

MACEDONIA  
2014

ANNUAL REPORT  
ON THE STATE OF  
PHILANTHROPY

*Research*

*Belgrade 2016*

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*Opinions expressed in this publication do not necessarily those of the Balkan Trust for Democracy, the German Marshall Fund of the United States, or its partners.*

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## Foreword

Dear friends,

Catalyst Balkans is pleased to present to you the *2014 Annual Report on the State of Philanthropy in Macedonia*. Year 2014 was marked by floods in the region and Macedonia showed great solidarity in joining efforts to help its neighboring countries. Despite not being directly hit by the floods, Macedonian people demonstrated compassion and immediately reacted in response to the emergency.

Bearing in mind that the floods were an extraordinary circumstance that could statistically impact the year-to-year trends in philanthropy, we chose to make a separate analysis of flood-related donations. Keeping the main analysis for general philanthropy would enable Catalyst to accurately follow the trends in years to come, when we hope the frequency of natural disasters is less and less. Therefore, the report has separately shown donations for flood relief and donations for other purposes.

Further, given that this is the second year of reporting on Macedonian philanthropy, the report, wherever possible, indicates the trends in giving for certain indicators. We hope that this data will be both useful and of interest to you as additional information on the levels of giving and on the development of philanthropy in Macedonia.

This year, the report was prepared using the **GivingBalkans** database, which was developed by Catalyst in 2013 and which we continue to upgrade. For the data processed by **GivingBalkans**, Catalyst method of data collection relied primarily on media reports and then from direct verification by donors or recipients<sup>1</sup>. This methodology<sup>2</sup> has certain limitations, one of which is that the media does not always record all donations given for charitable purposes. However, we believe that our research provides insight into the most important aspects of voluntary giving because the figures obtained, although not comprehensive, do 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 Macedonia from January 1 through December 31, 2014. Over this period, 2,357 entries related to philanthropic giving by all types of donors were processed, of which 391 unique instances of donation were recorded (after disaggregating out instances related to flood relief). The total number of entries differs from the number of unique donations because of the frequency in which multiple media outlets report on the same donation.

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1 Reports from both recipient entities and from donating entities.

2 Detailed information on our methodology is provided in Section 3.1

Finally, something about the results of the research. Overall, the results of our analysis show that the overall level of giving in Macedonia has stayed the same in terms of the value of donations, but increased in terms of number of instances of philanthropic giving. Data suggests that in 2014 the number of instances of giving increased to 391, with estimated 2.895 million EUR donated for a wide range of themes, recipients and beneficiary groups. We believe that the actual amount would be much higher when including flood-related giving; unfortunately, media did not provide much information as it related to the value of donations for flood relief, so it is not possible to provide reliable data on the total amount given.

The year 2014 was marked by number of fluctuations and changes when compared to 2013. There was an increased number of instances, increased mass individual giving and a slight increase in the transparency of donated amounts. But other developments were not as positive, including the total estimated donated sum remaining flat year on year, somewhat lower level of giving for education, and a decrease of both activity and value of giving by the corporate sector. However, it remains to be seen if we are witnessing a consistent trendline, or if the data will show different picture in 2015. Given these developments, we believe that there is room for improvement in several areas. We would particularly note the need to increase strategic investments and to provide support to and through the nonprofit sector.

Catalyst will continue to closely monitor and report on shifts and trends in philanthropy both in Macedonia and in 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 consequently help realize the full potential of domestic philanthropy.

We would like to thank all of you who have helped us prepare this report: those of you who took part in philanthropy, those who have donated funds and time, and those whose contributions have facilitated the further development of both our method and methodology in collecting the data. We would also like to thank Catalyst Balkans and Horus Macedonia 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 2015 report is published,

Catalyst Balkans

## 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

A general overview of philanthropy data between 2013 and 2014 shows few significant changes in comparison to 2013.

The available data show that approximately 2.90 million EUR was given for philanthropic purposes in Macedonia in 2014.

However, the number of instances of giving recorded on a monthly basis increased from 27 (in 2013) to 32 (in 2014) per month. A total of 391 unique instances of philanthropy were documented in 2014.

Because the total estimated value of giving hasn't changed from 2013, the average donation per citizen in Macedonia remained at 1.41 Euros in both 2013 and 2014.

In the following section, we provide a brief overview of some of the most important indicators that together paint a picture of philanthropy in Macedonia in 2014.

#### KEY STATISTICS: 2013 → 2014

Est. Total Value: 2.90 mil. €

SAME LEVEL AS IN 2013

# of Recorded Instances: 391

Avg. Donation Per Citizen: 1.41 €

### PHILANTHROPY IN 2014

#### MOST ACTIVE DONORS

In 2014, mass individual giving was the most active donor category by percentage of recorded instances, with the number of donations from this category increasing when compared to 2013. While the number of donations by the corporate sector decreased year on year, corporate donors are still the second most frequent donor type, while individual donors are far behind in terms of the number of donations.

#### MOST ACTIVE DONOR TYPES (by # of Instances)

Mass Individual: 43.5%

Corporate Sector: 27.9%

Individuals: 4.1%

#### VALUE OF DONATIONS BY TYPE OF DONOR

When we rank donors per the recorded value of their donations, the picture changes. The corporate sector has the highest recorded value (34.9% of overall giving), followed by mass individual giving (23.7%) and individual donors (20.3%) on the third place.

The value of donations increased from 2013 to 2014 for both the mass individual and individual donor types, while the corporate sector experienced a significant drop in the value of giving. This drop might be explained by corporate sector giving for flood relief; however, it remains to be seen if this is the correct explanation of this fluctuation.

#### MOST GENEROUS DONOR TYPES (by Value of Donations)

Corporate Sector: 34.9%

Mass Individual: 23.7%

Individuals: 20.3%

### KEY THEMES FOR DONATIONS

The four key themes that saw the greatest level of support in 2014 included healthcare, support to marginalized groups, poverty reduction and education, with over three-fourths (79.5%) of the total instances directed to these themes. No significant changes were found in the range of themes benefiting from donations.

However, healthcare did emerge as the leading supported theme by number of instances and is the only topic that actually saw an increase. Support to marginalized groups, poverty reduction and education dropped accordingly in ranking and there was a slight decrease in each of these themes.

### USE OF DONATIONS

The majority (53.5%) of donations in Macedonia were directed to one-off type activities (humanitarian aid, assistance for the medical treatment of individuals, and material and consumables necessary for the work of institutions and organizations). However, this was a slight drop in comparison with 2013 figures. There was also a slight decline in the percentage of donations that were intended to produce long-term effects (equipment purchase, capital investments, research, raising awareness, etc.) in comparison to 2013.

The corporate sector continued to lead the way in strategic giving.

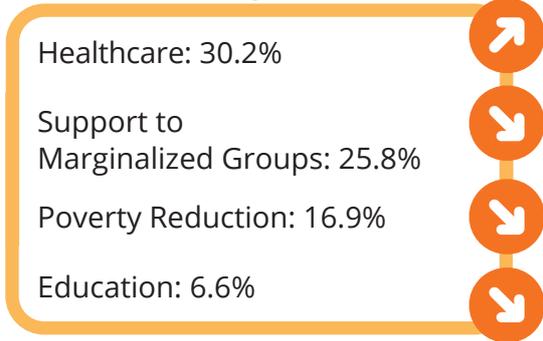
### RECIPIENT ENTITIES

There was a reshuffling of the most frequent types of recipient entities to which donations were directed in 2014 when compared to 2013. Individuals and families were the most prominent direct recipient of donations and institutions came in a close second, both of which recorded an increase in 2014. Nonprofit organizations saw a decrease in the number of recorded instances, making this category the third most supported. Over 85% of recorded instances were directed to the aforementioned three types of recipients. Local and/or national governments were also recipients of a smaller number of donations.

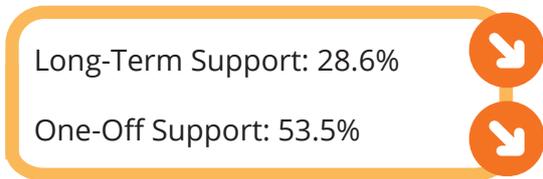
When measuring giving to recipient entities by the value of donations, institutions received the greatest percentage of funds, followed by nonprofit organizations, local/national governments, and individuals and families.

In comparison with 2013, the levels of giving directed to both nonprofit organizations and individuals decreased, while remaining at the same level for local/national governments.

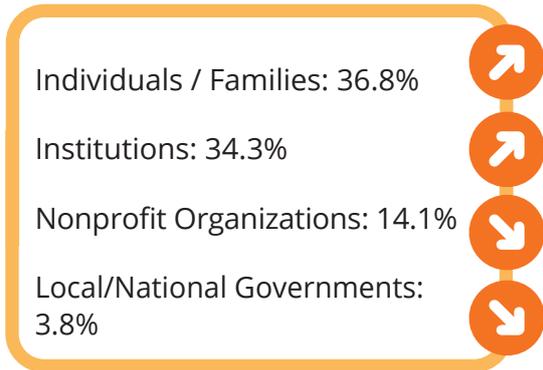
#### MOST SUPPORTED THEMES (by # of Instances):



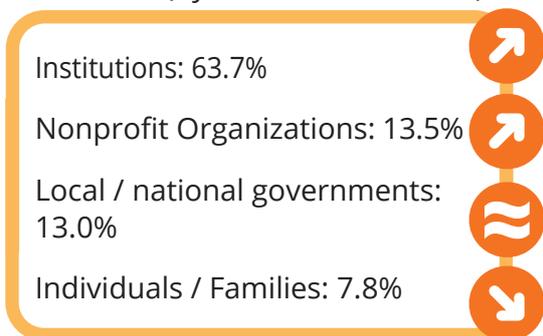
#### USE OF DONATIONS



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



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



### THE STATE AS RECIPIENT

Recipients under state control include both local and national governments as well as institutions.

Both in the percentage of number of instances and of the value of giving, support to state structures increased in 2014. In comparison to 2013, there was a slight increase of 1.2% in the number of instances, but a significant increase of 29.2% in the recorded value of donations.

### FINAL BENEFICIARIES

Among the various final beneficiary groups receiving support during 2014, persons with health issues were the most frequently supported, marking a significant increase in the number of donations recorded, while the economically vulnerable dropped to second place. Beneficiaries from specific local communities "jumped" into third place with a higher number of recorded instances than those directed to persons with disabilities who were recognized as third largest supported group in 2013.

Although a significant percentage of instances were directed to these three groups of beneficiaries, the range of beneficiaries remained very wide: all groups of beneficiaries identified in 2013 were still supported in 2014.

### THE STATE AS RECIPIENT OF DONATIONS

% of # of Instances:  
38.1%

% of Recorded Value:  
76.7%

### MOST SUPPORTED FINAL BENEFICIARY GROUPS (by # of Instances):

With Health Issues: 28.6%

Economically Vulnerable: 18.2%

Population of Specific Communities: 13.6%

## Several Characteristics of Philanthropy in Macedonia in 2014:

- ★ While both giving per capita and the overall value of donations remained at nearly identical levels to 2013, there was an increase in the number of instances in 2014.
- ★ Mass individual giving stood out as the donor type with a continuous increase in donations. Compared to 2013, the role of the corporate sector decreased both in terms of activity and recorded value of donations.
- ★ Diaspora giving, measured by the number of instances, slightly dropped. 4.6% of instances in 2013 were sourced from the diaspora, while in 2014 this went down to 3.1%. This will require further observation to determine whether it represents a trend or is merely a one-year fluctuation.
- ★ As for recipients, the nonprofit sector has experienced a drop both in number of instances and value of donations. Support for the state, however, is on the rise both in terms of percentage of instances and, even more so, in terms of the value of donations.
- ★ Related to themes of giving, 2014 has seen an increase in the percentage of instances for healthcare, while all other themes were less supported in comparison to 2013.
- ★ The key final beneficiary groups changed in terms of the priority with the largest number of instances of giving directed to person with health issues. Despite the decrease of support given to other groups, it is positive that not a single beneficiary group “disappeared” from the list.
- ★ Finally, the transparency of the data is slightly better in 2014 than in 2013. The percentage of media reports indicating the value of a donation is still small, but increased from 8.8% in 2013 to 10.0% in 2014.
- ★ Macedonian citizens have shown significant support to their neighbors in alleviating the consequences of flood relief.

Overall, 2014 was marked by several fluctuations and changes when compared to 2013. Apart from the increase in the number of instances, other developments are not as positive. It remains to be seen if we are witnessing a trendline or if the data will again fluctuate in 2015.

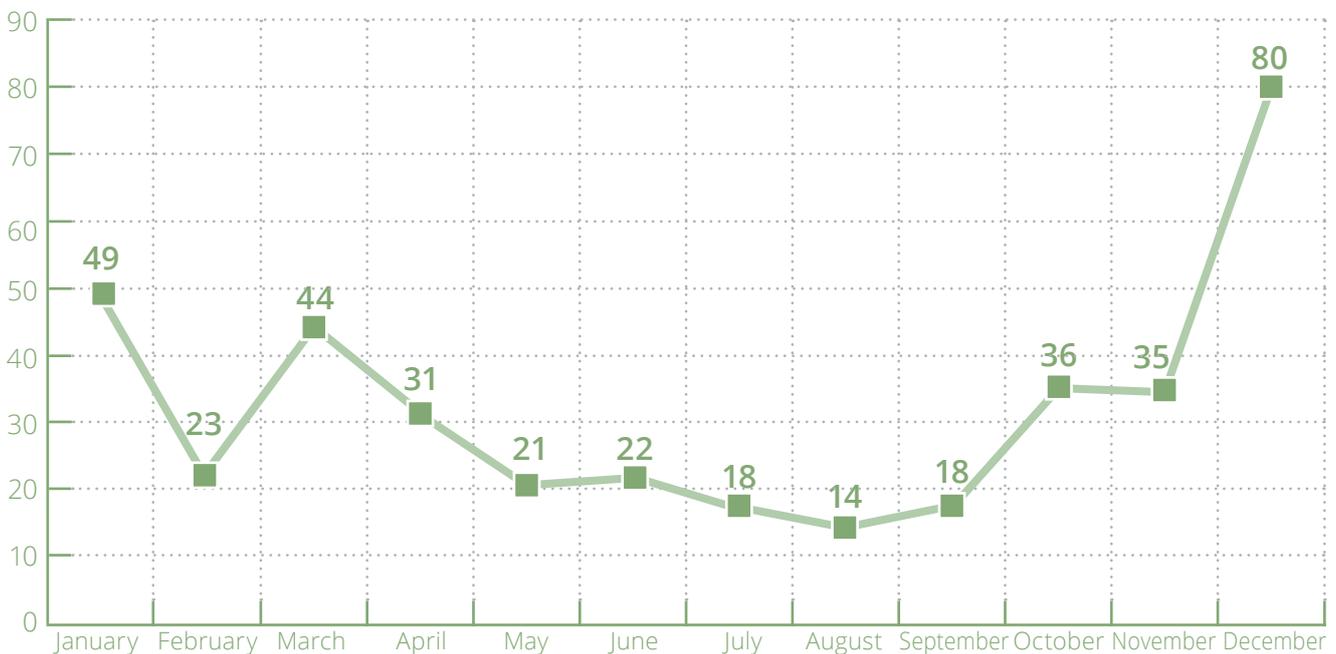
# General Overview | 1

## Level of Philanthropic Activities in Macedonia | 1.1

There were 391 recorded philanthropic instances to collect cash and/or in-kind goods in Macedonia in 2014.

*Note: This figure does not include instances of philanthropy that were associated with the flood-related giving that took place in 2014, which is treated in a separate chapter of this report in order to not skew the trendlines of year-on-year giving.*

### # OF INSTANCES OF PHILANTHROPY, BY MONTH



The first trend to be highlighted is the increase in the number of recorded instances in comparison with 2013. A statistical overview shows that there was an average of 32 instances per month, meaning that the average number of instances per month almost doubled from 2013.

The number of instances per month shows an expected seasonal distribution, with an increase in March and April and a drop over the summer holidays. There is another expected increase in the fall and the largest number of instances in December.

### AVERAGE # OF INSTANCES PER MONTH



## 1.2| Geographic Distribution of Giving

The trend of donations most frequently being directed to the Skopje region (43.2%) continued in 2014. Skopje is followed by the Pelagonia region (10%), Southwest (9.2%), and East region (7.4%). They are followed by Northeast (5.6%), Vardar (4.3%), Polog (2.8%) and the Southeast regions (2.0%).

Of total number of instances, 15.1% of donations in 2014 were directed either to a broad national level or covered several of the regions (the category Throughout Macedonia). Only 0.3% (one donation) was directed outside of Macedonia, towards an individual/ family recipient in Serbia.

Donations were directed to over 324 different local communities across OVER 40 municipalities. Besides Skopje, other key towns where donations were directed included Bitola, Ohrid, Kumanovo, and Shtip.

Comparing the regional distribution of giving between 2013 and 2014, the Vardars, East, Southwest and Pologi regions have been relatively stable, while small changes in giving took place in the Southeast, Pelagonia and Northeast regions. The most significant changes happened in the Skopje region, which, while remaining on the top of the list, witnessed a significant decrease of 12.1% in the number of instances. Other notable changes included an increase of 4.2% in the Northeast region and an increase of 8.6% in the category throughout Macedonia. It remains to be seen whether this represents an ongoing trend.

TRENDS IN GEOGRAPHIC  
DISTRIBUTION OF GIVING  
(% of Instances)

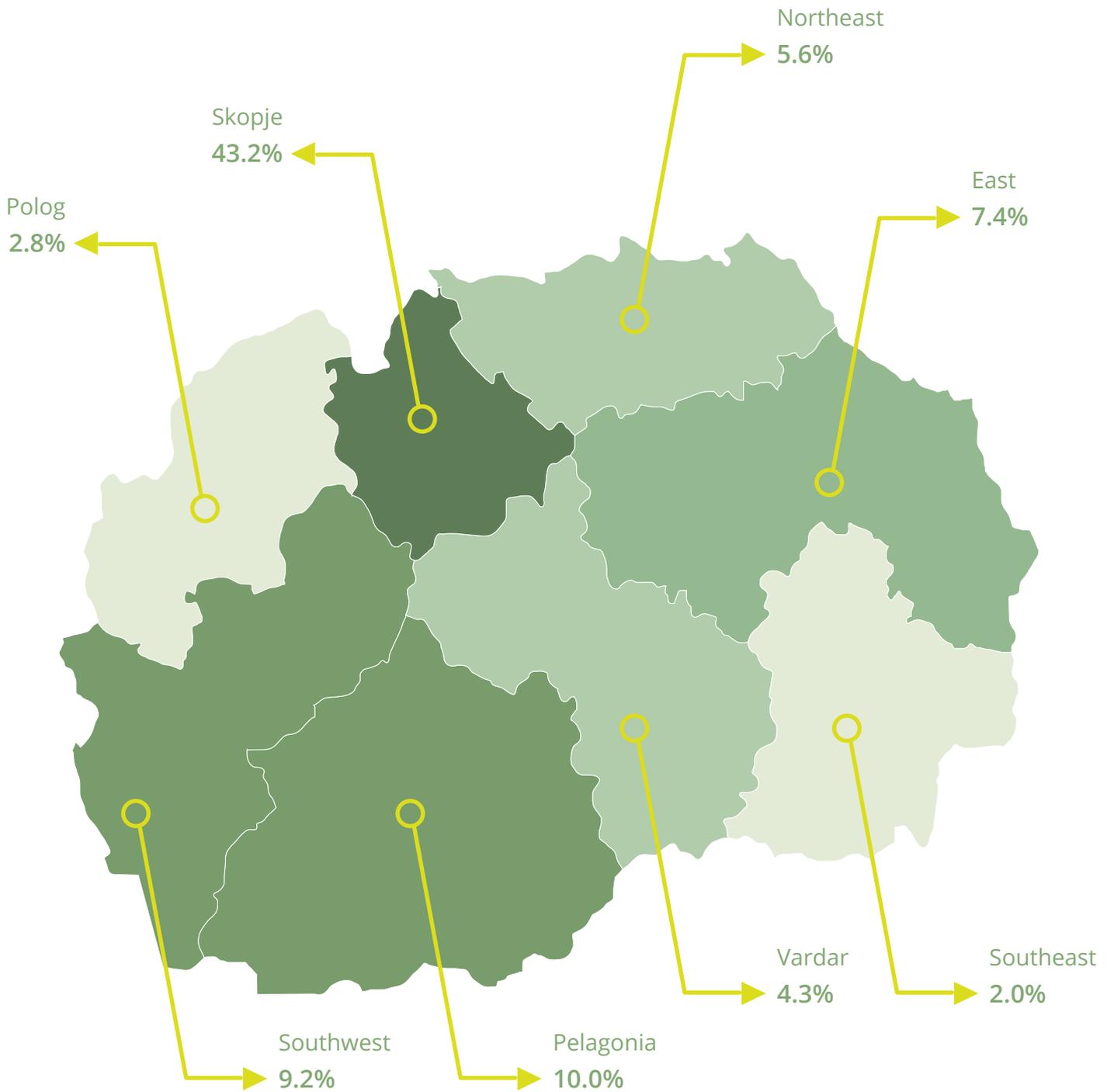
2013

2014



	2013		2014
Vardar	4.6%	↔	4.3%
East	7.4%	=	7.4%
Southwest	8.8%	↔	9.2%
Southeast	4.1%	↘	2.0%
Pelagonia	8.8%	↗	10.0%
Polog	2.8%	=	2.8%
Northeast	1.4%	↗	5.6%
Skopje	55.3%	↘	43.2%
Throughout Macedonia	6.5%	↗	15.1%
Outside of Macedonia	0.5%	↔	0.3%

GEOGRAPHIC DISTRIBUTION OF GIVING BY REGION  
(% of Instances)



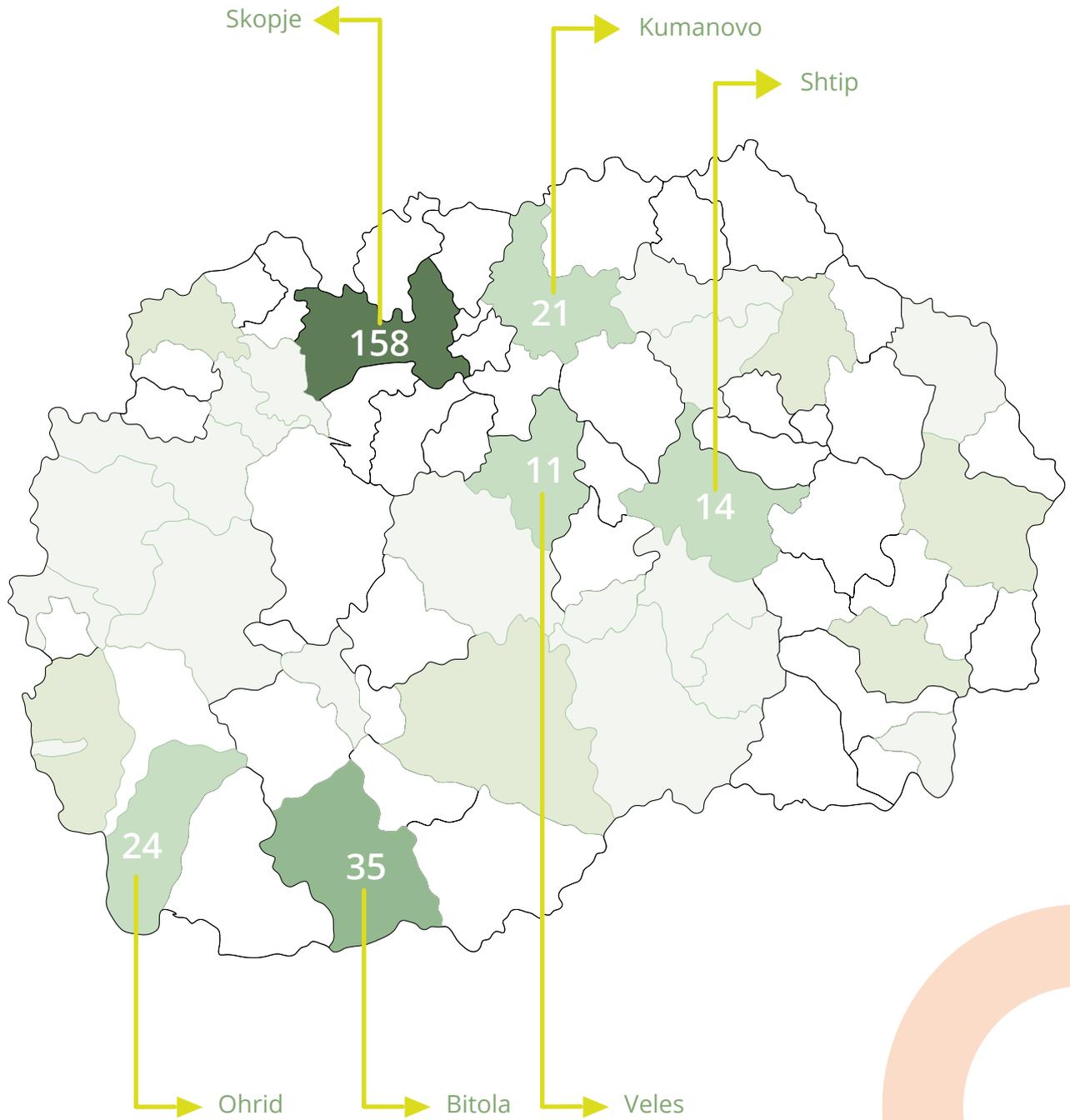
**15.1%**

Throughout  
Macedonia

**0.3%**

Out of  
Macedonia

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



## 2 | Overview of the Key Indicators Related to Philanthropy in Macedonia

### 2.1 | Donors

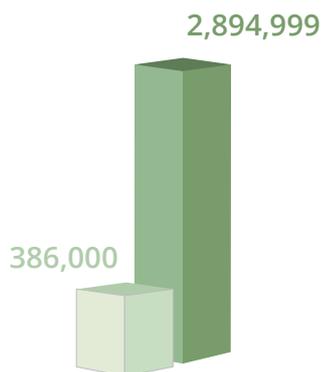
#### 2.1.1 | Value of Donations

Of the 391 donations (calls, instances, reports and similar) indexed, only 10.0% had a monetary value associated with them, which is a slight increase compared to the 8.8% recorded in 2013. The total value of donations reported by the media, and which could be verified using other sources, is a bit less than 386,000 Euros<sup>1</sup>.

Because only a very small portion of the recorded data contained the actual value of the donations, Catalyst used an extrapolation method to determine a cautious estimate **that the value of donations for charitable purposes in Macedonia in 2014 was at least 2.89 million euros**. The graph below shows both the recorded and verified value of donations in euros, as well as the estimated value based on extrapolation from the recorded sum.

Regarding the aforementioned values, it is important to note that they include primarily donations in cash, since the estimated value of in-kind donations and pro-bono services is more difficult to extrapolate. Similarly, although the number of stakeholders willing to share data on the value of donations is increasing, it remains difficult to obtain a higher percentage of specific data<sup>2</sup>. Consequently, it is reasonable to assume that the total value of donations was significantly higher, even higher than the estimated sum quoted herein.

VALUE OF DONATIONS (mil €)



— recorded sum  
 — estimated sum

COMPARISON OF ESTIMATED VALUE OF DONATIONS (mil €) 2013 TO 2014



<sup>1</sup> The sums were recorded in different currencies. The sum thus represents the annual median exchange rate for different currencies.

<sup>2</sup> Neither donors nor recipients exhibited 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.

## Donations by Type of Donors | 2.1.2

There are two ways to examine the donations provided by various types of donors: by the number of instances and by the recorded sum of donations in cash.

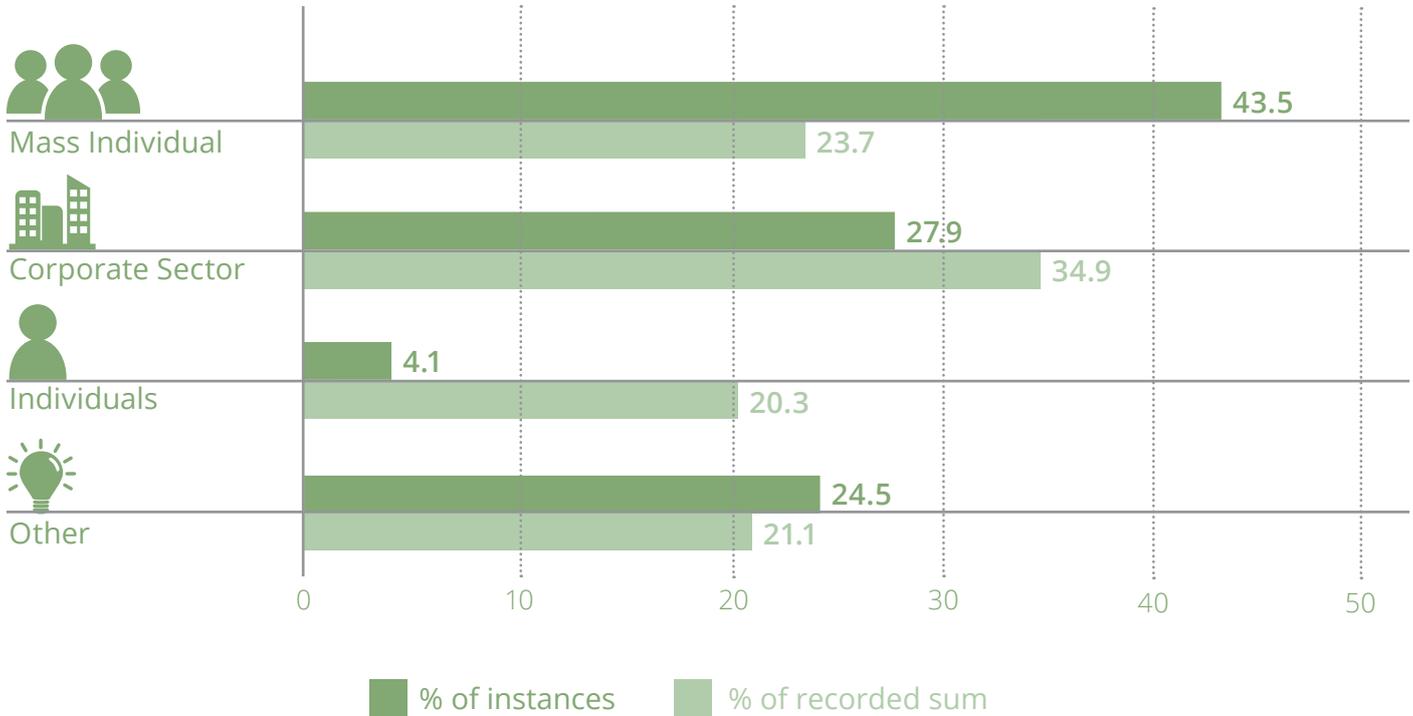
Looking at the number of instances of donation, the data shows that the most numerous are those given by the mass individual category (i.e. donations during campaigns and responses to appeals for support/aid), followed by giving by the corporate sector, and then individuals. Participation by other types of donors is 24.0% of instances, which includes associations, mixed (more than one type of donors) and those who remained unknown.

The picture changes when looking at the value of giving. The corporate sector leads by total value of giving, followed by mass individual giving, and then individuals at third place. Other types of donors, including associations and mixed donors provided a bit more than 21% of the total recorded amount.

Looking back at the types of donors in the last two years, we notice that while the corporate sector was the most active donor in 2013, mass individual jumped into the lead as the most frequent in 2014 with companies falling to second by total number of instances. With respect to the recorded donated sum, we see that the corporate sector continued to invest a significant level of funding, although slightly decreased year on year, and that both value of donations given by mass individual category and individuals have increased.

The fluctuations visible in the percentage of instances and the recorded value of donations are significant however, especially when it comes to corporate sector. One of the possible explanations is giving for floods in the region. Therefore, it remains to be seen whether this is the beginning of a trend or just a fluctuation due to special circumstances in 2014.

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



**KEY TRENDS IN TYPES OF DONORS - 2013 to 2014**

BY % OF INSTANCES

2013 ————— 2014

Corporate Sector	35.0%	↘	27.9%
Mass Individual	31.8%	↗	43.5%
Individuals	6.5%	↘	4.1%

BY % OF RECORDED SUM

2013 ————— 2014

Corporate Sector	78.1%	↘	34.9%
Mass Individual	13.7%	↗	23.7%
Individuals	1.9%	↗	20.3%

## DONATIONS FROM THE DIASPORA

*In 2014, giving from the diaspora slightly dropped. At the same time, diaspora giving this year was marked by significant giving from individual donors. Diaspora associations were active as well, which shows that Macedonian people living abroad are gathering and taking a proactive role in supporting their fellow citizens in the motherland.*

*Snežana Stavreska from the U.S. donated diagnostic devices worth 150,000 USD to the Dr. Svetozar Čočoroski Hospital in Vevčani. This is great example of investing in a local community and, at the same time, dedication to support long-term investment in public health.*

*It is worth noting the example of Marija Rosenger, who lives in Sweden, but is originally from Bitola. Wanting to support children throughout their education, Marija donated supplies to the Gjorgji Sugarev Elementary School in Bitola. The value of this donation was 25,000 EUR and will provide school children with free meals for two full school years.*

*A very good example of providing support to the most vulnerable people is the Sv. Naum Ohridski Association of Macedonians from Ohrid who live in Australia. This association donated 22 special mattresses, a washing machine and new laminate floor to the Geriatric Department of the Ohrid General Hospital.*

*As a part of the overall diaspora fundraising efforts to support communities throughout Macedonia, it is worth mentioning the donation of firefighting equipment for 15 firefighters of the Demir Kapija Fire Brigade. This donation was made possible through a fundraising campaign started by Blagoja Velkovski who lives and works in Toronto, Canada where the funds were raised within the Macedonian community attending the St. Elias Macedonian Church.*

## TEACHING PHILANTHROPY TO YOUNG PEOPLE

*The Bimilk Dairy Bitola and the Ringeraja.mk internet portal organized the Pregratka na dar (Hug as A Gift) humanitarian campaign with the goal to teach children the significance of giving and helping others. As a part of the campaign, 10,000 children hand-made more than 7,000 toys that were given to children in hospitals and SOS centers.*





### LONG-TERM DEDICATION TO GIVING

An example of long-term dedication to giving in 2014 can be found in the *Intermed Art Clinic*, which for the last several years has been providing free medical check-ups for children from the 11 Oktomvri Home for Children Without Parental Care.

Another example is a group of *six enthusiastic women from Skopje*. For the past 15 years, they have been volunteering in the soup kitchen of the Sv. Petar and Pavle Church in Skopje. Despite the fact that they are all in their late 50s, they have been coming every day to serve food for the economically disadvantaged regardless of race, nationality or religion.



### CAUSE RELATED MARKETING

The trend of “cause related marketing”, i.e. donating a part of a company’s income from the sale of products while also marketing the cause to which it is given, is taking place in almost all countries of the region. There are a few distinguished instances in Macedonia too.

A very important women’s health issue was tackled through an awareness raising and fundraising campaign for treatments of women with breast cancer. This campaign was supported by *Borka NGO* and the *Oxette chain of jewelry stores* - 2% of each item sold from Oxette’s Summer Collection was donated to Borka.

Cause related marketing also proved to be very valuable tool in supporting issues related to children with disabilities. Within the *Humanity Becomes a Habit* campaign, *Natusana Makedonija* donated a portion of the profit from sales of its *Multivitamol* and *Lakalut* brands to organizations working with children with disabilities.



### INDIVIDUALS AS DONORS

Within the global initiative to raise awareness and support the fight against ALS - amyotrophic lateral sclerosis, *Nikola Ljušev, Executive Director of VIP Mobile*, accepted the Ice Bucket Challenge, but instead of pouring ice water on himself, he made a cash donation to *Život so predizvici (Life With Challenges) Association* for fighting rare diseases.

Investments in healthcare by individuals was marked by *famous Macedonian handball player Borko Ristevski*, who donated 90,000 MKD (1,500 EUR) to the *Pediatric Clinic in Skopje*. This donation was used for purchasing furniture and supporting various organizational activities.

Valuable support to cultural heritage of Macedonia came from an *anonymous donor* who donated a piano to the *Museum of Shtip*. This piano was once owned by the *Johannes Brahms*.

## EXAMPLES OF CORPORATE SECTOR DONATIONS



*In regards to the support to education, an interesting example comes from **Loding Electronics company** that manufactures and sells industrial electronic equipment and instruments. This company donated valuable IT equipment to the Faculty for Electrical Engineering and IT in Skopje.*

*T-Mobile and **Macedonian Telecom** recognized the importance of long-term investing in healthcare. Both companies donated sophisticated medical equipment for diagnosing epilepsy to the Pediatric Clinic of Skopje.*

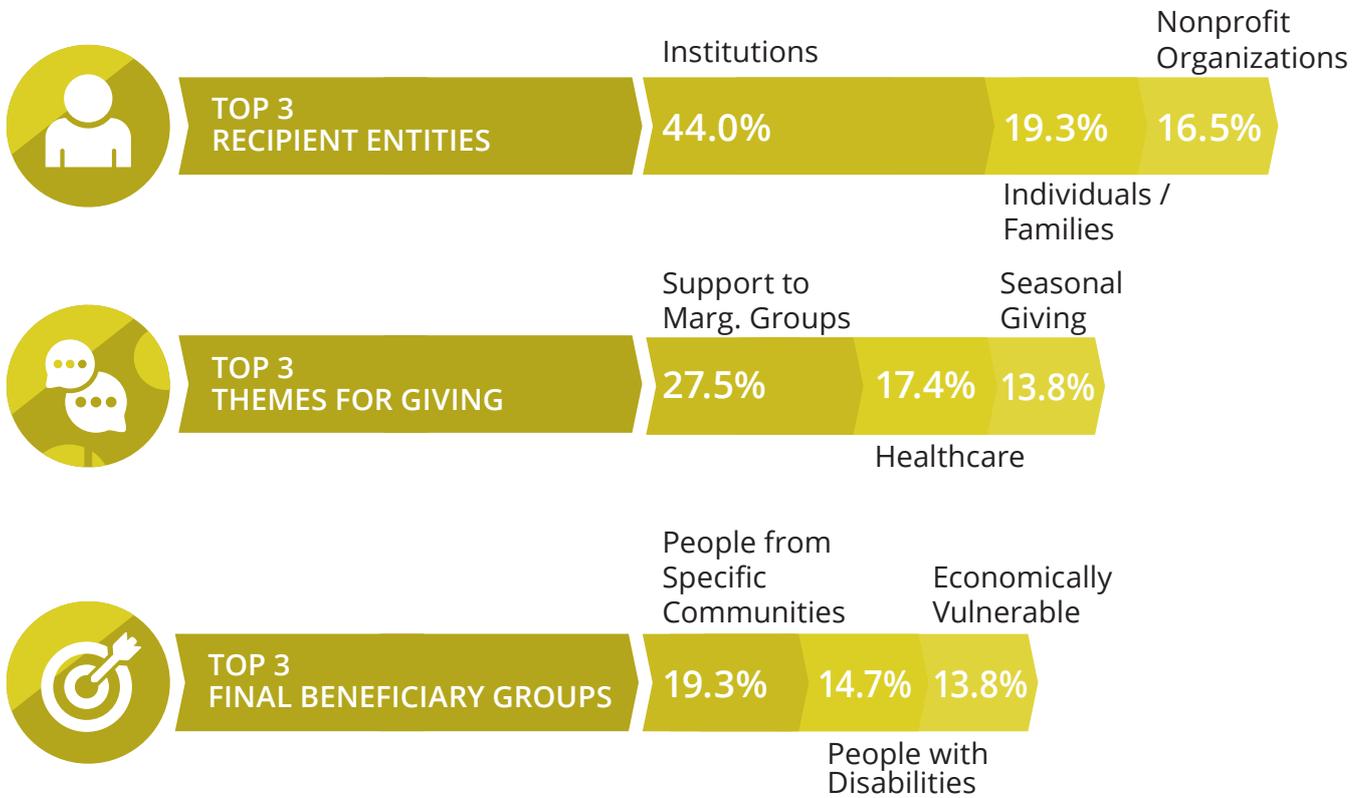
*A good example of active engagement in environmental issues is the **Pakomak recycling company from Skopje**. During 2014, Pakomak donated a truck for collecting garbage public utility company in Tetovo, as well as hundreds of containers for recycling plastic, glass and paper to different public utility companies all over the country. Besides that, Pakomak implemented an awareness raising campaign about recycling - Clean Environment, Clean School, Clean Hands - in cooperation with numerous schools in 10 Skopje municipalities.*

*As an interesting example of investment into national heritage, **Diner's Club Macedonia**, in celebration of its 20th anniversary, donated valuable equipment for manuscript conservation to the National and University Library Sv. Naum Ohridski. This equipment will enable proper preservation of Macedonian cultural heritage.*

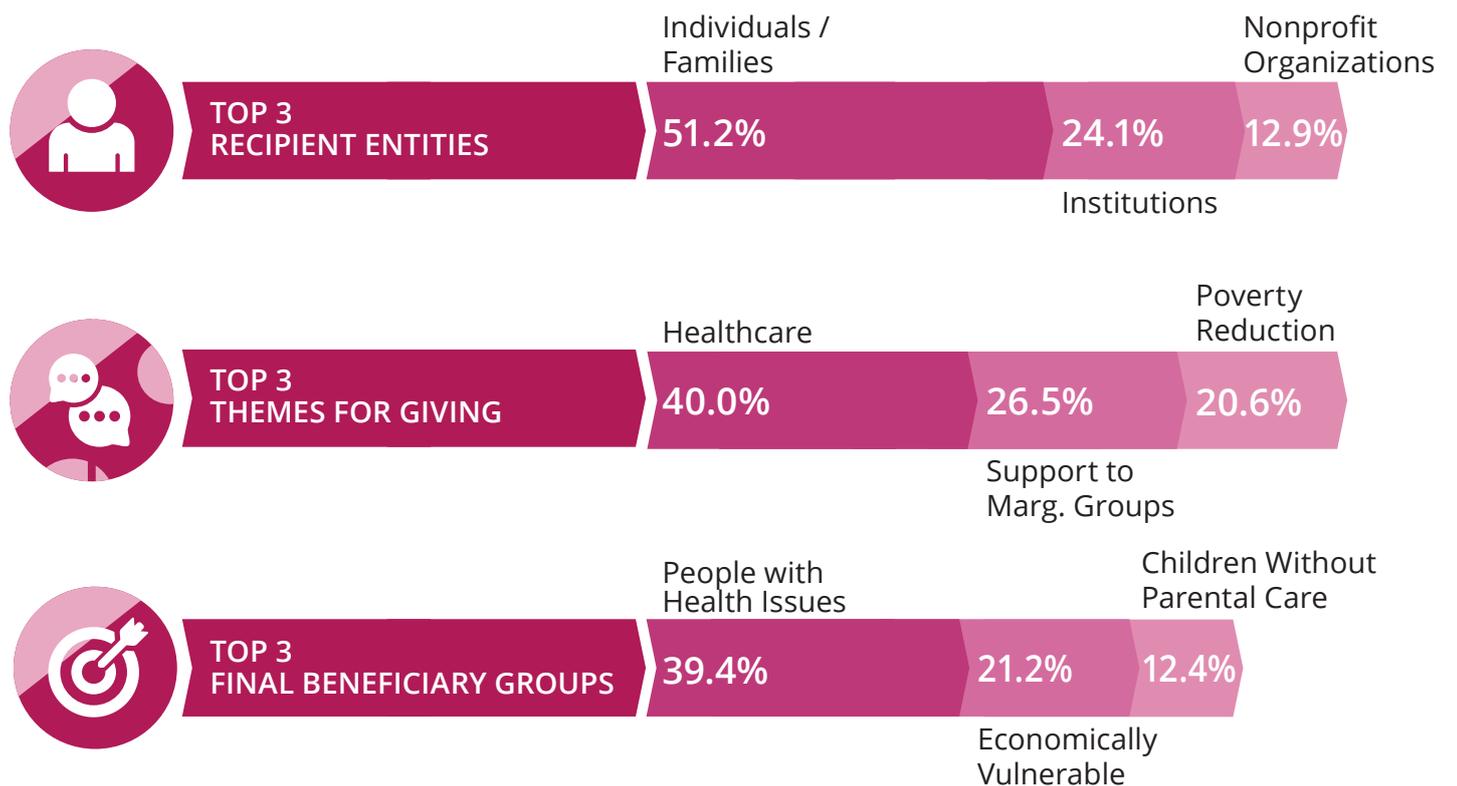
### 2.1.3 | Profiles of the Most Common Types of Donors



#### CORPORATE SECTOR



#### MASS INDIVIDUAL



## KEY POINTS:



- The overall value of donations decreased by 0.21% from 2013 to 2014. It should be kept in mind though that these are estimations that do not include giving for flood relief.
- In 2014, the most active donor types were mass individual (43.5%), followed by the corporate sector (27.9%).
- If we look into the value of donations, the picture changes: the corporate sector takes the lead with a 34.9% share in the total recorded amount, followed by mass individual giving with a share of 23.7%, and individuals with a similar share of 20.3%. A significant drop in the recorded value of donations by the corporate sector can be explained by giving for flood relief, which is disaggregated in a separate chapter.
- If we analyze giving by the diaspora, we see the drop in the percentage of instances from 4.6% in 2013 to 3.1% in 2014, while the recorded value of donations decreased even more significantly, from approximately 18% to 6.5% in 2014. It remains to be seen whether this is a trend or merely a one-year fluctuation.
- Overall, mass individual donors took the lead and have the strongest presence, while the engagement of the corporate sector (companies, corporate foundations and small and medium enterprises) decreased.

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

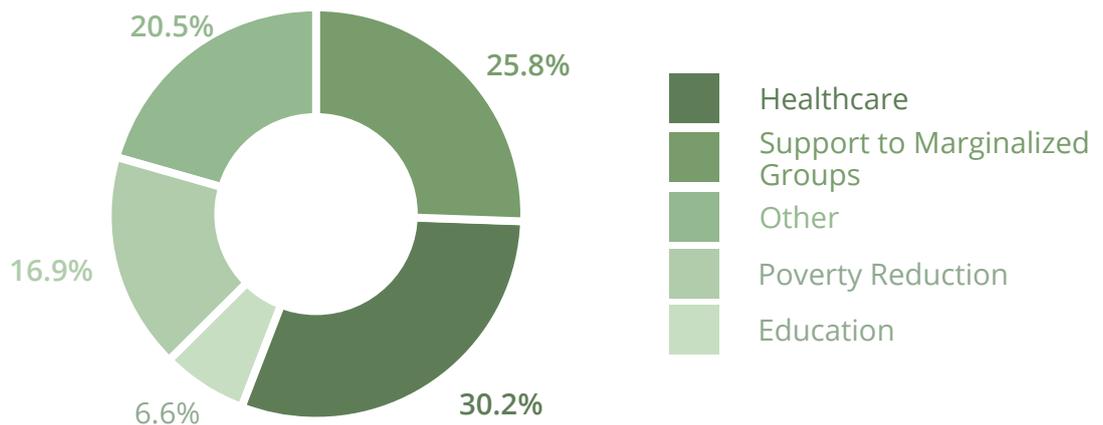
### 2.2.1 | What Themes Are Important to Donors in Macedonia?

The four key themes to which donations were directed in 2014 continued to be healthcare, support to marginalized groups, poverty reduction and education.

The ranking of themes by number of instances changed in comparison to 2013: this year, healthcare is in the lead, while support to marginalized groups, poverty reduction and education decreased. The most significant change is almost doubled percentage of instances for healthcare.

The range of themes remained very broad and includes culture, sport, cultural heritage, community development, religious activities, public infrastructure, science, environment, animal welfare and seasonal giving. As in 2013, the percentage of instances for all these themes is at around 20%. This shows that top four themes are still getting the most of the attention from all donors.

#### KEY THEMES OF GIVING (% of Instances)



#### BREAKDOWN OF OTHER THEMES (by % of Instances)

below 0.5%	0.5 to 1%	1 to 3%	over 5%
<ul style="list-style-type: none"> <li>Animal Welfare</li> <li>Science</li> </ul>	<ul style="list-style-type: none"> <li>Community Development</li> <li>Sport</li> </ul>	<ul style="list-style-type: none"> <li>Culture and Arts</li> <li>Heritage</li> <li>Public Infrastructure</li> <li>Religious Activities</li> </ul>	<ul style="list-style-type: none"> <li>Education</li> <li>Seasonal Giving</li> </ul>

CHANGES IN THE KEY THEMES FOR GIVING  
2013 - 2014 (% of Instances)

	2013		2014
Support to Marg. Groups	35.9%	↘	25.8%
Poverty Reduction	20.7%	↘	16.9%
Healthcare	16.6%	↗	30.2%
Education	8.8%	↘	6.6%

### KEY POINTS:



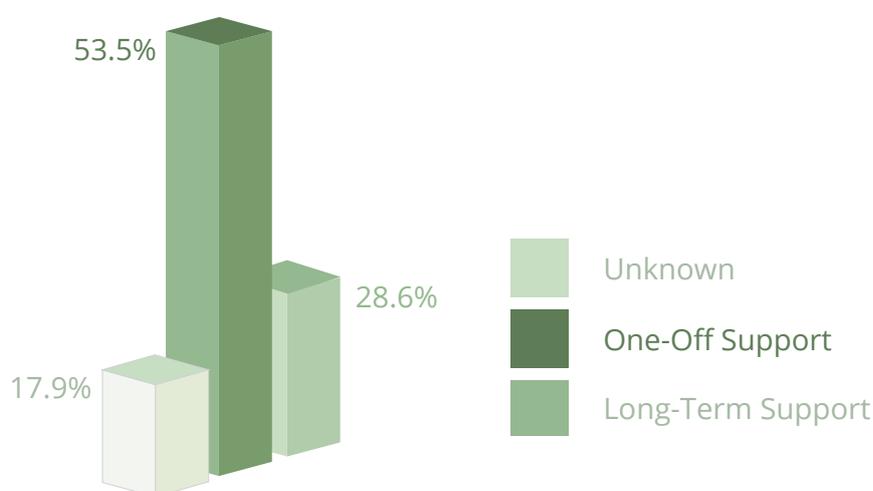
- The four key themes supported were: healthcare, support to marginalized groups, poverty reduction and education. The instances directed to these themes add up to nearly 80%.
- The range of other supported themes remained very broad.
- In 2014, the ranking of themes by number of instances changed, with healthcare in first place, almost doubling the number of instances compared to the previous year.
- The percentage of instances for support to marginalized groups, poverty reduction and education dropped in comparison with 2013. Support to marginalized groups has seen the most significant drop – over 10% less than in 2013.

### 2.2.2 | Use of Donations

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 divide the use of donations into three categories: long-term support, one-off support and donations for unknown purposes<sup>3</sup>. An overview of how giving is distributed across these categories is presented in the graph below.

#### USE OF DONATIONS (% of Instances)



#### USE OF DONATIONS (% of Instances)

BY % OF INSTANCES	2013		2014
Long-Term Support	30.8%	↘	28.6%
One-Off Support	54.8%	↘	53.5%
Unknown	14.3%	↗	17.9%

<sup>3</sup> Under the category of “long-term support” we include: capital investments, equipment, investment in services, scholarships (human resource investments), research and development, raising social awareness; in the category of “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.

## STRATEGIC GIVING



*When we examine strategic giving in Macedonia, the most frequent continue to be investments in equipment and/or the reconstruction of buildings.*

*Pavel Malinovski donated 50,000 EUR to Karposh Municipality for construction of an 80 square meter exercise field along the Vardar River. This is a great example of strategic support for community development.*

*In order to strategically improve the ability of select Macedonian hospitals to provide health services, Stopanska Banka initiated the GIVE A SMILE (ПОДАРИ НАСМЕВКА) fundraising campaign. By donating funds for each photographed and published smile, Stopanska Banka purchased ultrasound devices for the Pediatric Clinics in Skopje, Struga, Strumica and Kumanovo.*

## KEY POINTS:



- The highest percentage of instances in Macedonia remains directed to one-off support. The corporate sector continues to be more oriented to strategic giving than other type of donors.
- By far the most common form of strategic giving are the purchase of equipment, followed by capital investments, and finally services. There were also a certain number of instances directed towards awareness raising.
- The most frequent one-off donations were for medical treatments, materials, consumables and humanitarian assistance.
- When comparing 2013 and 2014, we see that the both the levels of strategic giving and donations of short term use have both dropped, while there was an increase in the number of instances where it was not possible to determine the use because the lack of data in media reports.

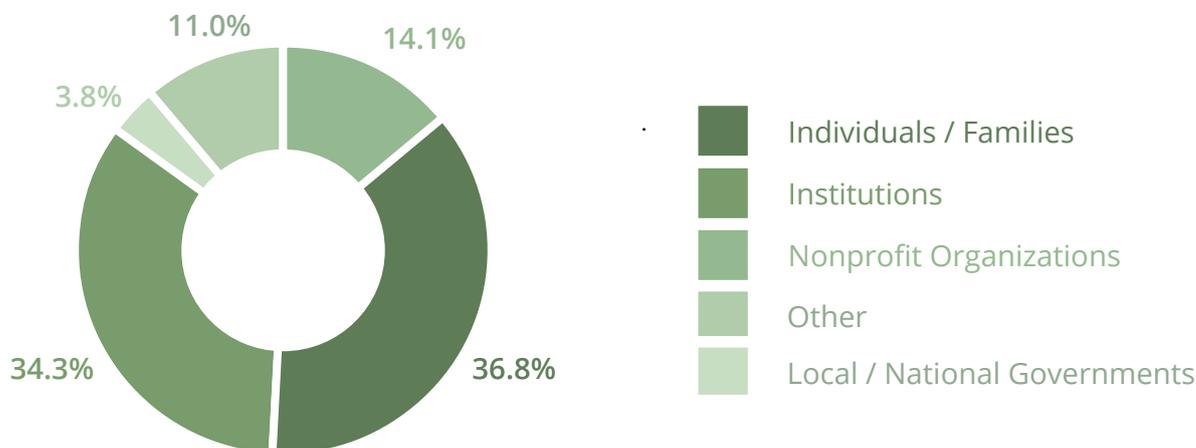
## 2.3 | Who Are Supported by Donors in Macedonia?

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

Recipient entities (often also referred to as partners) show how donors choose to channel their donations, thus indirectly revealing whom they trust<sup>4</sup>.

In 2014, the principal recipients were, as in previous years, individuals / families, followed by institutions and nonprofit organizations (associations and foundations). The Other category included religious communities and unknown recipients.

#### TYPE OF BENEFICIARY ENTITIES (% of Instances)



BENEFICIARY ENTITIES (% of Instances)	2013		2014
Institutions	32.3%	↗	34.3%
Nonprofit Organizations	27.7%	↘	14.1%
Individuals / Families	24.9%	↗	36.8%
Local / National Governments	4.6%	≈	3.8%

<sup>4</sup> Donation recipients/partners generally further distribute support to beneficiaries, that is, they use them for the benefit of particular target groups.

**BENEFICIARY ENTITIES**  
(% of Recorded Value)

2013

2014



Entity Type	2013	Change	2014
Institutions	34.3%	↑	63.7%
Nonprofit Organizations	18.5%	↓	13.5%
Individuals / Families	21.8%	↓	7.8%
Local / National Governments	13.2%	≈	13.0%

**KEY POINTS:**



- In 2014, the top three types of recipient entities by % of instances were individuals/families (36.8%), institutions (34.3%), and finally nonprofit organizations (14.1%).
- Viewing it from the perspective of the value of donations, the leading position goes to institutions, followed by nonprofit organizations, local/national governments and individuals/families at the end.
- If we combine the data for institutions and local / national governments, with both categories under the control of the state, we reach the conclusion that 38.1% by number instances and 76.7% by value of donations were, in fact, donated to the state.
- When reflecting on the last two years (for which we have data), we notice that the percentage of instances directed to each of the four main types of recipient entities have increased for giving to Individuals/families (11.9% increase) and institutions, while and local/national governments and nonprofit organizations have seen decreases (by 13.6% in the case of non-profits).
- When we look for trends in the percentage of value of donations, we see that in 2014 more investments were directed only towards institutions, while nonprofit organizations and individuals/families have suffered a decrease.
- Value of donations given to local/national governments stayed at the same level in both 2013 and 2014.
- It is likewise important to note that the number of organizations that have received donations from multiple sources has increased.



## NONPROFIT ORGANIZATIONS IN 2014

*The category of nonprofit organizations consists of local civil society associations, foreign organizations (such as UNICEF) and private foundations. In 2014, a decrease both in percentage of instances and recorded value of donations was observed.*

*However, positive changes during the year included an increased total number of organizations that received donations during 2014 and an increased number of organizations and foundations receiving multiple donations in 2014. Organizations that received multiple donations in 2014 include SOS Children's Village Macedonia, Poraka naša Association, Shtip Association of Disabled People of Shtip, Zaedno posilni Association for Support of People Living with HIV/AIDS and the Borka NGO.*

*This year, the largest number of donations to nonprofit organizations came from the corporate sector, followed by mass individual donations. The percentage of donations from other donors were very small.*

*The themes that are most frequently supported by nonprofit organizations are support to marginalized groups, health and poverty reduction, but also seasonal giving, animal welfare and environment.*

*The range of final beneficiary groups for which organizations received support remained very broad. It included primarily children without parental care, people with disabilities, people with health issues, economically vulnerable people, as well as people from specific geography.*

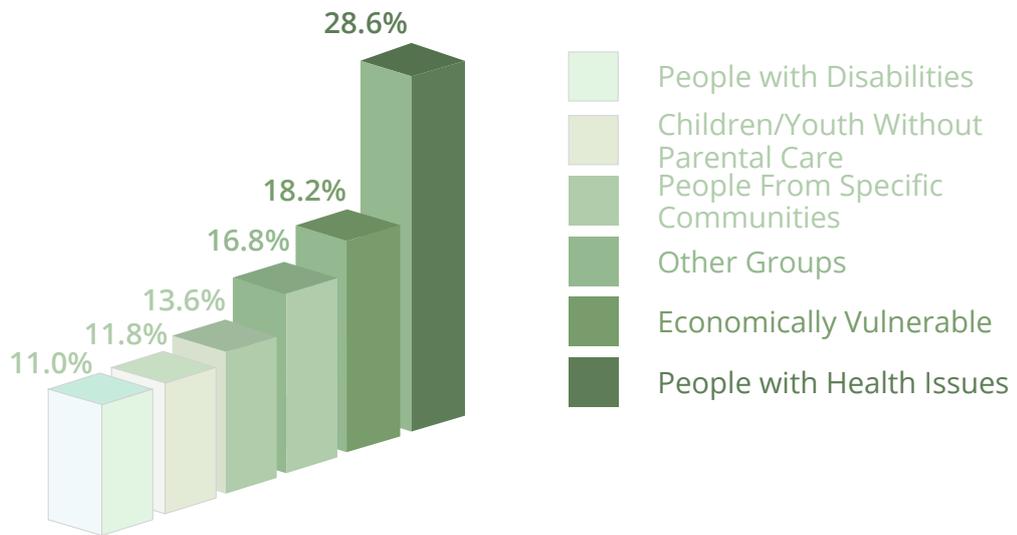
*In terms of fundraising and cooperation with donors, it seems that the Poraka naša Association from Kumanovo, with a primary focus on people with intellectual disabilities was one of the most successful in 2014. The several successful fundraising campaigns this organization was involved in were partnering with Macedonian Telekom and T-Mobile to raise funds to support their activities.*

*Another successful example comes from Borka which supports women fighting breast cancer. In cooperation with Avon, numerous events were organized during October 2014 to raise awareness about breast cancer, and the association was also given 15,000 USD which was used to support their activities.*

Who Benefits from Donations? | 2.3.2

When we looked into the final beneficiaries in 2014, the four key groups that emerged were people (adults, youth and children) with health issues, the economically vulnerable, people from specific local communities and people with disabilities.

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



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

from 0-1 %	from 1 – 2%	from 2-4%
<ul style="list-style-type: none"> <li>Elderly</li> <li>Homeless</li> <li>Children and Youth at Risk</li> <li>Children and Youth Juvenile Offenders</li> <li>People from Minority Communities</li> <li>People with Terminal Illness</li> <li>Women and Children Survivors of Violence</li> <li>Mothers and Newborns</li> </ul>	<ul style="list-style-type: none"> <li>Talented Children and Youth</li> </ul>	<ul style="list-style-type: none"> <li>General Population</li> <li>People from Religious Communities</li> </ul>

## CHANGES IN BREAKDOWN OF FINAL BENEFICIARY GROUPS (% of Instances)

	2013		2014
Economically Vulnerable	21.2%		18.0%
People with Health Issues	15.7%		28.6%
People With Disabilities	10.6%		11.0%
People from Specific Communities	7.8%		13.6%



### KEY POINTS:

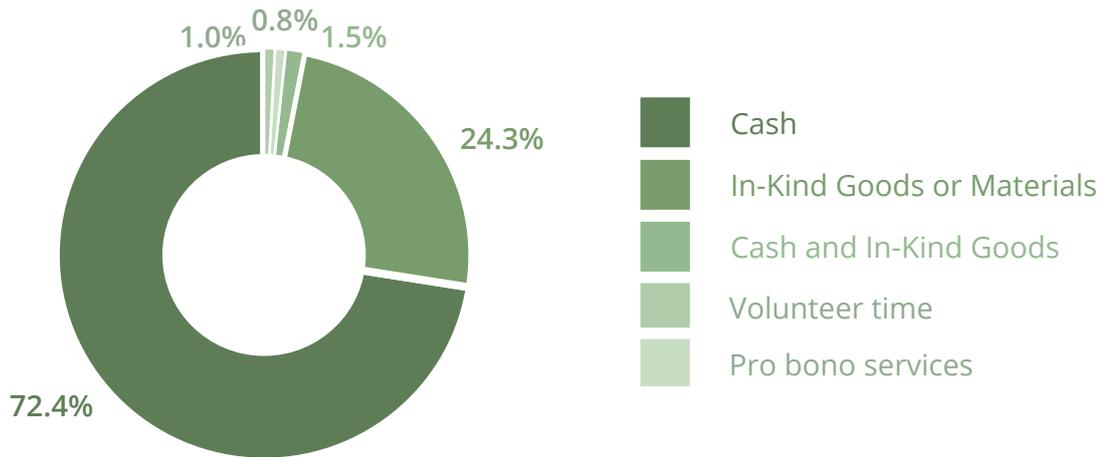
- The top 5 final beneficiary groups (people with health issues, economically vulnerable, people from specific communities, children/youth without parental care and people with disabilities) comprised over 83% of the overall number of instances of giving in 2014.
- Although the percentage of instances benefitting the other 12 beneficiary groups stayed at approximately the same level in 2014, the total of these groups amounts to less than one fourth of all instances.
- Over the past two years, there has been a slight drop in the percentage of instances benefitting economically vulnerable people. At the same time, the percentages of instances for the benefit of people with health issues and people from a specific community has increased, while instances directed to people with disabilities did not vary much.
- Finally, it is worth noting that the percentage of instances intended for children without parental care has significantly increased.

## How Is Giving Done in Macedonia? |2.4

### What Is Donated? |2.4.1

It is evident that donors prefer to provide cash donations, followed by donations of in-kind goods, mixed donations (cash and in-kind). Small percentage of instances involving volunteering is also recorded. Pro-bono services are still very rare, but at least they are recorded (in 2013, there were no records of providing pro bono services).

#### WHAT IS DONATED? (% of Instances)



#### KNOWLEDGE AS A DONATION

While cash and in-kind donations are the most frequently recorded varieties of giving, in 2014, one example stood out and represented a good practice of donating knowledge.

Investing in children’s education and supporting marginalized groups, *Helen Doron Macedonia - Center for Learning English* provided free English language courses to children from the 11 Oktomvri Home for Children for Children Without Parental Care.



#### KEY POINTS:

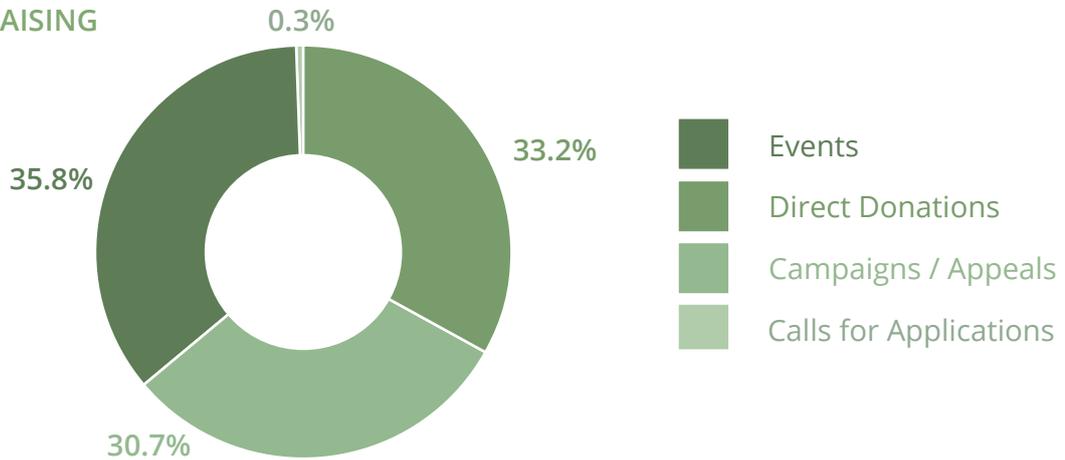
- Cash donations were the most frequent (72.4%) and in-kind goods appeared in a far smaller percentage (24.3%).
- We believe that small percentage of volunteering instances does not reflect the real picture because of the media’s hesitation to report on volunteering (it is less attractive than concrete donations) and because companies fail to report on their often frequent volunteering instances, because volunteering activities are seen as part of their employee strategy.



### 2.4.2 | Ways of Fundraising

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 donations were most frequently given during events, followed by direct donations, campaigns/appeals, events and, finally, calls for applications in very small percentage.

WAYS OF FUNDRAISING  
(% of Instances)



WAYS OF FUNDRAISING IN %	2013		2014
Direct Donations	52.1%	↘	33.2%
Events	27.2%	↗	35.8%
Campaigns / Appeals	20.3%	↗	30.7%
Calls for Applications	0.5%	≈	0.3%



#### KEY POINTS:

- Surprisingly, events have shown to be the most frequent method of giving in Macedonia in 2014 with a significant increase.
- With a decrease, direct donations are the second most common way of fundraising with one third of the total number of instances.
- Campaigns and/or appeals for doantions, like in 2013, are ranked third with a significant increase in 2014.
- The percentage of donations through calls for applications has remained nearly the same. These calls are most often announced by the corporate sector. The assumption is also that the number of calls is actually higher, but that their occurrence has not been well-reported, particularly where foundations are concerned because the media rarely recognizes this sort of call as philanthropy.

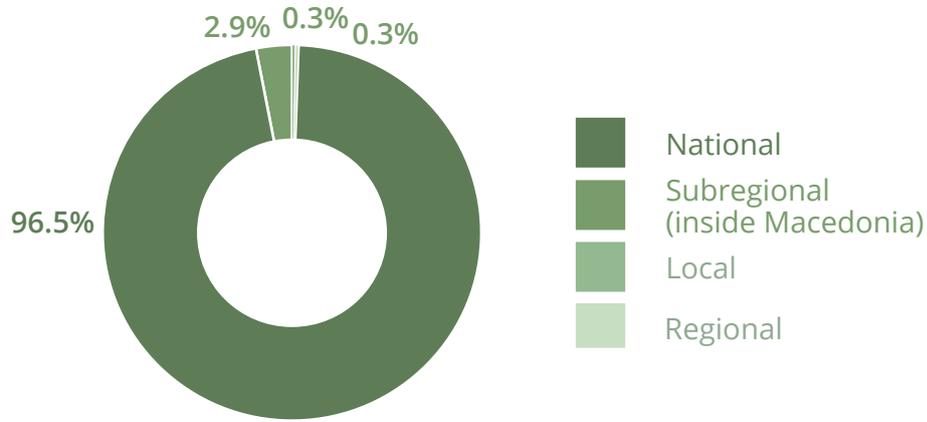
Media Coverage | 2.4.3

As shown in the graphs below, the majority of the reports of donations were published in the web media (79.8%) followed by the print media (13.2%). The smallest percentage was published in the electronic media (7.0%). In comparison with 2013, we observe that the situation in this regard hasn't changed a lot.

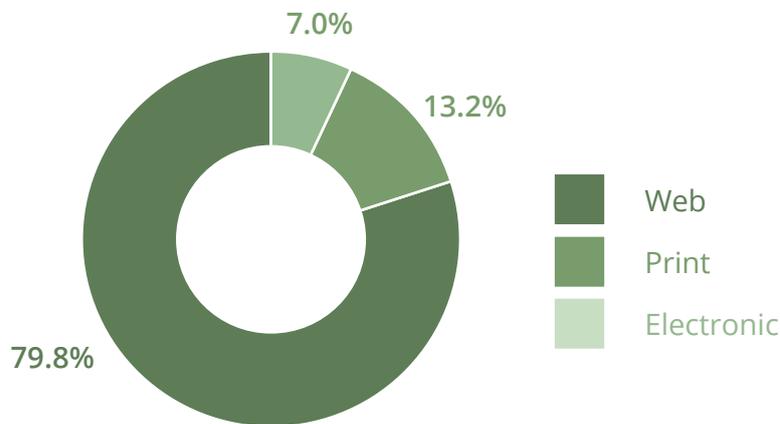
Regarding territorial coverage, most of the reports were recorded in national and then sub regional media within the country. It is worth noting that there was a decrease in level of reporting in the local media. The majority of reports were published in daily media.

It is also noteworthy that in 2014 a small number of reports on donations in Macedonia were printed in foreign media, i.e. in the media of other countries in the region, something that has not happened before. Of the total number of media reports, 1% was reported by media registered in other countries.

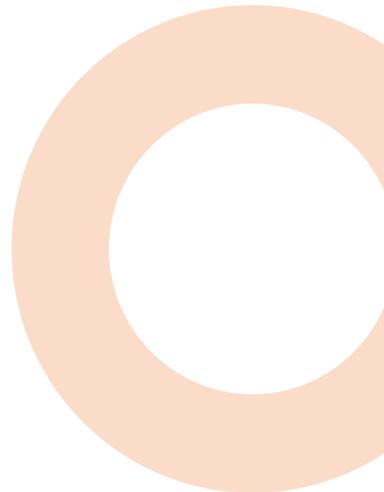
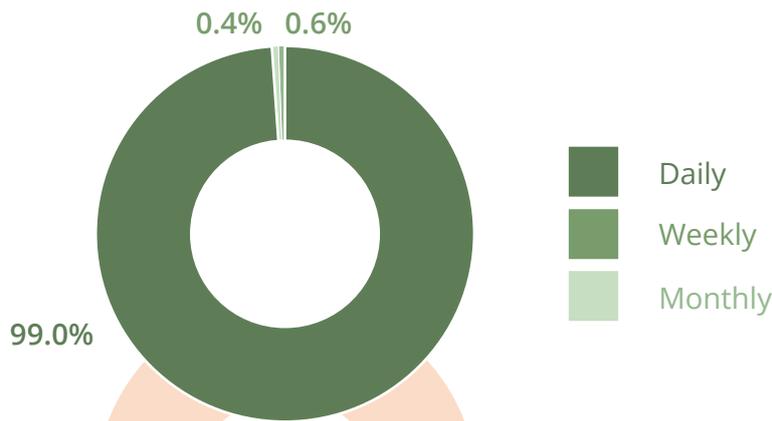
MEDIA COVERAGE



MEDIA TYPE



MEDIA REPORTS BY FREQUENCY (by % of Instances)



Kurir.mk, Sitel.com.mk and Lider.mk stand out as the web media that presented the largest number of reports. Present with less, but still large number of reports are Mia.mk, Faktor.mk and Press24.mk. In the print media field, Dnevnik clearly led in its coverage of giving, followed by Vest, Večer and Nova Makedonija. The electronic media that broadcast the most reports were Kanal 5, Sitel TV and Makedonsko Radio.

As for the media frequency, most of the media records were published in daily media, while a very small percentage in weekly and monthly media.

In the analysis of media coverage, it is interesting to look at the placement of and time allocated to the reports, because both indicate the importance given to philanthropy. The data from 2014 shows that regarding the placement chosen for the report, only 12.4% of articles in print media were placed on one of the first five pages. A bigger percentage (31.4%) were found between the fifth and tenth pages, while 56.2% of reports were placed after page ten. It is encouraging to note that with electronic media 47.9% of all reports were broadcast during prime time (from 19:00), and the rest (52.1%) before 19:00.

Looking at the size of reports, in print media, "small" (up to 1/4 page) reports characterized 55% of all reports while only 11% of reports appeared as large (more than 1/2 page).

The way in which media in Macedonia report on philanthropy suggests that it is still not viewed as an important theme, and that the majority of media consider philanthropy a side topic. Reports were often scanty or incomplete, making it was very difficult to understand who had made the donation, for what purpose or to which type of beneficiary (or, in other words, how the donation would be used). Regarding the reported value of donations, while small, there has been an increase in the percentage of reports in which the sum of the donation is recorded - from 8.8% in 2013 to 10.0% in 2014.



### KEY POINTS:

- The majority of reports on philanthropy were published in web media (79.8%), followed by the print media (13.2%), while the electronic media remained far behind the other two in the number of reports broadcast.
- The national media, with over 96% of reports, continued to hold the lead in the number of reports, with the local and sub-regional and regional media trailing far behind with 3.5%.
- The data on the time and spot devoted to reports in the media points to the fact that philanthropy is still considered a side topic. In addition, published reports were generally incomplete in terms of providing details of the donation.
- Finally, the percentage of reports which indicated the sum of the donation has seen, increase: from 8.8% in 2013 to 10.0% in 2014.

# Flood Relief |3

## Donors and What is Donated |3.1

Macedonia took a proactive role and reacted immediately during the massive flooding that affected the region in 2014. However, the anecdotal evidence about Macedonian companies and citizen response to the flooding was much larger than that which was reported in the media.

Macedonian media recorded 46 donation instances in total directed to the affected communities, mostly in Serbia, with only a few instances directed to Bosnia and Herzegovina or Croatia. Unfortunately, media coverage of this type of support was also not very transparent when it comes to donation values. Therefore, we are not presenting any data on the value of support since the data is not complete enough to extrapolate.

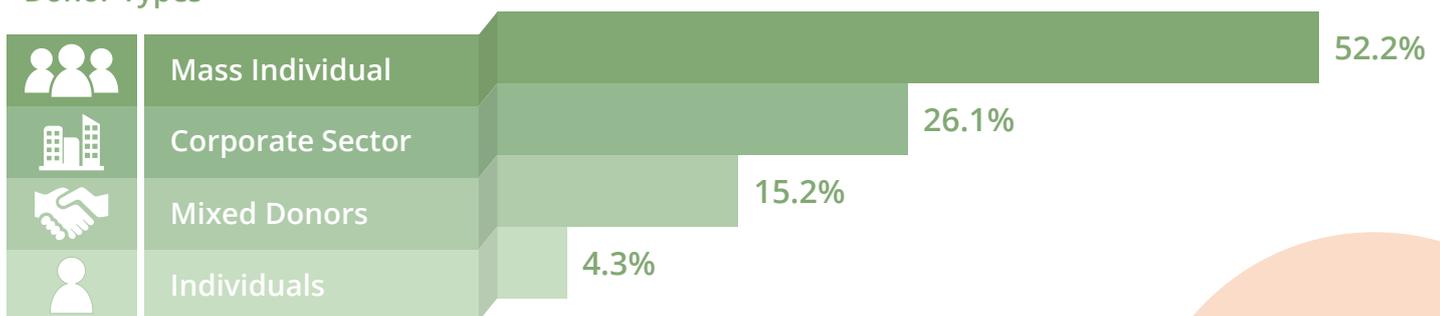
For data analysis purposes herein we provide only the known participation of various types of donors, bearing in mind that the purpose of donation is practically the same for all and that all beneficiaries belong to the same final beneficiary grouping.

If we look into donor types, the data shows that the most numerous are those provided by the mass individual category (52.2%), followed by giving by the corporate sector (26.1%), with mixed donor type on the third place (15.2%), and then individual donors (4.3%).

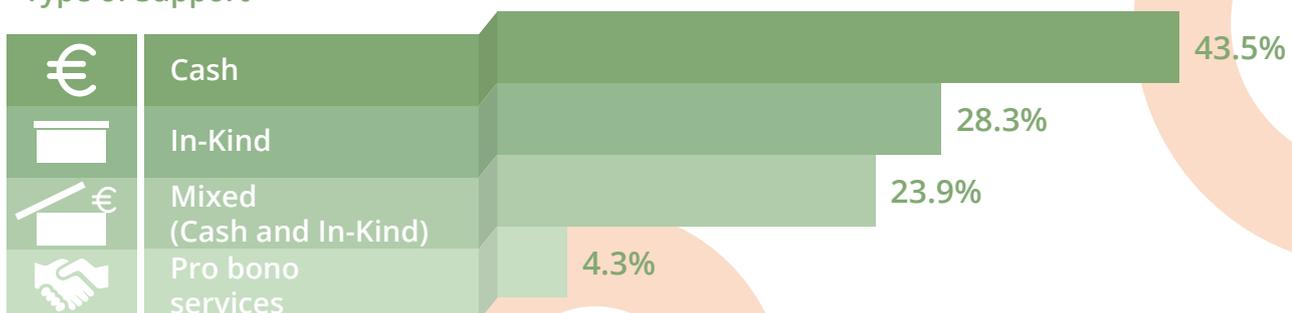
According to the available data, the largest number of donations was provided in cash. In terms of percentages they are followed by In-kind donations, and then mixed donations (both cash and in-kind). Interestingly, a small number of pro-bono services was also recorded.

We would like to highlight that the list of donors for flood relief is quite long here and includes individual donors, citizens, large companies, and small and medium enterprises; this illustrates the solidarity that Macedonian people showed with their neighbors in need.

### FLOOD RELIEF - Donor Types



### FLOOD RELIEF - Type of Support





## FLOOD RELIEF

*As reflected in the above-mentioned data, a wide range of beneficiary groups were supported in 2014 and donors assisted children and youth and the adult population in almost equal measure.*

*In 2014, we must highlight the assistance provided to flood relief for the people living in other countries that were affected by floods that happened in May – Bosnia and Herzegovina, Croatia and Serbia. This support was demonstrated in an extraordinary way by the solidarity of Macedonian citizens with an extremely vulnerable category of people who were left without everything, including their homes. In addition, support to flood relief motivated various types of donors: individuals and companies alike, and many ordinary citizens were mobilized to give in massive fundraising campaigns.*

*Kožuvčanka Kavadarci, Pelisterka Bitola, Tinex, Gorska voda, Deni Internacional, Ramstore Macedonia, Prilepska pivarnica, Žito Marketi, Bimilk and many others gave both cash donations and donated products to people from specific communities in flooded areas.*

*During the flooding, Žito Marketi joined the fundraising campaign Zaedno da pomogneme (Let's Help Together) and donated a vehicle worth 7,000 EUR to the Health Center of Krupanj in Serbia, which was severely damaged. Also, Žito Market donated a percentage of their income from specific goods sold at their markets to people affected by the floods in Serbia and Bosnia and Herzegovina.*

*Companies, citizens and nonprofits in Macedonia joined their efforts in the fundraising campaign which resulted in the collection of 7 tons of food, 4 tons of hygiene supplies, 1,500 blankets and 42,000 l of water, as well as 19,326 EUR in cash. All the collected humanitarian support and money was donated to the Bosnian and Herzegovian Red Cross, through the Macedonian Red Cross.*

*The Transmet and Bomi 10 Logistik companies donated their professional transport services and delivered 40,000 liters of water to the communities in the flooded areas of Serbia and Bosnia and Herzegovina.*

*The Macedonian Electronic Communications Agency in cooperation with three major mobile operators in Macedonia, T-Mobile, VIP and ONE, established telephone numbers for collecting SMS donations for flood relief in Serbia and Bosnia and Herzegovina.*

*A large number of citizens, through numerous fundraising campaigns and events, made both in-cash and in-kind donations. Among individuals we must highlight Macedonian jazz musicians Diran and Garo Tavitjan who donated part of the income from their concerts in the Macedonian National Theater to flood victims in Serbia and Bosnia and Herzegovina.*

# Annexes | 4

## Annex 1: Methodology | 4.1

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>5</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 Macedonia.

<sup>5</sup> Various media report on the same donations, and by comparing data from several media reports, we are able to obtain more accurate and thorough data.

#### 4.1.1 Factors and indicators showing degree of philanthropy development

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>6</sup>; donors; actors<sup>7</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>6</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 on the other hand, may be various groups for whose benefit the support is requested. For example, if the recipient of a donation is a local hospital, the beneficiaries are 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 shows 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>7</sup> Under actors we understand 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 actors leads to an increase in public awareness of the importance and role of charitable giving in the society.

## Legal and Fiscal Framework for Philanthropy | 4.2 in Macedonia

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

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

A regulated legal/fiscal framework represents significant progress in the development of philanthropy and points out that state recognized philanthropy as an important issue. Regulations, in a way, support the development of philanthropy. Experience shows that proper regulations are not the only prerequisite for monitoring of giving, however the fact is that unclear legal/fiscal conditions discourage its development. This creates and maintains the perception of the public that philanthropy is a kind of "gray zone" which enables fraud (although experience to date proves that abuses are not as frequent as they are thought to be). Given that other stakeholders have been working in this field for years, Catalyst didn't analyze the situation in Macedonia, but opted to state the section of the "Tax Regulations of Significance for Philanthropy Development" publication of the SIGN network. Before that section, we provided an update – the only change in legal framework since 2013.

The Law on Donations and Sponsorships was amended in 2014, but many terms and conditions, such as the procedure for obtaining public benefit recognition for certain projects or activities in order to be eligible for tax and other benefits, remain poorly defined or are not fully implemented in practice (deduction of VAT on phone and SMS donations for instance). On a positive note, the procedure that individuals must follow to claim tax benefits for donations was simplified and went into effect in 2014 as such.

***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 Macedonia while the text of the complete publication is available at <http://www.sign-network.org/activities/advocacy-for-policy-changes>.***

*Law on Donations and Sponsorship.* The **Law on Donations and Sponsorship of Public Benefit Activities** (Law on Donations and Sponsorship) sets out a comprehensive framework on issues pertinent to donations and sponsorship, including **tax benefits** provided for corporate and individual donors (*infra*)<sup>8</sup>. The Law has the status of **general/subsidiary law** (*lex generalis*) in respect to any other law (*lex specialis*) which may govern some aspects of donations and sponsorship (Article 5). Civil society organizations ("associations of citizens" and foundations)<sup>9</sup> are eligible to receive donations if they engage in activities which support and promote **public benefit** purposes (*infra*). In addition to CSOs, other **domestic legal entities**, including public institutions, state bodies, and local municipalities may also be the recipients of donations (Article 3(1)7, 7(1)). Exceptionally, **foreign legal entities** may also be the recipient of donations (Article 7(2)).

8 "Official Gazette of the Republic of Macedonia", No. 47/06, 86/08, 51/11.

9 CSOs in Macedonia operate mostly in the form of associations and foundations.

The Law requires a donor and a grantee to enter into an **agreement** in writing (*ad solemnitatem*). The subject matter of the agreement may be donations in **money, in-kind** and **services** (Article 3(1)1). Any legal or natural person, domestic or foreign alike, may be a donor insofar as their activities do not violate the Constitution, law and the international agreements of which Macedonia is a signatory (Article 6).

At the donor's request, the Ministry of Justice, with the approval of the competent line ministry, will issue a **decision** which will confirm that a donation in question will serve a public benefit purpose as defined by the Law. Originally, the Law provided that the Ministry must issue a decision within 15 days following the request, otherwise it was presumed that a positive decision was issued. However, the 2011 amendments to the Law introduced a more elaborate and time-consuming procedure in this respect (Article 21, as amended in 2011).

Corporate Income Tax. Corporations can deduct **up to 5%** of their **taxable income** for qualifying public benefit purposes (Article 14 (1), Law on Donations and Sponsorship). While the Law appears silent on the issue of **carry-over donations** i.e., whether the unspent donation can be carried to subsequent fiscal years, based on information from local CSOs, tax authorities allow for such a practice. The Law does not specifically address the issue of the tax status of **institutional grants** to CSOs which engage in public benefit activities.

Personal Income Tax. Individuals may deduct **up to 20%** of their **taxable income** for giving to qualifying public benefit purposes, but in any event may not deduct more than 24,000 dinars, which is around **400 Euro** (Article 13 (1), Law on Donations and Sponsorship). However, with the 2009 amendments to the Personal Income Tax Law, which holds the employers responsible for paying personal income taxes of their employees, the foregoing tax exemptions practically apply only to giving by individuals who are not employed, but rather provide some free-lance, short term consultancy service, usually under international development projects. This legislative development has significantly limited tax incentives for individual giving.

Gifts Tax. CSOs which engage in qualifying public benefit activities are **exempted** from gifts and inheritance taxes on goods and objects they receive; insofar they use them to further their **main objectives** (Article 16(1)). Income generated from gifts is not taxed in the course of five years following the transfer of gift to the grantee (Article 16(2)).

Value Added Tax. VAT is not levied on goods and services purchased with donated money, but is rather recovered from the state budget. Although the procedure for VAT exemptions works in practice, not all companies are aware of the current exemption mechanisms and often times refuse to engage in donation transactions without VAT being paid by a customer. Even though the law provides that SMS/telephone call donations are also exempted from VAT, providers of telecommunication services have not been able to utilize this exemption to date. VAT is also not levied on tickets for humanitarian events.

Reporting requirements. Both the **donor** and the **grantee** are subject to specific **reporting requirements** with respect to donation, the details of which are set out in the Law, which they have to file with the tax authority within 30 days following the execution of the agreement (Article 19(3)). In addition, following the execution of the agreement, the grantee is obliged to issue to the donor a receipt in writing, the form of which is to be detailed by regulation issued by the Minister of Justice (Article 4).

Public Benefit Status. The Law introduces the somewhat confusing distinction between public benefit activities and public benefit **goals**. Public benefit activities are deemed activities in the following areas: human rights protection, education, science, information-based society, culture, sport, medicine, social protection and protection of people with special needs, blood donation, child protection, animal protection, environmental protection, as well as other activities defined by law to benefit the public

(Article (Article 3(1)3). The notion of public benefit goals entails support to and encouragement of activities in the following areas: protection of human rights, promotion of culture, morality, education, science, development of information and knowledge-based society, sport, environmental protection, socio-humanitarian activities, civil society development, promotion of blood donation, promotion of international cooperation, as well as other activities defined by law to benefit the public (Article 2, 3(1)4).

On the other hand, the **Law on Associations and Foundations**<sup>10</sup> provides for a comprehensive framework for granting the status of public benefit organizations. CSOs may obtain **public benefit status** if they "perform public benefit activities, implement programs and projects on a central and/or local level, independently or in cooperation with state administration bodies and municipal bodies, the bodies of the municipalities in the City of Skopje and the City of Skopje, as well as if they use the financial resources for realization of activities" (Article 73). The Law provides a list of public benefit activities, which is significantly **broader** than the one set out in the Law on Donations and Sponsorship (Article 74, Law on Associations and Foundations).<sup>11</sup> An association or a foundation shall obtain the status of public benefit organization if: it is registered in accordance with the provisions of this Law; public benefit activity is the main income code in its operations; its activities and actions are directed at the general public and the interests of the community; it has the necessary organizational structure in accordance with this Law; it has human resources capacities required for the activity in accordance with law; it has appropriate financial resources, i.e. total assets or annual income amounting to at least 1.500 EURO in Denar equivalent according to the exchange rate of the National Bank of Macedonia; it has rules in place governing conflict of interests and transparency of its work; it is not in bankruptcy or liquidation and does not have its bank account frozen (Article 75). A separate body, the Commission of Public Benefit Organizations, decides on granting the status of public benefit (Article 76). The Law envisages that public **benefit organizations** shall enjoy **additional tax benefits**, as compared to CSOs which operate without public benefit status, without further references in this respect (Article 88).

*Use of Donations.* The **Law does not** provide for a specific **time-line** in which a donation must be utilized—nor does it set a specific **threshold** with respect to the organization's overhead expenses.

*Volunteering.* The Law on Volunteering does not allow for a corporation to be a host of volunteer activities, even outside of its business premises (Article 6).<sup>12</sup>

10 "Official Gazette of the Republic of Macedonia", No. 52/10.

11 This includes: development of democracy, civil society, and human rights; help and protection of persons with physical or mental handicaps, persons with developmental disabilities and persons with special needs; protection of children and youth; protection of marginalized persons and their social inclusion; protection from drug abuse, sexually transmitted diseases, juvenile delinquency, alcoholism, prostitution and human trafficking; health, health promotion and medical care; art, culture, and protection of cultural heritage; amateur sport; protection of the environment and sustainable development; local and infrastructure development; science, education, and training in the educational process; development of ethics and moral; humanitarian and social aid, reduction of poverty; disaster management; protection and care of animals; consumers' protection; promotion of philanthropy and volunteering; and other public benefit activity determined by this or other law.

12 Official Gazette of Republic of Macedonia No. 85/2007

## SUMMARY OF OUTSTANDING ISSUES IN MACEDONIA

DONATION AND SPONSORSHIP LAW:	CSO FRAMEWORK REGULATION:
<ul style="list-style-type: none"> <li>• Excessive administrative requirements imposed on the donor and the grantee;</li> <li>• 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);</li> <li>• No specific rules with respect to institutional grants to CSOs;</li> <li>• The concept of public benefit is somewhat confusing and not consistent with the CSO framework regulation;</li> <li>• The concept of public benefit is not consistently applied within the line ministries;</li> <li>• Tax incentives for individual giving are limited to the non-employed;</li> <li>• No specific carry-over rules for donations.</li> </ul>	<ul style="list-style-type: none"> <li>• No clear tax benefits arising from the status of public benefit organization;</li> <li>• 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.</li> </ul>

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