



Parlamentul Republicii Moldova



# CONFERINȚA REGIONALĂ

Calea spre durabilitatea financiară a  
organizațiilor societății civile

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15-16 mai 2018, Chișinău



## **PROMOTING PHILANTHROPY IN MACEDONIA**

**Context, state support and self-regulation**

**Nikica Kusnikova**  
**Executive Director**

# Few words about Konekt

- We aim to encourage and promote private giving and social responsibility targeted at effective and long-term development
- We strive to promote models that bring economic as well as social benefits for the society's stakeholders
- Key areas of work:
  - Philanthropy: individual, corporate, volunteerism
  - Corporate Social Responsibility (CSR)
  - Areas where business meets society:
    - Social entrepreneurship
    - Cross-sector partnerships

# Context

- Estimated around 6.762 active CSOs
- 64% have budgets below 2.500 EUR, only 4 with annual budgets between 0,5-1 million EUR
- Total annual CSOs' revenues in 2016 – 152.248.092 EUR
- No official data on citizens' and corporate contribution to CSOs
- Total official levels of corporate donations and sponsorships over 11 million EUR with growing trends
- Around 45% of CSOs reported private donations, small portion of the annual budget

# Tax incentives on private giving

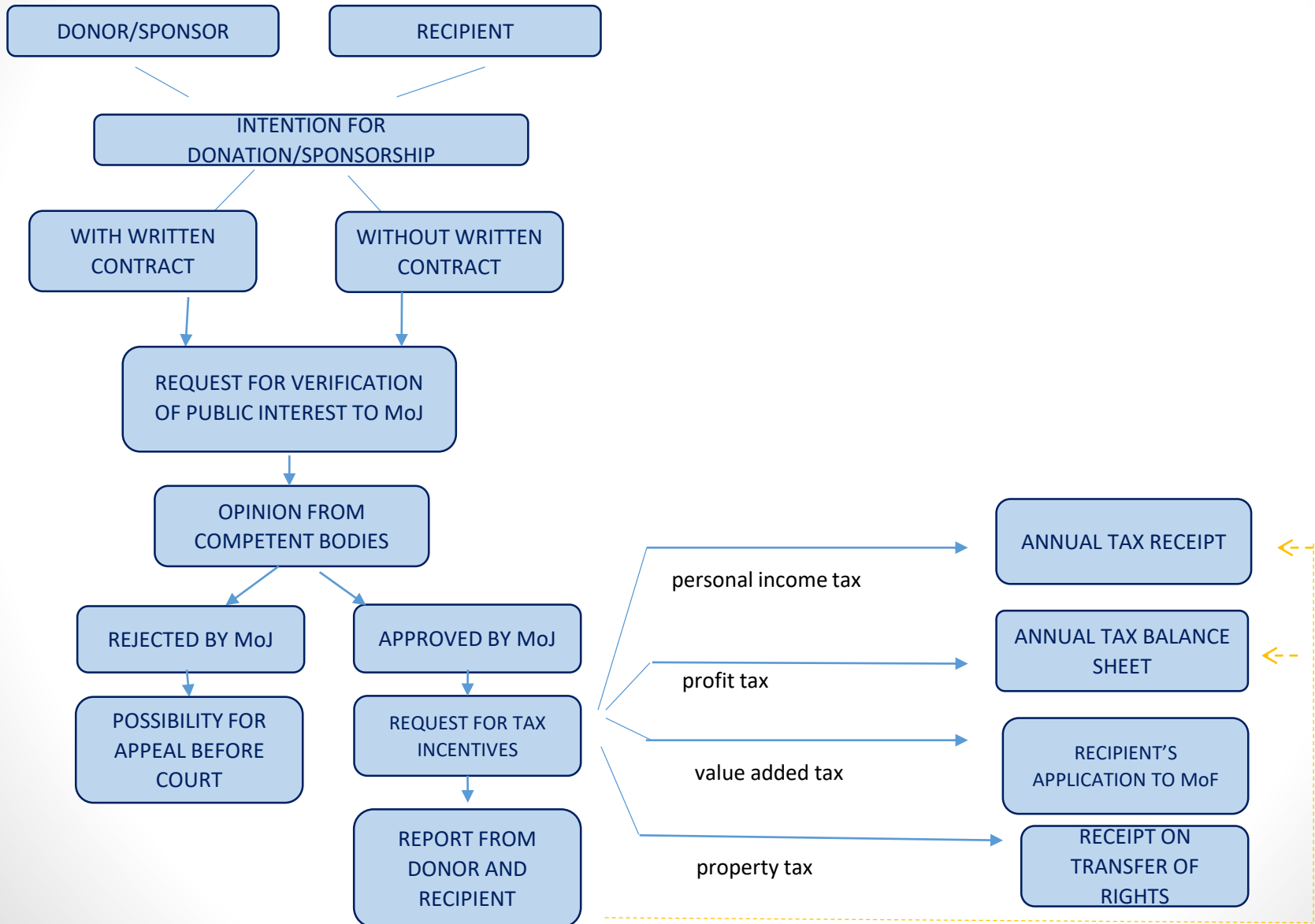
- Personal income tax – tax credit – 20% of annual tax amount up to approx. 400 EUR
- Profit tax – tax debit – up to 5% from annual turnover for donations and 3% for sponsorships
- VAT exemption
- Purpose: public interest activities
- Beneficiaries: all not-for-profit legal entities
  
- Effects
  - 0,02% of submitted personal income tax forms claimed tax incentives on donations
  - 0,66% of legal entities used the incentives (468, mostly large companies)

# Challenges in the implementation

- Complicated administrative procedure and burden
- Legal uncertainty for the users
- Public interest related to individual donation rather than the recipient
- No proper distinction between profit and non-profit recipients
- Restrictive in cross-border donations
- Confusing reporting



# Procedure on utilizing tax benefits



# Between wishes and reality

**Corporate philanthropy**, with special overview on cooperation between the business sector and civil society in Macedonia

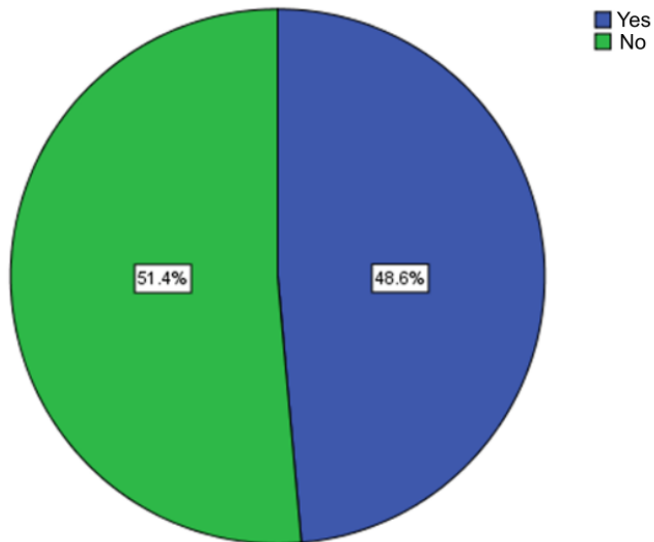
*Survey study of Konekt*

IT ALL DEPENDS ON YOU...

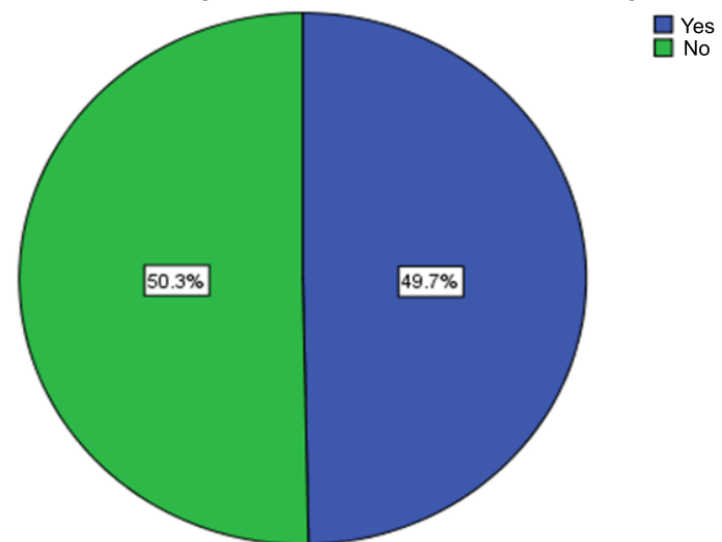


# You don't get what you don't ask for!

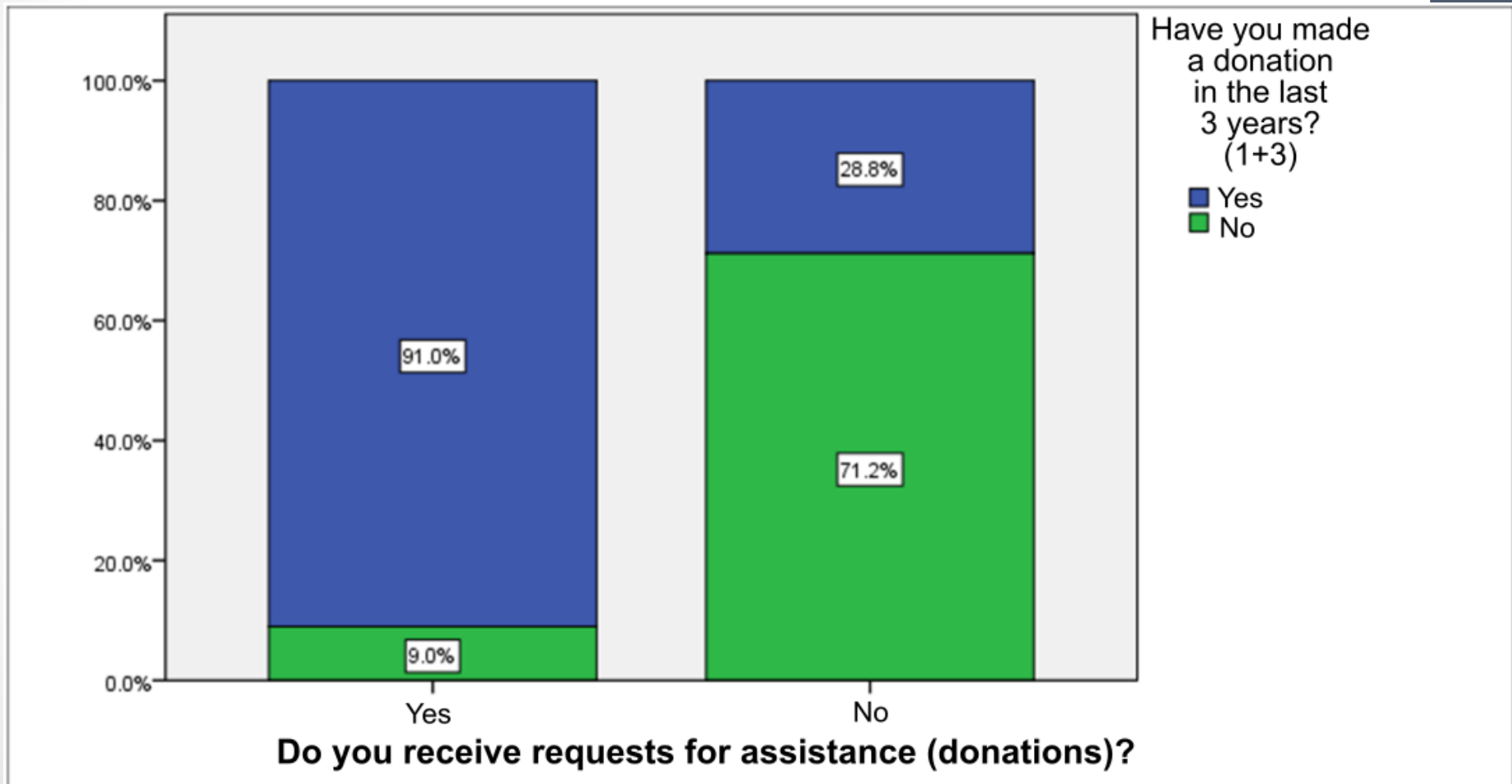
Do you receive requests for assistance (donations)?



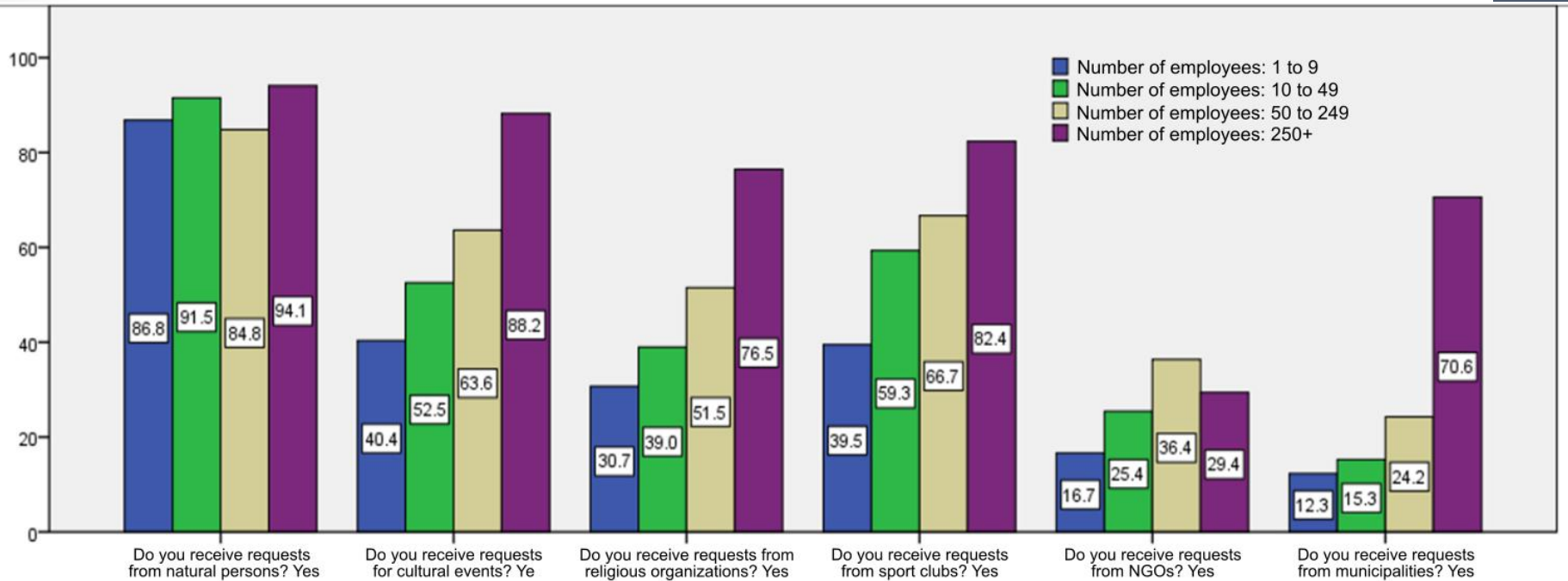
Have you made a donation in the last year?



# You don't get what you don't ask for!



- CSOs do not make request
- Everybody asks from big companies

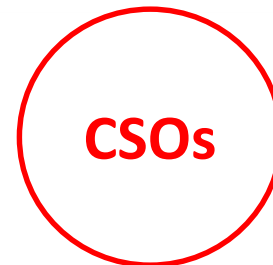


Natural persons

Cultural events

Religious organization:

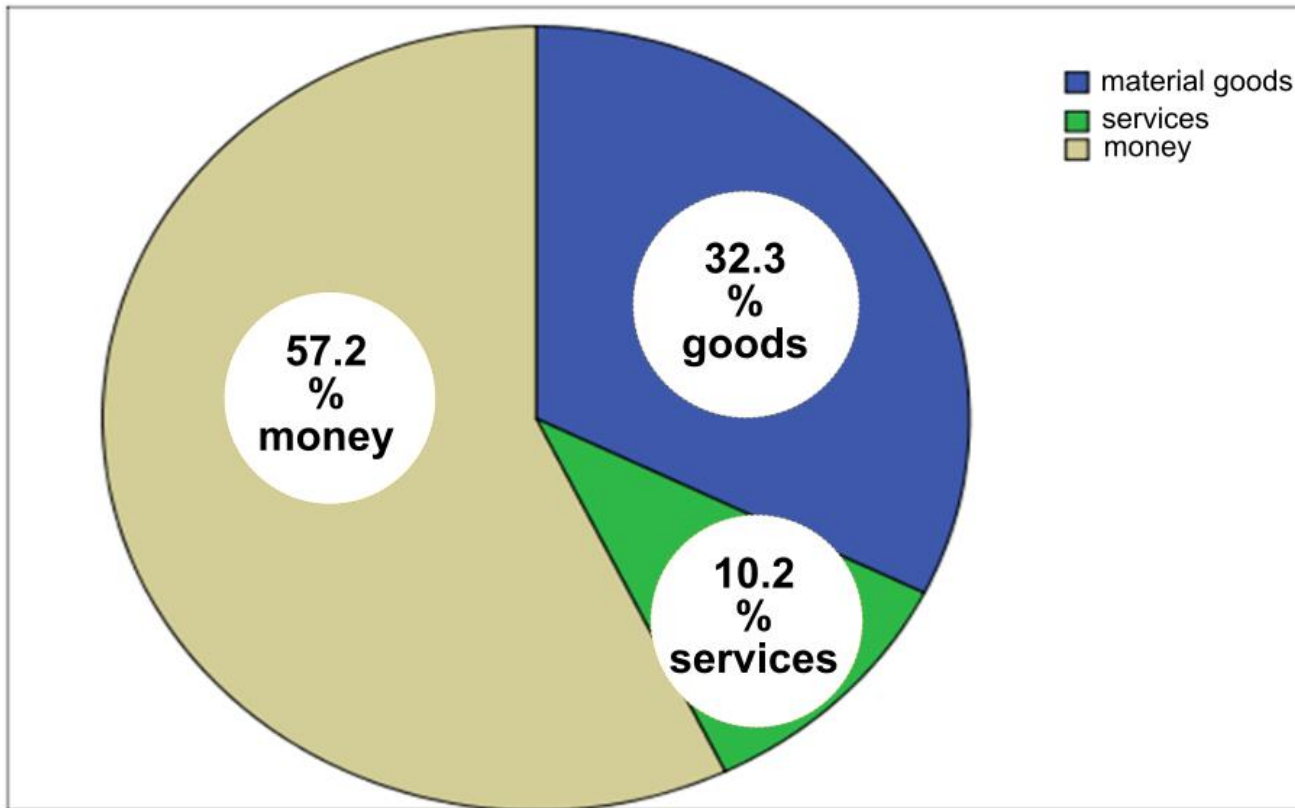
Sport clubs



Municipalities

Do you receive requests for donations from....?

- Most often, donations imply money, but also material goods.
- Companies donate what is the easiest and most convenient for them at the moment.



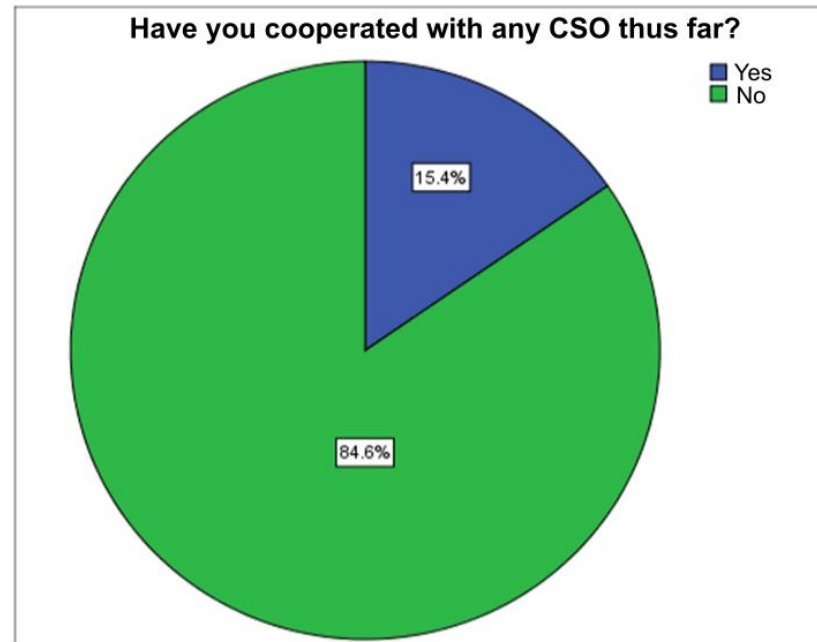
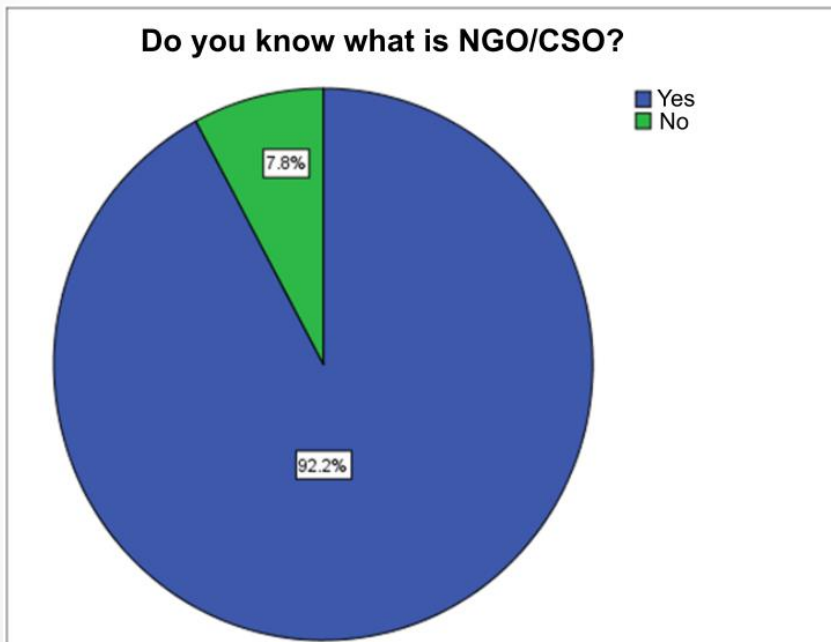
# Areas in which businesses have made donations

- **MEDICAL TREATMENT --- 23.2 %**
- SPORTS --- 15.9 %
- HELP FOR POOR --- 11.9%
- HUMANITARIAN DISASTERS --- 10.7%
- RELIGIOUS BUILDINGS --- 10.4%
- CULTURE --- 9.3%
- OTHER --- 7.3%
- AID FOR CHILDREN --- 4.3 %
- EDUCATION --- 4.0%
- PERSONS WITH DISABILITIES --- 3.0%

Food is most often  
donated for  
humanitarian  
purposes

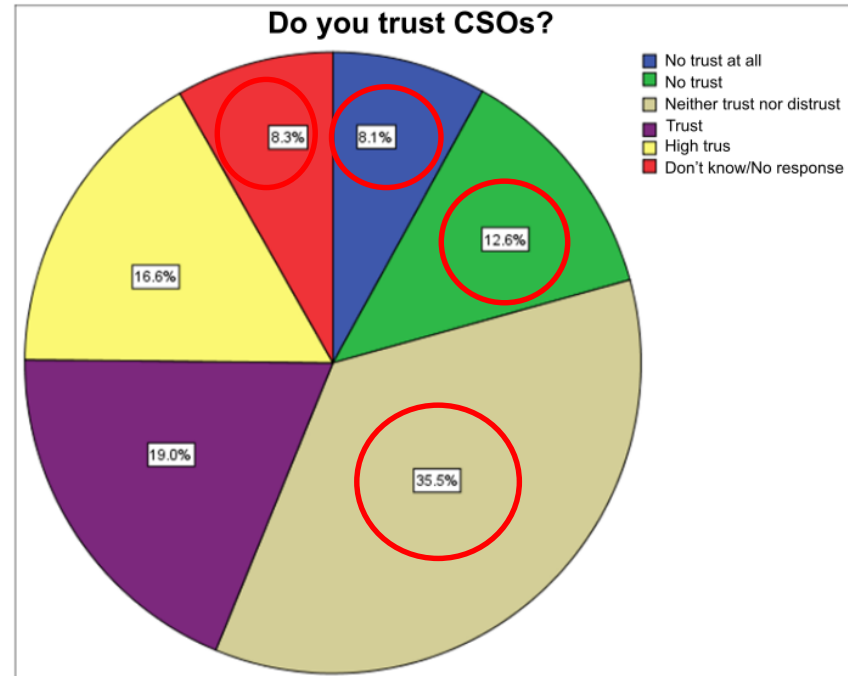
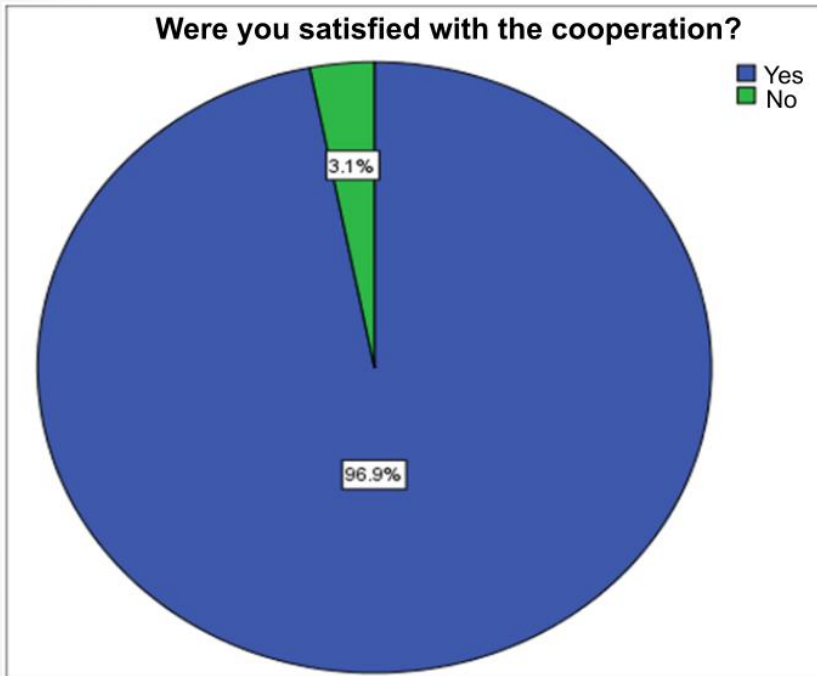
Close ties with  
preferences of  
managers

- Companies know what CSOs are, but they rarely cooperate with them.
- Big companies more often cooperate with CSOs.



- Only 10% of companies gave donation to CSO

- Those which cooperate with CSOs are satisfied with said cooperation.
- But, in general, trust in CSOs is not high.



- 35.5 % neutral
- 12.6 % don't trust them
- 8.1 % no trust at all + trust
- 8.3 % don't know = 64.5%

# Nurturing donors

- Although donors would like to receive information on use of donation, this rarely happens in the practice unless formally requested
- Overall lack of transparency and follow-up
- Enterprises prefer to directly “implement” donations





# CSO Trust Mark

Self-regulation to encourage private giving to CSOs

*Developed with ECNL's expertise*



# How does CSO Trust Mark work?

- Independent voluntary mechanism
- Purposes:
  - Build trust in CSOs among local donors (citizens and companies)
  - Improve accountability and transparency
  - Recognition and promotion of CSOs as trustworthy recipients of donations
- Granted to CSOs that comply with certain requirements related to their operation
- Elements:
  - Criteria and principles
  - Compliance assessment
  - Implementation mechanism
- Developed based on 20 similar mechanisms
- Pilot phase: 5 CSOs received the Trust Mark

# Criteria

- Eligibility criteria:
  - Registered CSO
  - At least one financial year
  - Has own statutes, internal governance structure, internal documents (policy manuals)
- Tiered compliance:
  - Level 1: Annual revenue below 2.500 EUR
  - Level 2: Annual revenue above 2.500 EUR

# Principles

- 7 thematic areas:
  - 1) Mission and values
  - 2) Democratic governance
  - 3) Financial management
  - 4) Transparency and reporting
  - 5) Communication and advocacy
  - 6) Fundraising
  - 7) Human resources / employment (volunteer) relationships
  
- Principles prove to be challenging for small organizations

# Compliance assessment

- Two steps:
  - a) self-assessment through a checklist
  - b) comprehensive assessment by a Board (review of documents, clarifications, visit etc.)
- Self-assessment checklist together with accompanied documents submitted to Konekt
- Composition of the Board
  - 6 persons: 2 CSO representatives (experts in CSO management and development), 2 experts on CSO financial management and accounting (from audit companies), 2 business sector representatives (HR and PR expertise)

# Implementation of the mechanism

- Developed guidelines on the process and criteria
- It is not “in or out” mechanism but rather opportunity for improvement and development
- Konekt provides support to CSOs to reach the compliance level for the Trust Mark
  
- Validity: 3 years after which CSO re-applies
- Complaints mechanism available to stakeholders

# Visibility and promotion

- The CSOs can use the logo on their web sites, promotional activities and FR campaigns
- Konekt also provides visibility and additional promotion for the Trust Mark and the CSOs



ЖИВОТНА СРЕДИНА



УМЕТНОСТ И КУЛТУРА



СОЦИЈАЛНИ ТЕМИ



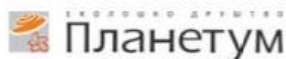
ЕДУКАЦИЈА



ЗДРАВЈЕ И ЗАШТИТА



ОСТАНАТИ ТЕМИ



Планетум  
Ековита  
Аксиос  
Отворете ги прозорците  
Ајнштајн  
Хабитат



Аполонија  
Доблест  
Надеж  
Паблик  
Полио плус  
ЛАР



Порак-Наша  
Содем  
Хуманост  
Црвен крст  
Чекор по чекор

ЗГ Жетва на знаење  
Имка  
СЕГА  
МКЦ  
Сојуз на извидници на  
Македонија



Универзитет трето доба  
ХОПС  
АНТИКО  
ЗБЖ  
СЗГМ



# VĂ MULȚUMESC!

Nikica Kusinikova

[nikicak@konekt.org.mk](mailto:nikicak@konekt.org.mk); [www.konekt.org.mk](http://www.konekt.org.mk)

Această conferință este co-organizată împreună cu Parlamentul Republicii Moldova.

Organizarea conferinței este posibilă datorită ajutorului generos al poporului american prin intermediul Agenției SUA pentru Dezvoltare Internațională (USAID), în cadrul Programului „Parteneriate pentru o Societate Civilă Durabilă în Moldova” (MPSCS), implementat de FHI 360 în parteneriat cu Centrul European pentru Drept Necomercial (ECNL). Conferința este cofinanțată de Proiectul “Monitorizarea progresului, abilitarea acțiunii”, implementat cu suportul financiar al Uniunii Europene. Conținutul este responsabilitatea organizatorilor și nu neapărat reflectă viziunile USAID, ale Guvernului SUA, ale Uniunii Europene sau ale Parlamentului Republicii Moldova.