

The Montenegro Foundation

By Len Materman January 3, 2007

Citizens of the newest nation on earth – the Republic of Montenegro – have wisely learned from the experiences of other new European democracies: adopt modern financial systems tied to a widely accepted currency; market assets to potential tourists and foreign investors; and declare independence from a larger country only after a vote of the people. Yet many Montenegrins question whether their nation has learned how to capitalize on foreign investment so that it enhances their quality of life and preserves the natural and cultural assets that attract tourists.

The reasons for Montenegro's unparalleled increase in tourism – its world-class beaches, cultural sites and National Parks – must be protected for their inherent value and to insure a desirable tourism product in the future. Montenegrins, foreign investors and tourists all directly benefit from these attractions, and thus many Montenegrins believe they should all contribute to their protection and enhancement.

Other nations have found an efficient way to turn foreign investment in their property into a domestic investment in their people. They have established philanthropic organizations and laws that provide financial and other benefits to donors, and then use these donations to build a permanent endowment fund that serves society. This financial and philanthropic mechanism is a community foundation, which serves all peoples – regardless of nationality, religion, or socio-economic class – within an area that ranges in size from a single town to an entire nation.

A Montenegro Foundation would serve all of Montenegro, from the southern coast to the mountainous north. It would initially focus on tax-deductible contributions from tourism related investments, because the current rate of investment is very high but it is unsustainable as fewer properties become available. Thus, in the very near future the Foundation must demonstrate value to the citizens of Montenegro and attract their investment in its programs. Through this Foundation, Montenegro can develop a local culture of philanthropy, which can be defined as charity that expects results. This will build public participation in the development and sustainability of civil society institutions, such as non-governmental organizations (NGOs) and the media, which are especially crucial in a new democracy.

Community foundations were first created in the United States almost one hundred years ago; today it is the fastest growing field in philanthropy with 46 countries possessing one. While Europe's 250 community foundations look very different depending upon the legal and financial environment of the area they call home, each one strives to fulfill three basic roles within society:

- 1) Provide a vehicle for individual or corporate donors to achieve their financial and philanthropic goals through tax-deductible contributions, planned giving, and donor advised funds that they influence.
- 2) Create a permanent endowment fund with these donations, and use that fund's proceeds to make grants based on expert knowledge of local assets and needs.
- 3) Catalyze new ideas and facilitate partnerships among NGOs, governments, businesses and individuals.

These roles are the means to a community foundation's ends: improving the quality of life of people who share a common future because they share a common geography. Led by respected local leaders who reflect the communities they serve – whether of Serb or Albanian, Christian or Muslim ancestry – a Montenegro Foundation's Board will lead by example: their common purpose will help to ensure that Montenegrin society does not become "Balkanized" and their independence from government and financial transparency will set an example for others in this new democracy.

Creating a Montenegro Foundation

A small group of individuals – including officials at the U.S. Embassy in Montenegro, Americans with experience in building foundations, and leading Montenegrins in the country and in the U.S. – are working to establish and build a Montenegro Foundation in 2007. Their primary activities during the year will include:



Bay of Kotor

Friendraising (January – May 2007) They will present the need for a Montenegro Foundation and the concept behind it to potential organizational and individual partners, and they will cultivate at least a dozen individual leaders from business, government, universities and NGOs who will become "Champions" for the creation of the Foundation. These stakeholders and community leaders, who represent different geographic areas and ethnic groups within Montenegro and who possess credibility within their communities, will advocate with government, attract potential donors, and may constitute the founding Board and initial staff.

Fundraising (January – December 2007) The Foundation’s Champions, with their Montenegrin and American supporters, will raise funds to operate the Foundation and expose its Board, staff, and donors to individuals who have created successful Foundations in newly democratic European nations. They will establish policies and systems for the Foundation to receive, invest and grant funds with transparency and efficiency.

Initial funding will likely come from the Diaspora of Montenegrins abroad who have experience with a community foundation and the resources and desire to contribute to the positive development of their homeland. We will also look to foreign investors seeking positive recognition from the government, general population and in the media; donors from within the country who are approached by a Champion known to them; and international funding organizations. Funds will also be sought from these sources for the establishment of an endowment and a local matching program so that the Foundation can quickly demonstrate the value of local grantmaking, create awareness and excitement, and then change attitudes and tax laws to attract donors from the general public.



Lesendro Castle

Requests for funding will begin early in 2007. The Foundation and a proposed pilot project will be introduced to Montenegrins in Los Angeles in mid-February at a dinner hosted by Montenegrin restaurant owner Goran Milic. Milic is working with restaurant owners and social service workers in Montenegro and Italy to develop a program for the summer of 2007 that will train orphans from the Bay of Kotor along the coast to participate in the tourism economy upon leaving an orphanage known well by Milic.

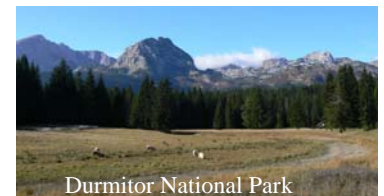
Grantmaking (June – December 2007) Effective grantmaking is just as challenging as fundraising because it requires that Foundation staff possess knowledge of the various and changing needs and assets within the country, conduct research on grantees and evaluate their results. In order to build a track record of success and reliability among donors and grantees, the Foundation Board and staff will begin to make grants in 2007 on a strategic and limited basis. At this early stage, it is proposed that grantmaking focus on three areas:

- 1) Protecting and enhancing Montenegro’s natural and cultural assets that attract foreign investment;
- 2) Educating and training Montenegrins so that they may meaningfully participate in their new economy; and
- 3) Developing and sustaining that country’s civil society institutions, including NGOs and the media.

Building Bridges and Advocacy (June – December 2007) The third role of community foundations, especially important in an emerging democracy, is to serve as a catalyst for communication, partnerships, and trust among the different sectors of civil society (NGOs, media, government, business and individuals). One type of facilitation that the Foundation will likely focus on during 2007 is advocacy with government. Other European countries have seen the benefits of adopting laws that provide tax-exempt incentives to advance the culture of philanthropy, which contributes to the development of civil society. To accomplish this in Montenegro, the Foundation would work with NGOs such as the European Center for Not-for-Profit Law and the Montenegro Business Alliance.

Conclusion

There is a perception among Montenegrins that the rapid growth in their tourism economy and substantial foreign investment has yet to improve their quality of life or protect their natural and cultural assets. There is also an increasing recognition that Montenegro’s NGO sector and media must be strengthened to ensure that public health, the environment, human rights, open government, economic opportunity, and other concerns continue to be exposed and protected. But there is also widespread optimism among Montenegrins that the growth of the tourism sector can lead to great things for their country, and they possess a strong desire to take control of their future.



Durmitor National Park

An organization that is uniquely suited to accomplish this in Montenegro – as it has in other democracies – is a community foundation controlled by Montenegrins. It has the ability to serve the financial and other needs of corporations and individuals, raise funds from them and build a permanent endowment with these funds, and use the proceeds from that endowment to address society’s needs through grantmaking and facilitation. It is a financial mechanism that utilizes the country’s current growth to benefit its human, natural and cultural assets; and it could add to the quality of life and the progress of democracy within Montenegro. A Montenegro Foundation can accomplish these things, but the creation of this Foundation must happen now, while new sources of investment funds, economic opportunities for Montenegrins, and the ability to protect their natural and cultural resources, remain.

For further information, please e-mail Info@MontenegroFoundation.org or call 650-867-7768.