2.1 DONORS**
  - 15 Value of Donations
  - 16 Donations by Type of Donors
  - 19 Profiles of the Most Common Types of Donors
- 2.2 FOR WHAT PURPOSE ARE DONATIONS MADE IN KOSOVO?**
  - 21 What Themes Are Important to Donors in Kosovo?
  - 23 Use of Donations
- 2.3 WHO IS SUPPORTED BY DONORS IN KOSOVO?**
  - 25 Who Are Trusted as Recipients of Donations?
  - 28 Who Benefits from Donations?
- 2.4 HOW IS GIVING DONE IN KOSOVO?**
  - 30 What Is Donated?
  - 31 Ways of Fundraising
  - 33 Media Coverage

## 3. Annexes

- 36 *Annex 1: Methodology*
- 37 Factors and Indicators Showing the Degree of Philanthropy Development
- 38 *Annex 2: Changes In Legal / Fiscal Framework*

## Foreword

Dear friends,

Catalyst Balkans is pleased to present to you the 2015 Annual Report on the State of Philanthropy in Kosovo. As in 2014, this report presents data for 2015 and, wherever possible, points to trends in giving for certain indicators. We hope that the data will be both useful and of interest to you as information on the level of giving and development of philanthropy in Kosovo.

Kosovo can be proud of the fact that the overall level of giving in 2015 increased in comparison to 2014, both in terms of the number of instances of giving and the value of donations. Estimations suggest that the number of instances of giving in 2015 more than doubled in comparison to 2014, with over 3.9 million EUR donated for a range of themes, recipients and beneficiary groups.

2015 was also marked by an increase in the level of giving by citizens, a continuing increase in support to education, an increase in value of donations directed to the nonprofit sector, a somewhat wider range of key beneficiary groups and increased transparency. However, the value of donations directed to the state decreased significantly this year. Poverty reduction as a theme continues to top the list of themes, and the range of themes remains relatively limited in comparison to other countries. The level of one-off support remains high, with over 74% of donations being used for humanitarian support, supplies, medical treatments and individual housing. Donations that may produce long-term effects remained at the level of 2014 (17.7%) and continued to be directed to equipment and capital investments.

Overall, while there is room for improvement – primarily in widening the themes and beneficiary groups, as well as in increasing strategic giving and transparency in reporting, 2015 was generally marked by positive developments in Kosovo philanthropy.

Catalyst will continue to monitor and report on shifts and trends in philanthropy both in Kosovo and the region. We believe that measuring philanthropy and presenting data, trends and positive examples may contribute to positive shifts in various forms of giving and help realize the potential of philanthropy.

Finally a bit about the methodology: this year report was prepared using the **GivingBalkans** database developed by Catalyst in 2013 and which we continue to upgrade. It is with great pleasure that we note that the database is currently the most reliable data source<sup>1</sup> on voluntary donations in Kosovo and in the region. In the absence of official data<sup>2</sup>, for **GivingBalkans**, Catalyst uses alternative methods of gathering data, primarily media reports and other available data sources. While this methodology<sup>3</sup> has certain limitations, we believe that our research provides insight into the most important aspects of voluntary giving because the figures obtained, while not comprehensive, provide **minimal** relevant indicators that can be used as indicators of the **degree of philanthropy development** in the country.

The data in this report was collected by monitoring the electronic, print and on-line media on the local, regional and national levels in Kosovo from January 1 through December 31, 2015. Over this period, 758 entries related to voluntary giving by all types of donors were processed, of which 468 were unique, recorded instances. The total number of entries differs from the number of unique donations because several media reported on on the same donation.

We would like to thank all of you who helped us prepare this report: those of you who took part in philanthropy, those who donated funds and time, and those whose contributions facilitated the further development of both our method and methodology in collecting the data. Finally, we would like to thank Catalyst Balkans and FIQ employees who assisted with data entry and the processing of data and whose efforts helped greatly in completing this report.

Our best regards until the 2016 report is published,

Catalyst Balkans

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1 Although a potentially more reliable data source would be the Tax Offices (because there are certain tax benefits for legal entities in all countries in the region) it is not possible to obtain exact data related to donations from these offices.

2 Reports of organizations that received donations and companies' reports on donations.

3 Detailed information on our methodology is provided in Section 3.1.

## Terminology Used in Report

For easier understanding of the report, herein below are short descriptions of the terminology used in the report.

<b>Instance</b>	Unique verified events/examples of collecting donations. May contain several donations (for example, an instance could be a campaign in which individuals collect cash for someone's medical treatment).
<b>Donors</b>	Persons and/or legal entities donating cash, time, services, goods. They are divided into types of donors to facilitate the monitoring of trends.
<b>Donors</b> <i>Mass Individual</i>	Large number of individuals who could not be identified by name.
<b>Donors</b> <i>Mixed</i>	Cases in which it is not possible to classify the donors, i.e. several types of donors were involved in the instance.
<b>Donors</b> <i>Individuals</i>	The donors can be identified as individuals.
<b>Donors</b> <i>Corporate Sector</i>	Includes companies (with over 50 employees), corporate foundations and small and medium sized enterprises (with less than 50 employees).
<b>Donors</b> <i>Private Foundations</i>	Foundations established by private individuals or a combination of both private and legal entities.
<b>Donation</b>	A case of unique giving, without compensation (in money, goods, services or time) being given in return.
<b>Extrapolation</b>	A statistical method that uses the percentage of known data to calculate data that would be valid if 100% of the data was known. Extrapolation provides an estimate and not absolute values.
<b>Philanthropy</b>	Giving for a good cause, i.e. the voluntary giving of money, goods, time, or services in order to help the needy and advance social welfare.
<b>Final Beneficiaries</b>	Target groups that benefit from a donation. For example, if a school is the recipient of a donation, the beneficiaries are the children attending the school.
<b>Themes for Giving</b>	Themes or purposes for which donations are given, such as health, education, etc.
<b>Recipients of Donations</b>	Private and/or legal entities receiving a donation from a donor. In most cases this donation is then passed on to others.
<b>Corporate Sector</b>	The term corporate sector includes companies (with over 50 employees), corporate foundations and small and medium size enterprises (with less than 50 employees).
<b>Use of Donations</b>	Indicates how a donation has been used, for example for capital investment, the purchase of equipment, for the rendering of services, provision of material and consumer goods and the like.

### Symbol



Increase as compared with the previous year



Decrease as compared with the previous year



No change as compared with the previous year



Change is 1%, or less as compared to the previous year and is thus statistically negligible.

## Summary

### GENERAL OVERVIEW

An overview of the philanthropy data in 2014 and 2015 highlights two positive shifts: an increase in the value of donations and in the number of recorded instances.

The available data show that over EUR 3,976 mil. was given for philanthropic purposes in Kosovo in 2015.

The average number of instances significantly increased from 17 (in 2014) to 39 (in 2015) per month.

Consequently, the average donation per citizen of Kosovo also increased slightly, from EUR 1.9 to EUR 2.1, in 2015.

In the next section, we provide a brief overview of some of the most important indicators that together provide a picture of philanthropy in Kosovo.

#### KEY STATISTICS: 2014 → 2015

Est. Total Value: 3.976 mil. €

11.5% increase from 2014

# of Recorded Instances: 468

Avg. Donation Per Citizen: 2.1 €

### PHILANTHROPY IN 2015

#### MOST ACTIVE DONORS

In 2015, mass individual giving was the most active donor category by percentage of recorded instances and saw an increase of over 23.0% in comparison to 2014. Although again ranked in second place, individual giving also increased by over 10.0%, while the corporate sector continued to give at the same level as in 2014.

#### TOP 3 DONOR TYPES (by # of Instances)

Mass Individual: 49.1%

Individuals: 21.6%

Corporate Sector: 10.5%

#### VALUE OF DONATIONS BY TYPE OF DONOR

When we ranked donors according to recorded value of their donations, we again found mass individual donors to be leading, the corporate sector is then rated second, followed by individual category and associations.

As compared with 2014, the value of donations from mass individual donors increased by 25.6%, while investments from the corporate sector, individual donors and associations decreased.

#### TOP 3 DONOR TYPES (by Value of Donations)

Mass Individual: 38.2%

Corporate Sector: 31.2%

Individuals: 14.8%

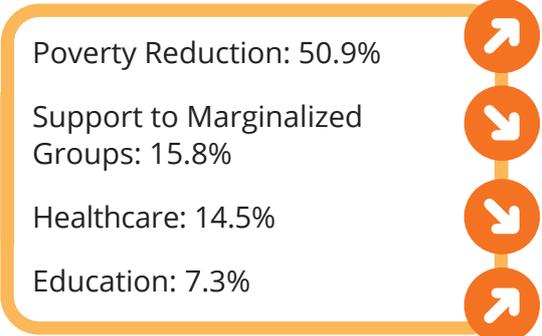
### KEY THEMES FOR DONATIONS

The four key themes that saw continued support included poverty reduction, support to marginalized groups, healthcare and education, with more than 88.0% of the total instances directed to these themes.

While support to these top four themes fluctuated, the changes were relatively small in comparison with 2014. It is important to note however, that support to education increased in 2015, while in the most of the other countries support for this important issue decreased.

It is noteworthy that support to these four themes constitutes 88% of total support, which means that other themes are not yet well established as issues deserving philanthropic support. Moreover, the range of themes in Kosovo remains limited in comparison to other countries.

### TOP 4 THEMES FOR GIVING

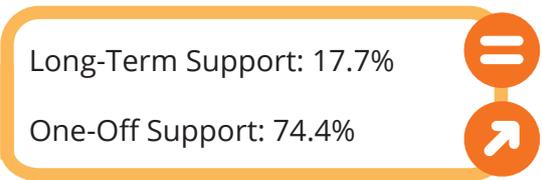


### USE OF DONATIONS

In 2015 the percentage of instances in Kosovo directed to one-off support (humanitarian aid, assistance for the medical treatment of individuals (most frequently children), and the goods and materials for the work of institutions and organizations, increased, while long-term support (support that may produce long-term effects (equipment, capital investments, scholarships, raising awareness, start-up capital and the like), has remained at exactly same level as in 2014.

As in other countries and previous years, the corporate sector is still in the lead in terms of the provision of long-term support.

### USE OF DONATIONS

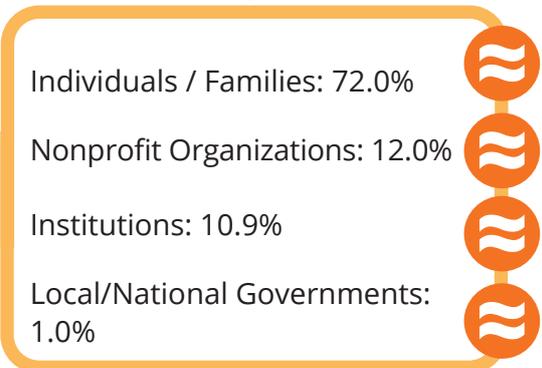


### RECIPIENT ENTITIES

The ranking of types of recipient entities by percentage of recorded instances did not change when compared to 2014. It is also interesting to point out that the level of interest in the different recipient types stayed at the same level, with no changes exceeding 1.0%.

Almost 95.0% of recorded instances were directed to three types of recipients: individuals/families, non-profit organizations and institutions. In addition to these recipients, local/national governments and religious entities as donation recipients saw the same level of interest as compared to 2014.

### TOP RECIPIENTS OF DONATIONS (by # of Instances):





When the value of donations is considered (in relation to the recorded sum), there were quite a few changes: the value of donations to individuals and families increased by over 20.0%, support to nonprofit organizations also significantly increased (by 11.3%) and institutions saw a large drop, with 22.8% less in the recorded value of donations.

Local and national government was the only recipient whose support remained at the same level.

### TOP RECIPIENTS OF DONATIONS (by Value of Donations)

Individuals/Families:	61.5%
Nonprofit Organizations:	23.7%
Institutions:	11.4%
Local/National Governments:	0.9%



### THE STATE AS RECIPIENT

State recipients included local and/or national government as well as institutions.

Data for 2015 shows the same number of donation instances directed to state institutions, while the value of donations dropped.

Thus, as opposed to a number of other countries in the region, the Kosovo state does not feature as a significant recipient of recorded philanthropic donations.

### THE STATE AS RECIPIENT OF DONATIONS

% of Recorded Instances:	11.9%
% of Value of Donations:	12.3%



### FINAL BENEFICIARIES

When we examined the categories of final beneficiaries, we observed that in 2015 people in economic need are still appear at the top of the list. While the percentage of support to three beneficiary groups – people in economic need, people with health issues and people with disabilities – changed slightly, the fluctuations are not significant.

The significant change however was in increased support to people from local communities (people from a specific geography). After a drop in 2014, support to this group of beneficiaries returned to its 2013 level, suggesting that 2014 was an aberration.

Although support to the principal beneficiary groups amounted to 84.4% of the total, it is encouraging that the list of beneficiary groups that receive support this year widened and included people from minority communities, the unemployed and single parents.

### RATING OF THE MOST SUPPORTED BENEFICIARY GROUPS

In Economic Need:	54.7%
From Local Communities:	13.2%
With Health Issues:	9.4%
Persons with Disabilities:	7.1%



## Several Characteristics of Philanthropy in Kosovo in 2015:

- ★ In spite of the economic situation remaining precarious, the positive trend of an increase in both the number of instances and total value of donations continued.
- ★ In terms of types of donors, people (in the form of mass individual giving) not only remained the most active type of donor in 2015, but also gave more. The corporate sector continued the same level of activity but gave less, while individuals increased their giving but gave less.
- ★ When we examine the diaspora, we see that the percentage of instances increased significantly in comparison with the previous year. In 2015, 37.8% of all instances came from the diaspora. At the same time, total value of donations from the diaspora, as compared with other donor types, dropped to 23.3%.
- ★ The four key themes receiving support continued to be poverty reduction, support to marginalized groups, healthcare and education, with more than 88.0% of the total instances directed to these themes. A positive development was the increased support to education, a difference as compared to most of other countries in the region. At the same time, the range of themes addressed by donors remains limited and the levels of support for other issues indicates that they are still not seen as important for philanthropic support.
- ★ One-off support remains prevalent in Kosovo. Alongside this, however, the trend among corporate donors toward becoming more strategic continued in 2015.
- ★ In 2015, almost 95% of recorded instances were directed to individuals and families, nonprofit organizations and institutions. Individuals and families remained at the top of the list, both in number of instances and the value of donations.
- ★ Nonprofit organizations saw increased support this year. While the number of donations remained similar to last year's level, the value of donations increased significantly (11.3%). In addition, a larger number of organizations partnered with the corporate sector, received multiple donations, and were mentioned by name in the media.
- ★ In comparison with 2014, support for the state (institutions and local and national government) decreased significantly in terms of the value of recorded donations.
- ★ The key final beneficiary groups remained unchanged. While the level of support to three beneficiary groups – people in economic need, people with health issues and people with disabilities changed slightly, the fluctuations were not significant. The most significant change was the increased support to people from local communities (specific geography), with the level of support going back to the 2013 level after a significant drop in 2014. It is encouraging that the list of beneficiary groups that receive support this year widened and included people from minority communities, the unemployed and single parents.
- ★ Last but not the least, the transparency of data was better as compared with 2014. The percentage of media reports indicating the value of a donation increased from 21.5% in 2014 to 30.1% in 2015, thus returning to a level similar to 2013 (after a drop in 2014).

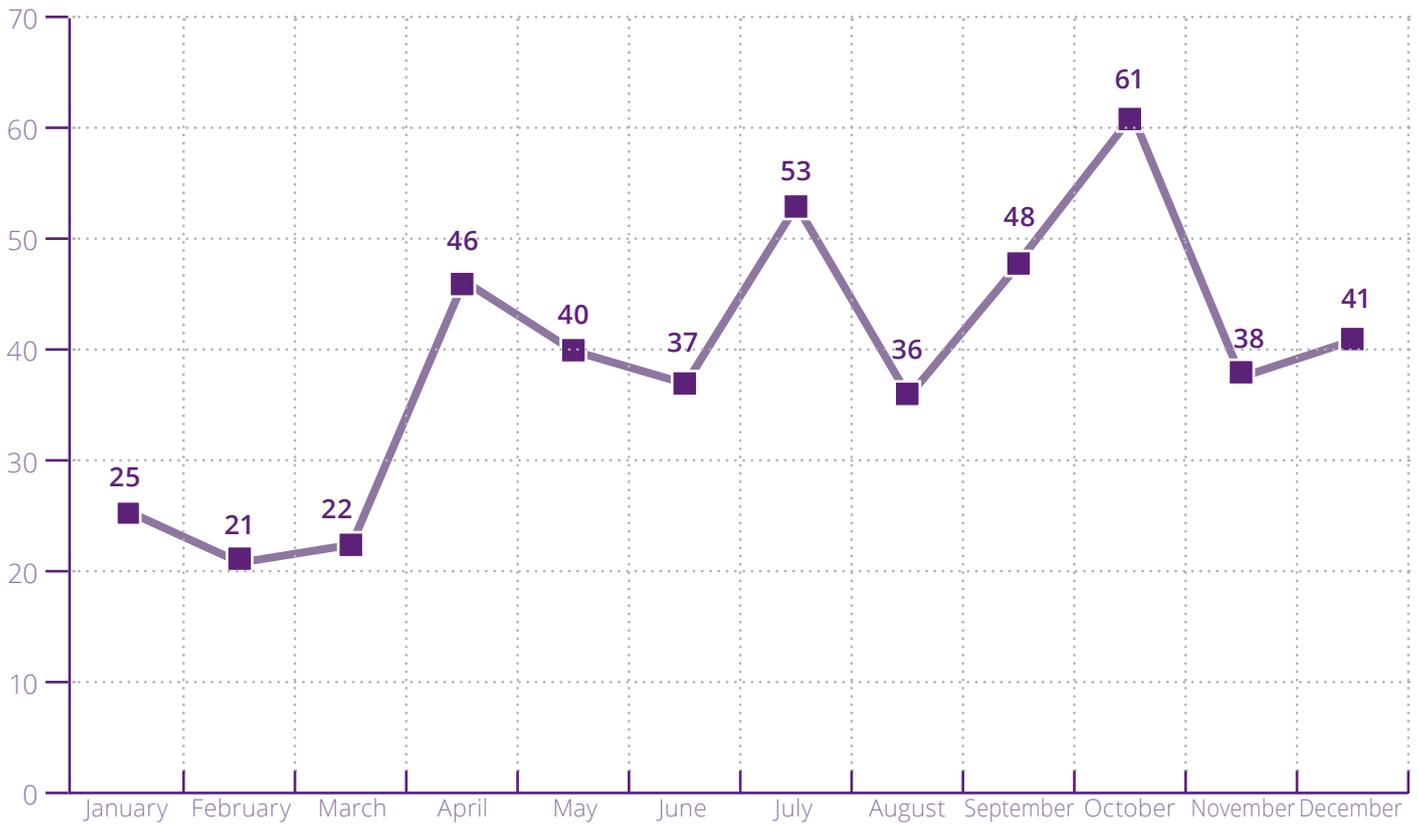
Overall, while there is room for improvement, a number of positive developments can be seen in 2015, such as the rise in number of instances and value of donations, greater interest in education as a theme, increased support for nonprofit organizations, a widening of the range of beneficiary groups supported and the increased level of transparency.

# General Overview | 1

## Level of Philanthropic Activities in Kosovo | 1.1

There were 468 recorded philanthropic instances to collect cash and/or in-kind goods in Kosovo in 2015.

# OF INSTANCES OF PHILANTHROPY, BY MONTH



In this regard, the first trend to highlight is increased number of recorded instances as compared with 2014. The average of 17 instances per month in 2014 more than doubled in 2015, with 39 instances per month. In comparison with other countries, Kosovo has a somewhat unusual seasonal distribution characterized by increases in March and during the summer months and a drop over the winter holiday season.

AVERAGE # OF INSTANCES PER MONTH (2013 - 2015)



## 1.2| Geographic Distribution of Giving

This year's analysis of geographic aspect of giving in Kosovo shows a relatively equal distribution of donations by region. The exception was Pristina which, despite a drop in number of instances, continued to be the region where donations were most frequently sent (30.3%). The other exceptions were Mitrovicë and Ferizaj, which saw a higher percentage of donations in 2015, and the Pejë region, which saw a significant drop in 2014 (from 13.6% in 2013 to 3.3% in 2014) and, with 3.2% in 2015, continued to be the region with smallest percentage of instances.

A higher percentage of donations in 2015 covered either all of Kosovo or multiple regions; the percentage of donations in this category (Throughout Kosovo) increased from 11.5% in 2014 to 14.1%. The percentage of donations in the Outside of Kosovo category, that is, giving to people in other countries also increased from 1.9% in 2014 to 4.1%.

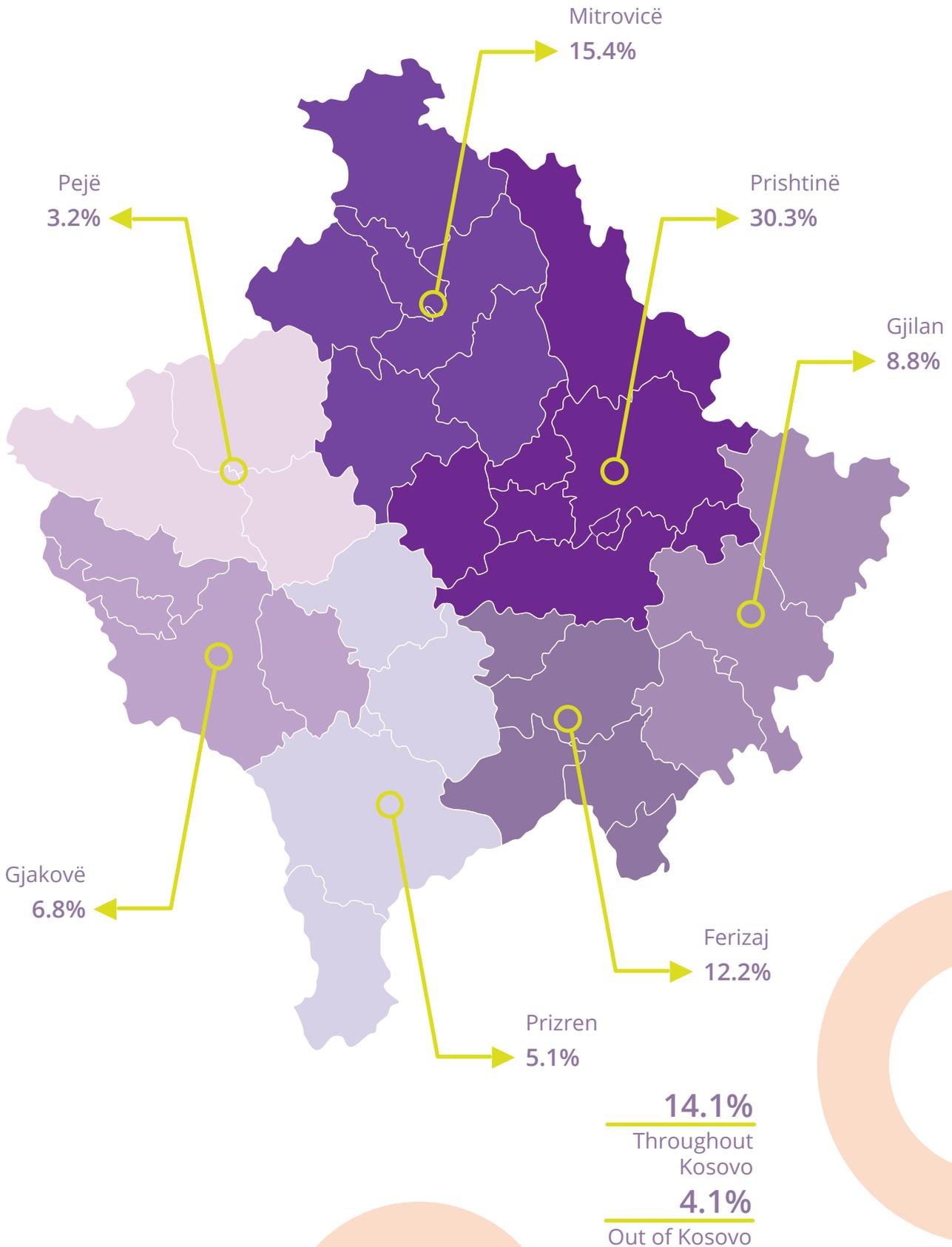
In sum, donations within Kosovo were directed to over 73 different local communities across 43 municipalities.

Overall, several trends can be seen: a continuing increase in donations to the Ferizaj region, a continuing decrease in the Gjilan region and an ongoing increase in the Throughout Kosovo category of donations. Additionally, it will be interesting to look into the reasons for the significant drop in donations in/to? the Pejë region in the last two years.

### TRENDS IN GEOGRAPHIC DISTRIBUTION OF GIVING (% of Instances)

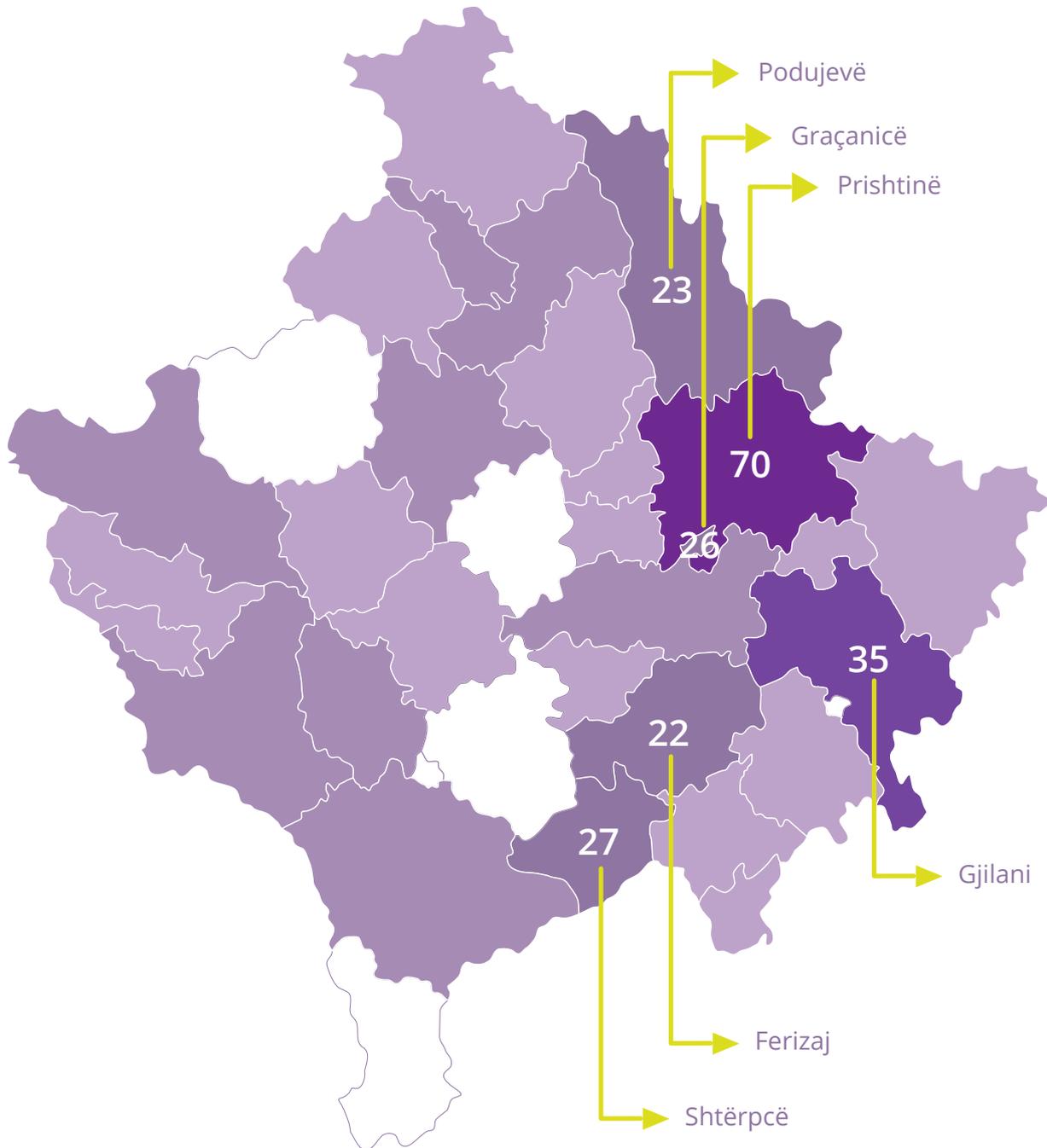
	2013		2014		2015
Ferizaj	6.2%	↗	8.6%	↗	12.2%
Gjakovë	6.2%	↘	4.3%	↗	6.8%
Gjilan	13.6%	↘	11.5%	↘	8.8%
Mitrovicë	9.9%	≈	10.5%	↗	15.4%
Pejë	13.6%	↘	3.3%	≈	3.2%
Prishtinë	32.1%	↗	39.2%	↘	30.3%
Prizren	7.4%	↗	9.1%	↘	5.1%
Throughout Kosovo	3.7%	↗	11.5%	↗	14.1%
Outside of Kosovo	1.2%	≈	1.9%	↗	4.1%

GEOGRAPHIC DISTRIBUTION OF GIVING BY REGION  
(% of Instances)



*Kosovo's designation in this document is without prejudice to position on status, and is in line with UNSCR 1244 and the ICJ Opinion on the Kosovo Declaration of Independence.*

GEOGRAPHIC DISTRIBUTION OF GIVING, BY RECIPIENT MUNICIPALITY  
(% of Instances)



*Kosovo's designation in this document is without prejudice to position on status, and is in line with UNSCR 1244 and the ICJ Opinion on the Kosovo Declaration of Independence.*

# Overview of the Key Indicators | 2

## Related to Philanthropy in Kosovo

Donors | 2.1

Value of Donations | 2.1.1

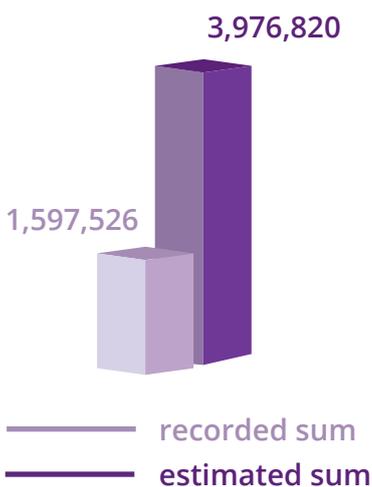
Of the 468 donations (calls, instances, reports and similar) indexed, 30.1% of them had a monetary value associated with them, which represents an increase compared to the 21.5% recorded in 2014. The total value of donations reported by the media, and which could be verified using other sources, was slightly over EUR 1,597,000<sup>1</sup>.

Despite the fact that a bit less than one third of recorded data contained the actual value of donations, based on extrapolation a cautious estimate can be made that the value of donations for charitable purposes in Kosovo in 2014 was at least 3.976 million Euro. The graph below shows the recorded and verified value of donations in Euro, as well as the estimated value based on extrapolation from the recorded sums<sup>2</sup>.

Given that the recorded and estimated values primarily included cash donations and the fact that it remains difficult to obtain a higher percentage of specific data<sup>3</sup>, it is reasonable to assume that the total value of donations was significantly higher, even higher than the estimated sum quoted herein.

It is important to note the continuing trend of increase in the value of donations, a development which accords with the continuing rise in number of donations over the past three years.

VALUE OF DONATIONS (mil €)



TRENDS IN ESTIMATED VALUE OF DONATIONS (mil €)



1 The amounts were recorded in different currencies. The sum thus represents the annual median exchange rate for different currencies.

2 With regard to the aforementioned values, it is important to note that they primarily include donations in cash, since the estimated value of in-kind donations and pro-bono services is more difficult to extrapolate.

3 Although the number of stakeholders willing to share data on the value of donations is increasing, neither donors nor recipients exhibited a significant readiness to share information on donated sums. Consequently, increased efforts should be made to educate all stakeholders about the importance of transparency regarding donated sums.

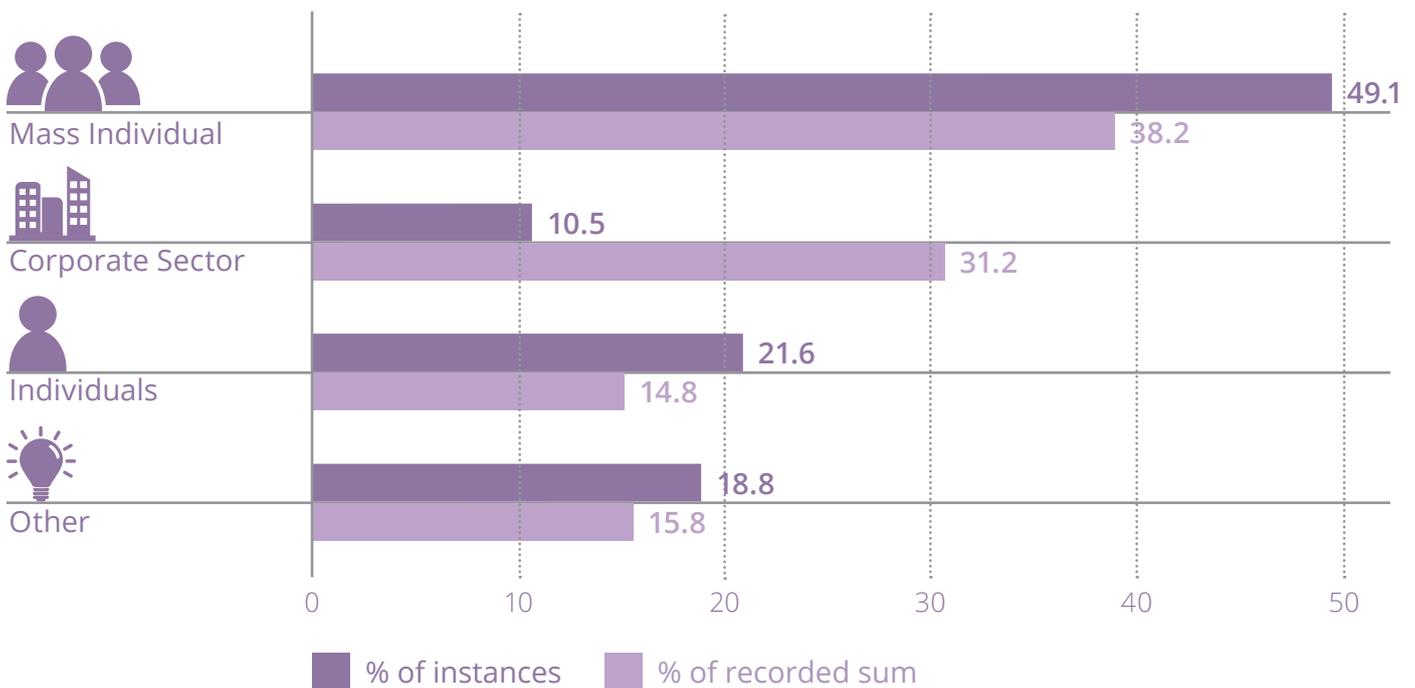
### 2.1.2| Donations by Type of Donors

We investigate two aspects of giving to help understand the activities of donors: the number of instances and the recorded sum of donations. These two aspects often demonstrate that the most active donors (those providing the highest number of donations) are not always the ones giving the largest amounts.

In 2015 the largest number of donations was provided by the mass individual donor (donations during campaigns and responses to appeals for support/aid), followed by individual donors (individual giving where the donor can be identified) and the corporate sector. Participation by other types of donors, was slightly over 18%.

However, the picture changes somewhat if we rank donors by percentage of recorded donated sum. Mass individual donors continue to lead, but the corporate sector then holds second place over the value of donations by individuals. Other types of donors provided less than 16% of the total recorded amount.

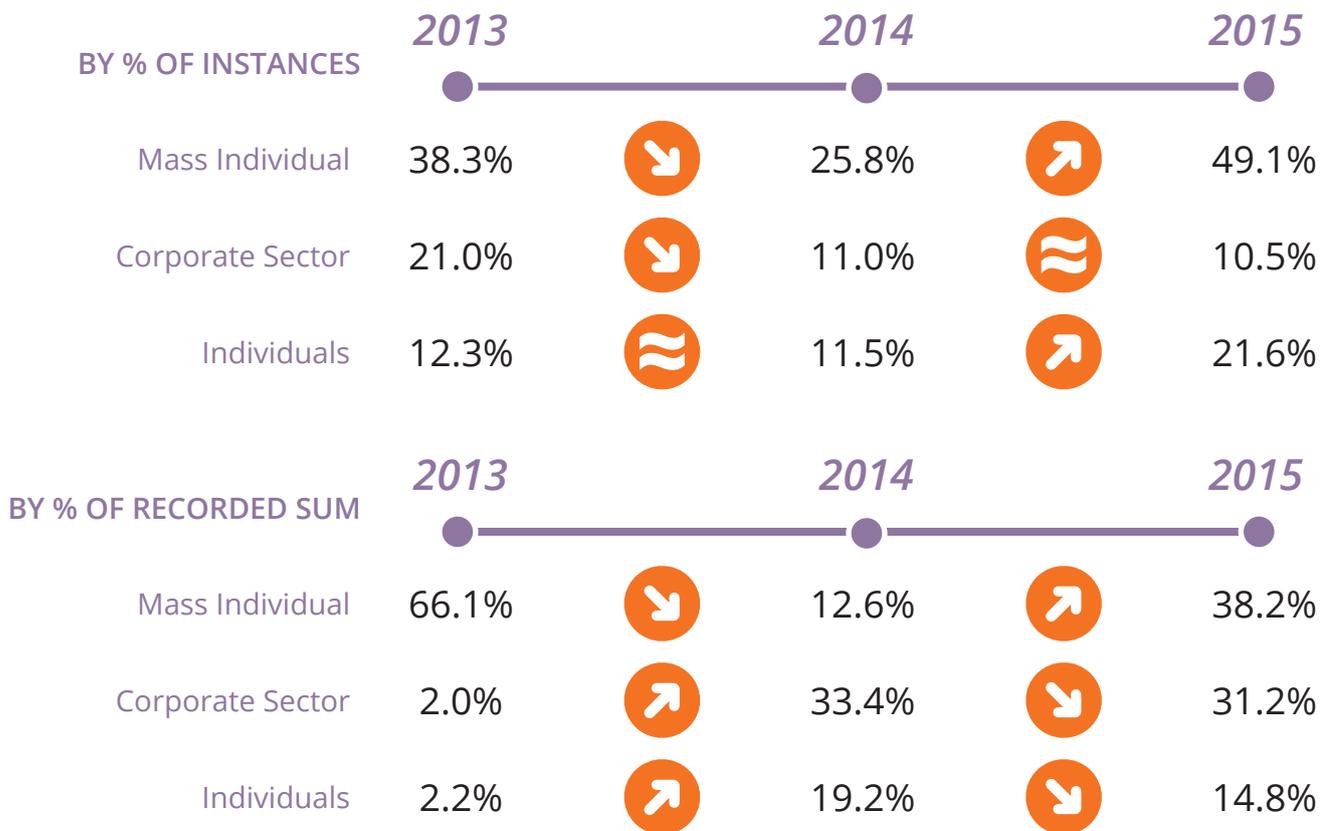
#### DONATIONS BY TYPE OF DONORS (% of instances vs. % of recorded sum)



Looking back at these three types of donors (mass individual, the corporate sector and individuals) over the past two years, we notice that, unlike the year 2014, mass individual donors lead both in terms of number of instances and the value of donations. This year we also see a drop in the total value of giving by the corporate sector, while individuals increased their participation in giving, but donated a smaller part of the total.

Nevertheless, changes visible in the percentage of instances and the recorded value of donations have been fluctuating over the past three years and thus do not yet suggest a clear trend.

KEY TRENDS IN TYPES OF DONORS - 2013 to 2015



DONATIONS FROM THE DIASPORA

In 2015, almost 38.0% of instances and a bit over 23.0% of the total donated value came from the diaspora. The funds were raised through events and campaigns/appeals. The number of countries from which help came increased this year and included: USA, Sweden, Switzerland, United Kingdom, Australia, Austria, France, Italy, Germany, Netherlands, and even Iceland.

Wonderful examples of long-term individual giving by the diaspora are the gifts of *Miloje Minović* and *Nazmi Bytyqi*, both living in Germany. Mr. Minović, who is a professor, decided to support cultural activities in the Gračanica community by donating a vehicle (valued at EUR 5,000) to the Gračanica House of Culture. Mr. Bytyqi invested in healthcare and donated EUR 33,000 worth of medical equipment to the University Clinical Center in Pristina.





## EXAMPLES OF CORPORATE SECTOR DONATIONS

*An outstanding example of corporate giving was the donation of the **Economic Bank of Kosovo** to the Down Syndrome Kosova organization. The purpose of the donation was to build a Center for Children with Down Syndrome, a place for the support and inclusion of people with Down Syndrome. The donation represents giving which will make a long-term contribution to supporting this marginalized group of people.*

***Albi Group, Trepča Enterprise and ELKOS Group** were very active in supporting children without parental care and children in economic need by donating food and supplies on a regular basis.*

*The corporate sector also invested in healthcare. The **Forma Ideale** company equipped the Gynecology Department of the Gjilane Health Center with new furniture and electrical appliances for the kitchen and dining room used by patients. Another, less typical example was from **Reiffeisen Bank in Kosovo**, which – supported – in cooperation with organization „Ideas and Partnership“ - a project for education in the Roma, Ashkali and Egyptian community in the amount of 31,200 euros.*



## CAUSE RELATED MARKETING

*The trend of what is called “cause related marketing”, i.e. donating a part of a company’s income from the sale of products, is continuing to spread throughout the region. Cause related marketing could be a win-win combination: while the company is making a profit, it supports good causes and, at the same time, increases awareness among citizens about issues that require their support.*

*A new cause related marketing campaign was launched by the **Golden Eagle Foundation**, established by the **Frutex Company**. For every sold product, 2 cents were donated for scholarships for students in Kosovo. Students were selected based on specific criteria, including their financial situation and academic performance. Even more important and somewhat unusual, students with disabilities were prioritized.*

*Valuable support for the elderly came from the **TrePharm** company, which launched a campaign in support of the elderly. Three cents of every product sold was allocated to a fund for the refurbishment of a home for the elderly.*



## DONATIONS FROM INDIVIDUALS

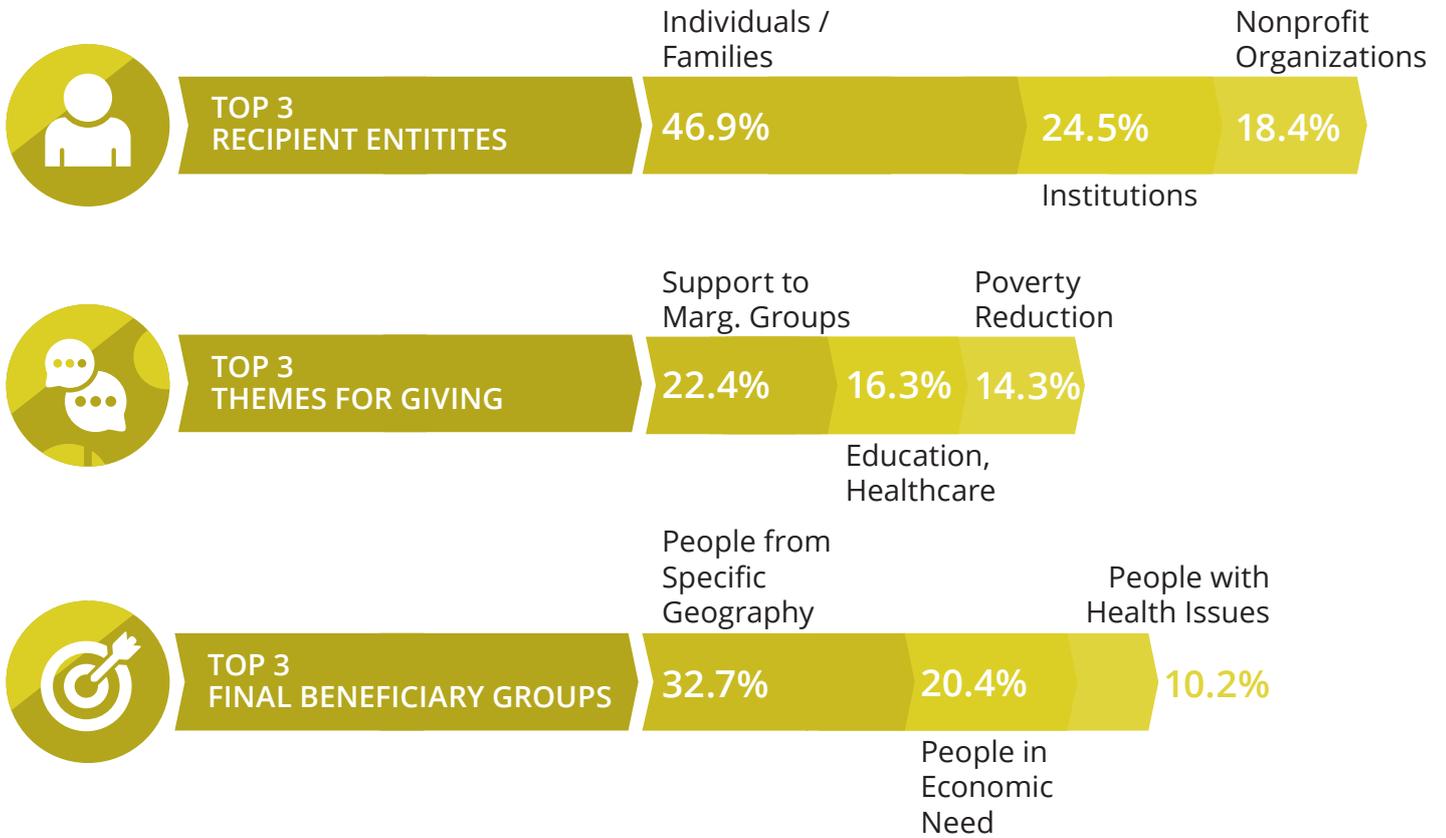
*The trend of what is called “cause related marketing”, i.e. donating a part of a In 2015, an outstanding example of individual giving is the donations of **Rexhe Zhakli**, who supported the Down Syndrome Association and Autism Association, providing 75,000 EUR to each of these organizations.*

*Another interesting donation was made by **Jusuf Buxhovi**, a well-known writer and publicist who donated 540 books to libraries in several communities, including Prizren and Ulqin.*

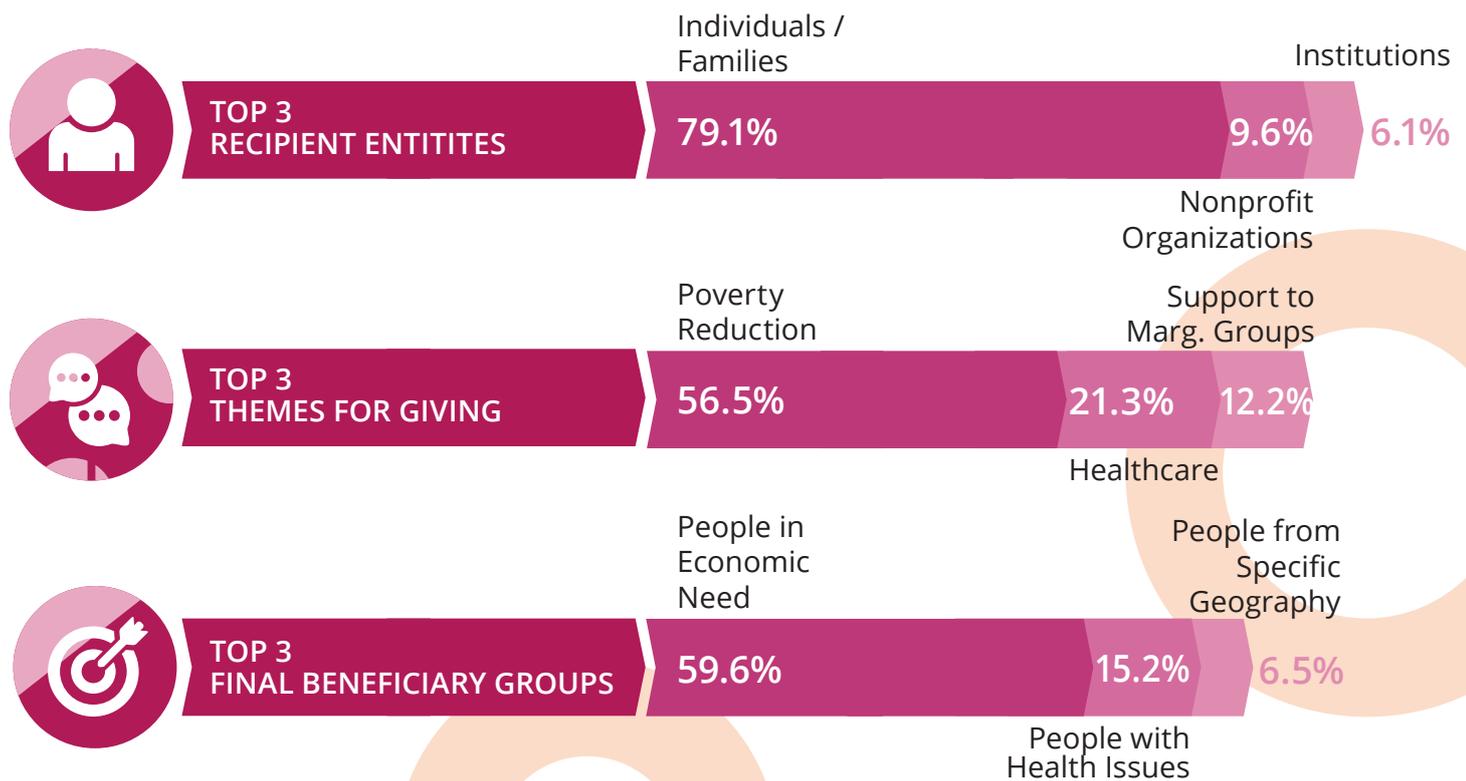
Profiles of the Most Common Types of Donors | 2.1.3



CORPORATE SECTOR



MASS INDIVIDUAL



**KEY POINTS:**

- Despite a decrease to 30.3%, Prishtina remained the region with the highest number of donations, while Peje remains (for the second year in a row) the region with the smallest percentage of instances. Trends that could be note were the continued increase of donations for the Ferizaj and Mitrovice regions, the continuing decrease for the Gjilan region and the continuing increase in the Throughout Kosovo category.
- The number of donations increased (by almost 124%) as did the recorded and estimated values of donations (by 11.5%).
- In 2015, the most active donor types were mass individual donors (49.1%), followed by individuals (21.6%) and the corporate sector (10.5%).
- When we look into the value of donations, the picture is somewhat different: mass individual donors are in the lead with a share of 38.2% of the total recorded amount, followed by the corporate sector with a share of 31.2%, and individuals with a share of 14.8%.
- When we analyze diaspora giving, the percentage of instances appears much higher than in the previous years, it jumped to 37.8%, while the recorded value of donations decreased to 23.3%.
- Overall, there has been a continuous increase in both the number and value of donations over the past three years. Mass individual donors continued to have a strong presence and donated more, while the engagement of the corporate sector (companies, corporate foundations and small and medium enterprises) remained at the same level and decreased in terms of percentage of the recorded total. Looking at the last three years, however, these percentages fluctuate and thus do not yet suggest a clear trend.

## For What Purpose Are Donations Made in Kosovo? | 2.2

### What Themes Are Important to Donors in Kosovo? | 2.2.1

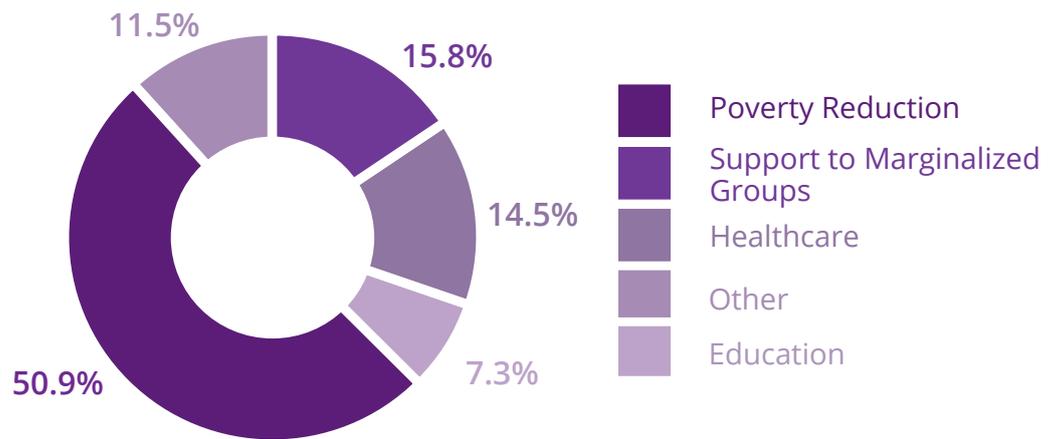
The four key themes to which donations were directed in 2015 continued to be poverty reduction, support to marginalized groups, healthcare and education.

While there was no significant change in the level of support for these themes, it is important to note that support for education increased. While it is not yet at the level it was in 2013, Kosovo is one of the few countries in the region where support for this important issue increased.

The range of themes remains limited as compared to most of the other countries; the number of themes even decreased in 2015. Thus, while heritage appeared as a new theme, community development and economic development were not present this year<sup>4</sup>.

This year, the percentage of instances for all themes other than the top four was 11.5%, which is a bit higher than the previous year. While we believe that the support in these areas may be higher than that recorded by the media or was possible to verify using other sources, the fact remains that support to all other issues remains quite low.

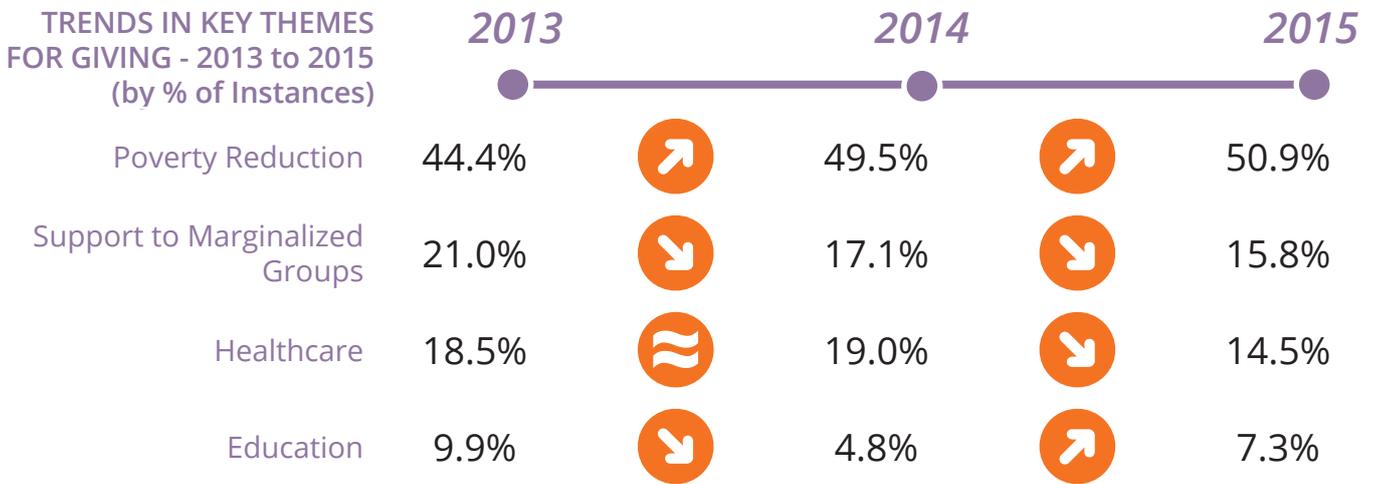
KEY THEMES OF GIVING  
(% of Instances)



BREAKDOWN OF OTHER THEMES  
(% of Instances)



<sup>4</sup> The 'Other' category in the graph included mostly multipurpose donations (that is, several donations provided by the same donor for different purposes).



**KEY POINTS:**

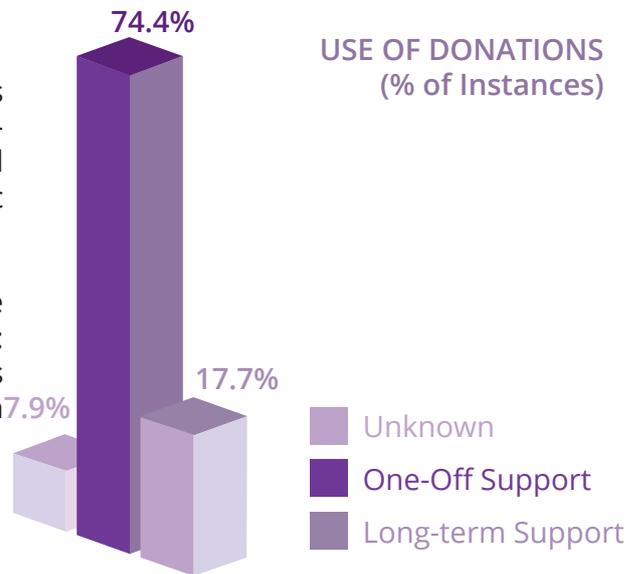


- The four key themes supported were: poverty reduction, support to marginalized groups, healthcare and education. The instances directed to these themes add up to 88.5%.
- In regards to the ranking of key themes by number of instances, poverty reduction remained in the leading position, while support to marginalized groups ranked higher than healthcare, and education remained in the fourth place. While there were no significant changes in the level of support to these themes, it is important to note that support to education increased, making Kosovo is one of the few countries where support to this important issue increased.
- The range of themes remained limited in comparison with most of the other countries in the region; the number of themes even decreased in 2015. Thus, while heritage appeared as a new theme, community development and economic development were not present this year. The percentage of instances for all themes other than the top four was 11.5%, which was a bit higher than the previous year, but is still quite low. This is the sign that other issues have not yet gain their place as philanthropic causes in Kosovo.
- As comparison to the previous year, the range of other themes remained limited and almost unchanged. The smallest percentage of instances were directed to culture and arts and heritage, while a small percentage of giving went to alleviating the effects of the floods that took place in Macedonia and Albania.

Use of Donations | 2.2.2

The data on how donations have been used facilitates deeper insight into whether they are provided as one-off support (humanitarian assistance) or are intended to assist in pursuing longer-term solutions to specific problems.

In line with the methodology and recorded data, we have divided the use of donations into three categories: long-term support, one-off support and donations for unknown purposes<sup>5</sup>. An overview of donation categories is provided in the graph below.



TRENDS IN USE OF DONATIONS 2013 - 2014 (% of Instances)

	2013		2014		2015
Long-Term Support	16.0%	↗	17.7%	=	17.7%
One-Off Support	71.6%	↘	70.3%	↗	74.4%
Unknown	12.3%	≈	12.0%	↘	7.9%

STRATEGIC GIVING

An interesting example of strategic giving comes from the *Cifti Buqinca Foundaton* established to support women's education, with the specific aim of increasing the number of girls who attend higher levels of education and thus get one step closer to improved economic and social prospects. In 2015, the foundation supported scholarships for over 40 girls and young women.

Another example comes from the *IPKO coporation*, which invested approximately 50,000 euros in the renovation of primary schools in Istok, Suhareke and Ferizaj.

<sup>5</sup> Within the category "long-term support" we include: capital investments, equipment, investment in services, scholarships (human resource investments), research and development, raising social awareness. In the category "one-off support" we include: humanitarian aid, seasonal donations, medical treatments for individuals/families, and material and consumables. It is not always possible to determine the purpose of a donation because the available data, for example, may indicate that an institution/organization has been supported, without specifying the donation's purpose.



## SUPPORT TO INDIVIDUALS IN NEED - HOUSING

*Looking back over the last three years, it is interesting to take note of the support for individual housing for people in economic need. Given both the number and value of donations, and a comparison with others in the region, this is a practice quite specific to Kosovo.*

*Companies and SMEs, associations, religious bodies, citizens and individual donors (both domestic and from the diaspora) actively supported in various way the reconstruction or building of houses for people in need of such support. In 2015, almost 13.0% of total instances of giving were directed to this purpose.*

## KEY POINTS:



- The highest percentage of instances in Kosovo in 2015 continued to take the form of one-off support. As in other countries in the region, the corporate sector continued to be more oriented to strategic investments than other types of donors.
- Analysis of giving practices in the last three years indicate that donations of equipment are by far the most common investment with the potential to bring long-term effects. Equipment was followed by donations for the reconstruction of buildings (capital investments) and educational services.
- The most frequent one-off donations were for humanitarian assistance, supplies/consumables and individual housing and medical treatments.
- Long-term investments remained at the same level as in 2014, while one-off investments increased slightly. The latter can be explained by the stronger emergency support to the population affected by the floods that occurred in Macedonia and Albania.

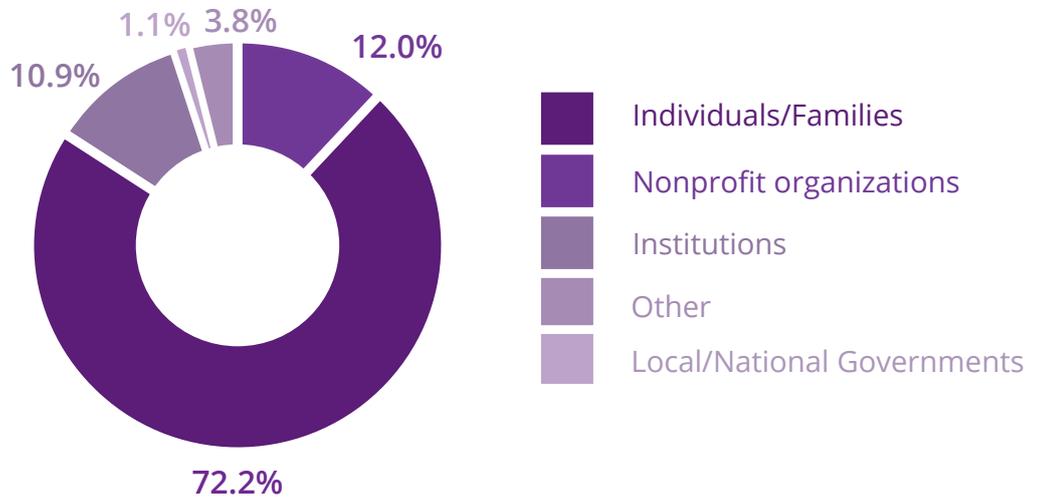
## Who Are Supported by Donors in Kosovo? | 2.3

### Who Are Trusted as Recipients of Donations? | 2.3.1

Recipient entities (often also referred to as partners) show how donors choose to channel their donations, thus indirectly revealing whom they trust<sup>6</sup>.

In 2015, the principal recipients were individuals/families, followed by nonprofit organizations (associations and foundations) and institutions. A small number of donations were directed to local / national governments<sup>7</sup>.

**TYPE OF RECIPIENT ENTITIES**  
(% of Instances)



**TRENDS IN TYPE OF RECIPIENT ENTITIES - 2013 to 2015**  
(by % of Instances)

	2013		2014		2015
Individuals/ Families	55.6%	↗	71.3%	≈	72.2%
Nonprofit Organizations	22.2%	↘	11.0%	≈	12.0%
Institutions	17.3%	↘	11.5%	≈	10.9%
Local / National Governments	1.2%	≈	0.5%	≈	1.1%

<sup>6</sup> Donation recipients/partners generally further distribute support to beneficiaries, that is, they use them for the benefit of particular target groups.

<sup>7</sup> The "Other" category included religious communities and unknown recipients.

TRENDS IN TYPE OF RECIPIENT ENTITIES - 2013 to 2015 (by % of Recorded Sum)

	2013		2014		2015
Individuals/ Families	67.1%		40.4%		61.5%
Nonprofit Organizations	18.2%		12.4%		23.7%
Institutions	12.7%		34.2%		11.4%
Local / National Governments	0.9%		1.0%		0.9%

KEY POINTS:



- In 2015, the top three types of recipient entities by % of instances were individuals/families (72.2%), nonprofit organizations (12.0%) and institutions (10.9%).
- Viewed from the perspective of the value of donations, the ranking remained the same: with individuals/families leading, followed by nonprofit organizations and then institutions.
- When we combine the data for institutions and local/national governments (as both categories are under the control of the state), we can see that 11.9% by number of instances and 12.3% by value of donations were donated to the state.
- Compared to the previous year, the percentage of instances directed to all main recipient groups remained at the same level, with a change of no more than 1.0%.
- When looking for trends in the percentage of value of donations, we see that the percentage of value of donations to individuals/families and nonprofit organizations increased, percentage of value of donations to institutions decreased, and the level of giving to the local and national governments remained almost the same.

## NONPROFIT ORGANIZATIONS IN 2015



*It is noteworthy that, in 2015, participation in investing in the nonprofit sector remained at the same level as in 2014, while the value of donations significantly increased as compared to 2014.*

*Unlike the previous year, in 2015 the largest percentage of donations to nonprofit organizations came from the corporate sector, followed by individual donors and mass individual donations. In comparison with the previous year, the level of corporate giving increased, but mass individual giving significantly decreased. Individual giving to nonprofits was surprisingly high this year, something that we have not seen before.*

*As in the previous period, the nonprofit sector in Kosovo lags behind other countries in the region in terms of the range and diversity of topics for which they receive donations. The range of themes that are supported when giving to nonprofit organizations were quite limited and included support to marginalized groups, sport and healthcare. The situation was quite similar when we examined the final beneficiary groups for which organizations received support. It included primarily people in economic need, adults and children with physical health issues, and populations from a specific geography.*

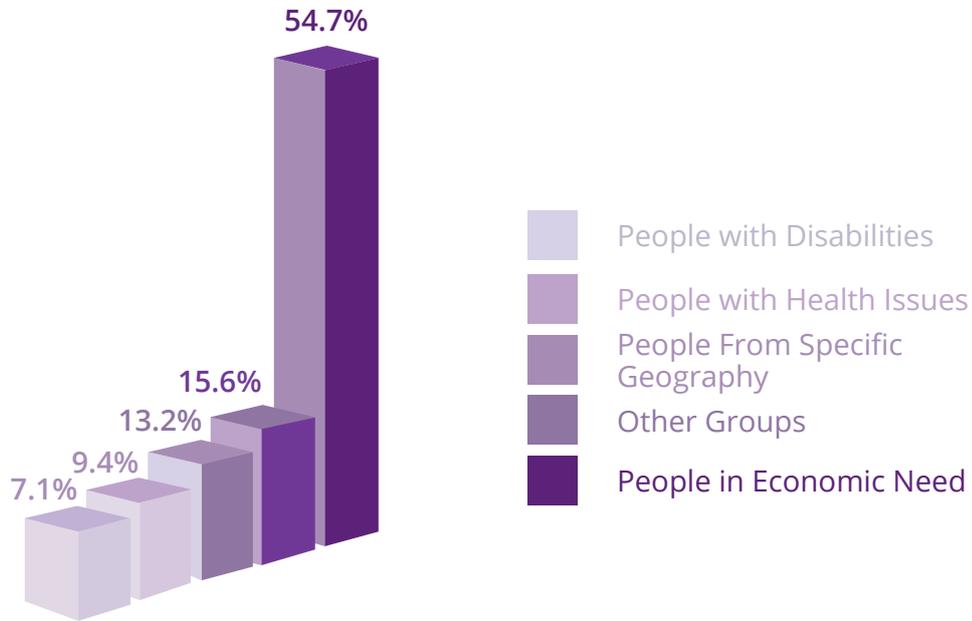
*The trend of an increasing number of organizations and foundations receiving multiple donations from various donors, continued in 2015. In terms of the number of instances, the primary donation recipients were [SOS Children's Village Kosovo](#), [Majka devet Jugovića Humanitarian Association](#), [Kosovo National Association for Autism](#), [Down Syndrome Kosova](#) and [Action for Mothers and Children](#). The number of donations to [SOS Children's Village Kosovo](#) increased, while the new name that appeared as a donation recipient was the [Majka devet Jugovića Humanitarian Association](#), a well-known nonprofit organization that runs public kitchens.*

*While we saw more examples of cooperation between nonprofits and corporate sector, such as between the [Kosova Women's Network](#) and [IPKO Foundation](#), [Reiffeisen bank](#) and the [Ideas and Partnership organization](#) and the [Arizona Ice tea company](#) and [SOS Children's Village](#), the trend of giving to national and/or hub organizations continues. Nevertheless, the [Mundesia organization's](#) launching a successful fundraising campaign in their community is encouraging.*

### 2.3.2| Who Benefits from Donations?

The four key groups of final beneficiaries that emerged in 2015 are people in economic need, people from a specific geography, people with health issues and people with disabilities.

**KEY FINAL BENEFICIARY GROUPS**  
(% of Instances)



**BREAKDOWN OF OTHER FINAL BENEFICIARY GROUPS**  
(% of Instances)

from 0 - 1%	from 1 - 2%	from 2 to 4%
<ul style="list-style-type: none"> <li>• Women and Child Survivors of Violence</li> <li>• People from Religious Communities</li> <li>• Unemployed</li> <li>• Single Parents</li> <li>• Gifted Children and Youth</li> </ul>	<ul style="list-style-type: none"> <li>• Women with Infants</li> <li>• People From Other Countries</li> <li>• People from Minority Communities</li> </ul>	<ul style="list-style-type: none"> <li>• Children without Parental Care</li> <li>• General Population</li> <li>• Elderly</li> </ul>

**TRENDS IN KEY FINAL BENEFICIARY GROUPS**  
(by % of Instances)

	2013		2014		2015
People in Economic Need	48.2%	↗	52.9%	↗	54.7%
People from Specific Communities	14.8%	↘	3.8%	↗	13.2%
People with Health Issues	8.6%	↗	12.9%	↘	9.4%
People with Disabilities	8.6%	=	8.6%	↘	7.1%

**KEY POINTS:**

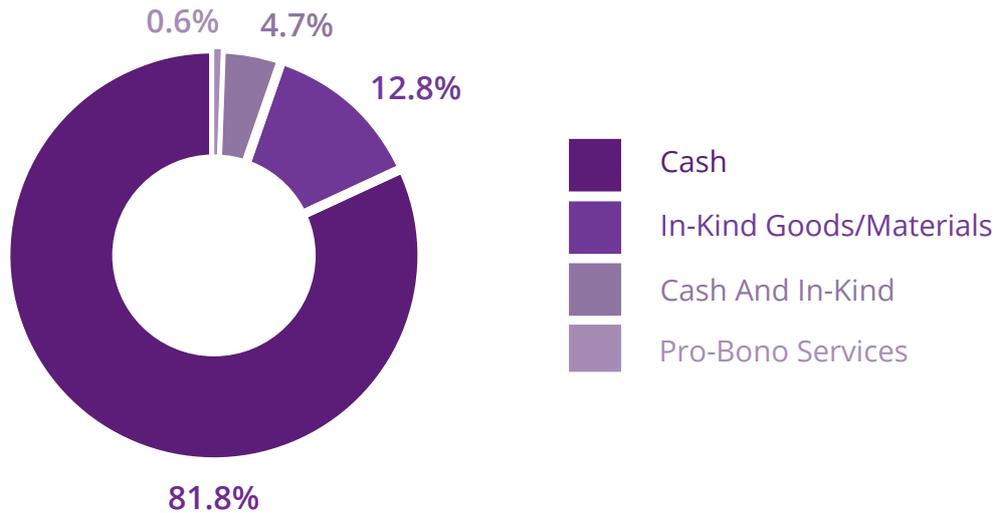
- The top three final beneficiary groups (people in economic need, people from a specific geography and people with health issues) comprised over 77% of the overall number of instances of giving in 2015. The fourth beneficiary group was people with disabilities.
- Over the year there was an increase in instances directed towards people in economic need and people from a specific geography, while at the same time the percentages of instances for the benefit of people with health issues and people with disabilities slightly decreased.
- The percentage of instances benefitting other beneficiary groups decreased in 2015 and their total amounted to a bit less than one-fifth of all instances. However, it is also important to note that the list of beneficiary groups widened to include people from minority communities, unemployed and single parents.

## 2.4| How Is Giving Done in Kosovo?

### 2.4.1| What Is Donated?

The analysis over the prior two years was confirmed by the 2015 data: donors prefer to provide cash donations, followed by donations of in-kind goods, mixed donations (cash and in-kind) and pro-bono services. Unfortunately, no instances involving volunteering were recorded in 2015.

WHAT IS DONATED?  
(% of Instances)



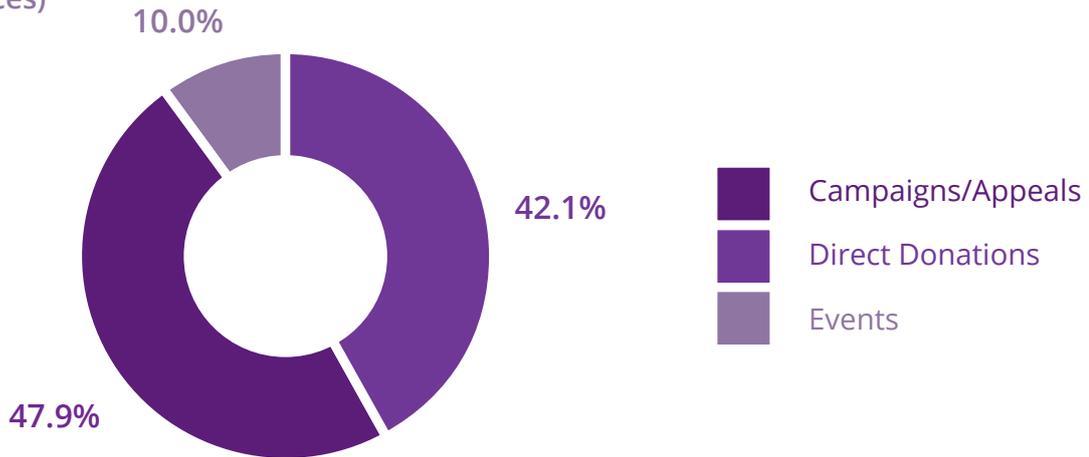
#### KEY POINTS:

- Cash donations were the most frequent (81.8%), which represents an increase as compared with 2014. On the other hand, in-kind donations appeared in a far smaller percentage (12.8%).
- As in previous years, a small percentage of instances involved pro-bono services.
- We believe that the fact that no instances of volunteering were recorded in 2015 does not reflect the real picture as the media very often does not report on volunteering activities because they are viewed as less appealing and companies consider it part of their employee strategy and thus do not count it as a form of philanthropic giving.

Ways of Fundraising | 2.4.2

For easier analysis, the ways of fundraising have been divided into four categories: direct donations (cases in which donors selected the final beneficiary), campaigns/appeals, giving during events, and calls for applications. The available data shows that this year campaigns/appeals were again the most frequent way of giving, followed by direct donations and then events. Calls for applications were not recorded in Kosovo in 2015.

WAYS OF FUNDRAISING  
(% of Instances)



TRENDS IN WAYS OF FUNDRAISING - 2013 to 2015  
(by % of Instances)

	2013		2014		2015
Campaigns/ Appeals	27.2%	↗	41.1%	↗	47.9%
Direct donations	55.6%	↘	46.9%	↘	42.1%
Events	16.0%	↘	11.5%	↘	10.0%
Calls for Applications	1.2%	≈	0.5%	≈	0.0%



## DIFFERENT WAYS OF RAISING FUNDS IN KOSOVO

*Mundesia* (meaning “opportunity”) an organization from Mitrovica launched a successful fundraising campaign that raised EUR 30,000 from individuals and companies to buy a mamograph for the local health center.

Another example of a successful local fundraising campaign comes from *Rotarian Club in Gjilan*. Together with the Gjilan Municipality, this association organized a fundraising gala night to raise money for students in Gjilan and successfully collected more than EUR 30,000 that was awarded in scholarships.

An interesting and innovative example of raising funds came from *Kosovo Museum*. The museum organized a mobile exhibition called the Kosovo Museum Showcase, which was exhibited in communities throughout Kosovo. All income was directed to support of SOS Children's Village.

*Children and youth in Pristina* organized a sale of their paintings on Youth Day. Funds collected from the sale were donated to the Kosovo Association of the Blind.



## KEY POINTS:

- Campaign/appeals were the first preference among donors, representing almost half of the total number of instances. This was a change from 2014.
- Direct donations saw a drop in number of instances, as did events.
- No Calls for Applications were recorded in 2015. However, our assumption is (as in other countries and previous years) that there were some CfA, but that they were not well-reported.

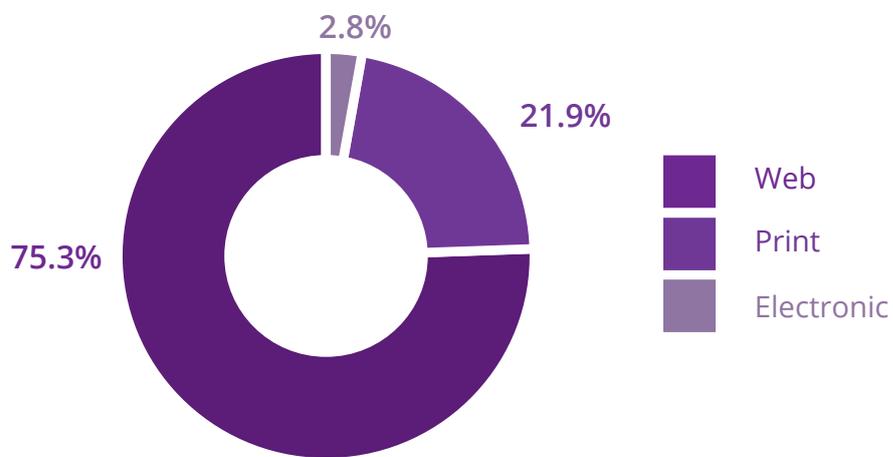
Media Coverage | 2.4.3

As shown in the graphs below, a majority of the reports of donations were published in the web media (75.3%), followed by a far smaller percentage in the print media (21.9%). The lowest number of media records were broadcast in the electronic media (2.8%). In comparison with 2014, we observed a very large increase in reporting in the web media, and a proportional decrease in the electronic and print media.

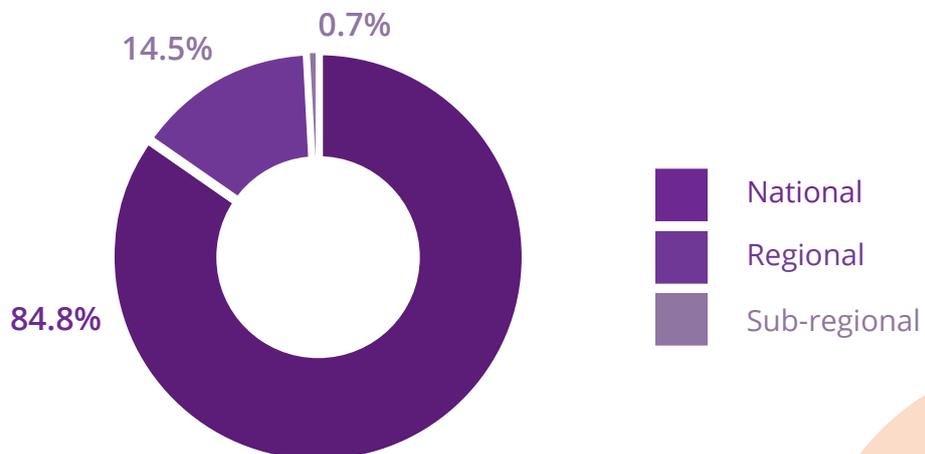
With regard to territorial coverage, 84.8% of the reports were in national media, with a small share of 14.5% published in the regional media. Only 0.7% of the reports were found through the sub-regional media, which cover regions within the country.

Additionally, in terms of frequency, the largest number of reports was published in daily media.

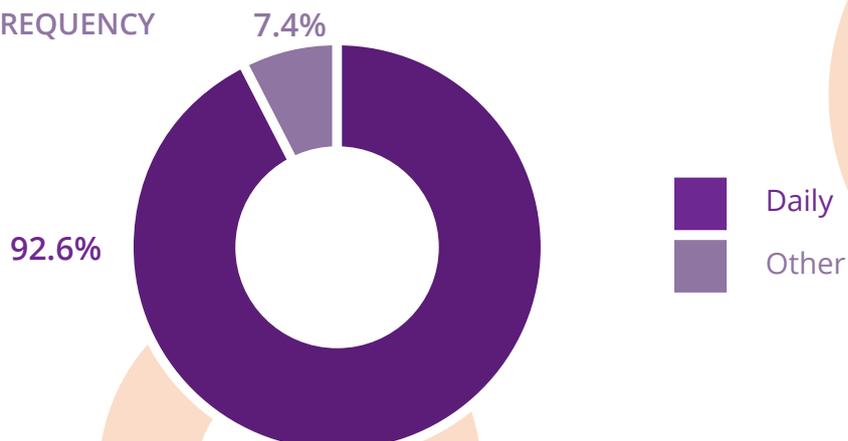
MEDIA TYPE  
(% of Instances)



MEDIA COVERAGE  
(% of Instances)



MEDIA REPORTS BY FREQUENCY  
(% of Instances)



As an analysis of data related to media coverage confirmed in other countries, in 2015 the media slowly began to report on philanthropic activities in other countries in the region. When it comes to Kosovo, in 2015 approximately 5.5% of the reports mentioning philanthropy in Kosovo were recorded in foreign media operating in the region.

Botasot.info, Telegrafi.com, Indeksonline.net, Koha.net and Kosovapress.com stand out as the web media that presented the largest number of reports. The picture with regard to the print and electronic media is very similar to that of the previous year. In the print media field, Kosova Sot clearly led in its coverage of giving, followed by Zeri Epoka e re. The electronic media that published the most reports were RTK and Kohavision. Almost all recorded reports were published and broadcast in the daily media – the only exception was that some web media that are not updated on a daily basis were placed in the media frequency category “Other”.

In the analysis of media coverage, it is interesting to look into the placement of and time allocated to reports because both indicate the importance placed on philanthropy. Unfortunately, there was too little data available to ascertain any trends, but from what was available, we sense that philanthropy is not a priority topic for the media in Kosovo. Only a few reports in the print media were published on the first five pages, while the electronic media did not provide any prime-time coverage of philanthropy.

Concerning the length of reports, almost 95% of the reports in print and web media were of “medium” length (taking up to one-half of a page), while there was insufficient data from the electronic media to make a similar analysis.

Although media reporting on philanthropy more and data transparency is better, our analysis showed that philanthropy continued to be a side topic for the media in 2015. Despite certain improvements, media reports are still often incomplete, sometimes difficult to understand.

Speaking in general, the media in Kosovo cover philanthropy a lot more than before, but not as much as in some other countries of the region. Additionally, media in Kosovo mostly reported on philanthropy and did not assume other possible roles (such as initiating philanthropic actions and/or partnering with others). Given the trends in the region, we do expect that the media in Kosovo will soon begin taking on a more active role.

Finally, the 2015 data suggests that the media in Kosovo continued to establish a more transparent approach. After a 2014 decrease in the percentage of reports specifying the donated sum, in 2015 the media once again indicated the value of the donation in over 30% of reports.

## KEY POINTS:



- The majority of reports on philanthropy were published in web media (75.3%), followed by the print media (21.9%), while the electronic media remained far behind the other two (2.8%).
- The daily media published by far the most reports.
- In 2015 the national media had the largest share of published reports with 84.4% (which was less than in 2014), while regional coverage increased to 14.5%.
- Although reporting in general and the transparency of data improved, very often reports were incomplete. Additionally, the data on the time and spot devoted to reports in the media suggest that philanthropy remained a low priority topic.
- The media in Kosovo focused solely on reporting, and did not themselves take a more active role by initiating their own philanthropic actions or partnering with others in this area.
- Finally, after a decrease in 2014, the percentage of reports which indicated the sum of the donation increased again to 30.1%.

## 3 | Annexes

### 3.1 | Annex 1: Methodology

The methodology for this report was inevitably conditioned by the viable options for collecting data. Research on this topic worldwide shows that the only completely reliable source of information on level of giving for charitable purposes is collected by tax authorities. For many reasons it was not possible to use this source of information in any of the Western Balkans countries.

As mentioned previously, Catalyst has opted for alternative ways of collecting data, using primarily media data as well as other available data sources. Concretely, the data used as the basis for this report was gathered by monitoring the electronic, printed and on-line media on the local, regional and national levels in the period from January 1 through December 31, 2014.

There are three key limitations to this methodology. First, this method does not provide comprehensive data because the media does not report on all charitable instances and giving. Second, media reports often do not provide all data of importance in following the development of philanthropy (most often the media does not publish the amount donated and/or collected). Third, there is a potential limitation in the credibility of data published by the media.

The first limitation cannot be overcome at this time. Where the second and third limitations are concerned, Catalyst seeks to overcome them by cross-analyzing various media<sup>8</sup>, and then conducting additional research, for example by checking the reporting by companies' and nonprofit organizations (if available to the public). The acknowledged limitations notwithstanding, we feel that there are two facts that justify our analysis:

- Our figure, although not comprehensive, provides a **minimum** value of relevant indicators. If, for example, we discuss the number of charitable instances, we can state with certainty that the number that we show is the minimal number of instances that have taken place and that the actual figure is certain to be higher. The same is true for cash amounts, actors and the like. Hence, this data may be used as indicators of the **minimal degree of philanthropy development** in a specific country.
- Continued observation will show a **rise and/or drop in numbers and change in data** related to our selected indicators. Therefore, continued monitoring over years will point out **trends in philanthropy development** as well as trends in media reporting on the subject.

Catalyst will continue to enhance this methodology. Catalyst also plans to establish contacts with state authorities (tax authorities, and other offices with relevant statistical data) to discuss the importance of this data and explore ways of increasing the number of reliable data sources. Under current conditions, we are of the opinion that the methodology allows for preliminary insight into philanthropy in Kosovo.

<sup>8</sup> Various media report on the same donations. Thus, by comparing data from several media reports, we are able to obtain more accurate and thorough data.

## Factors and indicators showing degree of philanthropy development | 3.1.1

It is difficult to estimate the degree of philanthropy development in an environment in which precise data is not collected and continuous monitoring is not done. Catalyst has thus created an initial list of factors that may help elucidate various aspects of giving: instances/initiatives for charitable giving; methods of collecting cash donations; the themes of giving; donation recipients and beneficiaries<sup>9</sup>; donors; actors<sup>10</sup>; and media coverage.

In order to use the data collected for comparative analysis (both across the countries and within a certain country over multiple years) and given the factors identified above, it was necessary to define quantitative and qualitative indicators for each factor. The indicators we used are presented in the following table:

Factor	Indicator
Instances of charitable giving	<ul style="list-style-type: none"> <li>Number of instances of charitable giving in one-year period;</li> <li>Geographic distribution (% of instances per region in relation to the total number of instances);</li> <li>% of instances of cash donations in relation to the total number of instances;</li> <li>% of instances of in-kind donations/services in relation to the total number of instances.</li> </ul>
Methods of collecting cash donations	<ul style="list-style-type: none"> <li>Different groups (types) of methods of fundraising for donations in cash;</li> <li>% of representation of different types of methods;</li> <li>Emergence of new methods for fundraising/donations in cash.</li> </ul>
Purpose of charitable giving instances	<ul style="list-style-type: none"> <li>Theme or Purpose of the support;</li> <li>Number (in %) of instances per purpose;</li> <li>Emergence of new themes;</li> <li>Use of donations per theme.</li> </ul>
Donation recipients and beneficiaries	<ul style="list-style-type: none"> <li>Types of donation recipients;</li> <li>Number of instances involving recipients in the state sector (% in relation to the total number);</li> <li>Number of instances involving recipients in the civil sector (% in relation to the total number);</li> <li>Number of instances involving recipients from other groups (% in relation to the total number);</li> <li>Types of beneficiaries;</li> <li>Number of instances directed to different groups of beneficiaries (% in relation to the total number of instances);</li> <li>Emergence and number of new beneficiary groups.</li> </ul>
Donors	<ul style="list-style-type: none"> <li>Number of instances per type of donor (% in relation to the total number of instances);</li> <li>Number of instances per different recipients and per type of donor;</li> <li>Number of instances per theme and per type of donor;</li> <li>Number of instances per beneficiary groups and per type of donor.</li> </ul>
Value of donations for charitable purposes	<ul style="list-style-type: none"> <li>Total value of charitable donations;</li> <li>% of instances with a recorded sum of donation;</li> <li>% of donated amount per type of donor;</li> <li>% of donated amount per type of recipient;</li> <li>% of donated amount per theme.</li> </ul>
Actors	<ul style="list-style-type: none"> <li>Type and number of different actors;</li> <li>Emergence of new actors.</li> </ul>
Media	<ul style="list-style-type: none"> <li>Total number of media reports;</li> <li>Number (in %) of media reports per media type;</li> <li>Number (in %) per territorial coverage (national, regional, local);</li> <li>Number of reports treated as substantial per media type (printed, electronic).</li> </ul>

It is likely that during preparation of the research, which we hope will continue for several years, some of the factors we analyze will change or come into sharper focus, and it is possible that new factors may emerge. For the time being, we believe that the factors listed above offer a solid starting point in determining the state of charitable giving in each of the countries that we monitor.

<sup>9</sup> While these two categories may seem the same, they very often differ in practice. Donation recipients are usually registered legal entities (such as institutions, nonprofit organizations, local governments, etc.) that seek support for a particular purpose. Recipients may also be individuals or families. Beneficiaries may be various groups for whose benefit the support is requested. For example, if the recipient of a donation recipient is a local hospital, the beneficiaries are the people of that local community. If the donation recipient is a school, the beneficiaries are children/youth of a certain age who attend that school. If the donation recipient is a nonprofit organization that works with people with disabilities, the beneficiaries are people with disabilities, etc. Insights into the recipients of donations suggest public perception of who “deserves” support and whom they trust. The range of beneficiaries show which groups are considered to be vulnerable (in any way) by the public and, over time, will indicate how much public awareness of the issue has changed.

<sup>10</sup> Actors are not only donors, but also those who appeal for assistance and those who, in any way, take part/participate in philanthropy. As a rule of thumb, an increase in the number of actor's is understood to advance public awareness of the importance and role of charitable giving in the society.

## 3.2 | Changes in the Legal-Fiscal Framework

Over the course of 2014, there were no changes in the legal-fiscal framework for giving in Kosovo. Consequently, we only provide herein a summarized overview of remaining tax issues. This overview has been derived from the publication "Tax regulations of importance to development of philanthropy in South-East European countries", prepared by Dr. Dragan Golubović for the needs of the SIGN Network. In this Annex we only provide information related to Kosovo. The full publication is available at:

<http://www.sign-network.org/activities/advocacy-for-policy-changes>

**Corporate Income Tax.** "Non-governmental organizations" which are granted public benefit status pursuant to the Law on **Freedom of Association** (which conspicuously also pertains to foundations)<sup>11</sup> are **exempted** from corporate income tax, so long as they use their income exclusively to further their **public benefit** purposes (Article 7(1) Corporate Income Tax Law)<sup>12</sup>.

Corporations can deduct up to 5% of their **taxable income** for in-country donations to humanitarian, health, education, religious, scientific, cultural, environmental protection and sports purposes (Article 10(1), Corporate Income Tax Law). The eligible recipients of donations include NGOs which are granted public benefit status under the framework regulation and public institutions in the above mentioned areas (Article 10(2), Corporate Income Tax Law). An allowable deduction shall not include a contribution that directly or indirectly benefits the donor or persons affiliated with the donor (Article 10(3), Corporate Income Tax Law). The Law does not address the issue of tax status of **institutional grants** (donations) to NGOs which are granted public benefit status.

**Personal Income Tax.** Giving by individuals to qualifying public benefit purposes are deductible under the **same conditions** which are set out for corporations (Article 28(1), Personal Income Tax Law)<sup>13</sup>.

**Gifts tax.** Gifts are generally not subject to taxes. The Ministry of Culture, Youth and Sports is currently working on a draft law on sponsorship, which might also address this issue in some fashion.

**Public Benefit Status.** Rules governing public benefit status are set out in the Law on Freedom of Association. An NGO which is granted the legal entity status may apply with the competent body for "public beneficiary status", which entitles the organization to **tax benefits** (supra) and **fiscal** benefits, and subjects it to certain reporting requirements (Article 17, Law on Freedom of Association). An NGO organized and operated to undertake one or more of the following as its principal activity may apply for public benefit status: humanitarian assistance and relief, support for persons with disabilities, charity, education, health, culture, environmental conservation or protection, economic reconstruction and development, the promotion of human rights, the promotion of democratic practices and civil society, the promotion of gender equality, or any other activity that serves the public beneficiary (Article 17(1), Law on Freedom of Association).

NGO activities are deemed for public benefit only if **significant** benefits are provided free of charge or at less than fair market value to **disadvantaged** individuals or groups (Article 17(2), Law on Freedom of Association). NGO with public beneficiary status must file annual financial and activity reports in order to retain that status (Article 18(1), Law on Freedom of Association). Special **auditing** requirements are prescribed for all NGOs whose annual income exceeds roughly €100,000 (Article 18(9), Law on Freedom of Association). Public benefit status may be **suspended** should the NGO fail to file a complete annual report or the NGO no longer meets the requirements for public benefit status (Article 19 (1)(3) Law on Freedom of Association). If the status is suspended or revoked, the NGO must wait three years to apply again<sup>14</sup>.

**Use of Donations.** The law does not provide for a specific time-line in which a donation must be utilized - nor does it set out a specific threshold with respect to the organization's overhead expenses. These issues may be addressed in a donation agreement. However, with respect to the time-line in which donations must be utilized, in the absence of statutory carry-over rules (infra), tax status of donations which the agreement allows to be carried over to subsequent fiscal years remains unclear, nevertheless.

11 Law No. 03/L-134, entered into force in October 2011. NGOs in Kosovo operate in the form of associations and foundations.

12 Law No. 04/L-103, on amending and supplementing the Law No. 03/L-162 on Corporate Income Tax; promulgated by Decree No. DL-019-2012 of May 17, 2012.

13 Law No. 03/L-161 on Personal Income Tax; promulgated by Decree No. DL-020-2012 of May 17, 2012.

14 USIG Note on Kosovo, current as of September 2012, available at <http://usig.org/countryinfo/kosovo.asp>

## SUMMARIZED OVERVIEW OF OPEN TAX BENEFIT ISSUES IN KOSOVO

LAW ON PROFIT TAX FOR LEGAL ENTITIES/LAW ON PROPERTY FOR LEGAL ENTITIES	LAW ON PERSONAL INCOME TAX:
<ul style="list-style-type: none"> <li>• Narrowly defined list of public benefit activities;</li> <li>• The list exhaustive, rather than illustrative;</li> <li>• The list not consistent with the one provided in the framework regulation;</li> <li>• Not clear if donations in-kind are also tax-deductible;</li> <li>• No specific rules with regard to institutional grants to NGOs;</li> <li>• No specific carry-over rules for donations;</li> <li>• No specific rules for the overhead of the organization.</li> </ul>	<ul style="list-style-type: none"> <li>• Narrowly defined list of public benefit activities;</li> <li>• The list exhaustive, rather than illustrative;</li> <li>• The list not consistent with the one provided in the framework regulation;</li> <li>• Not clear if donations in-kind are also tax-deductible;</li> <li>• No specific rules with regard to institutional grants to NGOs;</li> <li>• No specific carry-over rules for donations;</li> <li>• No specific rules for the overhead of the organization.</li> </ul>

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