

Proposed Appropriation Language

NATIONAL ENDOWMENT FOR DEMOCRACY

For grants made by the Department of State to the National Endowment for Democracy, as authorized by the National Endowment for Democracy Act, [~~\$118,000,000~~]*\$105,000,000*, to remain available until expended[, of which \$100,000,000 shall be allocated in the traditional and customary manner, including for the core institutes, and \$18,000,000 shall be for democracy, human rights, and rule of law programs]: *Provided*, That the President of the National Endowment for Democracy shall provide to the Committees on Appropriations not later than 45 days after the date of enactment of this Act a report on the proposed uses of funds under this heading on a regional and country basis. (*Department of State, Foreign Operations, and Related Programs Appropriations Act, 2010.*)

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Resource Summary (\$ in thousands)

Appropriations	FY 2009 Actual	FY 2010 Enacted	FY 2011 Request	Increase / Decrease
Funds	115,000	118,000	105,000	(13,000)

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. The four institutes embedded in the core of NED’s work – 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) 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. A bi-partisan Board of Directors makes funding decisions based on established criteria. NED functions with 137 staff members, who are responsible for program development and evaluation, grant management, financial oversight, research and outreach. Currently, NED operates under a provisional Negotiated Indirect Cost Recovery Agreement (NICRA) of 13 percent.

The Endowment’s grants program, which funds programs 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 strengthens media assistance abroad.

NED’s program areas are:

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

NED’s program is guided by a strategy document which is revised every three to five years. The Endowment’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: opening political space in authoritarian countries; aiding democrats and democratic processes in semi-authoritarian countries; helping new democracies succeed; building democracy after conflict; aiding democracy in the Muslim world.

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NED also conducts extensive monitoring and evaluation, which ensures that project objectives are being met, grant regulations are being followed, and the support is helping to build the institutional capacity of grantees.

Justification of Request

The \$105 million funding request for FY 2011 reflects a \$5 million increase over President Obama's FY 2010 request of \$100 million. The FY 2011 funding request will allow NED to continue and in some cases expand the strong grants program in priority countries, such as in China, Thailand, Pakistan, Afghanistan, Egypt, Somalia, Somaliland, Ethiopia, Uganda, and Central America, where democracy faces serious challenges.

In East Asia, NED will continue to focus primarily on China, including Tibet, Hong Kong, and North Korea. In South Asia, NED will continue to prioritize programming in Pakistan, and look to expand its efforts in Sri Lanka. In Southeast Asia, NED will continue a large Burma program but will also increase support for democracy in Thailand and the Philippines, and possibly Indonesia.

In Georgia, Kyrgyzstan, and Ukraine, NED will continue to help consolidate democracy by promoting human rights, freedom of information, and freedom of assembly while helping to prevent backsliding in these breakthrough countries. In Russia and Central Asia, NED will continue its efforts to guarantee the viability of civil society organizations, even in the face of increasing oppression. NED will maintain or reduce its modest program in the Balkans. Critical sectors will be human rights, interethnic reconciliation, historical understanding, freedom of information, NGO strengthening, political processes, accountability and rule of law.

In Latin America, NED priorities include Cuba, the Andean Region, Mexico and Central America. The 2011 elections in Peru and Nicaragua will likely require attention from many grantees, especially those working on civic education. In Cuba, NED will focus on the free flow of information and strengthening the capacity of civil society organizations and activists such as independent workers, journalists, educators, and Afro-Cubans. In the Andean Region, NED will focus on accountability, transparency and citizen participation. In Mexico and Central America, NED's priority will be good governance and defending freedom of expression.

In Africa, NED will continue substantial program activity in the priority countries of Democratic Republic of Congo, Sudan, and Nigeria, with a major focus on Somalia, Somaliland, Ethiopia, and Uganda. Funding will continue at a more modest level in Guinea, Chad, Kenya, and Sierra Leone. The NED Africa program will focus on the critical sectors of human rights monitoring, free flow of information, conflict resolution and good governance. Elections will occur in Liberia and Nigeria in 2011, and NED grants will include programs supporting free and fair elections, women's and youth political empowerment, political participation and civil rights.

In the Middle East and North Africa region, the most significant increases will be provided to grantees in Egypt and Afghanistan. In authoritarian countries such as Iran, Libya, Syria, Tunisia, Bahrain and Saudi Arabia, NED will assist activists in working in the available political space, and try to strengthen their institutional capacity. In Jordan, Morocco, Yemen, Turkey and Egypt, NED will increase its support to civic groups to enhance nascent political processes at the local and national levels, and help engage parliamentary committees and members of parliament with concerned civic groups. In war-torn countries such as Iraq, Afghanistan, Algeria, Lebanon, and

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Palestine, NED will focus on civic education, human rights, capacity building, conflict resolution, and participation of women and youth.

Through networks, trainings, and exchanges, NED-supported multiregional and global programs will engage a broad range of groups, including grassroots activists, political parties, women, youth, entrepreneurs, and journalists. Projects will provide opportunities for these diverse groups not only to develop their skills, but also to share knowledge, experiences, and best practices with their peers, as well as to collaborate with one another to increase the reach and impact of their work. Many projects also will take advantage of the innovations in information communication technologies (ICTs) by utilizing these tools in advocacy campaigns, outreach efforts, and networking activities, enabling project participants to amplify their voices and remain engaged with other democracy activists and practitioners throughout the world.

Africa

(\$ in thousands)

	Positions		Total Funds	Increase/ Decrease
	American	FSN		
FY 2011 Request	0	0	16,055	400

The increase over FY 2009 and FY 2010 levels in Africa will be targeted to Somalia, Somaliland, Ethiopia, and Uganda.

Somalia and **Somaliland** will be a major focus of discretionary assistance. The continuing turmoil in Somalia is threatening the very survival of nearly half the population of the country, and independent journalists and human rights activists have become regular targets of threats and assassination. Despite the poor security environment and apparent hopelessness of the situation, courageous democrats continue the struggle to preserve some alternative vision for Somalia, and it is clearly central to NED’s mission to support such efforts. Pockets of relative stability have emerged in areas such as Puntland, and conflict resolution and governance efforts at the local level could have some resonance nationally. Consolidation and expansion of these gains is also likely to make up a part of NED’s Somali program. Somaliland, by contrast, has established a stable, functioning democratic government that could contribute to the resolution of the crisis in the south, but remains fragile, and the lack of independent radio remains a concern. Support for strengthening Somaliland’s democratic institutions, free elections, and independent media will therefore be a NED priority.

Ethiopia poses a grave challenge to Africa’s democratic development. New legislation is likely to reduce the political space for civil society organizations and the media. Opposition political parties have been crushed, and human rights violations are rampant, although rarely reported due to the government’s tight control of the media. NED will work with its Ethiopian partners to reverse this trend, and Ethiopia should grow as a NED priority.

Uganda’s government also has taken on an increasingly authoritarian trend, despite the restoration of a multi-party political system, and NED will continue support to some strategic Ugandan partners to expand political space, as well as to the National Democratic Institute for International Affairs’ (NDI) and the International Republican Institute’s (IRI) work with political parties and the legislature.

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Asia

(\$ in thousands)

	Positions		Total Funds	Increase/ Decrease
	American	FSN		
FY 2011 Request	0	0	19,397	2,850

The increase over FY 2009 and FY 2010 requested levels in Asia will be targeted to Greater China, Thailand, and Pakistan.

In **China**, support for human-rights projects and independent media will remain necessary to expand political space. Support for the free flow of information will require NED to fund projects based outside China's "Great Firewall," working to circulate content created inside China. At the same time, NED will seek, despite the considerable logistical and political obstacles, to shift more of its resources into projects that address governance, transparency, accountability, and public participation issues from inside China. In the face of shrinking political space for independent NGOs and increasing government efforts to co-opt and control the NGO sector, NED will also focus on support for NGO strengthening. NED will maintain a focus on China's very challenging ethnic rights tensions, supporting human-rights documentation, public-policy discussion forums, and other projects opening space for political participation of Uyghurs, Mongols, and Tibetans.

NED will look to expand its efforts in **Thailand** in the areas of democracy and civic education, political party development, the protection of civil and political rights and the rule of law, and the strengthening of democratic institutions.

In **Pakistan**, with the view that expanding the space for democratic values, institutions, and processes is the only long term solution to combating extremism and intolerance and preventing the return of military rule, NED will look to support civil society efforts to engage the public, especially women, undereducated youth, and the poor about civic participation, fair election processes, and democratic norms. NED will also continue to provide assistance to human rights groups, including those focusing on labor and women's rights, civic education for disenfranchised groups, political party development, business associations and free-market advocacy, grassroots empowerment, civic associations, and independent media. NED will also look to expand the reach of its programs in the rural areas, where over 70 percent of Pakistanis live.

Middle East

(\$ in thousands)

	Positions		Total Funds	Increase/ Decrease
	American	FSN		
FY 2011 Request	0	0	16,720	1,300

The increase over FY 2009 and FY 2010 requested levels in the Middle East will be targeted to Afghanistan and Egypt.

In **Afghanistan**, NED will support programs designed to keep Afghans proactively engaged in political and civic processes; enhance civil society organizations' ability to organize and advocate; raise awareness through media and community organizations of the rights and obligations citizens have under the country's laws; and develop their appreciation for pluralism, equality, and peaceful dispute resolution. NED will pursue balanced levels of programmatic

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activity throughout Afghanistan, ensuring equitable proportion both geographically and ethnically.

In Egypt, NED will focus its support on promoting citizen political participation, particularly on programs where beneficiaries can have a more direct impact such as at the local government or community level, or within specific professional sectors, or among youth who through familiarity with new technologies are capable of reaching out to greater numbers of citizens to promote democratic values.

Central & Eastern Europe

(\$ in thousands)

	Positions		Total Funds	Increase/ Decrease
	American	FSN		
FY 2011 Request	0	0	5,486	-

Funding in this region will be targeted to Serbia, Kosovo, Bosnia and crossborder initiatives.

In Serbia and Kosovo, the focus will be on assisting NGOs active in encouraging more young people to become involved in democratic processes and promoting interethnic cooperation and historic reconciliation; independent media providing objective information, and watchdog organizations working to temper corruption. NED continues to consider Bosnia a priority and will support programs fostering civic activism, respect for human rights, good governance, and the transparency and accountability of government institutions. NDI will continue a program promoting civil society advocacy and political party reform efforts. Utilizing the skills of long-time partners based in the graduated countries of Bulgaria, Croatia, Romania and Montenegro, NED will also support regional and crossborder programs in the fields of coalition building, anticorruption, transparency, youth participation, civic-political dialogue and NGO strengthening.

Independent States of the Former Soviet Union

(\$ in thousands)

	Positions		Total Funds	Increase/ Decrease
	American	FSN		
FY 2011 Request	0	0	11,511	-

The FY 2011 request level for Eurasia is consistent with funding levels in FY 2009 and FY 2010.

Latin America/Caribbean

(\$ in thousands)

	Positions		Total Funds	Increase/ Decrease
	American	FSN		
FY 2011 Request	0	0	15,426	450

The increase over FY 2009 and FY 2010 funding levels in Latin America/Caribbean will be targeted to Central America.

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In **Guatemala**, NED will seek to improve the rule of law and citizen security, promote political participation for all sectors of the population, and help the government respond adeptly to the most pressing concerns of Guatemala's citizens.

In **Nicaragua**, NED supported programs will continue to support civic engagement in an increasingly divisive environment, and contribute to fostering open exchange of ideas and dialogue at the national and local levels.

Finally, in **El Salvador**, NED is planning to explore possibilities of supporting civil society organizations through its discretionary programs, focusing on issues such as improving rule of law and respect for human rights, increasing government transparency and accountability, and helping to bridge the country's political divisions.

Multiregional

(\$ in thousands)

	Positions		Total Funds	Increase/ Decrease
	American	FSN		
FY 2011 Request	0	0	6,651	-

The FY 2011 request level is consistent with funding levels in FY 2009 and FY 2010.

Democratic Activities

(\$ in thousands)

	Positions		Total Funds	Increase/ Decrease
	American	FSN		
FY 2011 Request	0	0	2,250	-

The FY 2011 request level is consistent with funding levels in FY 2009 and FY 2010.

Administration

(\$ in thousands)

	Positions		Total Funds	Increase/ Decrease
	American	FSN		
FY 2011 Request	0	0	11,504	-

NED's current provisional indirect cost rate, negotiated with the Department of State, is 13 percent. The indirect cost rate covers NED's expenses associated with NED's salaries and 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 to donors and ultimately, closing out the awards.

Through networks, trainings, and exchanges, NED-supported multiregional and global programs will engage a broad range of groups, including grassroots activists, political parties, women,

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youth, entrepreneurs, and journalists. Projects will provide opportunities for these diverse groups not only to develop their skills, but also to share knowledge, experiences, and best practices with their peers, as well as to collaborate with one another to increase the reach and impact of their work. Many projects also will take advantage of the innovations in information communication technologies (ICTs) by utilizing these tools in advocacy campaigns, outreach efforts, and networking activities, enabling project participants to amplify their voices and remain engaged with other democracy activists and practitioners throughout the world.

Funds by Program Activity (\$ in thousands)

	FY 2009 Actual	FY 2010 Enacted	FY 2011 Request	Increase / Decrease
Administration	13,230	11,504	16,504	5,000
Africa	18,605	15,655	15,655	0
Asia	22,530	16,547	16,547	0
Central & Eastern Europe	5,111	5,486	5,486	0
Democratic Activities	4,147	2,250	2,250	0
Eurasia	11,320	11,511	11,511	0
Latin America/Caribbean	14,262	14,976	14,976	0
Middle East/North Africa	17,821	15,420	15,420	0
Multiregional	7,974	24,651	6,651	(18,000)
Total	115,000	118,000	105,000	(13,000)

Funds by Object Class (\$ in thousands)

	FY 2009 Actual	FY 2010 Enacted	FY 2011 Request	Increase / Decrease
4100 Grants, Subsidies & Contrb	115,000	118,000	105,000	(13,000)
Total	115,000	118,000	105,000	(13,000)