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## The 2022 Global Philanthropy Environment Index Bosnia and Herzegovina

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### QUICK FACTS

**Legal forms of philanthropic organizations included in the law:** Association, Foundation

**Five main social issues addressed by these organizations:** Arts and Culture, Basic Needs, Health and Medical Research, Human Rights, Socio-Economic Rights of Special Groups, Social Assistance

**Average time established by law to register a philanthropic organization:** 0-30 days

**Average cost for registering a philanthropic organization:** USD 110

**Government levels primarily regulating the incorporation of philanthropic organizations:** State Government, Local Government, Entity Ministries of the Federation of Bosnia and Herzegovina (FBiH) and the Republika Srpska (RS)

### Philanthropic Environment Scores:

Year	Ease of Operating a PO	Tax Incentives	Cross-Border Philanthropic Flows	Political Environment	Economic Environment	Socio-Cultural Environment	Overall Score
2022 GPEI	5.00	3.25	3.50	3.30	3.00	3.00	3.51
2018 GPEI	4.33	3.50	4.00	3.00	N.A.	3.00	3.57

**Source:** Indiana University Lilly Family School of Philanthropy, 2022 *Global Philanthropy Environment Index*

## Key Findings

### I. Formation/Registration, Operations, Dissolution of a Philanthropic Organization (PO)

*The three indicator questions in this section pertain to the laws and regulations governing philanthropic organizations (POs). The scoring questions for this category cover three aspects of regulations: (A) formation and registration; (B) operations; and (C) dissolution.*

Question One: To what extent can individuals form and incorporate the organizations defined?

<b>Score: 5.0</b>
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The country, usually called Bosnia and Herzegovina (*Bosna i Hercegovina*, abbreviated BiH), is administered through three political entities: the Federation of Bosnia and Herzegovina (FBiH), the Republika Srpska (RS), and the District of Brčko (DB). The legal framework governing philanthropic organizations (POs) in BiH is thus comprised of three main laws: the Law on Associations and Foundations of BiH, FBiH, and RS. The registration of associations is required for an association to take part in legal or financial transactions. Foundations must be legally registered. Associations can be founded by a minimum three individuals or legal entities (in any combination), while foundations require only 1 individual or legal entity as a founder. To act as a founder of a PO, a person must be a BiH citizen or resident, or a registered legal entity (domestic or foreign). Minors can act only as members. POs are free to pursue any legal goals, regulate their internal affairs, and operate in accordance with their statutes.

BH: No minimum starting capital is required for registering associations, but foundations must have minimum capital of BAM 2,000 (approximately USD 1,100). Required documentation for registration is clear; the BiH Ministry of Justice is obligated to process the request within 30 days of receiving it. Due process is defined with the appropriate rights of appeal or resubmission of further documentation. Fees and taxes for the registration process are not cost-prohibitive. Registration can be denied based on a clear and concise list of grounds; if the registration is denied, the PO can initiate a legal proceeding with the court. A register of all POs is publicly available.

FBiH: Foreigners may act as founders of association if they have resided in the FBiH at least 1 year. The FBiH is comprised of cantons. If the PO operates in more than one canton, the body responsible for registration is the FBiH Ministry of Justice; if the PO operates only in 1 canton, then the cantonal government is responsible for registration.

RS: Foundations are required to have some capital (cash or property), but the law does not define a minimum amount, therefore they can be registered with symbolic capital. The body responsible for registration is the district court in the territory where the PO has its headquarters.

Question Two: To what extent are POs free to operate without excessive government interference?

<b>Score: 5.0</b>
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All laws (BiH, FBiH, RS, and DB) provide a relatively simple framework of governance requirements and, for the most part, they are in line with global and European Union (EU) standards.

BiH: Associations should have a minimum of three founders, an assembly of members, and a named legal representative. Other governing bodies may be defined in the organization's statute. Foundations should have a minimum of one founder and a Board of Trustees (with at least three members). Minors, persons employed in the foundation, as well as persons that are members of other governing bodies cannot be board members. Basic responsibilities of the prescribed governing bodies are defined by the laws and their statutes; POs can add other responsibilities and/or define other governing bodies. POs are restricted from pursuing the goals and/or activities forbidden by the Law and must work within the areas or topics specified within their statutes. POs are free to use any form of communication channel in their work. Cooperation between the business, government, and civil society sectors is unrestricted, both within the country and across borders. Participation in country level or multi-country networks is common. Reporting requirements apply only to registered POs; they are required to submit annual financial statements certified by the FIA or AFIP to the Ministry of Justice BiH.

FBiH: Same as BiH level, Bookkeeping rules for non-governmental organizations (NGOs) are regulated separately and financial reports are submitted to the Financial Intelligence Agency-FIA.

RS: Same as BH level. Bookkeeping rules are the same as for any other legal entity and reports, though slightly simpler than in FBiH, and all reports are submitted to the Intermediary Agency for IT and Financial Services-APIF. POs registered in the DB can choose whether they will apply rules for FBiH or RS. POs are obligated to conduct an independent audit if they meet at least one of these criteria: a) more than 50 employees; b) property worth more than approximately USD 500,000; or c) annual income greater than USD 1 million.

Question Three: To what extent is there government discretion in shutting down POs?

<b>Score: 5.0</b>
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BiH: The governing bodies of a PO have authority to voluntarily dissolve/terminate the PO. The conditions and procedures for such a step are required to be a part of the PO's statutes. The distribution of any property or assets from such a dissolution must be laid out in the statutes; in such cases, POs must distribute the remaining property or assets to another registered PO that has similar goals and activities. The registration authority possesses the authority to involuntarily terminate the registration of a PO in the following situations: 1) the PO is engaging in activities expressly forbidden by the Law; 2) the PO is engaging in activities not in accordance with the registered goals and activities declared in their statutes; and 3) the PO continues to perform activity for which it has been fined (under 1 or 2). In cases of involuntary dissolution, the proceedings are initiated by the body in charge of monitoring the work of POs, and the final decision is made by the Court of Bosnia and Herzegovina.

FBiH: Related to involuntary termination, if a PO is engaging in the activities expressly forbidden by the law (overthrowing of constitutional order of Bosnia and Herzegovina or overthrowing the constitutional order of FBiH), proceedings against the PO are initiated by either the federation or cantonal prosecutor's office—depending on the place of registration—and a decision is made by either the Supreme Court of FBiH or the relevant Cantonal Court.

RS: Related to involuntary termination, if a PO is engaging in activities expressly forbidden by the law (overthrowing of constitutional order of Bosnia and Herzegovina or overthrowing the constitutional order of RS) or if the PO continues to engage in activities for which it has previously been fined, proceedings can be initiated by the court in which the PO was registered, applying the Law on Criminal Proceedings.

## II. Domestic Tax and Fiscal Issues

*The two questions in this section pertain to laws and regulations governing the fiscal constraints of giving and receiving donations domestically.*

Question Four: To what extent is the tax system favorable to making charitable donations?

<b>Score: 2.5</b>
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The constitutional framework of BiH provides that issues related to direct taxation fall within the jurisdiction of the respective Entities (FBiH and RS). The central government does not have jurisdiction over those issues (income, gifts/inheritance, taxes). The Law on Legal Entity Income Tax provides for certain level of tax incentives for corporate giving of companies and small and medium enterprises, however to a large extent this area is not harmonized. FBiH Law stipulates that donations for humanitarian, cultural, educational, scientific and sports purposes may be used for tax deduction of up to 3 percent of legal entity's taxable annual income. Similar is true in RS for humanitarian, social, cultural and sports purposes. Comparative experiences from the region show that key issues lie in implementation and discretionary interpretations of local tax authorities which need to be aligned. In addition, the Law does not specifically regulate the status of any general purpose giving to organizations that engage in above mentioned areas. Regarding the types of donations, giving in money and goods may be subject to tax deductions, while giving in services is not recognized. The Law on Income Tax does not recognize tax incentives for giving of individuals unless they are registered entrepreneurs. However, unlike with corporations, incentives for individuals vary more between the two Entities. FBiH Law stipulates that giving in money and goods for cultural, educational, scientific, health, humanitarian, sports and religious purposes may be used for tax deduction of up to 0.5 percent of taxable annual income. Similar legislation in RS foresees that sponsorships and donations may be used for tax deduction in the amount of up to 2 percent of taxable annual income, however the areas in which these donations may be used are not defined.

Question Five: To what extent is the tax system favorable to POs in receiving charitable donations?

<b>Score: 4.0</b>
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In both FBiH and RS, associations and foundations are exempt from income taxes if their activities correspond to those that they are registered for. Tax exemption status is, therefore, automatically acquired during the process of registration, and the range of POs that are tax exempt is quite broad. POs in both Entities do not pay taxes on donations. In FBiH, they also are exempt from paying taxes on membership fees, while RS associations, which are not humanitarian (registered only for humanitarian activities), must pay taxes on this type of income. POs in both Entities can engage in income generating activities if they correspond to their goals/activities as defined in the statutes. In FBiH, POs are exempt from taxes on such income. In RS, however, such income is subject to taxes

under the Legal Entity Tax law. If a PO engages in income generating activities that are not directly connected to activities that they are registered for, such income is subject to the Legal Entity Tax law in both Entities. FBiH does not have jurisdiction over property tax; this tax is regulated by cantonal governments; thus, in Sarajevo canton (and most others) POs are not exempt from property taxes. In RS, POs are exempt from property taxes if they are using property for the purposes stated in their statutes. In both Entities, the concept of public benefit status is not well developed in the tax laws, and, therefore, POs are obligated to pay value added tax (VAT) on all goods and services they purchase, except in specific cases (see answer on Indicator 7). POs in both Entities are free to receive donations and to raise funds from any public or private source, company, or individual within Bosnia and Herzegovina or abroad, without any fear of interference from the government. All donations must be documented with a donation agreement or other documentation in cases of in-kind donations.

### III. Cross-Border Philanthropic Flows

*The two questions in this section concern laws and regulations governing the fiscal constraints of giving and receiving cross-border donations. The scoring for these questions pertains to the donor and receiving entities.*

Question Six: To what extent is the legal regulatory environment favorable to sending cross-border donations?

<b>Score: 4.0</b>
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The tax deductions apply only to domestic donations and cannot be applied to donations out of country. Cash donations across borders need to be documented via a donation contract/agreement. There are no restrictions on the movement of capital across borders, except those that relate to the Law on Prevention of Money Laundering and Financing Terrorist Activities. This issue is mitigated through the presence of the donation agreement. No government approval or reporting is required for such cross-border cash donations. In-kind donations are treated just like any other export of goods.

Depending on the size and content of the shipment, proper export documentation is required. As such, VAT and other fees are based on the assessed value of donations, just as they would be with any other export.

Question Seven: To what extent is the legal regulatory environment favorable to receiving cross-border donations?

<b>Score: 3.0</b>
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There are no restrictions on receiving cross-border charitable donations, and documenting requirements for such donations are the same as for in-country donations. In both the FBiH and RS, POs are exempt from income taxes on cross-border (foreign) donations, but they must pay VAT on purchases made from such donations. However, they have the right to ask for a refund of the VAT, and in some cases, they are freed from paying VAT in the first place if the cross-border donation comes from a foreign government/entity as part of their international development assistance

programming and it falls under the bilateral agreements between the donor country and BiH. POs also may be freed from paying custom fees under the national BiH Customs Law (applicable to both the FBiH and RS) in specific cases such as the following: goods for distribution for humanitarian support to persons in need (food, medicines, clothes, etc.); equipment and office supplies sent to nonprofit and humanitarian organizations that are necessary for their work; equipment for people with disabilities; and specified materials with educational, cultural, and scientific purposes. Exemptions, however, must be acquired in advance from the custom department. POs are free to receive donations and raise funds from any cross-border (foreign) public or private source, company, or individual, without approval procedures or any fear of interference from the government.

#### IV. Political Environment

*The four indicator questions in the next three sections concern the political context, economic conditions, and socio-cultural characteristics that influence the environment for philanthropy.*

Question Eight: To what extent is the political environment favorable for philanthropy?

<b>Score: 2.7</b>
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Due to the internal governance structures in BiH (BiH, Entities and District of Brčko) it is difficult to provide a comprehensive assessment of the relations between the government and POs. However, on all levels, while there are no extreme tensions between the governments and POs, there is no active cooperation. All of the governments, in fact, ‘procrastinate’ in creating a strategic framework for cooperation with POs, which is sporadically addressed in various legal acts, but not unified and rarely implemented. Thus, the Council of Ministers (CoM) BiH signed the Agreement of Cooperation (2017) between CoM and POs, but the Agreement was never fully implemented. Three years later on December 1, 2020, the constituent session of the Advisory Body of the CoM BiH for Cooperation with NGOs was held. In BiH regulations on public consultation are uneven and there is no strategic framework for cooperation with civil society. But there is one exception: the formation of a web platform for e-consultation by the Ministry of Justice of BiH. All governments formally recognize POs as actors and agents of change, however, that recognition is in many cases due to the influence of international actors. Consequently, governments are not actively involving POs in policy development and implementation, though when pressured—either by POs or international actors—they allow involvement. The true level of cooperation also depends a lot on the current political situation.

This is not particularly favorable to philanthropic development, as “more important” issues are on the politicians’ table mean needed improvements are delayed even further. The economic crisis in the country continues, and, in fact, worsened over the last year due to the COVID-19 pandemic, and is a threat to the sustainability of POs, which with rare exceptions remain largely dependent on foreign sources.



Question Nine: To what extent are public policies and practices favorable for philanthropy?

**Score: 3.9**

Governments on all levels support philanthropy if it helps its institutions provide services to citizens that governments are obliged to provide, yet often fail to. However, it cannot be said that they consider philanthropy important enough to actively promote and/or support it. They still do not consider POs as relevant partners in the socio-economic development of BiH. Therefore, the financing of POs activities is treated exclusively as an expenditure and not as a social investment that should encourage social development. In some cases, philanthropy, especially the tradition of philanthropy, is used to accentuate national and religious differences in BiH. In other cases, politicians use philanthropic causes as a way of self-promotion. When it comes to the issue of improving the legal and fiscal framework, support depends on the current political situation and interests, while success of such initiatives depends on the current political moment. In that respect, governments certainly allow access to resources and opportunities for information, services, trainings, etc., but do not promote or actively support it. Donors and funders are free to support any philanthropic cause and/or organization. However, sometimes politicians use their power to promote and recruit support by local companies/wealthy individuals to certain philanthropic causes-usually humanitarian groups or organizations that support marginalized groups. Governments at all levels generally fail in the implementation of the laws, and while they formally condemn corruption, do little to effectively prevent and combat it. The distribution of public funds is not fully transparent and impartial. Only a few municipalities have regulations for transparent funding of civil society organizations, which are based on clearly defined criteria and require monitoring and evaluation tools (European Commission, 2020). A country-wide framework for transparent civil society funding is needed.

## V. Economic Environment

Question Ten: To what extent is the economic context favorable for philanthropy?

**Score: 3.0**

Economic conditions in BiH are increasingly unstable, especially due to the impact of the COVID-19 pandemic on the BiH economy. Although GDP growth remained above 3 percent until 2019, when it fell to 2.6 percent, unemployment remains a major problem. The COVID-19 pandemic has brought down the country's economy, with a drastic drop in GDP in 2020 and expected slower growth in the next few years. The World Bank forecasts an increase in poverty from an estimated 11.8 percent in 2019 to 12.9 percent and 14.6 percent in 2020, depending on the scenario. Unemployment has risen and will remain high for the foreseeable future. The key economic challenge for BiH is the imbalance of its economic model: public policies and incentives are geared towards the public rather than the private sector, towards consumption rather than investment, towards imports rather than exports. Most of all, BiH society is affected by entrenched corruption. According to a report by Transparency International, reporting corruption in public procurement processes increased in 2020, although governments at all levels are declaratively fighting corruption. In general, the economic conditions and the economic environment are very unfavorable for the development of philanthropy, although according to data from Catalyst Balkans, there was an increase in the total amount of giving recorded. The overall economic situation may have contributed to this shift, as citizens prefer to

support individuals in need of health treatments or who are disadvantaged economically or in other ways, thus in a way subsidizing the support that the state would normally provide (health care, poverty relief or social services).

## VI. Socio-Cultural Environment

Question Eleven: To what extent are socio-cultural values and practices favorable for philanthropy?

<b>Score: 3.0</b>
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There is a long tradition of philanthropy in Bosnia and Herzegovina, grounded in both a cultural and religious heritage. As in other former Yugoslav countries, while solidarity was promoted traditional philanthropy was neglected. Postwar BiH society (again as with other former Yugoslav countries) has experienced a collapse of values, particularly trust; however, altruism and solidarity remained strong. In recent years, philanthropy has reappeared in various forms. However, it is perceived primarily as a way to help individuals in need and rarely as a tool for solving important issues that demand a long-term approach, such as economic development. As in most other Western Balkan countries, trust in POs is relatively low, particularly in regard to those engaged in civil society development, human rights, media freedom, etc. In fact, there is little understanding of their work and importance. However, POs that engage in direct humanitarian support or that provide services for marginalized groups—particularly children—enjoy higher levels of trust and, in fact, sometimes are more supported than institutions, which generally do not enjoy trust of citizens. While POs respect legal requirements for transparency and accountability, they are investing relatively little effort in communicating their work, financial support, and, most importantly, their results to the public. There are no social barriers to participate in philanthropic activities on the side of donors; however, prejudices can influence the choice of recipients. Similarly, national and religious differences/divisions can play a role in philanthropic efforts. As in other countries, POs pursuing financial sustainability, businesses implementing corporate social responsibility (CSR) practices, and the failure of the state to provide basic needs are factors that encourage philanthropy, while a lack of trust and tensions based on national/religious differences remain negative factors.

## VII. Future of Philanthropy

*These questions are used to provide a general picture of the future of philanthropy in this country as well as recommendations to improve the philanthropic environment.*

Current state of the philanthropic sector

Overall, the philanthropic sector is in the mid-level of development. While there are a number of larger organizations that are quite professionalized, the development of community-based organizations that would tackle local problems and connect to citizens is lower. The sector is overwhelmingly dependent on foreign funding, and, while efforts to attract local sources exist, there is space for significant improvement in this area. There is a small number of intermediary organizations, particularly foundations (either on national or community level). Consequently, there is a need for more support for POs to tap into local sources of funding (education, trainings, or other services). POs that are successful in attracting local sources are few and are mostly oriented toward providing humanitarian support. There is still not enough understanding of the importance of



developing a constituency among POs. As in other countries in the region, POs need to work on increasing transparency and accountability levels and on communicating their results to the public. Collaboration and cooperation among POs exist but need to be significantly strengthened. The Mozaik Foundation, together with leading organizations like the Hastor Foundation, *Mreža za izgradnju mira* and Pomozi.ba, as well as partner organizations from the Republic of Serbia - Trag Foundation and Catalyst Balkans, is implementing the project "Improving the Legal Framework for Philanthropy". The aim of the project is to improve the legislative and fiscal framework, as well as to create a stimulating environment for the development of philanthropy in Bosnia and Herzegovina. The project is supported by USAID BH, and they will also invest more effort in developing collaboration with other sectors and attracting a larger number of stakeholders in developing philanthropy in BiH. Overall, it can be concluded that, while the sector has achieved certain level of development, there is space for significant improvement.

Three major recent events affecting the philanthropic landscape between January 2018 and December 2020

1. The migrant crisis in BH in 2018. When the Government did not manage to solve it, groups of volunteers spontaneously organized and mobilized to help migrants and refugees who remained "stuck" in BiH. They collected and delivered the most basic necessities (clothes, food, hygiene supplies, etc.). Regardless of the European Commission's assistance to Bosnia and Herzegovina in resolving the migrant crisis, NGOs and volunteers remain active in providing assistance to migrants and refugees.
2. The COVID-19 pandemic was the most important event which demonstrated the capacity for giving in BiH. It not only mobilized the business sector, POs, and individuals around a common cause for giving, it also increased the level of volunteering and support to marginalized, high-risk groups (especially the elderly). In 2020, more than EUR 12 million in giving for COVID-19 related purposes was recorded, in addition to EUR 8.9 million given for other purposes.
3. The fragmented and complicated health system in BiH. While the system is under the jurisdiction of the Entities (FBiH and RS), in FBiH this competence is distributed to 10 cantonal ministries. The lack of funds has led to the fact that citizens cannot receive adequate health care (especially seriously ill children who need treatment abroad). The need to treat primarily children abroad has mobilized the private sector and individual donors, thus erasing invisible interethnic borders in BiH.

Future development trends in the philanthropic landscape

**Donors:** Individuals and the business sector will remain the most active donors. The business sector will continue to be active and invest more in pandemic and post-pandemic relief and support, while individuals will give more for other areas. The business sector will continue to give more strategically.

**Purpose of giving:** Pandemic-related giving will continue for at least one more year. Unrelated to the pandemic, the four primary purposes will remain healthcare (medical treatments), support to marginalized groups, poverty reduction and education. Economic development and environmental causes will possibly become more attractive to donors.

**Beneficiary institutions/primary recipients:** The state will be the primary recipient of philanthropic contributions related to COVID-19 and growing Migrant crisis. For other purposes, POs will continue

to receive larger support than the state, especially in the fields of health (medical treatments) and support to marginalized groups.

**Final beneficiaries:** Key final beneficiaries will continue to be people with health issues, the economically disadvantaged, people with disabilities and the inhabitants of local communities.

**What is donated:** Money will remain the main form of philanthropic contribution. In-kind donations, pro-bono services, and volunteering will continue at the same level, with a slight increase possible in in-kind donations for COVID-19 relief.

**Ways of donating/fundraising:** Campaigns and cause-related marketing will continue to be increasingly used. Legal & fiscal environment: There are some expectations regarding the improvement of the legal framework for philanthropy in the next two or three years due to joint targeted action and cooperation between POs and other sectors (Project "Improving the Legal Framework for Philanthropy" supported by USAID).

**Infrastructure:** Intermediary organizations will continue to grow in strength and capacity, refining their approach to capacity building of other POs and existing networks will further strengthen communication and cooperation across the sector.

Three key recommendations to improve the environment for philanthropy

- A structured dialogue involving all actors (corporate, governmental, and civil sector) on fundamental issues coming from the lowest level and a participatory decision-making process to prioritize joint initiatives to improve the legal framework for philanthropy in BiH is needed.
- Increased support to strengthen the philanthropy infrastructure, including: support for intermediaries that assist POs in attracting local contributions and organizations that educate and support donors; offering services to both POs and donors; strengthening those networks with clear goals; and developing new tools and mechanisms for giving.
- Investment in efforts to increase the transparency of data related to giving, including: the accessibility/availability of government and tax authority data; better reporting by media; transparency from donors with regard to the beneficiaries of their donations and amounts donated; transparency from recipient organizations both in terms of amounts as well as the results achieved; and public promotion of these data to increase the level of information and trust in philanthropic giving.

## VIII. Philanthropic Response to COVID-19

*These questions are used to provide a general picture of the philanthropic response to the COVID-19 pandemic in this country and recommendations for improving cross-sectoral collaboration.*

Areas where the nonprofit sector and philanthropy are playing a role in responding to COVID-19

Key areas in which the nonprofit sector played a role in responding to COVID-19 include:

- Provision and distribution of basic needs to marginalized and high-risk groups, such as the elderly, people with disabilities, the economically disadvantaged, homeless, migrants and refugees, etc. POs organized the distribution of food and water; delivery of food and supplies

to those at high risk and in lockdown (the elderly, people with disabilities); and distribution of food to public kitchens.

- Provision and distribution of face masks, gloves and disinfectants to those unable to afford them (the economically disadvantaged, homeless, migrants and refugees, etc).
- Provision of medical supplies to health centers/health workers, such as face masks, suits, gloves, oximeters, disinfectants, inhalers, etc.
- Continuing to provide social, educational and other services to their primary beneficiaries, whenever possible while minimizing any health risks or adjusting the way services were provided.

#### Innovation and new trends in the nonprofit sector and philanthropy related to COVID-19 responses

At the beginning of the COVID-19 pandemic, POs demonstrated the ability to adapt quickly to the new situation. While on the other hand, government institutions at all levels in BiH did not react adequately and in a timely manner, nor did they manage to adapt to the new situation. The POs quickly reorganized, using social networks and online tools, and continued to carry out its activities unhindered, helping those who need it most and protecting its employees and volunteers. Through social networks, various actions and campaigns for collecting help were organized. Such networks were also key to organizing volunteers to help purchase and distribute food and medicine to the elderly during lock down, collect and distribute protective equipment for health workers and people in need, etc.

#### Impact of COVID-19 on the philanthropic environment

The only change in the legal and fiscal framework for philanthropic giving was the state permitting exemption from VAT for businesses that donated directly to state medical institutions to help fight COVID-19. This exemption was not extended to businesses that provided contributions to POs for the same purpose. BiH has experienced economic consequences due to the pandemic with impacts on potential donors, both businesses and individuals. The unfavorable economic conditions inevitably affected philanthropic giving. While significant amounts were given to fight COVID-19, the drop in support for other causes (unrelated to COVID-19) was quite visible. The trends in 2018 and 2019 were clear: increased domestic philanthropic support for the POs and decreased support to state and institutions. By contrast, in 2020, the state and state-based institutions were the main recipients of giving. In this period, POs were left on the margins, despite their ability to reach the most vulnerable groups and efforts to give support that the state was unable to provide. At the same time, the pandemic increased public awareness of the role and importance of philanthropy in crisis situations and drew attention to some of the beneficiaries that would otherwise not have received much support (e.g., the elderly, homeless). It remains to be seen if this will influence perceptions of the importance of philanthropy outside of crisis situations.

#### Anticipated impact of COVID-19 on the philanthropic environment in 2021

At this point, it is difficult to predict what will happen given that much depends on when the pandemic comes to an end. The economic situation will almost certainly have an impact on the level, purposes, recipients and beneficiaries of philanthropic contributions. The level of giving is unlikely to remain at the same high levels of 2020 as local donors have already given significant amounts, and many businesses are struggling, and people are facing possible unemployment or reduction in income.

Giving will almost certainly be still focused on fighting COVID-19 and/or urgent support for medical treatments and poverty reduction. The state will likely continue to encourage giving to state institutions and discourage giving to the nonprofit sector. This may leave many vulnerable groups in a precarious situation or experiencing reductions in the level of services provided by POs.

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