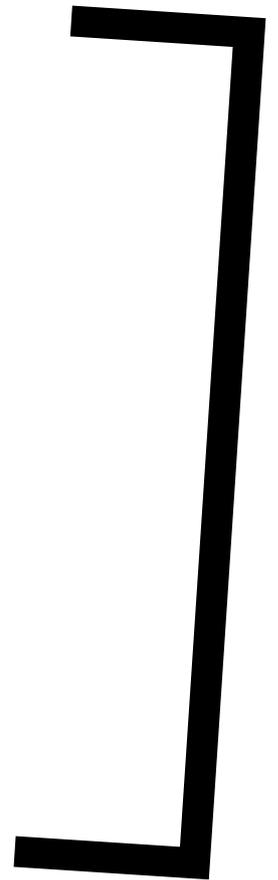
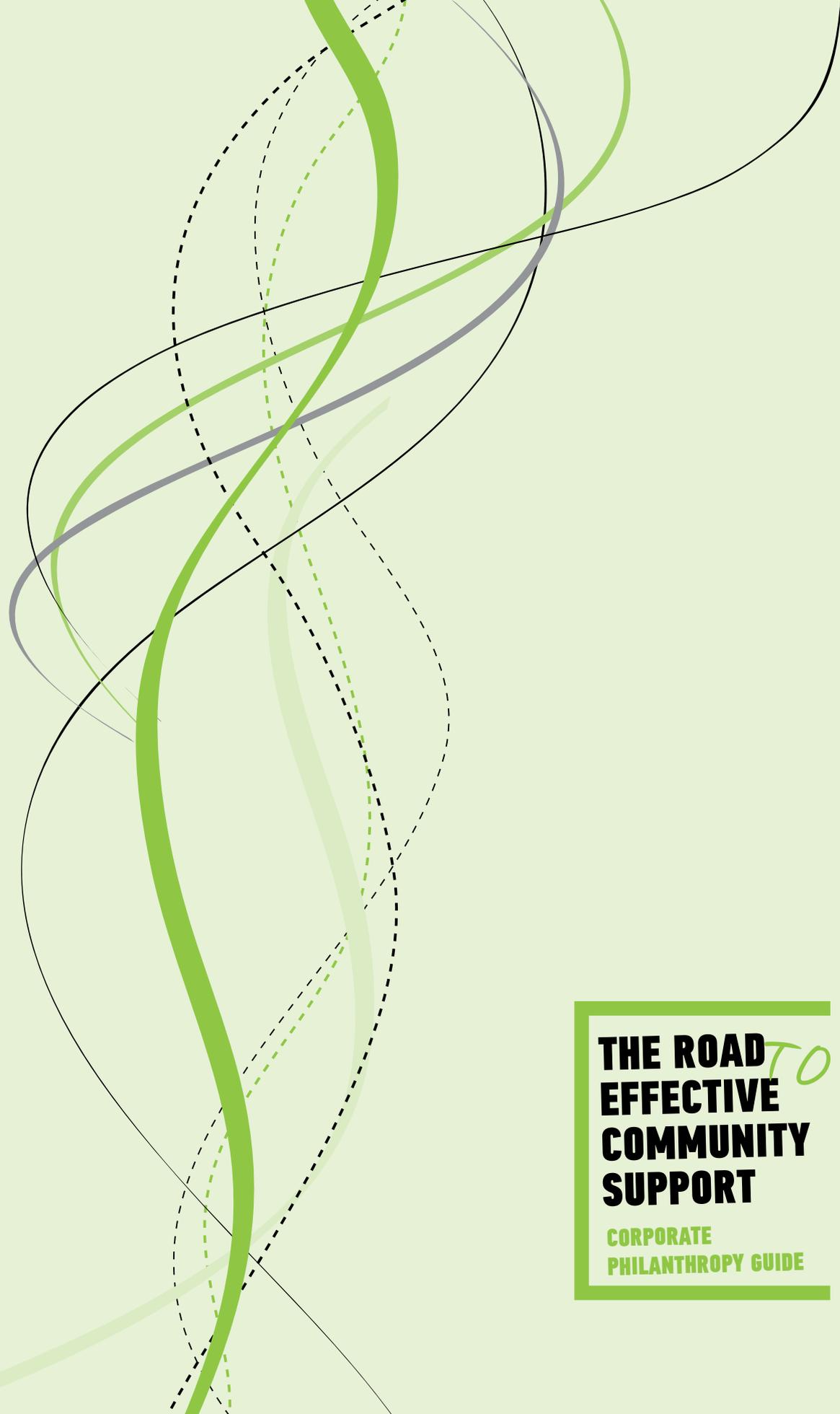


THE ROAD *TO* EFFECTIVE COMMUNITY SUPPORT

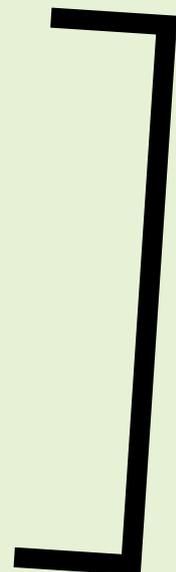
CORPORATE
PHILANTHROPY GUIDE





**THE ROAD *TO*
EFFECTIVE
COMMUNITY
SUPPORT**

**CORPORATE
PHILANTHROPY GUIDE**



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FOREWORD

Numerous books and manuals have been published over the long course of transition of our economy and especially in the last several years which have provided our businesspeople with the opportunity to familiarize themselves with the latest experiences and discoveries in the field of management.

However, we cannot say that there has been any significant publishing activity in the field of corporate social responsibility and especially in the domain of corporate philanthropy as its significant segment.

The results of this lack are quite visible: our managers need publications and expert materials that will enable them to understand the significance of philanthropy and overcome existing prejudices.

This is why it gives me great pleasure to welcome this *Corporate Philanthropy Manual* published by Konekt, which fills in the existing void and sets the foundations to upgrade the knowledge with future editions.

The readers of this manual will be able to draw numerous conclusions:

Primarily, the fact that corporate philanthropy is in the interest of the business success and profit, and not an expenditure that is damaging to the owners.

It can also be concluded that if philanthropic activities are spontaneous and random, without any relevant recourses for their realization, they can be a significant burden for the company.

This is the reason why this manual highlights the indispensable role of non-governmental organizations, such as Konekt, that will assume the role of mediator and facilitator in the process: they possess all the necessary knowledge and resources that would be an unjustifiable expenditure for the company.

The non-governmental sector is the very link that will provide the business sector with the latest insights but also to link the supply and the demand for philanthropic activities in society and the realization of specific projects.

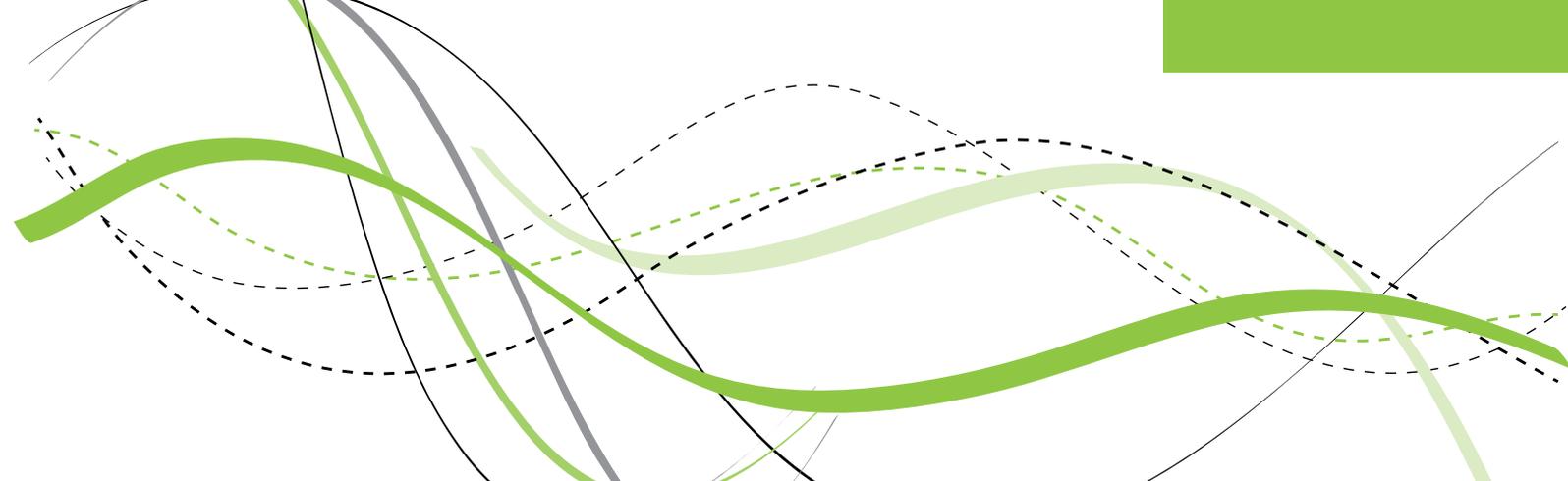
This manual will indisputably become a significant part of the reference literature, in particular because it contains examples of our business day-to-day reality and provides easy to understand and applicable information that is useful for each company regardless of its size and activities.

Of course, I see this manual only as the beginning and expect that in the coming period Konekt will continue to work intensely in this field and believe that soon we will see the following, expanded editions on this increasingly important topic for our economy and society in general.

Goran Lazarevski

*President, Board of Directors
AD EuroComputer Systems -
ECS Skopje*

*President of the National
Coordinative Body
for Corporate Social
Responsibility*



About the publication

The corporate philanthropy guide is intended for companies operating in the Republic of Macedonia. Its purpose is to encourage companies to think through their donations and investments in the community. At the same time, it offers directions on how to do that in order to achieve strategic and effective corporate philanthropy.

The guide has been prepared within the frames of the Civil Society Strengthening Project, implemented by a consortium led by the Institute for Sustainable Communities with the financial support of the United States Agency for International Development (USAID). The Association Konekt which is the publisher of the guide is partner in the consortium responsible for the design and implementation of the Philanthropy Programme. Other members of the consortium include the European Centre for Not-for-profit Law

and the Macedonian Institute for Media, which also contributed to the development of this publication.

From a thematic perspective, this guide attempts to provide a clear introduction for the readers to the world of corporate philanthropy and how it can be used by companies to achieve significant social influence. The recommended methodology is substantiated by relevant expert resources, but is primarily based on the approach and methodology that has proved effective and which Konekt uses in its work with the companies.

The theoretical part is accompanied by examples of positive practices from companies in Macedonia, the region and internationally. The selection of the examples was carried out by Konekt's team solely with the aim of illustrating examples

that may encourage the readers to generate new ideas in this domain. We are certain that there must be many similar and inspiring examples in Macedonia that we hope to be able to present in some of Konekt's future publications.

Konekt anticipates that this publication will provide support to all readers and companies that will embark on creating the wonderful mosaic of their own philanthropy.

Nikica Kusinikova
Executive Director, Konekt

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A conceptual image showing a watering can pouring water onto a row of small trees in a field. At the base of each tree is a money bag with a dollar sign, symbolizing the investment of money into community support. The background is a bright, sunny day with a blue sky and green foliage.

DONATIONS ARE ONE OF THE MOST COMMON WAYS IN WHICH COMPANIES SUPPORT THE COMMUNITIES THEY OPERATE IN. HOWEVER, AD HOC DONATIONS AS A FORM OF GOOD WILL AND DESIRE TO HELP ARE NOT SUFFICIENT AND DO NOT ALLOW THE COMPANY TO MAXIMIZE THE EFFECTS OF ITS DONATION. THE DONOR COMPANY MUST TREAT ITS DONATIONS AS AN INVESTMENT IN THE SOCIETY AND APPROACH THEM THOUGHTFULLY. WHAT KIND OF INFLUENCE DOES THE COMPANY WANT TO ACHIEVE IN SOCIETY? WHAT APPROACH WILL BE ADOPTED IN INVESTING IN COMMUNITY'S WELL-BEING? CAN THE DONATION ALSO SUPPORT THE COMPANY'S BUSINESS OBJECTIVES? THESE ARE ONLY A FEW OF THE QUESTIONS EVERY DONATING COMPANY SHOULD ASK ITSELF BEFORE DISTRIBUTING ITS DONATIONS. THAT IS THE ONLY WAY THAT CORPORATE PHILANTHROPY WILL REACH ITS FULL POTENTIAL.

COMPANIES, COMMUNITY AND PHILANTHROPY

Companies are an inseparable part of the community and play a major role in its development. In addition to being the driving force of the economy, they provide goods and services that make people's lives easier and better, employ people from the community; by paying taxes they enable the government to continuously improve education, culture, social protection, etc.

Through strategic philanthropy, the company attempts to achieve a double effect, namely to contribute to the business objectives of the company, while at the same time to do something good for the community, whereas effective corporate philanthropy involves the effects and the influence achieved in the fields set out by the company.

By incorporating social responsibility policies, companies often innovate and create new social values and good, e.g. in the domain of the environment (alternative energy sources, waste recycling, etc.) as well as in many

other areas.

Furthermore, many companies donate to the communities they operate in. By donating, the companies connect with the people from their community in a unique way. The donations give the companies the opportunity to promote the creation of a more humane society and equitable development that will create equal opportunities for all citizens. Donations are a powerful tool that can be used to support the issues of concern to citizens, and empower citizens to be actively involved in resolving community issues.

Donations can take various forms – monetary donations, material donations in goods and services, volunteer work of company staff, membership in management boards of local civic organizations, offering free use of premises and equipment, support for skill development of the civic organizations, etc.

Sponsorships are not considered philanthropy.

Even though they provide very important support in certain domains such as sports, culture and the arts, they are based on a commercial relationship and are essentially part of the company's marketing strategy.

It has to be pointed out that not every donation is philanthropy. While humanitarian donations help to relieve the consequences of certain social situations (e.g. donations for surgeries, donations in food and clothes, new year's gifts for children in orphanages, etc.), philanthropy has a developmental dimension to it, and by means of donations it strives to get to the root of the problem and to address the reasons for the social problems (support for reforms in the healthcare system, donations for programs that enable people to generate income to pay for food and clothes, etc). Both types of donations are necessary and important. Nevertheless, companies need to perceive donations as investments in society and strive to maximize

the lasting effects that the donation can achieve.

The company's finances are not crucial to its philanthropy. It is true that due to the volume of available resources, large companies can achieve greater impact and directly help address specific issues. On the other hand, the scope of activities in this domain is so wide that it provides numerous opportunities for active involvement in the community even with little funds. Small and medium size companies can utilize their immediate integration in the community in order to better identify its needs and to act in a focused manner with the available funds. By acting through a local civic organization, several small donations can join into one, and by expanding their donations jointly achieve the desired change.

BENEFITS FOR THE COMPANY

In addition to benefits for the society, community support brings benefits for the company, too. The philanthropic activities of the company are typically the most visible part of its socially responsible practices. Accordingly, they influence the company's public image, in the sense that it will be recognized by the general public as someone who cares and invests in the wellbeing of the community it operates in. In addition to the positive media coverage achieved from the donations, these also give legitimacy, i.e. a "work permit", to the company in the eyes of the wider community.

This may indirectly influence sales as well, since the brand will be recognized better. Moreover, it will influence the customers, since they prefer buying products

when they know that part of the profit will go back to the community, thus indirectly helping its development.

Corporate philanthropy improves employees' motivation and loyalty. It creates a sense of pride of working for a company that invests in the community they live in. Volunteering for the benefit of the community develops the employees' team spirit and builds their communication and cooperation skills.

In addition, corporate philanthropy activities increase the capacity and the opportunities of the company to develop partnerships in the wider community. They are identified as possible partners not only by the civic organizations, but also by the institutions, with positive effects to several aspects of the company's operations.



Philanthropy (philanthropos, „love for humanity“) - various forms of voluntary giving of assets, time or effort of an individual or a group for a common good, aimed at improving people's welfare.



CORPORATE PHILANTHROPY AND CORPORATE SOCIAL RESPONSIBILITY (CSR)

Corporate philanthropy is an integral part of the company's social responsibility, even though some experts emphasize that the CSR should not be equated with philanthropy. These experts are correct in the sense that corporate philanthropy cannot be a substitute for CSR. Many companies claim to be socially responsible because of donating significant amounts of funds in the community. This is not true. Giving cannot reduce the possible negative consequences that the company may have on the environment and certain social aspects,

or compensate for the unethical treatment by the company of its suppliers and consumers.

Donations cannot absolve the company from its responsibility for its impact on the environment, the employees, consumers, etc. In addition to philanthropy, the company needs to develop a strategic approach to CSR, with specific measures to address these influences and promote the company's practices in this field.

Nevertheless, the company's activities in the domain of corporate philanthropy are an integral

part of its CSR strategies regarding investments in the community. Corporate volunteering practices are also directly connected with the domain of human resources. Most of the activities recommended under the draft of the new CSR standard – ISO 26000¹, are realized through the well-designed giving programs.

It is important for the company to recognize this connection because it will help it improve its approaches in the domain of corporate philanthropy as well as in the domain of CSR.

¹ The CSR ISO26000 standard is in its draft version and is expected to be adopted in the autumn of 2010. For more information, please contact Konekt or the Ministry of Economy of the Republic of Macedonia.

CORPORATE PHILANTHROPY IN MACEDONIA

So far all research has shown that many companies in Macedonia donate. Despite the severe economic situation, according to the data obtained from the Central Register, the amounts donated by the companies can exert significant influence on the development in certain social domains.

The giving practices of our companies are most often ad-hoc, based on current requests for donations. Less frequently, some companies have well-designed giving strategies based on identified needs and long-term commitment of the company to influence a certain domain. Accordingly, apart from the donated amounts and where these donations were made, we have very

little data on the effect and impact of corporate philanthropy over the development in specific areas.

Companies in Macedonia prefer to make one-off donations and are not too open to multiannual donations and partnerships in the field of corporate philanthropy.

Unlike other countries, we have very few giving programs where the companies award direct grants to civic organizations or institutions. Quite often, companies prefer to give directly (purchase equipment, perform infrastructural interventions, etc). This is largely due to the lack of trust that the donation will be realized according to the agreement.

Corporate social responsibility (CSR) – the responsibility of the company for the effects its decisions and activities have on society and the environment. It is achieved through transparent and ethical behavior that contributes to sustainable development and takes into consideration the expectations of the stakeholders, is in line with international norms, and is integrated throughout the entire company.

Stakeholders – individuals or groups that have interest in each major decision or activity of the company.

| | 2007 (MKD) | 2008 (MKD) |
|---|--------------------|--------------------|
| Number of business entities that have reported donations and sponsorships | 847 | 399 |
| Sponsorships and donations - total | 438,568,792 | 473,036,824 |
| Donations to humanitarian organizations | 36,214,224 | 2,512,341 |
| Donations to citizens | 5,230,948 | 3,571,488 |
| Donations and sponsorships to scientific purposes | 35,085,961 | 35,819,371 |
| Sponsorships for cultural events | 127,472,287 | 33,124,220 |
| Sponsorships to sports clubs | 33,125,279 | 16,854,392 |
| Other sponsorships and donations | 201,440,093 | 381,155,012 |

TAX FRAMEWORK FOR CORPORATE PHILANTHROPY IN MACEDONIA

In Macedonia, The Law on Donations and Sponsorships in the Public Activities entered into force in 2007. With this law, the Republic of Macedonia acknowledges that philanthropy creates social good and strives to promote it by allowing tax incentives for the citizens and companies who donate.

For companies that donate (funds or in-kind), the law provides tax incentives in the area of profit tax, value added tax (VAT), and property tax. In addition, should the stakeholders, board members or employees wish to donate, the law provides tax incentives for their personal income tax.

Profit tax – according to the law, the donation is acknowledged as expenditure in the tax balance of the donating company, in the total amount of 5% of the total income (the amount for sponsorships is 3%).

Value added tax – according to the law,

VAT is not charged on the donation, i.e. the tax incentives are realized by allocating funds from the budget of the Republic of Macedonia for the payment of VAT expressed in the invoices for realization of the donation. VAT is not calculated on tickets for cultural, sports or other public events if all proceeds are used to fund public interest activities. In accordance with the Law on Electronic Communication, VAT is also not calculated on communication service fees when through their use the user donates funds to finance public interest activities.

Property tax – Donations of objects and material goods are waived of inheritance and gift tax when the giver transfers the right to extension and use to the recipient. It is also waived of property tax in the next 5 years from the year the donation was made.

Personal income tax – according to the law,

natural persons donating funds to a legal person are entitled to a deduction of the personal income tax determined on the basis of its annual tax declaration, in the amount of 20% of the annual tax debt of the donor, but no more than 24,000 MKD.

There is a special legal procedure prescribed for the realization of tax incentives which imposes obligations both for the donor and the donation recipient for proper record keeping, accountability, and control.

Analysis of the current enforcement of the law indicates there is a need for this law to be amended in a way that will allow its more straightforward utilization. The amendments are expected to be made in the course of 2010¹.

² For more information on the Law on donations and sponsorships in public activities, please contact Konekt.



STRATEGIC AND EFFECTIVE CORPORATE PHILANTHROPY

It is always stressed that corporate philanthropy needs to be strategic and effective. But what does that actually mean?

When we talk about **strategic corporate philanthropy** it means that the company's donations are in some way, even if indirectly, related to its business. In strategic philanthropy, the company attempts to achieve a double effect: at one hand it should contribute to the company's business objectives, while at the same time do good for the community. In addition, the company should strive to make its actions more focused,



unique and different from what others are doing in terms of giving and at the same time achieve visible effects.

There are many examples of various forms of strategic philanthropy. One example of direct connection between donations and the company's business is when the company operates in an area which inherently has such a significant impact on the environment that

the company decides to direct its philanthropic activity in this area by supporting environmental associations and projects. Another example is when the company decides to invest in the areas of concern to its customers. Companies predominantly working in foreign markets, such as companies working in Uzbekistan even though their head offices are located in Macedonia, may decide to direct a

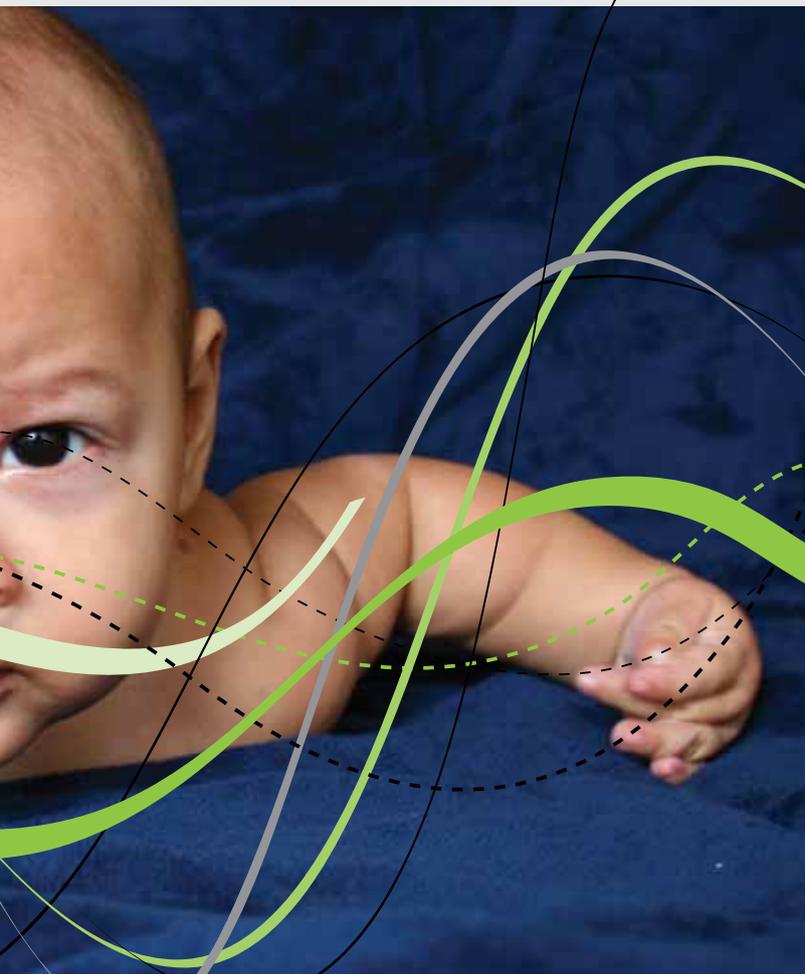
part of their philanthropic activities to support Uzbek communities. Companies whose priority is to invest in their employees may decide to direct their donations to address problems of the communities their employees live in. Several such examples are mentioned in this publication.

“TTK BANKA SUPPORTING THE CHILDREN”

Newborn children are the joy of the family but, unfortunately, in some cases the circumstances are such that the prematurely born babies have very fragile health and must spend some time period in an incubator. The employees of TTK Banka–Skopje came up with an excellent idea – in cooperation with the Intensive Care Department at the Children’s Clinic in Skopje they created a special room (called “Lactarium”) where they provided better conditions for newborns with specific health problems. The Marketing Department Director, Elena Mladenovska-Jelenkovic, says that the Lactarium Project’s goal is to “provide hope to the parents that there is a chance for quick and efficient recovery”. She says that this donation has great importance also for the reduction in infant mortality rates.

This was one segment of its donations program that won TTK Banka the 2009 National Corporate Social Responsibility Award. Elena Mladenovska – Jelenkovic says that the leading premise of the Bank is: “Every person should be judged not on the basis of what she/he has, nor who she/he is, but on the basis of what she/he does, not for oneself but for the welfare of others. Those who are leaders have the obligation to lead by example, not by telling”.





As part of its dedication to the youngest, TTK Banka developed and implemented a donations program that consisted of several phases and also included projects for support of activities and events aimed at stimulating the correct development of children, healthy life habits, education, better socialization and inclusion of children with special needs, support to institutions that greatly contribute for proper living and correct development of the children. Some of the organizations they supported include the Samson Ihtus Association of Children and Youth with Impaired Eyesight, the Artist School for Children with Special Needs, the Special Institution in Demir Kapija, the Children's Clinic, etc.

The focus of TTK Banka towards supporting young people and their families is also in accordance with their business undertakings. For example, in 2008 TTK Banka introduced a savings line for children called "Savings for the Child" in order to assist young people in the development of true values and attitudes about their future and help them realize their wishes and dreams. By doing so, TTK Banka focused its business and philanthropic activities on a specific target group in the specific period.

TTK Banka is a middle-size company with a big heart. Its employees believe that they need to help in every possible moment and as much as possible. In addition to the Lactarium, they have also donated savings deposits with a total balance of 85,000 denars to all 85 children in the SOS Village, and provide tickets for every cultural or sports event that these children would like to attend. The goal of these actions is to directly influence the improvement in the quality of life and their inclusion and socialization. "The intention of the business is not to exist only for itself but also do something for humanity", say the people from TTK Banka.



On the other hand, when we talk about **effective corporate philanthropy** we refer to the effects and impact that philanthropy has in the areas defined as priorities by the company. In doing so, it is not sufficient just to have accurate information on how many donations have been made and what for, but rather what is the end result that has been achieved and how it can be monitored and measured. For example, a company decides to reduce poverty among the Roma population in a certain municipality, and creates a giving program for associations working on Roma issues. An effective philanthropy program needs to answer not only how many grants have been awarded and how many Roma citizens have been included, but also information about the extent to which the program has enabled the recipients to generate their own income and to break the vicious circle of poverty by improving the wellbeing of their families on their own.

In order for philanthropy to be effective, it is not necessary for the company to link its donations with its business in order to

achieve a double effect. At its core, philanthropy has a personal and often emotional dimension to it, based on which philanthropists decide where to donate, which makes it a powerful driving force. For example, the owner of a company may be personally dedicated to the issue of street children and decide to focus his company's philanthropic activity in this particular area even though it has no common ground with his/her company's business activities. Nevertheless, the way in which philanthropy will be effectuated and the desired effects the company wishes to achieve in the chosen area must be carefully designed in advance.

Even though there are differences between strategic and effective corporate philanthropy, both are based and insist on a focused approach. The resources that any company has at its disposal for donations are limited. In order for philanthropy to achieve the desired effects, it is especially important for the company to decide which fields and issues it wants to influence through its donations. One of the main indicators that the company has a well-planned philanthropy policy is when the

giving policy defines precisely what fields the company will not support with its donations.

Corporate philanthropy is a social investment of the company in society. In that respect, it should be treated as any other investment. As the company plans its business investments, it also needs to dedicate attention to planning of the donations. First of all, the company needs to decide what end result (in terms of social changes) it wants to achieve through its donations. Secondly, it should think about the ways in which that result can be achieved with the available resources. This should be accompanied by a well-planned system for monitoring and measuring of the effects which will indicate whether the selected method of social investment is appropriate.



PARTNERSHIPS WITH OTHER STAKEHOLDERS IN THE REALIZATION OF THE PHILANTHROPIC OBJECTIVES

Many companies, especially in Macedonia, act independently in the realization of their philanthropic activities. However, clever companies know that it is much easier, and the effects are much bigger, if the investment in the community is realized in cooperation with actors from the respective community, institutions and civic organizations. They can help the company identify and analyze the needs, define the best approaches, appropriately channel the donations, and measure the achieved results.

In certain areas such as education, it is necessary to cooperate with the institutions, e.g. schools and municipalities. However, in almost all domains of society usually addressed by philanthropy, civic organizations can be key partners for the

company. While the company's primary activity is to generate profit in the field it operates in, the main activity of each civic organization is to analyze the needs and circumstances in the community in the field in which the organization is active in. They are constantly in contact with the target groups which they serve and usually keep track of the new trends in addressing social problems. Due to the way they operate, civic organizations are more flexible than government institutions adapt more easily to the cooperation with companies.

Unlike in Macedonia, companies in the other countries prefer to focus their philanthropic activities through civic organizations in the form of direct donations, grants, and other types of cooperation. Civic organizations are the natural partner for them since they are

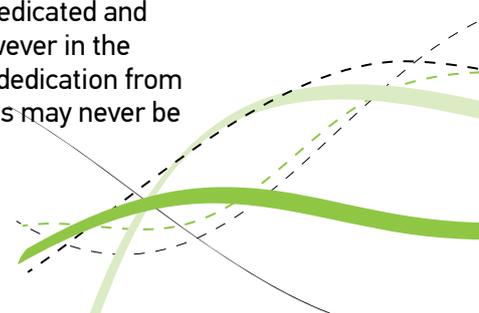
based on a private initiative in the social sphere much like the companies being private initiatives in the market sphere. Many owners and managers believe that the companies allocate sufficient funds for the institutions through the taxes they pay so they decide to direct their company's philanthropic funds to private, independent civic initiatives not funded by the state budget.

Of course, for the companies it is very important to identify and choose the right institutions and civic organizations to cooperate with. They must possess a high degree of dedication, ethical behavior, transparency and responsibility, in order to be able to justify the company's trust in them. This makes cooperation productive and helps it achieve the desired effects.



PROCESS OF DEVELOPMENT OF A CORPORATE PHILANTHROPY STRATEGY

The first and foremost precondition in the development of a considered approach to corporate philanthropy is the dedication of the company's senior management, its owners, shareholders, board members, and executive directors. The employees in charge of the company's donations are often highly motivated and dedicated and propose excellent ideas; however in the absence of a real vision and dedication from the management, these ideas may never be accomplished.





This is why every good philanthropy strategy begins with a decision made at the very top of the company, followed by delegating responsibility to some of the responsible persons who will implement the planned and designed steps of the process either individually or as part of a team.

The process of strategy development may seem complicated, but essentially there is a logical sequence to it, and can easily be adjusted to each individual company regardless of its size or available resources. The process reviewed in this manual is comprehensive and includes most of the elements that constitute the corporate philanthropy strategy. Nevertheless, it only provides a structured frame, and different companies it can be implemented in different ways. It is important to cover all phases of the process, but within each phase the company may decide on its own how detailed its strategy will be developed. This is the reason why this process can be used in small and medium size companies, in companies with existing philanthropic practices as well as those that are just beginning to design their donations.



THE HEROES FROM THE BOOKS ALSO HELP IN THE REAL LIFE



“The book is waiting for you, find it!”

Books are man’s best friend or at least it used to be like that. Today, beside the fact that computers are taking over, books are still a challenge for everyone. Having this in mind, this year’s message on occasion of the International Children’s Book Day – “The book is waiting for you, find it!” is a kind of an appeal to look back, reflect and return to the book. For this purpose, the celebration of the International

Children’s Book Day (2 April), in addition to the various events around the world under the auspices of Spain, initiates many publishing houses to donate books for children, especially to those who can’t afford them.

On Children’s Book Day, the only publishing company for children in Macedonia, *Vermilion*, donated 100 copies of its children’s and young adult titles to the Home

for Orphans “11 Oktomvri” and to the Children Village in Skopje. “Children must not be forgotten” say the people of *Vermilion* and also add that their leading thought is “the Book is thinking of you”...

Contrary to other countries, the presence of children’s literature in Macedonia in recent years has been quite marginal.





Therefore the appearance of this publishing house for children from Skopje which not only brings us closer to authors such as the famous Spanish writer for children Eliacer Cansino (who came up with the above motto) but it is also taking us deeper into its message, was especially surprising. *Vermilion* does not wait for the children to find the book but rather it helps the book to find the children; to find the children in order to help them.

Vermilion covers a small and very specific part of the publishing production. All its work is in a form of attractive literature that has educational content for the children with a main focus on peace, tolerance and diversity. *Vermilion's* specialized mission also successfully includes social responsibility for which we can say that it is becoming one of the main features of this publishing house.

Last year, on the Children's Book Day, in order to support the work of the only children's library "Drugarche" in Skopje, *Vermilion* donated 90 of its books. By doing so it continued this tradition of essential celebration of the Children's Book. In 2007, *Vermilion* decided to donate 10% of all proceeds coming from each copy sold of the book "Peter Pan in Scarlet" by Geraldine McCaughrean in order to support the work of the Institute for Lung Diseases in Children – Kozle. This was followed by a financial donation intended for this health institution.

"It was a small amount" says Ms. Marija Todorova, editor and co-founder of *Vermilion*. In her own words: "the joy of the children in the hospital during the visit and the small theater performance by the students of the Faculty of Acting

and Drama was priceless. They were joyful, smiling and communicating with one another...". After the performance, the students gave one book to each child in order to make better their stay in the hospital – knowing about this idea the students asked to volunteer in this activity. The latter shows the effect from the philanthropy mission of the company – Ms. Todorova says that even the printing house that printed the book got interested in the activity during the process and cooperation, to voluntarily provide its contribution so that the book could quickly and easily reach the young readers.

Vermilion's books are about heroes that, through self-identification, make the children and the youth stronger, especially those for which the community needs to develop a greater sense of responsibility and to show greater care. These include children with special needs, young people that are victims of domestic violence, and other marginalized groups.

This specificity in the themes is, essentially, the very key in the chain that connects the philanthropic tendencies with the concrete business operation of the company. In this regard, in the course of preparation for this year's celebration of the Children's Book Day and when deciding about the donations, *Vermilion* discovers a new, deeper perspective of Cansino's message. "Essentially, it is the book itself that tells us where to donate", says Ms. Todorova.



1. Appointing a person/team responsible for corporate philanthropy

Even in Macedonia, most companies have appointed persons responsible for donations. These are usually staff members of the PR department, marketing department, or CSR department if the company has a special department for this. As we mentioned previously, it is important for these persons to have the support of the company leadership in the development and implementation of such a strategy. The key person behind all giving decisions must be one of the heads of the company, in order to give them the place they deserve, which is not to say that this person must be involved in the daily implementation of the giving programs.

2. Analysis of the company's objectives and previous giving practices

Prior to planning the company's philanthropic approaches, it is useful to start with the existing conditions and practices of the company. The persons in charge need to consider the company's strategic business objectives and identify the key aspects of corporate social responsibility. This will enable them to develop an approach to corporate philanthropy that will correlate with the overall strategy of the company and integrate into the CSR strategy.

It is also important to analyze the existing giving practices – what were the objectives of the donation, who were the recipients, what effects were achieved, what

were the challenges that the company faced in the realization of the donations, what system was used for donation monitoring and reporting, etc. This type of analysis is a good foundation for planning of the future strategy.

As part of this step, it will be necessary for the persons in charge to consult with and include the department managers, the management board and other employees involved in the making of strategic decisions of the company.

3. Identifying the desired social changes

When developing a philanthropic strategy, the important thing is to start from the end, i.e. the change that the company wants to see happen in society. It is important that the company considers the wider social processes. The desired social changes will actually articulate the vision of the company in the area of corporate philanthropy. Examples could include: achieving sustainable development of the local community, building a society that will respect human rights, increasing the level of active labor force in the country, achieving integration of the disabled, etc.

4. Identifying the fields of activity

Naturally, no social actor can achieve such wide scale changes single-handedly and only with their own resources. This is why it is important that in the next step, and having in mind the final objective, the company focuses and selects the specific fields of activity. For example, if in

the previous step the company decided that its objective was to improve the environment, in this step it may decide that it would focus solely on reduction of solid waste and promotion of ecotourism.

The fields of activity will be determined on the basis of the analysis carried out in Step 2, and it is good to also include the opinion of the key stakeholders of the company (employees, suppliers, consumers, shareholders, civic organizations, etc.).

Depending on the size of the company and the resources at its disposal, the strategy can support several diverse areas (e.g. environmental protection and support of marginalized groups). What is important is for them to support the vision for social changes that the company wants to achieve and to be integrated into a common strategic approach. As mentioned previously, probably the most important thing for the company is to decide what areas not to support. This will allow for a focused approach and rational use of available resources.

5. Analysis of the current situation and needs

Once the fields of activity are determined, they need to be explored from a point of view of the current situation and the needs in that particular area. The solid waste problem is multifaceted and can be addressed from various aspects, such as recycling, educating citizens about waste selection, promotion of the use of recyclable or biodegradable packaging, improving the

legislation and local regulations pertaining to the treatment of solid waste, etc.

This analysis will help the company determine how to achieve the biggest influence in the chosen field with the resources available for philanthropic activity. Often, companies don't have sufficient in-house expertise about the social field, and that's why this analysis should be performed with the help of experts, local civic organizations, institutions, etc.

6. Setting specific and feasible objectives

Based on prior analysis, the persons in charge will define the specific objectives of the corporate philanthropy strategy. These objectives should strive to achieve the desired influence; however it is important for them to be feasible in accordance with the analysis of the conditions and available resources. The specific objectives require measurable results that will include indicators of the scope and range of the donations, but also of the results that need to be achieved.

By setting specific objectives, the company will be able to easily measure the results achieved by corporate philanthropy.

7. Choosing the best approach to corporate philanthropy

The objectives of corporate philanthropy can be achieved through different approaches and channels of philanthropic activities. The company can award grants to civic organizations and institutions, provide free expert assistance, donate its own products, implement projects in

cooperation with local partners, etc. The following chapter provides an overview of several approaches to corporate philanthropy, illustrated with specific practices of companies in Macedonia and the region.

When choosing the right approach, all prior analyses need to be taken into account and an effort must be made to maximize results in terms of effectiveness and efficiency.

In this phase, the company needs to also think about partnerships it may develop with other institutions and/or civic organizations that would help it realize the desired objectives.

8. Development of an annual plan for implementation

The annual plan for implementation is based on the established specific objectives and the selected approach. It should contain detailed information about the funds to be donated, the number of recipients/beneficiaries, timeframe for realization of the donations, etc.

The annual plan also needs to include a budget which is necessary for the management of the corporate philanthropy programme.

9. Monitoring and measuring the results.

In reality after the companies donate they often don't have any insight into what was achieved with the donation, whether it was realized as agreed, whether it achieved the expected results, etc. That is why it is important when developing the strategy to identify specific ways in which monitoring of the implementation of the

donations as well as measurement of the results will be performed.

The monitoring can be carried out in various ways – requiring that the recipients submit narrative and financial reports; monitoring visits; participation in activities organized by the recipients; special forms for recording and monitoring the results, etc. The approach will depend on the available resources of the company (human and material).

In order to properly measure the results it is of utmost importance to determine indicators for the overall strategy as well as for each separate donation. Both input indicators as well as impact indicators must be measured. For example:

Input indicator: Three new devices have been donated to the Oncology Clinic worth 1 million Euros.

Impact indicator: According to information from the Oncology Clinic, the donation has helped reduce the waiting time for the patients for 2 hours and has increased the scope of patients served by 15 %.

If during the monitoring process the company concludes that the desired objectives are not being achieved, then it is necessary to revise the approach.

In addition to these indicators, the company can also measure the following aspects:

- The level of satisfaction of the beneficiaries and the opinion of the community about the company's effort.
- Information published in the media (both positive and negative).
- Additional resources mobilized from other sources for the projects supported by the company.
- Number of work-hours invested

by the employees as volunteer work or expert assistance to the community.

- Level of donations collected from the staff for the projects supported by their company.
- Level of cooperation and partnership with other actors in the community, etc.

For companies that have been implementing corporate philanthropy programs for a longer period of time, it is good to have external evaluation in order to get an objective idea of the influence achieved by the company through its philanthropy.

10. Reporting to stakeholders

Reporting is one of the key elements of effective corporate philanthropy. In Macedonia, many companies restrain from sharing information about their level of donations in the course of one year. On the other hand, donations are often used to promote the company; however this type of reporting is quite often merely well packaged superficial information which does not contain the essence of the company's corporate philanthropy.

Corporate philanthropy reporting must be well thought out and based on transparency and accountability, as well as communicating a consistent message to all stakeholders. In addition to the fact that the community wants to know about the ways in which the company invests in its promotion, good reporting enables it to maximize the indirect benefits of the philanthropic activity (better

public image in the community, proud and motivated employees, brand recognition, etc).

Communication about the company's philanthropic activities needs to be external as well as internal. The employees and shareholders are some of the key stakeholders. The employees want to know the ways in which the company they work for supports the communities in which they live together with their families and are proud to share that information with the general public. It is important for the shareholders to know what a part of their profit has been invested in and the level of improvement achieved in the society.

The wider community is interested in how much the company "gives back". They are skeptical when they don't have the complete information and in such cases they may consider the donation a manipulation or merely a form of advertising. When the company is prepared to share essential information with the community about its philanthropic activities (including the level of donations) and the results achieved, it builds trust in the community, increases its reputation, and gains legitimacy for its work.

Very often, thanks to reporting, the company can in turn receive useful opinions, advice and recommendations from the stakeholders that will assist it in revising the strategy and improving the effects of the donations.

Also, reporting about the company's investments in the community could inspire and instigate changes in the practices of the other companies as well as the society in general.

Reporting methods

The corporate philanthropy report should be integrated in the company's regular annual report. According to the latest trends, in their annual reports the companies include information not only on business results and financial indicators but also refer to social and environmental issues. In that way the company demonstrates a systematic approach to social responsibility. It is sometimes useful for the company to prepare a separate corporate philanthropy report, which should also include the main objectives of the company.

In order for reporting to be effective and efficient it is important for the company to define its priority target groups as well as the key messages it wants to convey. Based on this it will select the communication channels.

The reporting channels can be various. It is practical to utilize the existing communication channels that the company has with the stakeholders. For example, if the company publishes an internal newsletter for the employees, it can include regular information about corporate philanthropy. Bulletin boards, memos, the intranet can also be used for internal communication.

Websites are an excellent method of informing the general public, without any substantial costs. Various types of communication

tools can also be used to inform the public, such as quotes and press releases, annual reports, video materials produced by the company, articles in relevant magazines, etc.

Content of the report

The corporate philanthropy report needs to include information on:

- Fields of activity of the company and desired impact.
- Strategic objectives of the corporate philanthropy programme.
- The way community investment is managed and decided upon, including information about the persons in charge of corporate philanthropy.

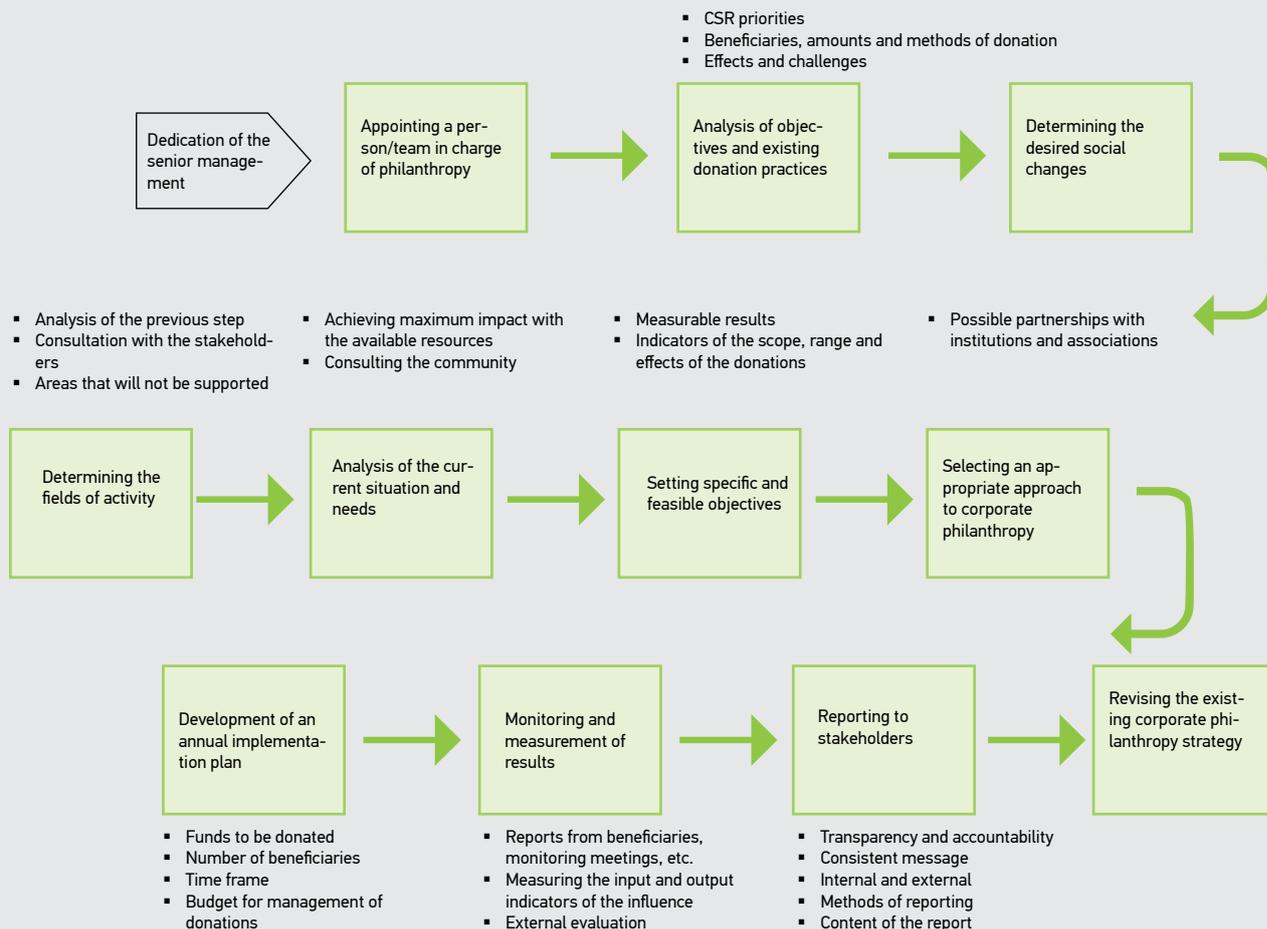
- Level of involvement of stakeholders.
- Financial indicators for corporate philanthropy.
- Comparative analysis of achieved results and future objectives, to demonstrate long-term commitment of the company to community investments.
- Information on future challenges and plans in this domain, and how these fit with the other segments of the company's activity.

11. Revising the existing corporate philanthropy strategy

Occasionally it is necessary for the company to look into the

implementation of the existing corporate philanthropy strategy and revise it. The revision will be based on the measurement of the results by the company, the feedback from the beneficiaries and other stakeholders, good practices of other companies, experiences in the country and the region, etc.

The social environments as well as the business operation of the company are dynamic processes, and accordingly it is necessary for community investment approaches to reflect these changes.



APPROACHES TO CORPORATE PHILANTHROPY

The company can invest in the community through various forms of corporate philanthropy. Some of the most frequently used are discussed below. They are also used by companies in Macedonia and the region, as illustrated in the specific examples. The examples include information on the reasons why a particular approach was suitable for the company and discuss its main characteristics.





ESTABLISHING A CORPORATE FOUNDATION

Many companies make a strategic decision to separate the management of community support activities into a separate legal entity – a foundation through which their donations will be channeled. Even though it is founded by the company, the foundation operates as a separate legal entity of non-profit character (the funds coming into the foundation cannot be distributed to the founders or management board members). The foundation has a separate management structure and separate administration although due to practical reasons the administrative work is often performed by the company's departments.

The advantage this approach offers is that it allows for greater transparency of the philanthropic activities since the foundation itself has to prepare separate annual reports and balance sheets. Also, it provides a focused approach to philanthropic activities and increased visibility.

On the other hand, the establishment of a foundation requires additional efforts of the staff and the management in the development and management of the foundation which is why this model is typically used by larger companies.

Since the foundation is a non-profit legal entity, all donations coming into the foundation can use the tax incentives in accordance with the Law on Donations and Sponsorships in Public Activities.

TRAJCHE MUKAETOV FOUNDATION INVESTS IN THE BEST FROM MACEDONIA



Social responsibility is part of the tradition of Alkaloid AD. “We in Alkaloid believe that, through our social responsibility we can contribute to the improvement and development of the community in which we operate. We support (and will continue to do so) all the best things from Macedonia, be it projects from culture, sports, science, art, young people’s needs, environmental protection”, explains Zhivko Mukaetov, General Manager of Alkaloid. Alkaloid is a dedicated friend of Macedonian sports, including handball, volleyball, basketball, and chess. Also, the company helped provide a Steinway piano for the Macedonian virtuoso Simon Trpchevski.

The company shows its dedication to its main activity by providing significant support in the field of healthcare

and pharmacy. “I would like to emphasize our partnership with the Macedonian healthcare and pharmacy sector that is constantly improving. Alkaloid continuously assists and supports, regardless of whether we are talking about in-kind donations and equipment, support for research projects, or staff training”, says Mukaetov.

In order to achieve long-term development of the healthcare sector, in 2007 Alkaloid established the Trajche Mukaetov Foundation which awards scholarships to young and ambitious students that have dedicated their careers to these industries. The Foundation for support of young students was established in honor of Trajche Mukaetov, who successfully led and developed the company since 1985, establishing Alkaloid as the leading pharmaceutical company

in the region. Dedicated to permanent development, this visionary believed that increased investment in scientific, research and developmental activities is necessary for achieving the desired prosperity. “The Foundation was established for exactly same purpose. We believe this is the best way to support young people – the best, most talented and ambitious of them,” says Mukaetov.

So far the Foundation has provided scholarships for 102 students of pharmacy and medicine at the Ss.Cyril and Methodius University. In the process of selection of these students, the Foundation insists on high transparency and clearly defined criteria. Every year the company publishes an open call in the media, and the Foundation’s founder is not involved in the selection process and the work of the Committee actually selecting the



students. The Committee includes representatives from the Foundation, from the Dean's Offices at both Faculties (Pharmacy and Medicine) and students, and in making its decision it uses clearly defined and publicly available criteria, in a procedure that has maximum transparency. The scholarships are being awarded for third year in a row, and amount to 6,500 MKD per month throughout the entire calendar year. The Foundation has a strictly defined procedure of informing all the applicants about the scholarship. The final results from the selection process are published in the print media.

In addition to providing financial support for the students, through the Foundation Alkaloid is able to recruit its future employees. Last year, the company hired five graduated fellows of the Trajche Mukaetov Foundation. Starting from this year, the best student from both Faculties will receive a one-off financial award by the Foundation, and in the future it plans to introduce the Trajche Mukaetov Award for best scientific paper in the area of pharmacy, medicine, healthcare, or science. Given the fact that in Alkaloid's portfolio social responsibility has always been a tradition, its employees and

shareholders support these activities. "As a company, we are prepared to take part and we are involved in creating social responsibility. That is the reason why Alkaloid strategically plans its corporate social responsibility in its annual plans, and our employees and shareholders are proud of our joint contribution to the community, its prosperity and development, and creation of true values," concludes Mukaetov.

RENOVA COMPANY PROVIDES SCHOLARSHIPS FOR GIFTED CHILDREN



Children usually have a dream that one day, when they grow up, they will become physicians, police officers, businessmen, journalists, or something else. In order to achieve that, children have to study, work, and they will succeed. The dream can come true, but the children have to be educated in order to acquire knowledge, self-confidence and a prosperous future. Unfortunately, there are many young people that want and can learn, but cannot afford it in a situation of social changes and world economic crisis. One such child is Elena Nedelkovska from the village of Neproshteno, near Tetovo. In her final year of studies at the School of Forestry in

Skopje, she was lucky to receive a scholarship from the Renova Foundation.

Elena says that, when she graduated from high school, she found out from her friends, purely by chance, that the Renova Company provided scholarships. "There were a lot of candidates and I was especially happy to find out that I won the scholarship", says Elena and adds that she probably got it not only because she was an excellent student and met the required conditions but also because she was lucky.

This happy girl says that the money she receives is of great help to her because she is able to cover some of the costs of her studies. Elena has always

been interested in interior design and furniture design although she is not very much into making models because they require precision work which is not something she likes doing. "As long as I can remember, I've been reading magazines, especially the pages about how to arrange your home. That is why I enrolled in the School of Forestry, at the Department of Furniture and Interior Design and Technology".

She dreams of becoming a good and well known furniture designer. She thinks that this is a very creative job. "I am a creative person myself – I make jewelry and I enjoy creating various furniture designs" says Elena and adds that in the



future she would like to make high-quality furniture.

“I see people buying new furniture which is often cheap, of a low quality and just for showing off. I want to make high quality furniture because we forget that these are the things we use the most in our daily lives and things that contribute to a great extent to our health”.

The Idrizi brothers, in addition to investing in factories, decided to also invest in the development of our society, from providing humanitarian donations to funding for infrastructural projects. Renova Foundation’s mission is stimulation and promotion of young people in their respective professions, and awareness raising as well as promotion of ethical values among young people, through various activities for their successful involvement in the social processes.

The Foundation was established in 2005 and each year provides scholarships for around 90 university students and 60 high-school students. The owners of Renova Company, Shefki and Genan

Idrizi, say that they provide scholarships for gifted young people because they want to invest in their own future and the future of their country.

“The support that we provide to young people is of great help for the parents that don’t have enough money to provide education for their children. And the students return the favor by achieving success”, says Shefki Idrizi.

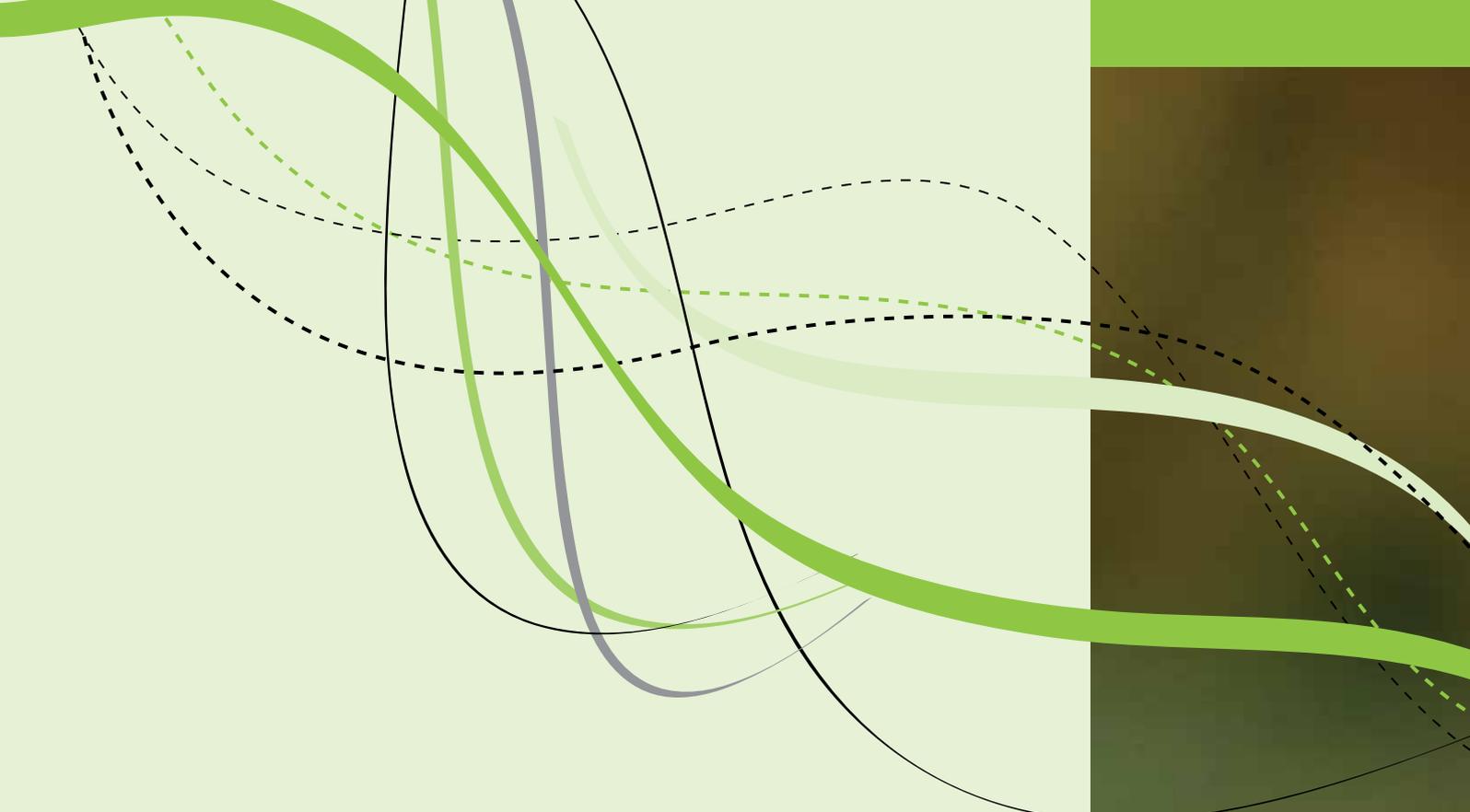
One of the Renova fellows is Zekrija Curi, a student of Albanian language and literature at the School of Philology in Skopje, at the Translation and Interpreting Department. “I’ve always wanted to become an Albanian language teacher, to teach young people and contribute to better literacy and knowledge acquisition”, he says. The scholarship he gets is very important to him because the cost of the studies are high.

He has been a Renova fellow for two years now and hopes that he will remain so until the completion of his studies. This helps him to “move forward”, to “upgrade himself and graduate with success”.

In the last 5 years, more than 450 university students and around 300 high-school students have received the scholarship. The amount of money provided for one year is around 32,500 denars, i.e. 3,600 denars per month during the study year. High school students receive 18,000 denars for one school year, i.e. 2,000 per month during the school year. In addition to providing financial assistance, the company also offers employment opportunities in Renova.

The Renova Company from the Tetovo village of Dzepchiste produces dry materials and glues for finishing works in construction. The company also owns a football team, in order to provide opportunities for young people to engage in sports and acquire healthy habits, to work as a team, develop friendships, and lead a healthy lifestyle.





GRANTS TO CIVIC ASSOCIATIONS AND FOUNDATIONS

This approach is less practiced by Macedonian companies. In it, the company decides to distribute funds allocated for donations by way of grants for projects by local civic associations and foundations in the fields connected to the company's corporate philanthropy. In the process, the grants are usually awarded via open calls for application and are awarded by independent committees

deciding according to predetermined criteria. This approach is highly transparent and fair because it enables equal access to all organizations working in the respective area. It is also very useful for the community, since it contributes to the sustainability of the civic sector, thus promoting the democratic processes. Furthermore, this approach helps the company identify a larger number of beneficiaries

and potential partners that may remain unknown if approaching individual associations.

Finally, this approach allows the company to support various innovative approaches to a given field, reach a larger number of beneficiaries (usually each association has its specific target groups), and improve the results in the area it wants to achieve impact in.





THE DEVELOPMENT OF THE CIVIL SECTOR IS A PRIORITY OF THE CORPORATE PHILANTHROPY OF HOLCIM HRVATSKA

Corporate social responsibility is an integral part of the strategy of Holcim Hrvatska, its culture and code of operation. This company which is part of an international giant in the production of cement, concrete and aggregates, strives to achieve a balance in the influence exerted by its operations in three specified segments: financial, social, and environmental.

Holcim Hrvatska believes that the development of civil society is a precondition for achieving sustainable development. That is the reason why this company is one of the few in the region that focuses its philanthropic activities almost completely towards the development of NGOs. It even goes one step further and announces public calls for awarding

grants to NGOs, which are available on the company's website.

"We are convinced that strong organizations which have knowledge about the problems and obstacles facing the economy are the partners we can work together with in the public sector in order to achieve sustainable development. We accept the organizations as our partners and are prepared to listen to their comments and proposals and incorporate them, if this brings improvement", says Zarko Horvat, Industrial Ecology Manager at this company.

"We have decided to work on strategic and long-term cooperation with the local community. One segment of this cooperation is also realized through our donation program", he explains.

Holcim Hrvatska is specific in that that it develops a system of clearly defined criteria and rules that are part of its Donation Principles. The company donates primarily to the communities it is active in. The areas of support are publicly announced prior to the donations. The majority of the philanthropy funds is directed to projects from NGOs (less than 10% of the total amount of program funds goes to direct one-off donations). It develops partnerships with the organizations and tries to help them with its knowledge and experience in the development of the projects. Through its annual calls for grants it wants to motivate organizations to develop their capacity for securing funds needed for their operations.



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He particularly underlines the importance of organizing the Good Ideas Fair, which Holcim Hrvatska organizes for NGO representatives. “At the fair, organizations can present their projects, share experiences, establish contacts, assists each other in the implementation of activities, etc.”, explains Horvat, adding that equally important are the meetings dedicated to evaluating the implementation of the project, which address the problems faced as well as the methods used for resolving them.

Holcim Hrvatska is a company which, among other things, tries to raise awareness that philanthropic activities should not be aimed at filling the holes, mending or “patching up” societal oversights (healthcare, culture, education, social support, etc.), because this may even lead to degradation in the quality of life for the citizens. “Having your picture taken holding a cheque in your hand is not a form of a corporate social responsibility. Why? What happens when that moment is over? What will there be left for tomorrow? Where is the sustainability

in this?”, says Horvat, adding that this is why it is necessary to have strategic business and socially responsible planning and operations.

One example of the way they address major social challenges is the fact that in 2009 their Donations Program focused on anti-corruption projects. „What we wanted to do was to help change the sit-and-wait-for-somebody-else-to-solve-your-problems way of thinking, promoting the necessity for that to become everyday practice for each and every one of us”, concludes Horvat.





ERSTE BANK IN SERBIA IS A COMMUNITY- CARING CITIZEN!



One of the largest European banks “Erste Bank”, thanks to its engagement and investments in culture, arts and education, acquired the status of a “community-caring citizen” in Serbia. This bank has been initiating and donating funds for quite some time now in various campaigns that contribute to the development of culture and art in society, assist the European integration processes, but also influence the improvement of the social picture of the country as well as environmental protection awareness raising.

Its target groups include young people, educated and creative people, including marginalized groups in Serbia that need assistance; and socially responsible business operations are an integral

part of its corporate philosophy and part of its long-term strategy. The Bank usually acts in partnership with the NGO sector, and the donations are awarded through open calls for grants. In addition to grants, the bank also offers its know-how and the skills of its employees to its partners through consultation and mentoring.

“Erste Bank” is one of the very few institutions that have a Corporate Philanthropy Strategy (which is integral part of the Corporate Social Responsibility Strategy) and is actively involved in addressing key social issues, with a long-term perspective. The key characteristics of its active involvement in the community include: vision, responsibility, innovation,



confidence and proactivity. Sonja Konakov, Head of Corporate Social Responsibility, says that this bank understands the “corporate social responsibility as an overall frame for management with the company”, starting with the idea that the “realization of the economic objectives is possible only in advanced and stable communities as well as with strategic investments in the community which the Company belongs to”. She adds that, in this way, in the last 5 years in Serbia, the Erste Bank established a reputation of a “caring citizen!”.

One initiative which attracted significant public attention is the “Centrifuga” program for donations in culture, initiated by Erste Bank in partnership with the Balkan Fund for Local Initiatives became in 2007. “Centrifuga” is a donation program aimed at supporting local youth initiatives in the field of culture throughout Serbia, and according to the idea of decentralization this program supports initiatives which are active in locations where the bank

has its branch offices. The goal is to activate young people at the age of 15 to 30 to initiate and promote new cultural content in their respective local communities, to stimulate the involvement of young people and the development of new trends in the community in which they live.

Konakov explains that donations are provided to “festivals and events, theatrical and puppet performances as well as for other type of modern theater, music events, various art programs, visual arts, dance, literature, and programs related to contemporary artistic expression”. She adds that the project also includes “important issues such as the inclusion of persons with special needs, the promotion of Roma culture and youth creativity”.

“The true success of the ‘Centrifuga’ programs is witnessed in the fact that the cultural map in some cities in Serbia has been permanently enriched with content that was created for the first time”, explains Konakov. The organization

“Shakespeare’s Children” from Uzhice organized a summer journalism school for 20 participants. After the training, the students launched the first youth radio program in the city of Uzhice (on the “Luna” radio). The organization “Land of the Child” from Smederevo organized an exhibition of paintings entitled “Pictures from the Darkness”. These paintings were made by blind persons and the exhibit was also shown at the Cultural Center in the city of Chachak as well as on the “Night of the Museums” event in the National Bank of Serbia in Belgrade. In the last 3 years, “Centrifuga” has realized 20 projects in 17 local communities in Serbia.

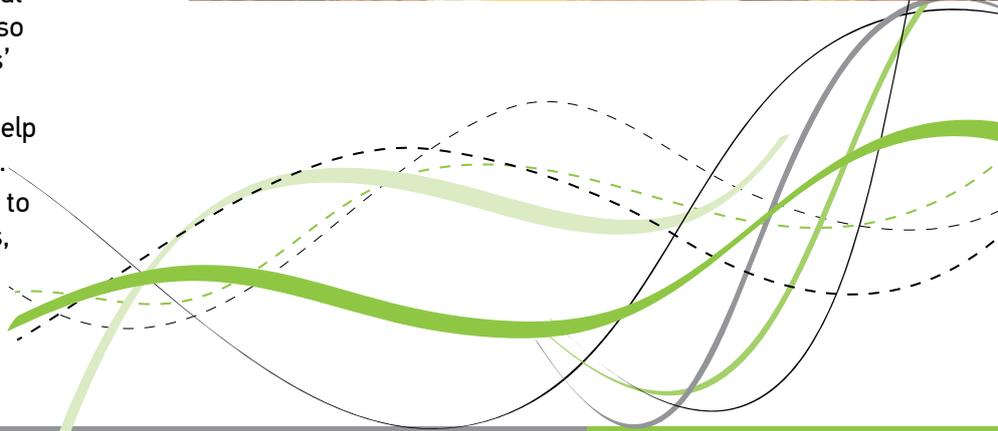
Erste Bank Novi Sad is a member of the Erste Group which is a financial institution established in 1819 as the first savings bank in Austria with a dual objective – to facilitate the access to financial services for ordinary people and to support social activities in the community in which it does business.

INVOLVING EMPLOYEES AND OTHER STAKEHOLDERS IN PHILANTHROPIC PRACTICES

For many companies, their employees are one of the key stakeholders and that is why they look for methods to get them involved in the activities of the community. Listed below are some of the ways this can be done:

- Including employees in the committees deciding on the grants.
- Giving employees the opportunity to propose areas and problems that the company needs to donate about.
- Encouraging employees to donate to various local associations and initiatives by matching donations from the company.
- Employee volunteering (corporate volunteering), that is allowing employees to volunteer a certain number of days a year for the benefit of the local community.

This approach is especially good for companies that have identified human resources as one of the priorities of their CSR strategy. In addition to the fact that this approach changes the awareness of the employees and promotes individual philanthropy and active citizenry, it also has a positive influence on employees' morale and enthusiasm. Corporate volunteering programs in particular help build team spirit and teamwork skills. Some companies apply this approach to other stakeholders, such as suppliers, consumers and clients.





The challenge that this approach presents is that it requires more time to organize the overall process, which in turn makes it easier to implement in micro companies or companies with an established HR department.

THE NEIGHBORHOOD BANK CARES ABOUT THE COMMUNITY



In order to change the perception that banks are only focused on making money and not on the general welfare of the community, and to point out that there are banks that behave like they are the nearest well-intentioned neighbor that you cooperate with in the maintenance of the building you live in, the Procredit Bank staff promoted the “Neighborhood Bank” slogan. They believe this slogan best describes the strategy and the approach to the citizens and the community, and through actions they work on changing the general perception about banks as institutions that care only about profit but not about the general good of the community.

The strategic approach to social responsibility is the key principle of Procredit Bank’s corporate values,

aimed at bringing down the prejudices that people have when one mentions the term “Bank” which they associate with money, wealth, power, and the strict look of the banker from the other side of the counter. In the modern world too, banks are synonymous with the rigid parts of society – they are expected to be very formal in their approach to citizens and the community and care only about their own profit.

“In addition to its business activities, Procredit always tries to be a good neighbor by getting actively involved in the projects that bring good to the neighborhood”, says Biljana Trajkovska, PR Officer in Procredit Bank. The principles of community investing are applied by the Bank in its promotional activities, too, such as events, celebra-

tions, opening of new branch offices, and other public events that the bank organizes. “The Bank’s anniversaries are celebrated with projects bringing good for the neighborhood, in a working manner, and with campaigns through which the employees show that they care for the environment. When opening new branch offices, we are trying to make social events that will contribute to improvement of the life and conditions in the community”, says Ms. Trajkovska. What makes the Bank special in its corporate philanthropy practices is the fact that the employees decide directly where to donate the funds and are involved in the activities aimed at making the community a better place to live in. Each of the Bank’s branch offices throughout Macedonia has a certain amount of funds





at its disposal which it can give as a donation to its community. The decision where this money will be donated is made solely by the employees of the branch offices, without influence from or need for initial endorsement by the Bank's general management. Employees of the branch offices make proposals on their internal staff meetings and decide which initiative they will support in their community. By doing so, the Bank comes closer to the community in which it does business. "Almost always, the ideas for socially responsible events originate from our staff; because they know the best what the community in which we are working needs the most. They come up with ideas, and then implement the events", says Trajkovska.

In this regard, the Bank and its staff have implemented numerous environmental activities and projects. One of the most recent ones (and one of the largest environmental activities of the Bank staff) was the "Spare Nature" campaign. The action was successfully implemented in several locations and it also involved the Bank's employees as well as local companies with the appropriate machinery in order to successfully clear out the waste from the sites. In addition, waste bins were installed in Skopje and

in other cities during the campaign, creating good conditions for keeping the environment healthy and clean. "I am particularly happy when I see a correlation between the Bank's corporate values and my own personal values.

What's very important for me is that, among other things, the Bank provides me with opportunities to realize these values in the course of my work. I took my daughter with me on this campaign because I believe this is the best way for her to experience the feeling of community, solidarity and return to nature, through involvement in projects that are beneficial for all", says Marija Angelova, employee in Prokredit Bank's branch office in Kapishtec (Skopje) and participant in numerous volunteer campaigns organized by the Bank.

Prokredit Bank's values are the pillar of its corporate culture, and are being discussed and actively applied in everyday operations. The intention is to contribute not only to the Bank's target groups and the quality of financial services provided by the Bank, but to business ethics as well. The strong corporate values of Prokredit Bank play a key role in this regard. "What makes Prokredit Bank especially strong is the faith that the entire team has in our corporate values and principles, including social

responsibility. We remain strongly dedicated to our values and care for society", said Jovanka Joleska-Popovska, General Director of Prokredit Bank, at last year's celebration of the anniversary of this powerful financial company.

This commitment was also recognized by the National Coordinative Body for Corporate Social Responsibility. Thanks to its efforts and activities, in the last few years the Bank received two national awards and one certificate for socially responsible practices.





INVOLVING THE SENIOR MANAGEMENT OF THE COMPANY

In addition to involving the employees, corporate philanthropy can also include the senior management structure by sharing its expertise with local associations and institutions. This can be accomplished through their membership in management boards of associations and foundations (usually without any remuneration); mentoring the management staff of the associations and institutions, direct consultations in the development of sustainability strategies, etc.

This approach is usually combined with the other approaches and is worthwhile since it confirms that the management is dedicated to investment in the community.



ADVOCACY ABOUT SPECIFIC ISSUES IN STRATEGIC PARTNERSHIP WITH A LOCAL ASSOCIATION

Some companies decide to focus and exert a direct influence on an area that is in some way related to the stakeholders. In doing so, the company decides to establish a strategic partnership with one or two civic associations or foundations (on each issue). In this approach, the company directs its donations (often a percentage of the proceedings from the sales of its products) to activities of the partner association, and is also actively involved in advocacy about a specific issue. It is done by direct involvement in the planning and implementation of a public campaign in which the company invests its own PR resources, public promotion of the partner association, support for the association in its lobbying before the institutions, direct funding of research in a specific field, etc.

This approach is particularly favorable for companies addressing a specific target group as part of their commercial activity.



AVON
ПРОТИВ
РАКОТ
НА ДОЈКА

NGO BORKA and AVON in the fight against the breast cancer

NO MISSION IS IMPOSSIBLE

Biba Dodeva is one of the most popular and busiest singers in Macedonia. Her colleagues say she is one of the most dedicated to her profession, a true fighter and that there is no unfinished or impossible business for her. For many years, despite her professional engagements, Biba has always found the time to assist those that need such assistance the most. Several years ago, due to the late diagnosis of the disease, her closest friend lost the fight with cancer which motivated our famous singer to think about her philanthropic activities and approach them in a more organized and focused way. Almost 3 years ago, together with several other people, she founded the NGO BORKA which is active in the fight against cancer. The main objective of this NGO is to raise public awareness about the

dangers of late detection of cancer and facilitate easy access to medical services for identification of the disease and its timely treatment. "My friend, as well as many other women, lost their lives because of late check-ups and failing to act on time. I was deeply touched by that. I simply felt the need to do something about it and enable women facing this problem to get more information and more mechanisms and services, which they will be able to use for timely detection of the disease and fight successfully against the cancer", says Dodeva.

However, in addition to the unselfish commitment of the people, financial and other assets are needed in order for this type of organization to be able to successfully implement its campaigns and activi-

ties. The funds come from individual donations, international donor organizations, through cooperation with the state institutions but what is very important for this organization is to find a prominent and strong partner from the private sector that will assist the organization in the long-term and strategically in the realization of its objectives. BORKA managed to find such a partner in the company AVON – a world known brand for production of cosmetics for women. For many years this company has been well known in the world not only for its cosmetics but also for its strategic and organized philanthropic approach to the addressing of the most pressing problems of women, such as the fight against breast cancer or domestic violence. By establishing foundations in



more than 50 countries in the world (including Avon Macedonia), the company has managed to improve the lives and facilitate the problems of women suffering from breast cancer. The accidental meeting of AVON's representative with Biba Dodeva and BORKA at a breast cancer conference brought immediate results. "It took very little time to see that we were on the same page, that we had the same objectives and similar visions about how to reach them", says Dodeva.

The successful merger of a celebrity, NGO and company with good material resources and a vision for better results soon started to give results. Free examinations, educational brochures and leaflets on breast cancer prevention, billboards in female toilets that explain how to self-check for breast cancer symptoms, outreach activities such as the Pink Walk that congregated around 2,000 people, free of charge SOS hotline, support groups for the women that suffer from this disease, fundraising concerts – these are just some of the activities that originated from this cooperation and which evidently increase awareness about the disease among women. The cooperation continues. The Pink Ribbon – the symbol of associations that fight against breast cancer - is now the recognizable logo on some

AVON products. Proceeds from the sales of these products are used for the implementation of the campaign and for greater success of the educational campaign, says Ms. Dana Stojkova from the AVON-Makedonija Foundation. "We want to reach all those under threat, especially the female population aged 25-40, and increase their awareness. Our goal in the campaign is better information and awareness about the importance of prevention, about the necessity for women to perform self-examination on a regular basis and, for those above 40 years of age, to do ultrasound once a year", says Ms. Stojkova. At the end of our story, our music star Biba Dodeva told us she was once again faced with the dangerous disease, this time in her closest family. "We recently found out that my mother had cancer. Thanks to the timely detection she is successfully treated, she is well and will continue to be for many, many years. Previously, I didn't have the experience and all this information to react timely and assist my friend, but now I am here for my mom. We do regular check-ups, we do radiation therapy, we are on the lookout for every symptom – we are simply fighting this fight together. No mission is impossible for us", says Biba Dodeva.

We wish for Biba, BORKA and AVON to remain persistent in this fight and to assist them as much as possible to successfully cope with one of the most dangerous diseases of today.



SUPPORT IN THE DOMAIN OF CORPORATE ACTIVITY





This is an approach that can be applied by any company regardless of its size. It can also be easily combined with any other approach. Each company produces goods and services that can be useful for the organizations and institutions in the community it operates in. The approach involves donating goods and services that the company has at its disposal.

Even though this method of support may seem simple and is frequently applied by companies in Macedonia, it requires a well-designed approach in order to maximize the effects and achieve the desired impact. In order for this type of giving to truly achieve an impact, the company primarily needs to decide whether this donation is truly necessary and to specify the type of activity it would be used for (remember that the most important thing is to decide what not to support!). This donation too needs to be directed to the areas the company has set as objectives of its corporate philanthropy.

IMAGE PR AGENCY MAKES CIVIL INITIATIVES VISIBLE

Image PR Agency has been active for 10 years in the field of public relations and communications management. In addition to the objectives towards providing the best support possible in the area of communications and public relations to its clients, Image PR especially cherishes its “altruistic role”, as being part of the community. This sees the world through its human dimension and not solely through the eyes of the business and profit. Being a small company, Image PR is unable to donate thousands of euros to fix roof of some school or similar but it can provide its communication services. The Image PR donates its know-how and not directly donation in money.

“Our ambition is mainly to support civil initiatives which are philanthropic in their very nature. We are motivated from the need to do something, to hear about it, to make it visible, to give it a chance for implementation. In other words, the civil society to us is the main pillar of every democracy, progress and innovation of every community. We are positively amazed by the energy of the people that invest themselves for the higher ideals and goals. It is really worth it to help”, says Ms. Angelka Peeva-Laurencic, Director of the Agency. She adds that it is not necessary to announce to the public the fact that assistance is provided. “We are not hiding the fact that we are helping, but we do not insist on publicity. It is not important. What matters is to realize the objective and contribute towards better society”. She also says that the work is a pleasure for the Agency team and some of that pleasure is exactly the social contribution provided.





What is even more important is that those using the Agency services are also satisfied. Mr.Vladimir Chadikovski is a child surgeon, founder and President of the National Transplantation Foundation in Skopje. About his positive experiences with Image PR he says that the promotion of the actions regarding the establishment of the Foundation required engagements that were not so simple and successful unless professional agency services were used. “They did the entire organization, they explained to us how it should be since I, being a surgeon, do not know how to organize an event”, he says, and adds that every organization and promotion of an event, development and distribution of announcements to the public, including the making of other promotional materials, requires work and know-how.

Mr.Chadikovski says that he, as a surgeon, would not know how to successfully deal with the public if the Agency has not done the entire job – from planning and organization to invitation of the journalists and preparation of the Foundation materials that were disseminated to the journalists. “Very important was the consideration of the previous experiences in organizing similar events so it was already known what will be the next step”, says this well known child surgeon.

Similar are the experiences of the “Zhivotna Iskra” NGO or the European Business Association. The Image PR always assisted them by donating their services although on none of these we can see their logo, their name or their brand. The Agency explains this with its wish to be simply part of the story and not just donate money and that’s it. Ms. Peeva-Laurencic says that “Because you are becoming part of the story, you are entering a different world that has different challenges and you contribute towards realization of a greater objective”.

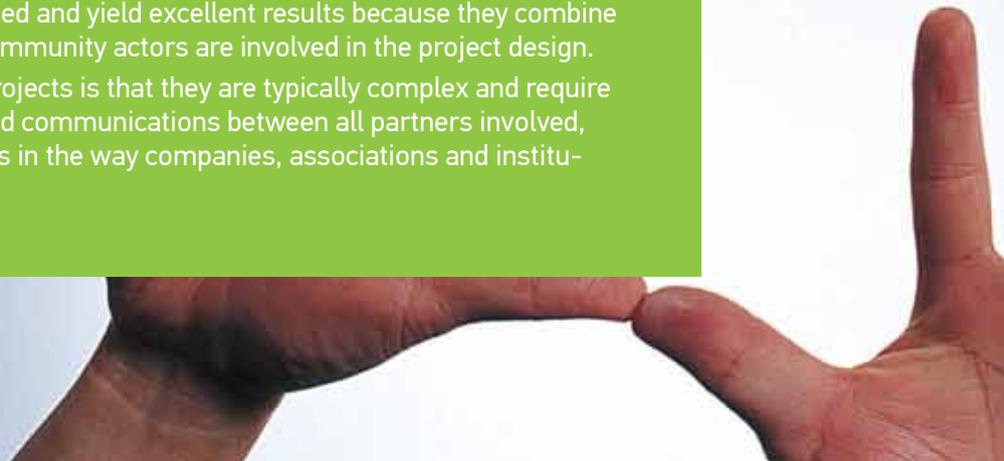
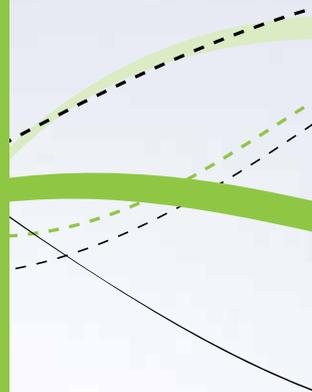


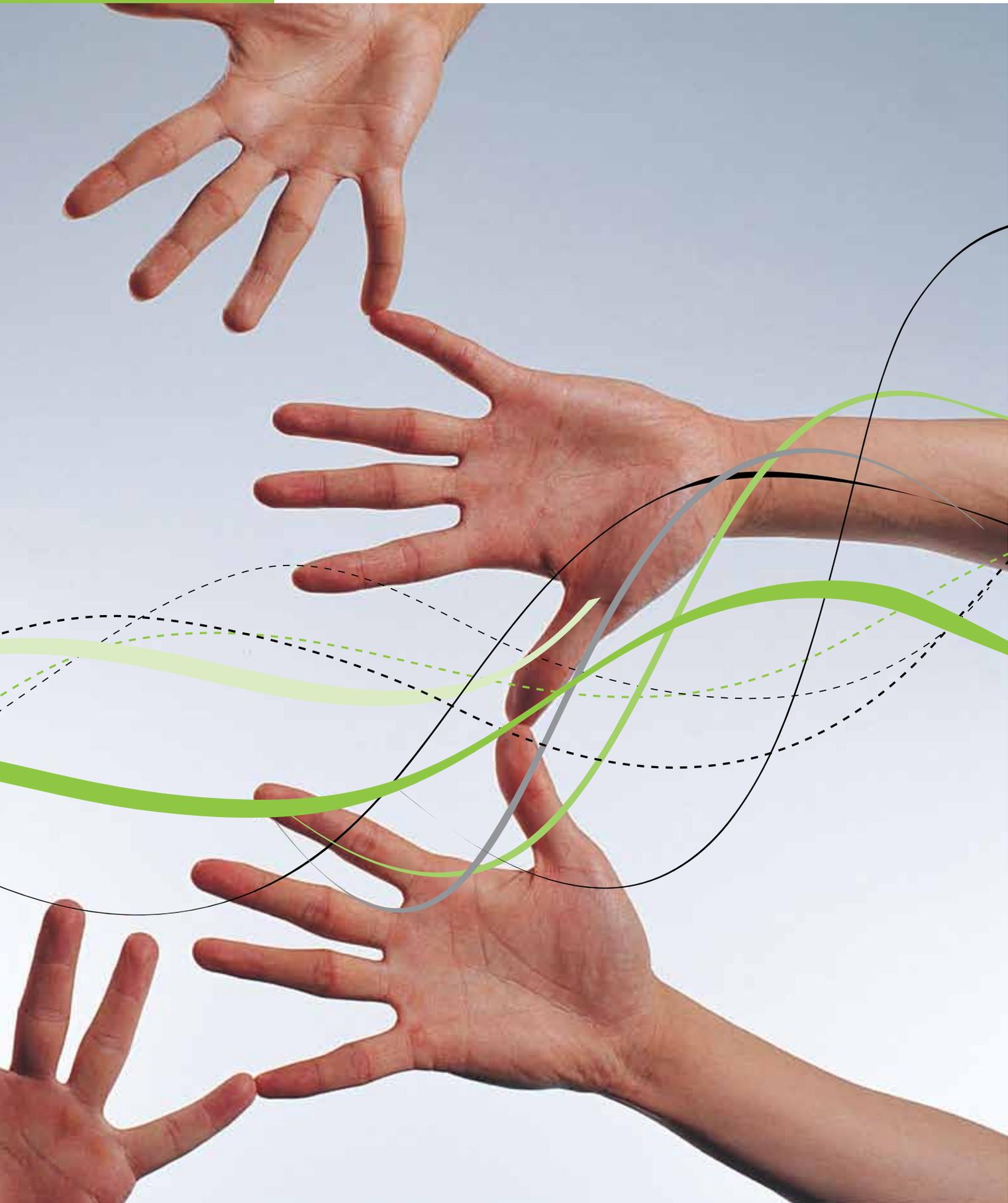
SPECIAL PROJECTS IN COOPERATION WITH OTHER ACTORS

Companies that operate strategically in a certain domain sometimes decide to direct part of the community investment budget to the realization of special projects in the community in the field where the company has maximum influence. In this approach, the company is often directly involved in the project design, in cooperation with local associations or institutions. In that way, all stakeholders have a feeling of ownership of the project and even though it is the company that provides the funds for its realization quite often the partner organization also invests additional resources (human as well as material).

These types of projects are highly focused and yield excellent results because they combine the resources of various sectors and community actors are involved in the project design.

The challenge when it comes to such projects is that they are typically complex and require the time and energy for coordination and communications between all partners involved, especially having in mind the differences in the way companies, associations and institutions operate.





EVN MAKEDONIJA AND THE CIVIL SECTOR IN A JOINT CAMPAIGN FOR EDUCATION OF YOUNG PEOPLE ABOUT ENERGY EFFICIENCY

“Turn on when entering, Turn off when leaving”

It is 10 PM. Husband Tony and his wife Marija relax after the busy working day by watching movie classics on TV. Carried away by the movie they do not notice that their 9-year old daughter Jana quietly sneaks out of her room and comes closer to the light switch. Reaching on her toes, Jana switches off the light in the living room. The little girls' response to the puzzled and surprised faces of her parents (the only light on their faces now coming from the TV screen) is: "Isn't the light from the TV enough for you? Do you know that the more electricity we spend the more we endanger our environment?"

How come that a little girl has so mature thoughts and opinions? It is a little

odd but also not unusual if you know that little Jana is one of the many kids aged 9-10 from 251 schools in Macedonia that have been learning about energy efficiency in the last three years. Thanks to the workshops organized by EVN Makedonija, the children had the opportunity to learn within the frames of their Nature classes. From pictures, posters and games in the one-hour lectures, to regular semi-annual quizzes between the schools and to drawing competitions, all these actions help the children express their creativity and reconsider why it is a good thing to take care and save electricity. It is never boring in these classes.

The "Turn on when entering, Turn off when leaving"

slogan is easy to remember for young people. They are also provided with a school schedule in the form of a light bulb to remind them every day how important it is to save electricity and take care of the environment. "In one school, two or three weeks after the lesson, a parent to one of the children came to ask what was his child being taught, since every day back home the child would turn off the hot water heater. The child told them that the boiler should be turned on only before taking a bath and not the entire day", says with a smile Makedonka Dimitrova-Andonova, from the non-governmental organization Center for Energy Efficiency of Macedonia, one of the partner organi-





zations of EVN Makedonija, which involve lecturers-volunteers to hold these activities in the schools all over Macedonia.

The idea for this project comes from the customer-focused approach of EVN Makedonija. Following its privatization in 2006, EVN Makedonija, in accordance with the strategic energy efficiency commitments of this Austrian company in its respective sector, introduced a new approach towards its beneficiaries and citizens in general. The education started with direct campaigns, with fliers attached to the bills of the consumers that explained about the possibilities for saving of energy and the benefits to the family budget and the environment in general. "Every successful company wants to have satisfied and devoted clients that are attracted solely by means of providing quality and permanent service. However, the attitude of the consumer when using the services has great impact on the shaping of the quality of the services. The development of awareness on the rational use of the services was also the first incentive behind the introduction of the company's School Servicey, intended for its youngest consumers", says Mrs. Katerina Naumova, assistant to the Management Board of EVN Makedonija and in the same time responsible for the implementation of the project. In the imple-

mentation of this idea, EVN Makedonija requested the cooperation of the NGO sector that has great practical experience (both didactical and methodological) for implementation of this type of training and educational activities.

The very name of the school service, "Rational use of electricity", essentially presents the objective of the project. With this long-term plan for energy efficiency, EVN Makedonija stimulates its youngest consumers towards not only rational consumption of electricity but also towards protection from the potential dangers of electricity as well as environmental protection", says Katerina Naumova. "In cooperation with Connect, as an organization that has a substantial experience in corporate philanthropy, we found the right form to realize this idea and put our know-how in a context that would be interesting and easy to understand for the children", explains Ms. Iskra Tikvarovska of EVN Makedonija's Communications Department.

The project was also joined by several NGOs that, together with EVN Makedonija, developed a one-hour workshop, and civil activists delivered lectures in the schools. "I think that the decision to enter into a partnership with the NGO sector was the right decision. If we decide to implement other activities

like this in the future, we would again select them as our partners", says Iskra Tikvarovska.

Katerina Naumova, who is the person in charge for implementation of the project at EVN Makedonija, says that with this project the company is not only "closer to its consumers but it is also closer to society, while at the same time investing in the community. The effect from the cooperation and the support from the NGOs is quite the good level of success of this project."

For this project, EVN Makedonija received the 2008 national award for Corporate Social Responsibility in the "Investments in the Community" category for large companies.

VENTURE PHILANTHROPY

This approach to philanthropy has been quite prominent in the last several years. It is based on the principles of venture capital that are applied to the field of philanthropy. This means that the company is not content with only making a direct donation or support for a specific project to an association but takes active involvement in the work of the association and strives to upgrade its capacities, skills, infrastructure and sustainability.

In this way, the company develops a long-term relationship with the donation recipient and is directly involved in its development and achievements. On the other hand, the company and the recipient jointly define the objectives and effect that the recipient aims to achieve and future company support is contingent on the achievement of these objectives and results. This approach is used by highly motivated entrepreneurs who wish to innovate not only in the

business but also in the social sphere.

There are also other approaches to corporate philanthropy which usually intertwine and combine in an integrated strategy which enables the company to invest effectively in the community.

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ABOUT KONEKT

Konekt is Macedonian association with a mission to encourage and promote private giving and social responsibility towards effective and long-term development of Macedonia. The mission is realized through:

- Encouraging individuals and families to give wisely and thoughtfully;
- Supporting companies, regardless of their size, to donate and invest in the community strategically and with long-term impact;
- Encouraging people throughout Macedonia to donate deliberately - even small donations can make a big change when combined;
- Raising awareness about philanthropy's potential to have genuine impact in the society.

In addition to the work in the field of philanthropy, Konekt is also dedicated to promoting and encouraging Corporate Social Responsibility

(CSR). In that direction, through Konekt CSR the organization offers support to companies in the development of their strategies, approaches and reports in the field of CSR.

Konekt's activities include:

- direct counseling and services to companies, individuals and their families;
- advocacy for a legal framework and environment supportive of philanthropy and corporate social responsibility;
- analysis, research and preparing of reports;
- sharing good practice and comparative experience;
- support to not-for-profit entities (civic associations, foundations, public institutions, etc.) on how to be trustworthy recipients of donations

Particular attention is given to supporting the development of signifi-

cant and productive cross-sectoral partnerships between companies and not-for-profit organizations, public institutions, and communities.

Konekt is a member of the UNDP Global Compact in Macedonia, American Chamber of Commerce in Macedonia and is a deputy member of the National Coordinating Body on CSR of the Republic of Macedonia.

INFORMATION ABOUT CSSP

Konekt produces this publication within the Civil Society Strengthening Project (CSSP). It is a five year project funded by the United States Agency for International Development (USAID), and implemented by a consortium led by the Institute for Sustainable Communities (ISC) that includes the European Center for Non-profit Law (ECNL), Konekt and the Macedonian Institute for Media (MIM). CSSP seeks to make Macedonia's civil society a more effective, influential, and permanent partner alongside government and businesses in shaping the country's present and future.

The CSSP provides grants and technical assistance to a selected group of Leader NGOs to make them capable of serving as mentors and resources to other NGOs and raising the entire civil society sector in Macedonia to a new level. The CSSP also supports the NGO sector as a whole, by promoting reforms in the legal framework concerning civil society, advancing individual and corporate philanthropy, and improving the public image of the sector.



