

NATIONAL ENDOWMENT FOR DEMOCRACY

Resource Summary

(\$ in thousands)

Appropriations	FY 2011 Actual	FY 2012 Estimate	FY 2013 Request	Increase / Decrease
Funds	117,764	117,764	104,000	(13,764)

Program Description

The National Endowment for Democracy (NED) is a non-profit organization created in 1983 to strengthen democratic institutions around the world. Through its worldwide grants program, NED assists those abroad who are working to build democratic institutions and spread democratic values. NED's four affiliated core institutes – the American Center for International Labor Solidarity (ACILS), the Center for International Private Enterprise (CIPE), the International Republican Institute (IRI), and the National Democratic Institute (NDI) – represent public American institutions that work abroad in sectors that are critical to the development of democracy. In addition, NED support helps develop and fund key initiatives of nongovernmental organizations (NGOs) – consistent with its Statement of Principles and Objectives and subsequent strategic documents approved by its Board of Directors – that foster independent media, human rights, and other essential democratic institutions, values, and processes.

NED does not administer programs directly, but rather provides funding for numerous private groups and organizations. NED has a distinctive grant-making philosophy which distinguishes it in the donor field. NED views its work as a support system for groups that are working to build up their credibility and effectiveness as democratizing forces in their own society, as a means to counter and offer an alternative to anti-democratic elements. A bi-partisan Board of Directors makes funding decisions based on established criteria. Currently, NED functions with 162 full-time and three part-time staff members who are responsible for program development and evaluation, grant management, financial oversight, research, and outreach. NED's authorized staffing level has remained virtually constant over the past several years. From FY 2011 to FY 2012, NED proposed a net increase of one position. From FY 2012 Enacted level to FY 2013 request, NED anticipates no increase in positions.

NED's grants program, which makes approximately 1,200 grants per year in nearly 100 countries, is bolstered by the International Forum for Democratic Studies, a democracy research center that publishes the *Journal of Democracy* and administers the Reagan-Fascell Fellows Program, the World Movement for Democracy, a global hub for democracy networking and solidarity, and the Center for International Media Assistance, which studies and makes recommendations on strengthening media assistance abroad.

NED's Grants Program Areas:

- Freedom of Information
- Political Processes
- Democratic Ideas and Values
- Human Rights
- Rule of Law
- Civic Education
- Strengthening Political Institutions
- Accountability
- NGO Strengthening
- Freedom of Association
- Conflict Resolution
- Developing Market Economy

NED's program is guided by a strategy document which is revised every three to five years. NED's current strategy document prioritizes five conceptual and operational categories incorporating the enormous regional, cultural, and political diversity of the nearly 100 countries where NED is working:

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opening political space in authoritarian countries; aiding democrats and democratic processes in semi-authoritarian countries; helping new democracies succeed; building democracy after conflict; and aiding democracy in the Muslim world.

NED recognizes the critical role that evaluation plays in the strategy and policy formation of democracy assistance efforts and strives to embody the gold standard of evaluation in the area of democracy assistance grant-making. At the project level, NED regularly conducts extensive monitoring and evaluation which ensures that project objectives are being met, NED's grant regulations are being followed, and that NED support is helping to build the organizational capacity of its grantees. NED customizes the monitoring, management, and evaluation of each grant to the grantee organization. NED's program officers travel regularly to observe grantee activities and visit with grantees in their offices. From time to time, they are accompanied by other members of NED's grant-making team who conduct capacity building trainings on various topics such as project design, evaluation, and grants management. Furthermore, NED commissions several independent evaluations each year that examine a sub-set of projects within one country or a theme across countries. Recent evaluations have focused on its Pakistan and Iraq grants programs. The Pakistan evaluation provided additional insight into the challenges faced by NED's grantees due to the challenging and fluid political situation there. The evaluation of NED's Iraq program praised NED efforts to foster the growth of think tanks in Iraq as a vehicle for policy analysis and development, as well as the indigenization of lessons from international experiences. The evaluator recommended that NED promote peer-to-peer networking among its grantees in Iraq. Further strengthening its evaluation practice, NED has commissioned a retrospective review of all of its independent evaluations to seek further insights and lessons learned, an effort to continue into FY 2013. NED utilizes its tailored evaluation tools to assess needs and opportunities, reports on results, and demonstrates the difference that NED's grants are making in the challenging political environments where grantees operate. In addition to profiling the outcome and impact of individual grants, NED is continuously working to organize and disseminate its institutional body of knowledge, notably lessons learned, to the larger democracy assistance community. As the first step of a larger process, NED commissioned a retrospective study of the twenty-two external evaluations that were conducted between FY 1992 and FY 2010. NED will share the results of this evaluation in a workshop with the democracy assistance community in FY 2012.

Justification of Request

The total funding request of \$104 million in FY 2013 is \$13.8 million less than the FY 2012 Enacted level. This will allow NED to maintain many of its strong grant programs in priority regions, such as the Middle East and North Africa. The funding level in FY 2013 will be met by some reductions in the number of grants and grant levels.

From the dramatic era of Africa's second wave of independence in the early 1990's through the difficult struggles of elections, coups, conflict, corruption, gradual opening, and countervailing repression, the steady rise of civil society, the emergence of free political competition, the rapid expansion of independent media and the internet, and the painstaking construction of institutions of governance and accountability have all advanced, sometimes haltingly, but inexorably. Substantial program activity will continue in the Democratic Republic of Congo, Sudan, Zimbabwe, and Nigeria.

Asia

In 2013, the Endowment will again concentrate resources in one or two critical countries in each sub-region of Asia, while reexamining its programming in a handful of countries where democracy is losing ground. In East Asia, the Endowment will continue to focus primarily on grants for China, including Hong Kong, Tibet, Xinjiang/East Turkistan, and North Korea. In Southeast Asia, NED will continue to

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maintain a large Burma program but will also increase support for democracy in Thailand, Malaysia, and the Philippines, where democratic institutions have been severely weakened. In South Asia, NED will continue to prioritize programming in Pakistan, where the turmoil that grips the country is not only a regional concern but a global one.

Eurasia

NED will continue to support a broad spread of programs among different sectors in state of Russia & Eurasia on the assumption that they are inherently unstable and that specific opportunities could emerge quite suddenly. As the major power in the region, Russia remains the main priority country. The Endowment will consider expanding programs in Russia to respond and take advantage of possible new openings which have emerged in recent months as the result of elite disaffection with the existing regime and signs of a growing protest movement. In Central Asia, Kyrgyzstan presents the most important opportunity. Since its April 2010 revolution, it has undergone important constitutional reform and held a parliamentary election in accordance with democratic norms. In the Caucasus, the development of new programs in Georgia will be a priority in 2013.

Europe

The objective of the Endowment in most of the countries where it is active in the Europe region is “helping new democracies to succeed.” For Eastern and Southeastern Europe, this goal is best met through these countries’ accession to the European Union and NATO. In 2013, two decades after the collapse of the Soviet Union and fall of communism in Europe, the Endowment will continue to help advance and consolidate the region’s democratic transitions so that they meet the requirements of Euro-Atlantic integration. With countries in the region at different stages of democratic development, the Endowment’s discretionary program will focus on several different approaches to these challenges. In the Europe Region, the 2013 priority countries will include Ukraine, Belarus, Moldova, Bosnia and Herzegovina, Serbia, and Kosovo.

Latin America and the Caribbean

The mood in Latin America and about Latin America has taken a positive turn. While there is evident and measurable political, social, and economic progress in the region, much remains to be done. The relatively positive economic and political indicators do not reveal the significant internal differences that exist within the region. As the only dictatorship and closed society in the Western Hemisphere, Cuba lies at the core of NED’s attention. Haiti follows as the weakest society in terms of its current lack of basic institutions, processes, resources, and actors to engender democracy from within. NED will also focus attention on countries governed by personalistic rulers and political coalitions that are systematically undermining representative democracy from within, as in the cases of Venezuela and Nicaragua.

Middle East and North Africa

Successful uprisings in Tunisia and Egypt have broken decades of political stagnation in the Middle East and North Africa, raised citizens’ expectations, and brought about a new political dynamic. These two examples demonstrated that youth and citizen mobilization can overcome the power of entrenched dictators, and be effective in challenging empty reforms. Inspired by these two citizen uprisings, mass protests have swept through the region focused on ending emergency laws, fighting corruption, and restoring civic rights and dignity. NED is well positioned to provide timely and targeted support to key sectors in the region. NED has been active in the Middle East and North Africa since the mid 1990’s, and already possesses the relationships required for effectively working with political and civic forces in the region. All four core institutes have programs in these countries with substantial direct U.S. Government grants in addition to funding from NED, and the Endowment has a sizeable and dynamic small grants program in the region.

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Global

In FY 2013, NED Global program will continue to employ a multi-sectoral approach in its support of projects that connect together democrats from different regions of the world, addressing such key issues as human rights, independent media, democratic governance, worker rights, economic reform, and the strengthening of political institutions and processes. NED-supported projects will seek to build the capacity of local civil society partners as well as facilitate opportunities for networking, peer support, dialogue, and collective action. Other projects will focus on the development of tools and resources that will capture the experience and expertise of NED grantees and partners to enrich the knowledge base from which democracy advocates throughout the world will benefit. NED-supported programs will engage a broad range of groups, including women, youth, trade unions, entrepreneurs, journalists, parliamentarians, and grassroots activists.

Democratic Activities

Democratic Activities includes activities funded directly by NED that are consistent with the Endowment's purposes as set forth in the National Endowment for Democracy Act. These include the International Forum for Democratic Studies (including the Reagan-Fascell Democracy Fellows Program, publication of the *Journal of Democracy*, and development of a library and database of information about democracy movements); the World Movement for Democracy, a global network of democratic activists, practitioners, and scholars for which NED serves as the secretariat; the Center for International Media Assistance, which studies and makes recommendations on strengthening media assistance abroad; the encouragement of cooperation for democracy promotion among the democracies; and periodic briefings that introduce key participants of democracy movements to decision makers and opinion leaders in Washington. Where possible, funds for these activities are raised from non-U.S. Government sources.

Administration

NED's current provisional indirect cost rate, negotiated with the Department of State, is 16.91 percent. It increases from 14 percent in FY 2010 because of the need to increase investment in IT related hardware and software for which depreciation and amortization expenses are allowable indirect costs. The indirect cost rate covers NED expenses associated with, among other things, the Endowment's salaries and fringe benefits, travel, office space costs, communications costs, and other costs to administer its grants program. This includes the costs associated with selecting grantees, negotiating awards, processing payments to grantees, carefully monitoring the grantees' progress, assuring that program objectives are met and grant terms and conditions are observed, evaluating and auditing the programs, resolving any issues that arise, preparing financial reports, and ultimately closing out the awards.

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Funds by Program Activity

(\$ in thousands)

	FY 2011 Actual	FY 2012 Estimate	FY 2013 Request	Increase / Decrease
Administration	16,243	17,034	14,130	(2,904)
Africa	18,825	18,695	15,424	(3,271)
Asia	20,473	20,331	17,895	(2,436)
Central & Eastern Europe	9,598	9,532	9,490	(42)
Democratic Activities	4,585	4,464	2,739	(1,725)
Eurasia	6,992	6,944	6,834	(110)
Latin America/Caribbean	14,812	14,710	14,190	(520)
Middle East/North Africa	19,045	18,913	17,169	(1,744)
Multiregional	7,191	7,141	6,129	(1,012)
Total	117,764	117,764	104,000	(13,764)

Funds by Object Class

(\$ in thousands)

	FY 2011 Actual	FY 2012 Estimate	FY 2013 Request	Increase / Decrease
4100 Grants, Subsidies & Contributions	117,764	117,764	104,000	(13,764)
Total	117,764	117,764	104,000	(13,764)

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OVERSEAS CONTINGENCY OPERATIONS

Proposed Appropriation Language

OVERSEAS CONTINGENCY OPERATIONS

ADMINISTRATION OF FOREIGN AFFAIRS

DIPLOMATIC AND CONSULAR PROGRAMS (INCLUDING TRANSFER OF FUNDS)

For an additional amount for "Diplomatic and Consular Programs", [~~\$4,389,064,000~~]~~\$4,311,745,000~~, to remain available until September 30, [2013]2014, of which [~~\$236,201,000~~]~~\$721,527,000~~, *to remain available until expended* is for Worldwide Security Protection; [and shall] *and of which up to \$525,000,000, to remain available until expended, may be used for construction and other necessary expenses for carrying out the Foreign Service Buildings Act of 1926, and which shall be in addition to funds otherwise appropriated for such purposes: Provided, That the Secretary of State may transfer up to [~~\$230,000,000~~]~~\$150,000,000~~ of the total funds made available under this heading to any other appropriation of any department or agency of the United States, upon the concurrence of the head of such department or agency, to support operations in and assistance for Afghanistan and to carry out the provisions of the Foreign Assistance Act of 1961: Provided further, That any such transfer shall be treated as a reprogramming of funds under section 7015(a) and (b) of this Act and shall not be available for obligation or expenditure except in compliance with the procedures set forth in that section: Provided further, That such amount is designated by the Congress for Overseas Contingency Operations/Global War on Terrorism pursuant to section 251(b)(2)(A) of the Balanced Budget and Emergency Deficit Control Act of 1985, as amended: Provided further, That such amount shall be available only if the President designates such amount for Overseas Contingency Operations/Global War on Terrorism pursuant to section 251(b)(2)(A).*

OFFICE OF INSPECTOR GENERAL

For an additional amount for "Office of Inspector General", [~~\$67,182,000~~]~~\$49,901,000~~, to remain available until September 30, [2013]2014, of which [~~\$19,545,000~~ shall be for the Special Inspector General for Iraq Reconstruction for reconstruction oversight, and ~~\$44,387,000~~]~~\$49,901,000~~ shall be for the Special Inspector General for Afghanistan Reconstruction for reconstruction oversight: *Provided, That such amount is designated by the Congress for Overseas Contingency Operations/Global War on Terrorism pursuant to section 251(b)(2)(A) of the Balanced Budget and Emergency Deficit Control Act of 1985, as amended: Provided further, That such amount shall be available only if the President designates such amount for Overseas Contingency Operations/Global War on Terrorism pursuant to section 251(b)(2)(A).*