

2013

Bosnia and Herzegovina

Annual Report

on the State of Philan- thropy

°catalyst

Research

**Annual Report
on the State of
Philanthropy
in Bosnia
and Herzegovina
2013**

catalyst

ANNUAL REPORT ON THE STATE OF PHILANTHROPY IN BOSNIA AND HERZEGOVINA IN 2013

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Foreword

The 2013 Annual Report on Philanthropy in Bosnia and Herzegovina was a result of monitoring of the print media output concerning local philanthropic giving between May and December 2013. Though this is a period of only eight months, we believe that a sufficient amount of information has been collected to allow an insight into local philanthropic giving in Bosnia and Herzegovina.

While Bosnia and Herzegovina provides tax incentives for donations of the private sector and individuals (in case they are entrepreneurs)¹, it was difficult to obtain information that would show the scope of donations provided annually, their purpose, the amount of money donated, the donors, and more importantly, their outputs, that is, the difference made by them.

Given the challenges, Catalyst opted for primarily using data from the media as well as available funding reportors from foundations and organizations. More specifically, the data in this report have been collected through monitoring of the media at the local, regional and national level. We monitored electronic, print and on-line media from May 1 to December 31, 2013. Despite the fact that this methodology is somewhat limited², we believe that it provides us with information that is difficult to obtain: the frequency of donations, geographic distribution, the type of donations, the purpose of giving, donors, recipients, and final beneficiaries as well as estimates of the total donated amount in Bosnia and Herzegovina in 2013.

Similar independent research has been conducted in 2011³ focusing on a rather short period of time. Thus, this report may provide not only data on philanthropic giving in 2013, but also, through comparison with

1 Tax incentives provided in the Federation of Bosnia and Herzegovina and the Republic of Srpska differ, but in both entities, incentives are provided to businesses and individuals, in case they are entrepreneurs. For more information see Appendix 3 Legal and Fiscal Framework for Philanthropic Giving in Bosnia and Herzegovina

2 See Appendix 1: General methodology – Summary and Limitations

3 Philanthropy in the Eye of the Media, Aleksandra Vesić, 2011, C.S.Mott Foundation

results gained in 2011 and with research on public opinion⁴ conducted by the Mozaik foundation , gives an accurate picture of trends in charitable giving and the development of local philanthropy in Bosnia and Herzegovina.

Why it is important to track data presented in this and other research?

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

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

Therefore, a continuous monitoring of trends in this field may contribute to better understanding of challenges to local giving in each of the countries that we monitor . Simultaneously, such understanding enables us to impact general tendencies, how they change and develop and also, to a point, shape the society we live in.

Catalyst Foundation

⁴ Opinion Poll on Philanthropy, Mozaik, 2013, the polling results can be found at http://www.mozaik.ba/media/k2/attachments/izvjestaj-o-filantropiji__SIGN-za-odrzivost.pdf

Summary

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

Conservative estimates made based on the collected data show that a total of between **5.9 and 6.7 million Euros** were donated in Bosnia and Herzegovina in 2013. While the number of media reports increased in comparison to 2011, the data indicate that the average number of philanthropic instances organized monthly remained the same. This indicates that the media are somewhat more interested in this subject, but there is no evident growth in specific philanthropic instances. The research has shown several other interesting findings.

First, this concerns **donors**: citizens of Bosnia and Herzegovina were, like in 2011, the most active donors taking part in 40.1% of all philanthropic instances; their participation is almost identical to that recorded in 2011 (with slight increase of about 1%). The private sector came second by increasing its participation to about 31.8% out of the total number of instances, and they are followed by associations and individuals. However, it is alarming that, apart from companies, citizens and associations, all other categories of donors have reduced their participation, including mixed donors, small and medium enterprises, the diaspora and foundations.

When compared to other countries in the region, Bosnia and Herzegovina records noticeably high **percent of media reports mentioning the value of donations** (41.3%), which is the best result in the region and it is more than 20% higher than in 2011. Still, it is difficult to provide reliable estimates of the amount of money given by different types of donors. The data indicate that the private sector (including companies, small and medium enterprises and corporative foundations) has a lead in terms of the amount of donated money, and that is it followed by citizens, associations and individuals. The data should be taken with some reservations, since the reports on more than a half of the instances organized failed to report about the value of the given donation.

In regards to the **purpose of giving**, in 2013, Bosnia and Herzegovina supported healthcare (35.3%), marginalized groups (27.8%) poverty reduction (around 18.3%) and education (10.3%), while other purposes are notably less frequent. The list of purposes hasn't expanded much since 2011. However, there were some new purposes introduced like public infrastructure, economic development, environmental protection and historical and cultural heritage, while transitional justice disappeared from the list. Also, even though the investments in economic growth are small, as in other countries, it is worth mentioning that Bosnia and Herzegovina is

the only country that, along with Serbia, recorded donations for start-up businesses for economically vulnerable categories.

The prevailing **recipients of donations** in Bosnia and Herzegovina are still institutions (in 30.1% of all instances); the percent of instances in which they are recipients has even increased in comparison to 2011 (by about 6%). The second place, as in 2011, is held by individuals / families with 30.1%, (but with significant decrease of about 10% in comparison with 2011). Non-profit organizations take the third place with 28.6% and with slight increase in comparison to 2011. The local and national authorities (1.3%) and foundations (1.5%) also appear more frequently as recipients.

As for **direct users of donations** (that is, the beneficiaries of money and goods) they are mainly children and adults with health problems (24.6%), economically vulnerable persons (18.8%) and children and adults with disabilities (13%). In comparison to 2011, the attention is more drawn, as expected, towards economically vulnerable groups (increase in percentage of instances by about 6%), while there are fewer philanthropic instances aimed at persons with health problems (decrease in the number of instances by about 6%). The population of certain local communities also appear more frequently as a group of users, but the greatest change refers to the decrease related to the group of children and youth, by about 10%: from 15.7% in 2011 to 6.3% in 2013. Compared to 2011, new groups of recipients have appeared within economical vulnerable population, such as the homeless; new are also donations aimed at refugees and internally displaced persons, as well as persons with mental health problems. There are a small number of instances aimed at elderly people, children and youth at risk and addicts, while the LGBT population and people living with HIV/AIDS do not appear as groups of users.

Further, it is important to mention **how the donated money and goods were used**. As expected, the largest number of instances – 49.1% - is one-time assistance (humanitarian assistance, material and consumer goods). It is encouraging, however, that there are a significant number of instances (29.6%) which imply longer-term purpose (and also strategic), primarily the purchase of equipment and capital investments; the number of instances that pertain to investing in services, raising awareness, scholarships is somewhat smaller, while there are practically no investments in research and development.

Other **characteristics of philanthropic giving in Bosnia and Herzegovina include** there being a certain number of calls for proposals recorded (mostly announced by companies), which is a positive change in comparison to 2011, when there were no such calls. Also, it seems that companies in Bosnia and Herzegovina donate their products / services more frequently than companies in other countries in the region.

In a number of cases, the media cover philanthropic instances initiated via social networks, but such instances are still mostly one-time events and are aimed at humanitarian aid.

Finally, even though the data on giving / receiving of religious communities and churches are not abundant, it is noticeable that each of three most dominant religions in Bosnia and Herzegovina are “connected” with some organizations and /or foundations, but it was not always possible to determine how deep their activities are connected to religion.

Recommendations

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

- **Solve the problem of the lack of data.** As all previous research on local philanthropy, this report also shows that one of the major issues is the lack of complete and accurate data on the number of donations, donors, amount of money etc. In that sense, it is necessary to initiate a dialogue with government institutions and to explore ways to collect data that can provide us with a more complete picture.
- **Promote underrepresented issues.** While it is understandable that the issues of healthcare, poverty reduction and medical treatment of individuals are highly emphasized, we should not forget that there are, in the long run, other equally important areas, such as culture, environmental issues and economic development.
- **Promote giving and outputs of strategic investments.** The analysis has shown that long-term donations in Bosnia and Herzegovina are most frequently related to the purchase of equipment and capital investments. In this sense, it would be important to draw attention to other options, such as research and development, investing in human resources (scholarships, etc.) and awareness raising. Special emphasis should be put on promotion of the results of those donations. The role of non-profit organizations in this area is significant, and particularly that of the media as well.
- **Advocate tax authorities to create incentives for giving.** Although the process in Bosnia and Herzegovina, as in other countries in the region, is underway, primarily thanks to the efforts of the SIGN network¹ it should be intensified. The benefit for the government from donations provided by citizens and the business sector is a good argument that interested stakeholders can use in already initiated dialogue with government institutions.
- **Increase transparency.** Transparency of all stakeholders (those who benefit from donations and donors and the media alike) is essential when it comes to philanthropy. Transparency allows insight into data and increases the trust of donors and the general public. Trust is growing stronger when information about the amount of funds raised, their purpose, the results and effects of assistance are made public.

¹ Regional network of domestic foundations which promotes and supports development of local philanthropy <http://www.sign-network.org/index.php>

- **Work with media.** Undoubtedly, the media have a large role in shaping the public opinion and the attitude of potential donors. In that sense, organizations investing efforts to develop philanthropy should try to include the media as much as possible in the process. Their influence is particularly important for instances seeking to support underrepresented areas, to promote possibilities for strategic donations, and to increase transparency and efforts of the state to increase giving.
- **Increase the trust in non-profit organizations.** In spite the fact that institutions come across as more trustworthy, the research shows that it is possible for non-profit organizations to gain trust and attract donations of citizens and the business sector. Strategic, long-term partnerships of non-profit organizations and potential donors and good communication strategies are key in achieving that goal, therefore organizations should focus more on those two factors.

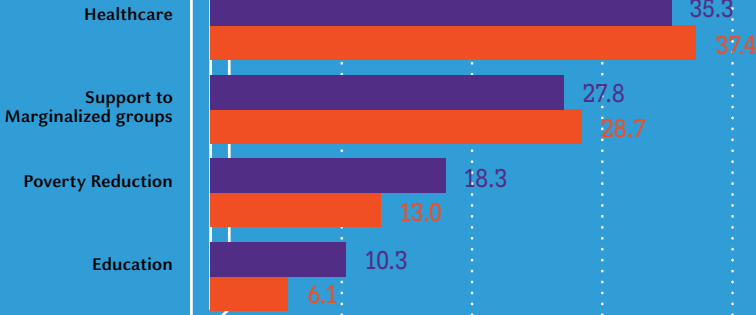


Trends as Compared to 2011

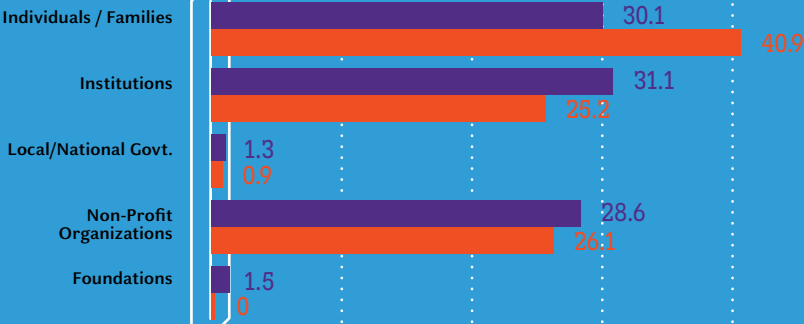
2013

2011

% OF INSTANCES OF DONATIONS
BY PURPOSE OF GIVING



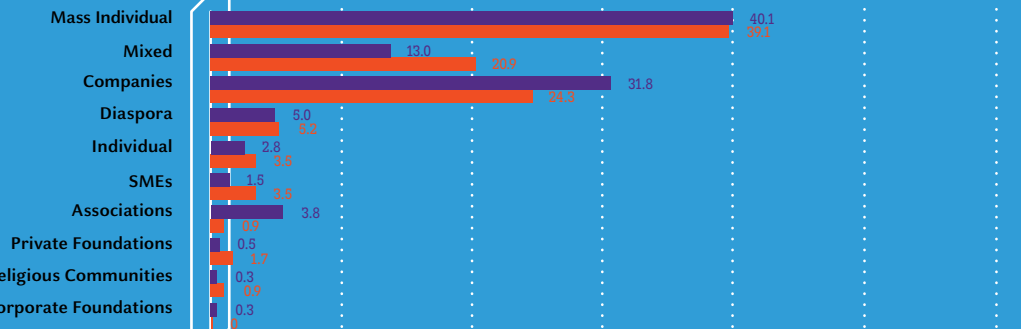
% OF INSTANCES OF DONATIONS
BY TYPE OF BENEFICIARY INSTITUTION



% OF INSTANCES OF DONATIONS BY
TYPE OF FINAL BENEFICIARY GROUP,
TOP 4

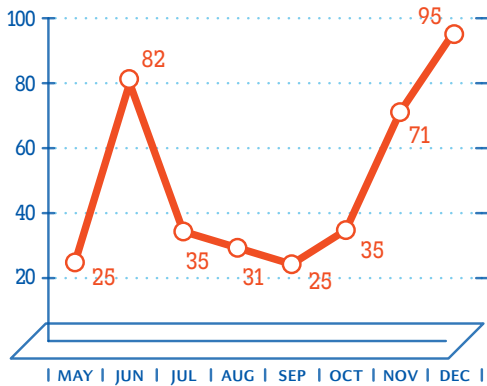


% OF INSTANCES OF DONATIONS
BY DONOR TYPE



② General Overview

2.1 Number of Instances and Their Distribution

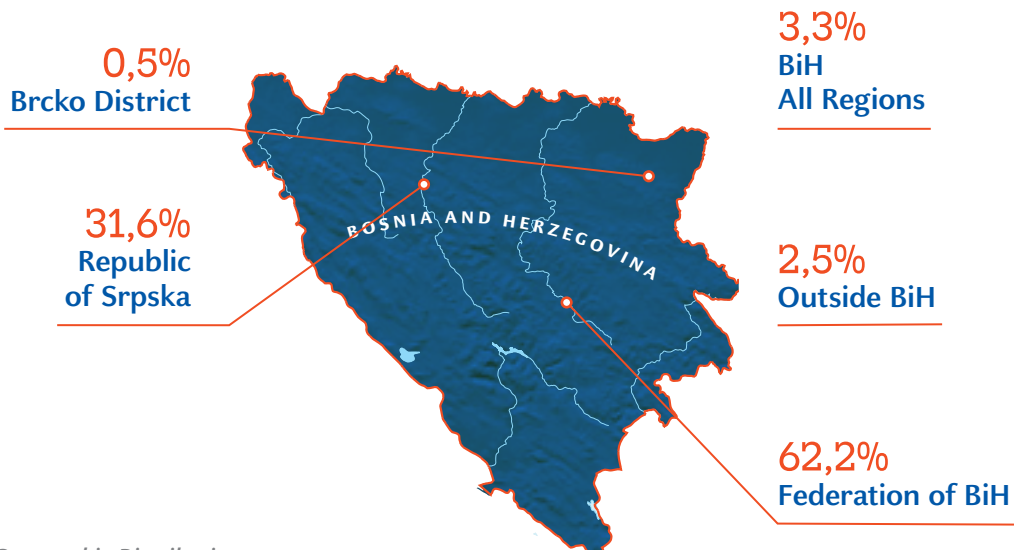


Number of Instances, By Month

During the observed period, there were 399 different instances of philanthropic giving in cash or in kind throughout Bosnia and Herzegovina. Although the number of instances varies from month to month, statistically, 50 instances was the monthly average. In 2011, that number was considerably lower, averaging 46 instances per month. The difference in average number of instances is rather small to indicate some significant changes in trends during the period of the past two years.

The number of instances by month is quite balanced, spiking in June and, as expected largest, in December when the largest number of instances occurred.

The data which show the direction of donations point that the Federation of Bosnia and



Geographic Distribution

Herzegovina is far ahead of Republika Srpska: the percent of philanthropic instances directed towards the Federation is twice as high.

The largest number of donations was provided to Sarajevo, then to Banja Luka, Mostar, Bihać and Zenica². These cities prevailed in the number of philanthropic instances in 2011 and only Bihać shows noticeable increase in the percent of instances. In comparison to 2011, the number of philanthropic instances in Sarajevo decreased from 24 to 16.5%, while the percent of instances in Banja Luka slightly increased.

In regards to donations sent outside of Bosnia and Herzegovina, although their number is somewhat smaller than in 2011, it is significant that 2.5% of all instances were sent to other countries, primarily to Northern Kosovo, Rwanda and Syria.

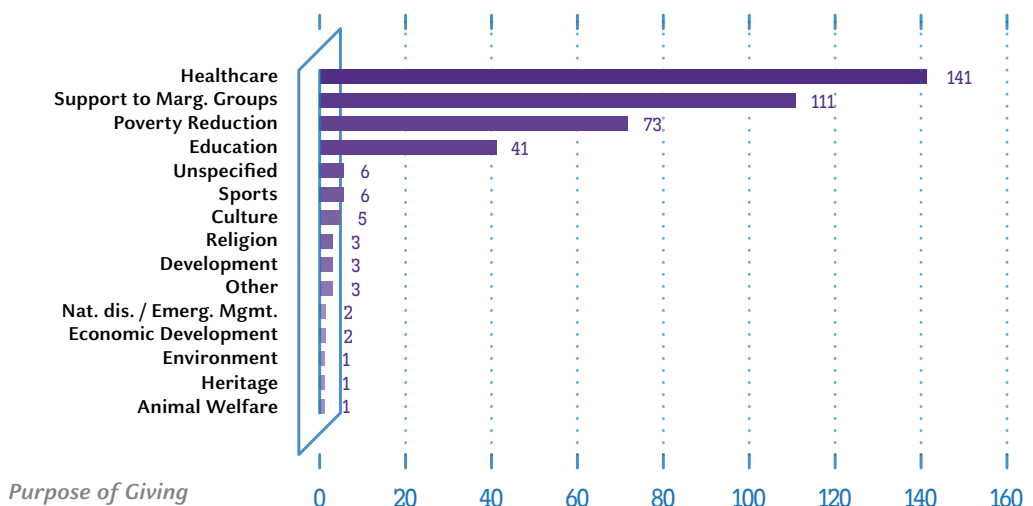
2.2 Topics Important to the Citizens of Bosnia and Herzegovina

The data show that the range of topics / purposes of giving in Bosnia and Herzegovina are not really different from that of other countries in the region.

In comparison to 2011, the purpose of donations has not significantly changed: healthcare is still in the first place, with a slight decrease in the number of instances (by about 2.1%).

The second most frequent purpose was providing support to marginalized groups, with a slight decrease in instances, by about 1%. Poverty reduction is the third most frequent purpose of giving, with some increase by about 5.2% in comparison with 2011.

It is encouraging that the number of instances supporting education has increased by about 4.2% in comparison to 2011.



² Sarajevo 67 instances, Banja Luka 59, Mostar 57, Bihać 16, Zenica 13

NEW / OLD TOPICS AND WHAT DO THE CHANGES INDICATE?

As in other countries, the four key topics include healthcare, support to marginalized groups, poverty reduction and education, while all other topics are in terms of their frequency rank far below those four.

The list of topics has not significantly changed since 2011. However, there are some new topics, such as public infrastructure, economic development, environmental protection, historical and cultural heritage, while transitional justice disappeared as a topic.

It seems that those new topics indicate the beginning of a change in thinking – investing in public infrastructure, economic development, and environmental protection show higher awareness of new issues. Special emphasis should be put on donations given to economic development related to economic growth and especially investing in start-up businesses aimed at economically vulnerable families and communities. This new topic may indicate that some donors are changing opinion in a way in which the problem of poverty can be solved strategically.

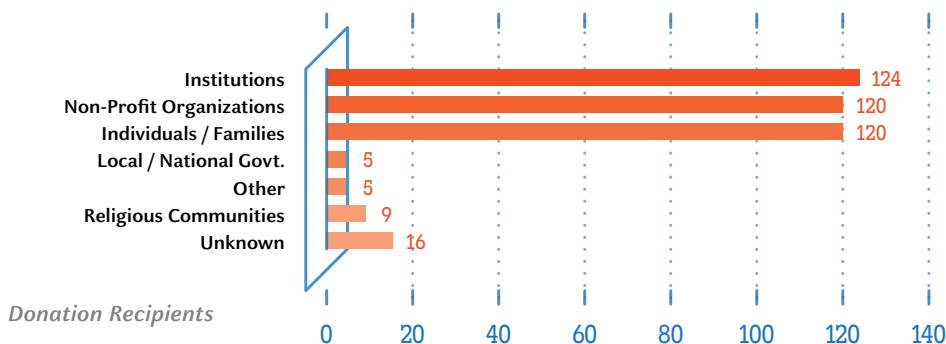
The disappearance of transitional justice from the list of topics may indicate a positive trend in terms of post-war happenings and present divisions in Bosnia and Herzegovina. The number/percent of instances is low at the moment to make any conclusion about this topic, but the trend should be monitored in the future.

Culture and sports account for approximately 1.5%, while all other purposes (community development, religion, environmental protection, economic development, natural disaster relief, historical and cultural heritage and animal welfare) participate with less than 1%.

Purposes marked as Other are most commonly multi-purpose donations, that is, several donations provided by the same donor.

2.3 Intended Recipients of Donations

In 2013, public institutions reached the first place as donation recipients with an increase of about 6% in comparison to 2011. Individuals / families and non-profit organizations (inclu-



NON- PROFIT ORGANIZATIONS AS RECIPIENTS

While an opinion poll conducted by the Mosaik Foundation in Bosnia and Herzegovina has shown that there is evidence of lack of trust in the results of non-profit organization activities, they remained on the list of recipients even increasing their share by 2% in comparison to 2011. Non-profit organizations received donations for a wide variety of topics, although poverty reduction and support to marginalized groups are prioritized. Also, education, culture, sports, environmental protection and animal protection appear as topics.

The most frequent donors to non-profit organizations are companies, followed by citizens and to a lesser degree mixed donors. Associations, small and medium enterprises, and corporate foundations did not demonstrate their confidence in non-profits through their giving the same extent.

Sums donated to non-profit organizations are mentioned in more than 40% of all cases and they indicated that they received about 16% of the total amount of recorded donations (nearly 2.5 million EUR). However, it is important to bear in mind that those data are not complete and in that sense cannot be considered completely reliable.

Some frequently mentioned non-profit organizations are the Red Cross, Red Crescent and Caritas. Among other non-profit organizations, there is Pomozi.ba organization which was founded in 2012 but has already drawn attention of donors. The reason for this is probably actual help the organization provides to economically vulnerable individuals and families. This confidence is also supported by a large number of philanthropic instances and transparent display of results on their website, which indicated a solid communication strategy. In relation to the donors, there is also SOS Children's village network in different cities, which aims to help children without parental care. Among frequently mentioned organizations there is also FRAMA – Franciscan youth, with branches in different cities which mainly organizes one-time humanitarian instances. Merhamet organization network was also present, which presents itself as a Muslim charity organization covering a large network of final beneficiaries, mainly via one-time instances. Other non-profit organizations are mentioned between one and three times. In this sense, it is noticeable that each of the three most common religions in Bosnia and Herzegovina is connected with some organizations and/or foundations and it is not easy to determine how deeply their activities are related to religion.

In 2013 there was a noticeable increase in the number of foundations which are recipients of donations. Saint Vukasin Foundation was most frequently mentioned, and even though this foundation is registered as non-profit organization, it actually has a religious and national character. In terms of other similar examples, there is also the Sanela Redzepagic Foundation, which has been active since 2011. Members of an opera singer's family founded the organization after the singer died of breast cancer. The foundation continued to develop as organization aiming at raising the awareness of the disease.

It seems that at this point we can conclude that the most common recipients among non-profit organizations are those providing one-time humanitarian assistance. Possible reason for their success is the fact that results of activities performed by them can easily be shown.

ding foundations) were second with about 30.1%. There is a noticeable change in comparison to 2011 here: a significant decrease in the number of individuals and families as recipients by more than 10% and increase in the number of non-profit organizations by about 2%. Other recipients, local/national authorities and religious communities are far below participating in about 1.25% of all cases. In addition to those categories, there are donations for which it was impossible to identify recipients, and some cases with multiple recipients who couldn't be identified and differentiated between.

2.4 Who are the Intended Beneficiaries of Donations?

The data show an interesting facts in terms of final beneficiaries, i.e. the group which is being donated to. In Bosnia and Herzegovina, in terms of the number of philanthropic instances, the first three groups include:



In comparison to 2011, there is evident decrease in instances focused on children and youth by about 9%. Persons with health problems are still in the first place as a group, but there is a reduction in the number of instances that focus on them. On the other hand, there is increase in percentage of instances directed toward economically vulnerable persons and populations of specific communities.

There are no significant changes in relation to other beneficiary groups.

The following table shows the overall picture:

PERCENTAGE OF INSTANCES

0–2%	2–5%	5–10%	10–20%	20+%
Religious Communities Talented Children and Youth Refugees and Internally Displaced Persons Elderly Women and Children Survivors of Domestic Violence Children and Youth at Risk Persons with Mental Health Issues Animals Unknown Other	General Population Mothers and Newborns Populations of Other Countries Mixed Beneficiary Groups	Children and Youth Without Parental Care Children and Youth	Economically Vulnerable Persons Populations of Specific Communities Children and Youth with Developmental Disabilities	Children and Adults with Health Issues

FINAL BENEFICIARY GROUPS

NEW GROUPS OF BENEFICIARIES

In comparison to 2011, new groups of final beneficiaries that have emerged: within the economically vulnerable population, there are homeless, while there are also donations to refugees and internally displaced persons, as well as donations for persons with mental health issues.

The number of donations focused on these groups is rather small, but it indicates a larger diversity of final beneficiaries. This phenomenon should be monitored in the future, in order to see whether it is a trend or just current variation.

Persons with mental health issues should be separately considered, since they are within the group of beneficiaries which are rarely found as a focus in other countries. Although donations to this group were primarily in the provision of consumables and materials (in other words, one-time assistance), it is still important to add this group of beneficiaries, who are otherwise neglected, to the mapping of beneficiary groups.

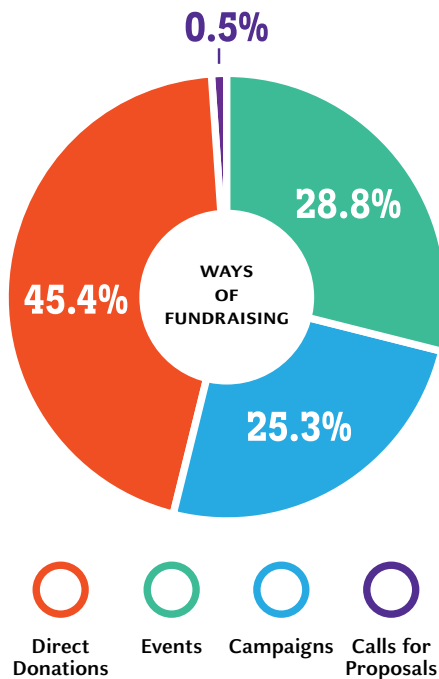
2.5 How are Funds Raised?

In Bosnia and Herzegovina, the funds are most commonly raised via direct donations (where donors directly choose / connect with recipients) and this refers to 45.4% of all cases, indicating an increase by about 12% in comparison to 2011.

The number of campaigns and events remained mostly the same – both in 2011 and 2013, event-based fundraising prevailed as the most common method of collection of money and goods in nearly 30% of cases.

It is important to note that that several companies announced calls for proposals in 2013. Even though their number was small, in 2011 there were no such calls.

In terms of the variety of events, the most common were concerts, sporting events, and also exhibitions/fairs. Frequent were events which included the preparation and selling of food, and fashion shows and theater plays were also organized.



LOCAL, REGIONAL AND GLOBAL INSTANCES IN FUNDRAISING

As an illustration of fundraising actions which have diverse characteristics, there are three examples we note:

The first example is an organization named Snop. In order to raise funds for providing health treatments to citizens in their community, this organization organized a fashion show, where models were selected from local schools and the clothes they wore were made locally. Its local character is what makes this instance specific, and the fact that this is a rare example of such a type of event (there are usually fashion shows of famous fashion designers, in capital cities they are usually attended by a large number of celebrities).

The second example is an initiative where citizens are asked to buy bread or other food in bakeries and leave it for those who are in need of food. The name for this sort of giving is different depending on the locale: Bread For Later; One Citizen – One Loaf of Bread; etc. These Bosnia and Herzegovinian examples are similar to those occurring in the region, including Bread For Later in Croatia and Solidarity Meal in Serbia.

The third example points to two local communities, Žepče and Visoko, that joined global campaigns to collect plastic bottle caps which can be sold for recycling and with the proceeds of which wheelchairs for economically disadvantaged persons with disabilities can be bought in exchange.

NEW METHODS IN FUNDRAISING

In terms of the methods of fundraising/giving, a good example is the Bosnian telecommunication companies (BH Telecom and m:tel) which organized calls for proposals. In 2011, no such calls existed.

Several examples of campaigns organized via Facebook were also noted. Those were mostly one-time campaigns focused on specific goals (for instance, to help reconstruct a flat of a Banja Luka citizen). However, some organizations, such as Pomozi.ba and SOS Children's Village network used FB campaigns for instances with specific time durations, which indicates a strategic use of social media networks.

STRATEGIC APPROACHES

Finally, it is important to mention methods of fundraising used by the Otvorena Mreza (Open Network) organization, which collects funds for the treatment abroad of ill citizens of Bosnia and Herzegovina. In the first example, the companies Konzum and Pampers donated 1 BAM (.5 EUR) to the Open Network for each package of diapers sold. In the second example, Intesa Sanpaolo Bank donated to Open Network 0.1 BAM (.05 EUR) from each transaction which occurred in its branches during the period of three months.

Similarly, the Srce (Heart) Organization for Children with Cancer in the Federation of Bosnia and Herzegovina has become partner with Raiffeisen Bank. The bank donated all its used paper to this organization. The organization recycled that paper and obtained a small, but secure, source of income.

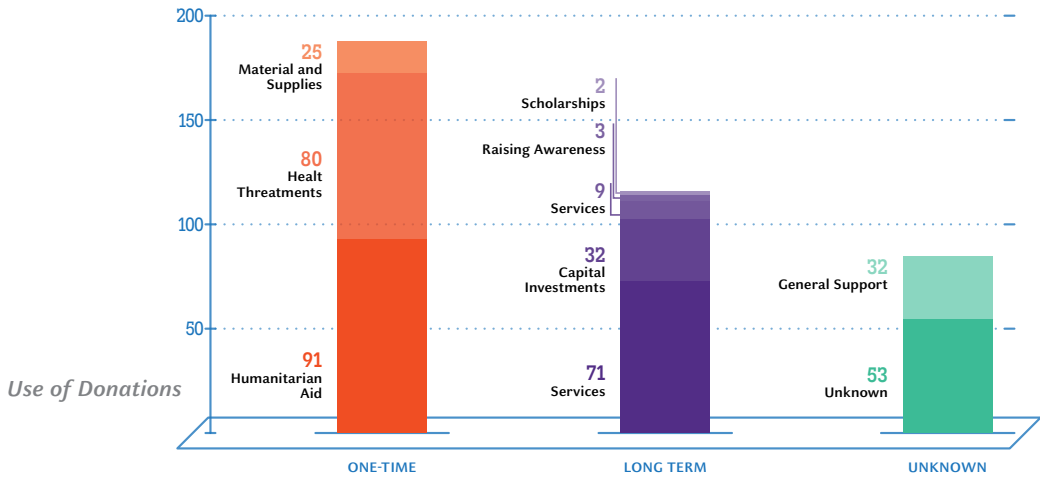
All three examples indicate strategic partnerships between non-profit organizations and companies, as well as methods of collecting funds that provide long-term and consequently more stable flows of income. In this sense, those can certainly serve as a good example to other non-profit organizations.

2.6 Use of Donations

We now turn to the use of donations. In other words, whether the donations were used to purchase equipment, donate food and clothes or finance construction or significant renovation of structures. This tells us about the proportion of one-time (humanitarian) assistance and funds spent on long-term solutions to specific issues within the total amount raised. The following chart shows the situation in Bosnia and Herzegovina.

As expected, the largest number of instances focused on humanitarian aid – almost half the total number. Apart from humanitarian aid, materials and consumer goods can be referred to as the least strategic investments. In total, these two categories comprise 49.1% of recorded instances. This finding matches the findings of the previously mentioned research conducted by Mozaik Foundation stating that *“male and female citizens*

understand that philanthropy means giving or contributing to common good, but also that philanthropy in Bosnia and Herzegovina is often mistakenly understood as humanitarian assistance.³



The percent of instances that resulted in long-term effects (strategic approach), such as the purchase of equipment, capital investments, investment in services (educational or social), scholarships (long-term investment in staff) and raising awareness about specific topics was 29.6%. According to the results of the research carried out by Mozaik Foundation, the most frequent donors of such donations are companies and “*representatives of companies understand that contribution to general development of the community is the most important when it comes to philanthropy*”.⁴

However, there is an alarmingly high percentage of categories in which it was not possible to determine the way of use – up to 21.3%. This points to a somewhat lower quality of media reporting or insufficient transparency of donors and/or recipients

³ “Philanthropy leading to legitimacy of non-governmental organizations”, sums up the results of the research, Lejla Kusturica, 2014.

⁴ *ibid*

STRATEGIC INVESTMENTS - RARE EXAMPLES?

Of all donations in 2013, several are strategic, long-term investments. In addition to the previously mentioned donations directed to economically vulnerable communities for business start-ups, BH Telekom donated for the protection of Hutovo Blato Nature Park, which was in danger of drying up.

There are several other donations, which can be considered long-term investments in education, such as the Roche Company's investment in a complete set of equipment for the school library, computer equipment for the school and a classroom at Vuk Karadzic School. Similarly, Nokia Siemens Networks donated laboratory desks to the Faculty of Electrical Engineering in Sarajevo. Those and similar examples mainly refer to the equipment donations, and there are no examples of investments in research and development.

There is also one example which is similar to an example found in Croatia and is worth mentioning, even though it is still in the development phase: the Mala organization has started collecting funds which would enable the classification of bone marrow of potential donors, and increase the number of donors, so that Bosnia and Herzegovina could access European and world networks of bone marrow banks.

Since strategic investments are not frequent examples, and considering the fact that they are mainly related to the purchase of equipment, it is necessary to put more effort in promoting different examples of strategic investments, as well as results of already provided strategic donations. In such a way it would be possible to encourage potential donors to consider strategic access in different areas.

3 Donors

3.1 Types of Donors in Bosnia and Herzegovina

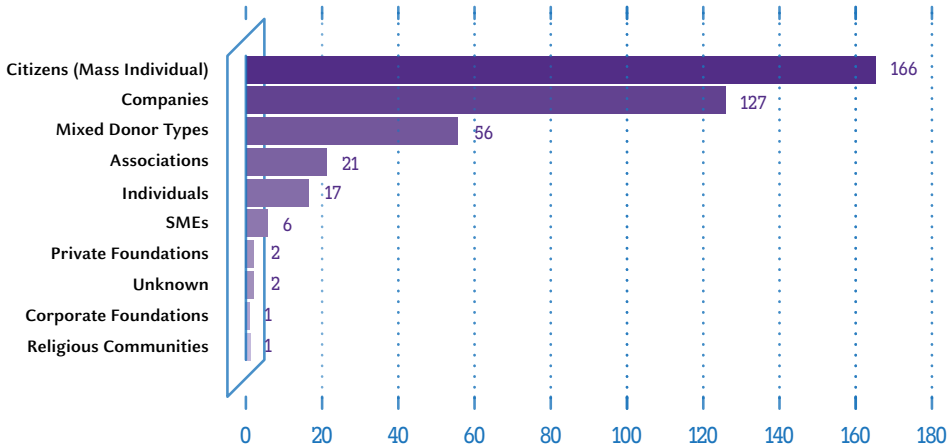
The 2013 data show that citizens have been the most active donors in the observed year taking part in 41.6% of all instances.

The second place was held by companies with 31.8%, and if small and medium enterprises are taken into consideration, as well as corporations, in 2013 private businesses have participated in one third of all instances (33.5%).

Mixed donors⁵ were in the third place with 14%, followed by associations with 5.3% and individuals with 4.3%.

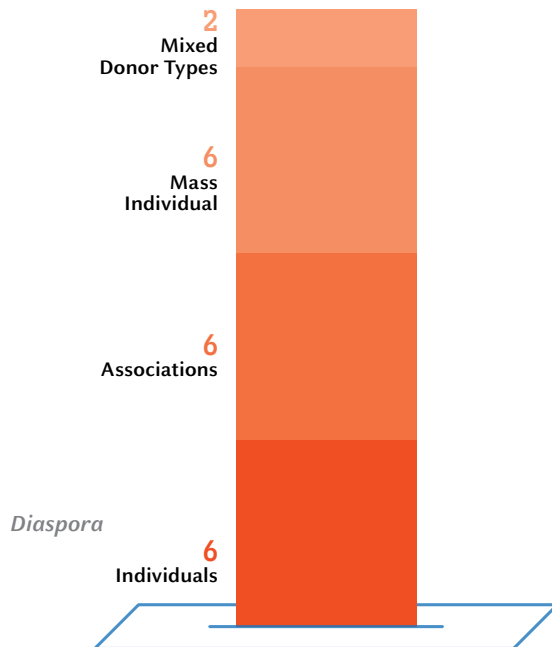
⁵ Those are the activities undertaken by several donors. They can be citizens and companies, individuals, associations and companies or any other combination of different types of donors.

In relation to 2011, there is no change on the “ranking list”: the citizens were the most frequent donors, at that time as well, accounting for almost the same percent of instances, and they were followed by businesses and mixed donors. However, two changes are evident – both associations and businesses have increased their participation by about 5%. Increased activity of businesses was interesting especially given the current economic downturn.



Type of Donors, including Diaspora

Without the diaspora, the chart shows that individuals, associations and mass individual giving instances were equally present. With more instances which involved mixed donors, the diaspora contributed with 5% of all instances in 2013, which is approximately the same as in 2011, when it contributed to 5.2% of all instances.



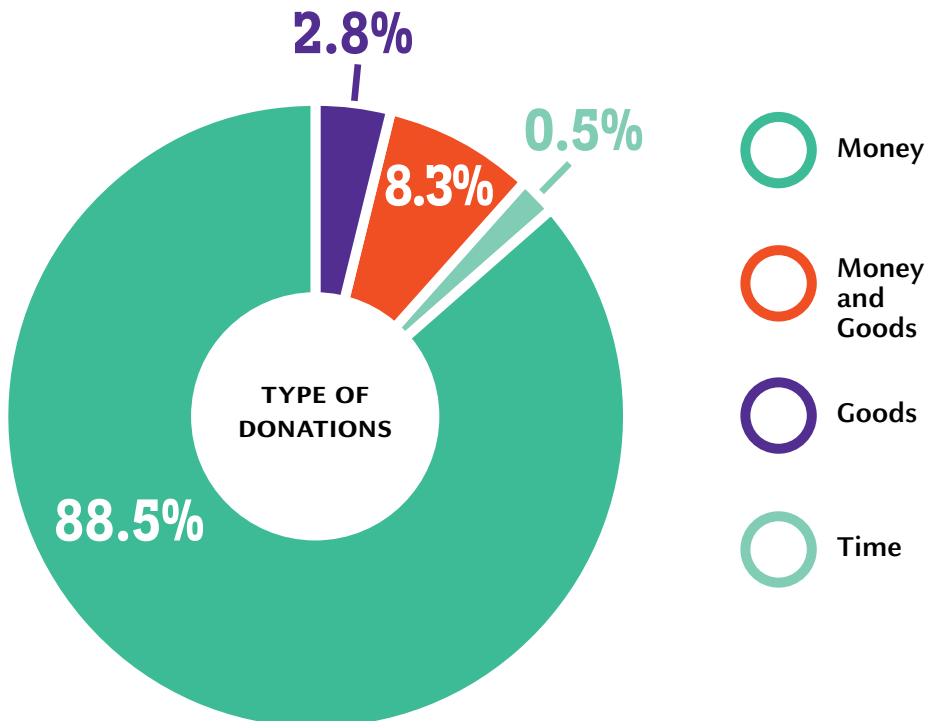
ACTIVE DONORS

Among the most active donors, i.e., the ones from the private sector who have been most frequently mentioned as donors in 2013 were telecommunication companies (BH Telecom and slightly less frequent m:tel) and banks. In relation to the banks, the most frequently mentioned are Raiffeisen Bank, Nova Banka Banja Luka and Hypo Alpe Adria Bank. Although there are some small and medium enterprises mentioned among donors, they were mentioned only once.

YOUTH AS DONORS

There are many instances which involved youth as donors in Bosnia and Herzegovina, more than in Serbia or Montenegro. However, unlike Croatia, where such examples frequently involve elementary schoolchildren, in Bosnia and Herzegovina they are mostly high school or university students.

Activities of those donors are related to providing one-time assistance with health treatment or humanitarian aid to the marginalized groups.



3.2 Types of Donations

In Bosnia and Herzegovina the most frequent type of donations was money, in 88.5% of all cases, while money and goods were donated in 8.3% of all cases and goods in 2.8%. There were two instances of time donations, that is, volunteering activities were organized⁶.

It is interesting to note that in comparison to 2011, percentage of instances where money was donated significantly increased (by about 18%), while the number of instances where money and/or goods were donated has decreased.

PRODUCT DONATIONS BY COMPANIES

In accordance with the data, it seems that companies in Bosnia and Herzegovina were more likely to give their own products. Companies like Konzum, Pampers and Intesa Sanpaolo Bank have already been mentioned as examples of companies that donated part of their income obtained from their products and/or services. Such good practices may be of use to other companies in the region.

⁶ Although Catalyst recorded volunteering instances, that piece of information is unreliable, because the media, in principle, rarely report about volunteering instances, unless they are of major scope and of significant relevance. In that sense, it may be assumed that the number of those instances (and their share) is probably a lot higher; still, once the information is monitored year in year out, it may be presented the change in attitude towards volunteering instances.

3.3 Profiles of Common Types of Donors - They Give to Whom, How and What?



TOP THREE BENEFICIARY ENTITIES

46.4% INSTANCES	30,1% INSTANCES	7.8% INSTANCES
Individuals and families	Non-profit organizations	Social institutions



TARGET FINAL BENEFICIARIES

36.8% INSTANCES	28.9% INSTANCES	8.4% INSTANCES
Adults and children with health issues	Economically vulnerable	Adults and children with developmental difficulties



PURPOSE OF GIVING

42.8% INSTANCES	28.3% INSTANCES	22.9% INSTANCES
Healthcare	Poverty reduction	Support to marginalized groups



HOW DO THEY GIVE?

49.8% INSTANCES	42.8% INSTANCES	OTHER INSTANCES
Respond to campaigns	Participated in different events	They gave donations directly



WHAT DO THEY GIVE?

81.9% INSTANCES	16.3% INSTANCES	2 INSTANCES
Money was given	Money and goods were given	Volunteering

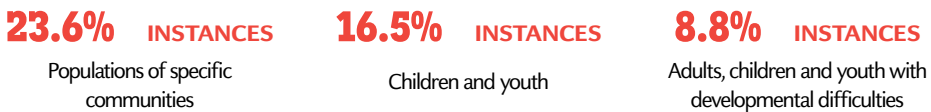


COMPANIES AS DONORS

TOP THREE BENEFICIARY ENTITIES



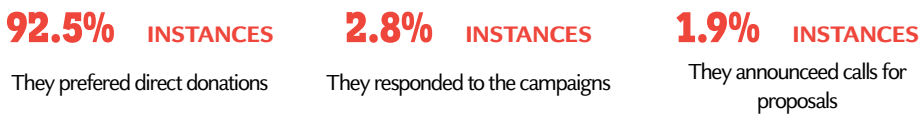
TARGET FINAL BENEFICIARIES



PURPOSE OF GIVING

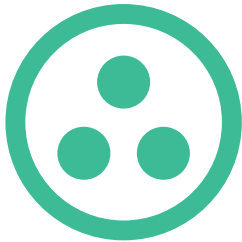


HOW DO THEY GIVE?



WHAT DO THEY GIVE?





ASSOCIATIONS AS DONORS

TOP THREE BENEFICIARY ENTITIES



42.9% INSTANCES

Individuals and families

19.0% INSTANCES

Healthcare institutions

14.3% INSTANCES

Non-profit organizations

TARGET FINAL BENEFICIARIES



28.5% INSTANCES

Economically vulnerable

9.5% INSTANCES

Persons with health problems, children and youth with developmental difficulties, population of specific communities and persons from other countries

PURPOSE OF GIVING



38.1% INSTANCES

Support to marginalized groups

23.8% INSTANCES

Education

19.0% INSTANCES

Healthcare

HOW DO THEY GIVE?



76.2% INSTANCES

They gave direct donations

14.3% INSTANCES

They organized events

9.5% INSTANCES

They responded to campaigns

WHAT DO THEY GIVE?



95.2% INSTANCES

They gave money

OTHER INSTANCES

They gave goods



INDIVIDUALS AS DONORS

TOP THREE BENEFICIARY ENTITIES



29.4% INSTANCES

Individuals and families

23.5% INSTANCES

Social institutions

17.7% INSTANCES

Non-profit organizations

TARGET FINAL BENEFICIARIES



23.5% INSTANCES

Populations of specific communities and children with health issues

17.6% INSTANCES

Children without parental care

PURPOSE OF GIVING



41.2% INSTANCES

Healthcare

23.5% INSTANCES

Support to marginalized groups

17.7% INSTANCES

Poverty reduction

HOW DO THEY GIVE?



88.2% INSTANCES

They gave direct donations

IN OTHER CASES

They participated in fundraising events

WHAT DO THEY GIVE?



100%

They gave money

3.4 Value of Donations

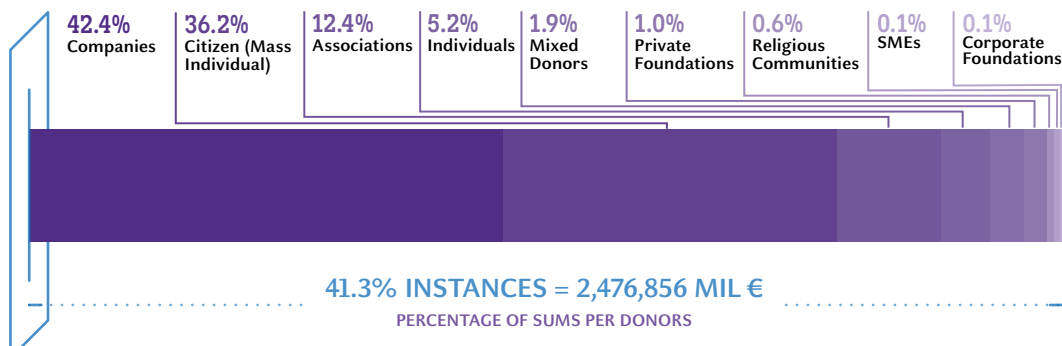
Since it was very difficult to find concrete data about the value of donations and the media did not report about concrete values, the data stated here should be understood as approximation or general indicators.

Out of 399 different instances (calls, instances, reports, etc.) values were reported in 41.3% of the instances, which is almost 20% more than in 2011. At the same time, that was the highest percent in the region. Values donated by companies and individuals were most often published, while in case of mixed donors, mass individual giving, small and medium enterprises and associations, values were rarely published.

The total value of donations reported by media was nearly two million and 477 thousand EUR⁷ over the eight month period in 2013.

Despite the increased percent of reports which included data on the donated values, it is difficult to make estimates about the total value. Still, by using extrapolation we conclude that the value of philanthropic donations in Bosnia and Herzegovina is between 5.9 and 6.7 million EUR⁸.

A further examination of the value of donations by type of donor in relation to the recorded value of the donations reveals the following:



⁷ The exact amount is EUR 2,476.856.

⁸ As this amount is recorded for the period of eight months, if we consider the period of one year the value would be 3,715 million Euros. If we put that amount against 100% of donations, we arrive to the amount 8,996 million Euros. Given that the number of donations varies from period to period and that the value of donations differs, this figure should definitely be reduced. If we reduce the extrapolated value for one third we arrive to the figure of around 5,997 million Euros; if we reduce it by one quarter, we arrive to the figure of 6,747 million Euros

The biggest donors in terms of the amount of donated money and according to the recorded known data were companies with 42.4%, and if donations of small and medium enterprises and corporate foundations are included in the private sector giving, the percent rises up to the total of 42.6%. They were followed by citizens with 36.2% and associations with 12.4%. The figures have been obtained on the basis of known data.

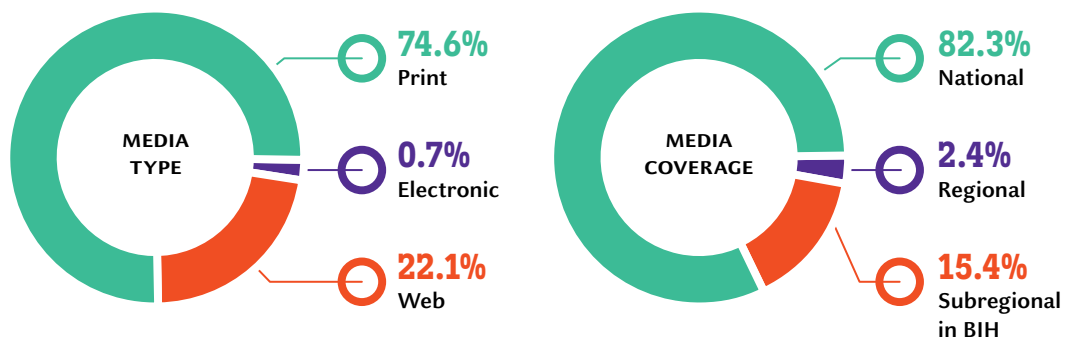
The data, however, should be considered approximate given that the value of donations hasn't been reported for a large number of instances.

④ Media Coverage

Since the data have been extracted from the media reports the opinion was that the media should be separately analyzed.

In the observed period, there were 723 media reports of some sort of instances of philanthropy in Bosnia and Herzegovina. A monthly average of 90 reports is a significant increase in relation to 2011, when 69 reports was the monthly average.

As shown in the charts below, almost three quarters of the media reports appeared in the print media (74.6%), followed by the web media with 22.1%. The presence of electronic media is extremely low. Regarding geographical coverage, the vast majority of reports (over 82.3%) appeared in the national media, followed by 15.4% in the regional media, while all other media are not significant. In line with that, the dailies absolutely prevail with 88.5% of the reports.



33
Bi-Weekly or Monthly

50
Weekly

640
Daily

MEDIA REPORTS BY FREQUENCY

A total of 65 different media outlets reported about instances of philanthropy. In terms of the number of reports, the most significant are Dnevni list, Dnevni avaz, Nezavisne novine, as well as Oslobođenje, Dan, Vijesti and Pobjeda, and Radio Sarajevo and TV14 among the electronic media. As far as the size of the article is concerned, most reports were short (nearly 66%) or medium (25%).

Apart from this, it is important to emphasize that the media in Bosnia and Herzegovina were a primary source of information on philanthropic giving. There is far rarer occurrence of direct participation of the media, also rare were cases when the media initiated instances, something found in other countries in the region.

As in other countries in the region, more frequent coverage of philanthropic giving contributes to general promotion of philanthropy and, in this sense the Bosnian media have made a step forward in comparison to 2011. It is also very significant to mention that there is evident increase in the percent of reports providing information on the value of donations.

However, as in other countries, the analyses of the reports indicate that the media reports are not complete and did not include key information such as who the donors or recipients were or what was the purpose of giving.

In that sense, it is necessary to work with journalists and encourage them to provide more complete information and that way contribute to transparency and public trust in donors.

⑤ Annexes

5.1 General Methodology and Limitations

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

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

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

The first limitation – at this point – is impossible to overcome. As for the second and third, Catalyst has overcome them by cross-referencing data from different media⁹, and then by means of additional research, or verification of the reports provided by companies and non-profit organizations (if made public). Regardless of these limitations, that we are aware of, we think that there are two reasons that argue in favor of our analyses:

- The collected figures, although not comprehensive, present minimum values of relevant indicators. Thus, if we speak about the number of fundraisers we may claim, with certainty, that the number presented in our reports is the minimal number of instances, because they definitely occurred, and that the actual number of instances must be higher. It is similar with the value of donations, number of stakeholders and the like. Therefore, the data may be used as indicators of the minimal level of the development of philanthropic giving in a specific country.
- Continuous monitoring will point to growth and/or drop of figures and change in data pertinent to our indicators. In that sense, a continuous monitoring through the years shows trends of development of philanthropy, and trends of media reporting.

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

5.2 Factors That Indicate the Level of Philanthropy Development

In the absence of a continuous monitoring and precise data it, is difficult to give an estimate of the level of development of philanthropy. Catalyst, therefore, created an initial list of indicators which may point to different aspects of giving: instances/initiatives of philant-

⁹ Different media frequently report about the same donations and by comparing data from several media reports more accurate and complete data may be obtained.

hropy; fundraising methods; purpose of giving; recipients of donations and final beneficiaries¹⁰; donors; stakeholders¹¹; media coverage.

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

In order to conduct comparative analyses (both between countries and in one country over time), it is important to define quantitative and qualitative indicators for each factor. The parameters used were as follows:

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

11 Stakeholders are not just donors, but also those who call for assistance and those who in some way become involved in the issue of philanthropy. Experience tells us that the increase in the number of stakeholders contributes to building awareness about the importance and the role of philanthropy in society.

FACTOR

INDICATOR

(observed time period – one year)

INSTANCES OF PHILANTHROPY

- number of different instances/initiatives in the course of the year
- geographical distribution (% of shares by region in relation to total number of instances)
- % of instances in which money was given compared to total number of instances
- % of instances in which they goods/services were given in relation to total number of instances

FUNDRAISING METHODS

- different groups (types) of fundraising methods
- % of representation of different methods
- emergence of new fundraising methods

PURPOSE OF GIVING

- purpose for which support is collected
- number (%) of actions for each purpose
- emergence of new purposes
- use of donations by purpose

RECIPIENTS AND FINAL BENEFICIARIES

- types of recipients
- number of instances with recipients from public sector (% of total number)
- number of instances with recipients from civil sector (% of total number)
- number of instances with recipients from other groups (% of total number)
- types of final beneficiaries
- number of instances aimed at different groups of final beneficiaries (% relative to total number of instances)
- occurrence and number of new groups of final beneficiaries

DONORS

- number of instances by type of donor (% relative to total number of events)
- number of instances by different recipients based on type of donor
- number of instances by purpose based on type of donor
- number of instances per user groups based on type of donor

VALUE OF DONATIONS

- total amount given
- % of actions in which the amount donated is known (relative to total number)
- % of amount given by type of donor
- % of amount given by type of recipient
- % of amount given by purpose

STAKEHOLDERS

- type and number of different stakeholders
- emergence of new stakeholders

MEDIA

- total number of media reports
 - number (%) of media reports by type of media
 - number (%) reporting to the territory coverage (national, sub-regional, local)
 - number of reports treated as important by type of media (print, electronic, web)
-

5.3 Legal and Fiscal Framework for Philanthropy in Bosnia and Herzegovina

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

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

A regulated legal/fiscal framework represents a significant progress in the development of philanthropy and points that the state recognizes philanthropy as an important issue. Regulations, in a way, support development of philanthropy. Experience shows that proper regulations are not the only prerequisite for monitoring of giving, however the fact is that unclear legal/fiscal conditions actually discourage philanthropy's development. This creates and maintains the perception of the public that philanthropy is a kind of "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 (Mosaic foundation) have been working in this field for years, Catalyst didn't analyze the the legal situation in Bosnia and Herzegovina, but opted to state the section of the "Tax Regulations of Significance for Philanthropy Development" publication of the SIGN network which includes Mosaic as its member.

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

The constitutional framework of BiH provides that issues related to direct taxation fall within the jurisdiction of the respective entities (Federation of BiH and Republic of Srpska). The central government does not have jurisdiction over those issues (income, gifts/inheritance taxes).

FEDERATION OF BIH

CORPORATE INCOME TAX

Civil society organizations¹² are generally exempted from income tax, as long as they pursue mutual or public benefit activities as defined in their by-laws (Article 2, 3 of the Legal Entity Profit Tax Law).¹³

In-country giving to "humanitarian, cultural, educational, scientific and sport purposes (save for professional sport)" is recognized as tax deductible up to 3% of the gross annual income (Article 11 (2), Legal Entity Profit Tax Law). Donations may be in money or in-kind contributions (Article 3(3), Legal Entity Profit Tax Law. The Law does not address the issue of institutional grants to OCD which engage in the foregoing purposes

PERSONAL INCOME TAX

The Income Tax Law¹⁴ provides that donations by entrepreneurs in "objects, goods and money" to cultural, educational, scientific, medical, humanitarian, sport and religious activities which are carried out by in-country "associations and other entities which operate pursuant to special regulations" are exempt from taxes up to 0,5% of the gross annual income. In addition, "donations exceeding the foregoing threshold may be tax deductible in full, following a decision of the line ministry on the implementation and financing of special programs and action furthering public benefit purposes, which fall out of the scope of regular activities of the recipient of a donation" (Article 15(6), 4). Donations may be in money or in-kind contributions (Article 27(3), 4). The issue of institutional grants to associations and other CSOs is not addressed in the Law.

GIFT TAX

The Federation of BiH does not have jurisdiction over gift and inheritance taxes, rather, this issue falls under the jurisdiction of the respective cantons. The Property Law of the canton of Sarajevo (which is the largest canton in the Federation of BiH), does not envisage taxes levied on gifts (Article 3).

PUBLIC BENEFIT STATUS

The concept of public benefit is not developed either in tax law or in the CSO framework regulation, including the issue of the legitimate beneficiaries of CSO public benefit services. As a result, CSOs which by nature of their activities qualify for tax-deductible donations do not appear to be subject to any additional statutory requirements (infra, issues

¹² CSOs in the Federation of BiH operate in the form of associations and foundations.

¹³ "Official Gazette of Federation of BiH", No. 97/07, 14/08, 39/09

¹⁴ "Official Gazette of the Federation of BiH", No. 10/08, 9/10, 14/11.

to consider). Article 2 of the Law on Associations and Foundations only provides in this respect that an association or a foundation may be established to pursue mutual or public benefit goals.¹⁵

USE OF DONATIONS

Tax law does not provide for a carry-over rule, nor does it set out a specific threshold with respect to the organization's overhead expenses.

VOLUNTEERING

A corporation may be a host of volunteer activities, which do not fall under the category of long-term volunteering (Article 6, Law on Volunteering).¹⁶

5.4 Summary of Outstanding Issues in The Federation of BiH

PROFIT TAX LAW/VOLUNTEER LAW

- Humanitarian organizations unduly singled out as tax exempt organizations;
- Exhaustive and narrowly defined list of public benefit activities;
- List of public benefit activities inconsistent with the Personal Income Tax Law and the NGO Law (more narrowly construed);
- References to humanitarian, cultural and education "organizations", rather than activities;
- The issues of institutional grants to and overhead of CSOs not specifically addressed in the law;
- Corporations may not host volunteer activities.

INCOME TAX LAW

- Exhaustive and narrowly defined list of public benefit activities;
- List of public benefit activities inconsistent with the NGO Law (more narrowly construed);
- Tax benefits provided only to entrepreneurs-tax payers.
- The issues of institutional grants to and overhead of CSOs not specifically addressed in the law

5.5 Republic of Srpska

CORPORATE INCOME TAX

Article 4 (2) of the Profit Tax Law¹⁷ provides inter alia that profit taxes are not levied on income generated by "public institutions and humanitarian organizations"¹⁸ with respect to monetary and in-kind donations. On the other hand, Article 8(2) of the Law provides that: "donations to public institutions, humanitarian, cultural and educational organizations

¹⁵ "Official Gazette of the Federation of BiH, No. 45/02"

¹⁶ "Official Gazette of the Federation of BiH, No. 110/2012"

¹⁷ "Official Gazette of the Republic of Srpska", No. 91/06, 57/12"

¹⁸ CSOs in the Republic of Srpska operate in the form of associations and foundations.

up to 3% of the annual gross income are exempted from taxes". Donations exceeding the prescribed threshold may be carried out in the next three fiscal years, in which case the prescribed tax-exempt percentage threshold is reduced accordingly for the amount of carry-over donations. The Law does not address the issue of institutional grants to humanitarian, cultural and educational CSOs.

PERSONAL INCOME TAX

Article 15(2), lj) of the Income Tax Law¹⁹ provides that: "sponsorship and in-country donations by entrepreneurs for humanitarian, cultural, educational and sport purposes are exempt up to 2% of the gross annual income". The Law does not provide a clear-cut answer as to whether in-kind donations are also recognized, nor does it address the issue of institutional grants to OCD which engage in the foregoing purposes.

GIFTS

CSOs seem to be exempted from taxes on gifts, insofar as they use gifts to pursue their not-for-profit goals.

CONCEPT OF PUBLIC BENEFIT

The concept of public benefit is not developed in tax law, but rather in the CSO framework regulation. Article 8a of the Law on Associations and Foundations²⁰ provides that an association may apply for the public benefit status if its activities are aimed at public at large or recognized segment thereof, in the areas of medicine, science, social and environmental protection, civil society, support to war veterans, human and minority rights, assistance to the needy, promoting tolerance, culture, amateur sport, religious freedom and other areas deemed for public interest. Public benefit status is granted by the Government, following a proposal by the Ministry of State Administration and Local Self-Government. The procedure for granting the public benefit status, which makes an organization eligible to receive public funds too, is detailed in the Government's regulation.²¹

USE OF DONATIONS

The law does not set out a specific threshold with respect to the organization's overhead expenses.

19 "Official Gazette of the Republic of Srpska", No. 91/06, 128/06120/08, 71/10, 1/11.

20 "Official Gazette of the Republic of Srpska", No. 52/01, 42/05

21 "Official Gazette of the Republic of Srpska", No. 47/11

VOLUNTEERING

The Law on Volunteering²², which is currently in the process of revisions, does not allow a corporation to be a host of volunteer activities, even outside its business premises (Article 7).

5.6 Summary of Outstanding Issues in The Republic of Srpska

PROFIT TAX LAW/VOLUNTEER LAW

- Humanitarian organizations
- unduly singled out as tax exempt organizations;
- Exhaustive and narrowly defined list of public benefit activities;
- List of public benefit activities inconsistent with the Personal Income Tax Law and the NGO Law (more narrowly construed);
- References to humanitarian, cultural and education "organizations", rather than activities;
- The issues of institutional grants to and overhead of CSOs not specifically addressed in the law;
- Corporations may not host volunteer activities.

INCOME TAX LAW

- Exhaustive and narrowly defined list of public benefit activities;
- List of public benefit activities inconsistent with the NGO Law (more narrowly construed);
- Tax benefits provided only to entrepreneurs-tax payers.
- The issues of institutional grants to and overhead of CSOs not specifically addressed in the law.

22 "Official Gazette of the Republic of Srpska", No. 73/08

