Resource Summary

($ in thousands)

<table>
<thead>
<tr>
<th>Appropriations</th>
<th>FY 2010 Actual</th>
<th>FY 2011 CR</th>
<th>FY 2012 Request</th>
</tr>
</thead>
<tbody>
<tr>
<td>Funds</td>
<td>118,000</td>
<td>118,000</td>
<td>104,000</td>
</tr>
</tbody>
</table>

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. NED functions currently with 145 full-time and 7 part-time 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 14.08 percent.

The Endowment’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 program areas are:

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

NED’s support to grassroots democrats is global in scope and cutting-edge in character. Among the grants NED made last year were awards to several public interest law projects inside China that work to improve government accountability, raise public awareness of human rights issues, and strengthen the rule of law; to the Al-Khatim Adlan Centre for Enlightenment and Human Development, an organization in Sudan that uses the arts to educate citizens about their role in Sudan’s democratic transformation; to a vocal grassroots organization in the Sindh region of Pakistan, the Pakistan Fisherfolk Forum, that demonstrates that even the most marginalized sectors of society can hold the government and powerful economic interests accountable; to the Democratic Voice of Burma to maintain their Burmese- and ethnic-language radio and satellite television broadcasts of independent news and opinion; to the National Association for the Defense of Rights and Freedom in Egypt, a group that is devoted to engaging, reaching out to, and developing strong networks of provincial women leaders across 13 Egyptian governorates; to the Fund B92 in Serbia to organize a five-day arts and film festival aimed at raising human rights awareness in Belgrade that was so well-received the same model is being replicated in other parts of Serbia; and to Mashr, a legal aid organization that assists victims of forced disappearances and other human rights abuses in Ingushetia, Russia, providing a unique opportunity for residents to gain access to proper legal representation and the legal system in general. Following the devastating earthquake that struck Haiti in 2010, NED’s continued support to local civil society organizations in Haiti has enabled them to assist recently displaced citizens in their new communities and holds the prospect of stimulating new initiatives to help rebuild civil society.

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, the Endowment 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. 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 NED grantees’ Chinese-language Internet presence and the Endowment’s long-standing grants program in Colombia. In FY 2011, the Endowment will complete evaluations of its Pakistan and Iraq grants programs. NED utilizes its tailored evaluation tools to assess needs and opportunities, report on results and demonstrate the difference that the Endowment’s grants are making in the challenging political environments where grantees operate. In addition to profiling the outcome and impact of individual grants, the Endowment is continuously working to organize and disseminate its institutional body of knowledge, notably lessons learned, to the larger democracy assistance community.

**Justification of Request**

FY 2012 funding request of $104 million is a decrease of $14 million from the FY 2010 Actual level. The FY 2012 request will allow NED to maintain much of the strong grants program in priority countries, such as China, Pakistan, Afghanistan, Egypt, Sudan, Somalia, Russia, Ukraine, and Central America, although reductions across the board in both the number of grants and the amount provided to grantees will be necessary. In addition, a slight increase in the Endowment’s NICRA over previous years will result in reductions in the regional programs.
The Africa region continues to present both challenges and opportunities for democratic development. While there are some governments that support democratic development, in most countries it is the nascent and growing civil society that has become resilient and creative in taking advantage of all opportunities to expand freedom, including the process of holding elections. Substantial program activity will continue in the Democratic Republic of the Congo, Sudan, Nigeria, and Somalia.

In Asia, the Endowment will again concentrate resources in critical countries in each sub-region of Asia, while also providing assistance in countries where democracy is losing ground. In East Asia, the Endowment will continue to focus on China, including Hong Kong, Tibet and Xinjiang/East Turkistan and North Korea. In Southeast Asia, NED will maintain a large Burma program using funding sources other than the annual appropriation, and support democracy efforts in Thailand and the Philippines. In South Asia, NED will continue to prioritize programming in Pakistan, and look to fund efforts in Nepal and Sri Lanka.

In the Middle East and North Africa, Egypt and Afghanistan will continue to be regional priorities. Throughout the region, NED will focus on support to civic groups to enhance nascent political processes at the local and national levels, advance civic participation, advocate public accountability, and consolidate the role and functions of parliamentarians. In authoritarian countries, the focus will be to support groups with human rights and freedom of information objectives, and to link them to other regional networks. Finally, in post-conflict states such as Iraq, NED will remain committed to helping democratic civil society survive and grow.

In Eastern and Central Europe, the Endowment will continue to be strongly engaged in the Western Balkan region, focusing on efforts to reform government and rein in corruption by reinvigorating media and civic activism, and in Moldova, supporting civil society to hold government accountable. In Ukraine, the Endowment will support grantees working to ensure that democratic practices continue to take root so that all citizens can benefit from a responsible government. NED will look for new opportunities to support activists’ work in restrictive environments such as Belarus. Additionally, NED will encourage former partners from European Union countries to initiate or expand cross-border democracy-building programs to foster pro-democratic solidarity, share experiences and lessons learned, and highlight best practices developed during successful transitions dating from 1989.

In Eurasia, NED will continue its efforts to guarantee the viability of civil society organizations especially in Russia, and support human rights programs, which are the bulwark of all efforts to move toward democracy in the countries of Central Asia. In Georgia, where the challenge will be to ensure that reforms truly represent a step forward, NED will support NGO development, including regional organizations and regional media.

In Latin America, NED will fund programs in the Caribbean, the Andean Region, and Central America. In Cuba, NED-supported projects will focus on expanding access to information, supplying humanitarian aid to activists, and strengthening the capacity of civil society. In response to the devastating earthquake in Haiti, NED grantees are working to help citizens access aid, organize displaced Haitians, and serve as interlocutors between the people and government. In Central America, Nicaragua and Guatemala will be the focus, and Bolivia, Ecuador and Venezuela will be the priority countries in the Andean Region. Due to budget constraints, NED does not intend to expand support for programs in Mexico.

NED multiregional and global program will connect democrats from different areas of the world to address common issues and challenges in democratic development. A major focus will be building the capacity and knowledge base of local groups to advocate for human rights, empower marginalized
communities, support worker rights, promote economic reform, strengthen political institutions, and foster independent media.

**Africa**
Africa is confronting a backlash against the democratic progress that has been made in the last two decades, and the NED Africa program will thus concentrate on programs that directly counter political repression and human rights abuses, particularly in Africa’s most severe dictatorships, in addition to supporting programs that aggressively pursue democratic change. As the only U.S. source of funding for human rights groups in the Democratic Republic of the Congo, NED will attempt to maintain a consistent level of support for activists in the country. NED will continue to support the program in northern Sudan, where there are few other sources of funding for indigenous NGOs, and NED will support programs in Nigeria and Somalia, where NED is the only source of funding for civil society groups, especially in regions such as the Niger Delta.

Funding will maintain NED’s support for NGOs inside of the capital city in Zimbabwe as well as programming in both Angola, where NED is a leader in finding openings and civil society projects, and in Guinea.

**Asia**
The Asia program will seek to address constitutional, political, and post-electoral turmoil in Southeast Asia, particularly Thailand, with some focus on the Philippines and Malaysia as well. NED plans to maintain its support for civic groups at the leading edge of efforts to implement democratic norms in practice, at both political and social levels, in the priority countries of North Korea, Sri Lanka, and Nepal. NED’s strong emphasis on support for Burma’s pro-democracy movement and independent civil society is expected to be maintained through dedicated Department of State funding reserved for Burma, separate from this budget request.

In China, if government concerns about social stability continue to result in new controls on freedom of information and on the operations of civil-society groups, NED funding may need to shift from efforts to expand political space to efforts to keep alive fragile new organizations and provide support for the free flow of information. In addition, NED is one of the few organizations currently funding efforts to address China’s ethnic tensions. NED has traditionally had a uniquely strong commitment to supporting the participation of Uyghurs, Mongols, and Tibetans in China’s civic life. This support will continue with an emphasis on equality and mutual respect, through human-rights documentation, public-policy discussion forums and various forms of dialogue, and other projects designed to address ethnic rights and ameliorate ethnic tensions.

In Pakistan, NED will continue support for democratic values, institutions, and processes as 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 – with an emphasis on extending programming to relatively neglected rural areas – in civic participation, fair election processes, and democratic norms. The Endowment will also continue to provide assistance to human rights groups, including those focusing on labor and women's rights, and to support civic education for disenfranchised groups, political party development, business associations and free-market advocacy, grassroots empowerment, civic associations, and independent media.
**Middle East**

NED’s Middle East & North Africa program will target Afghanistan and Egypt for special emphasis. 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 citizens’ rights and obligations; and develop their appreciation for pluralism, equality, and peaceful dispute resolution. NED will pursue balanced levels of programmatic 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 relatively direct impact, such as at the local government or community level, within specific professional sectors, and among youth, who through familiarity with new technologies are capable of reaching out to greater numbers of citizens to promote democratic values.

In authoritarian countries such as Iran, Libya, Syria, Tunisia, Bahrain and Saudi Arabia, NED will assist activists in working in the available political space, with a focus on strengthening their institutional capacity. In Jordan, Morocco, Yemen, and Turkey, NED will continue 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, Algeria, Lebanon, and Palestine, NED will focus on civic education, human rights, capacity building, conflict resolution, and participation of women and youth.

**Central & Eastern Europe***

(*Includes Belarus, Moldova and Ukraine, Southern and Central Europe. The increase in funds for this region reflects the inclusion of Belarus, Ukraine, and cross-border programs, which were formerly a part of the Eurasia section at NED.)

NED will continue to foster free, fair and transparent elections in the region, especially Belarus, where it has been the main funder of civil society groups for many years despite aggressive repression by the government. After the parliamentary elections of 2011, NED will also seek to support the successful efforts of pro-reform democrats in Moldova through the promotion of programs that will assist citizens in holding politicians accountable. NED’s recent strategy for promoting Ukraine as a center for regional and cross-border programs, unique among the donor community, will also continue as a priority.

NED will support programs that focus citizens’ attention on issue-based voting in Bosnia rather than the ethnic-based rhetoric that continues to divide the country. After the retreat of many international funders, NED remains one of the major sources of funding for civil society groups in this region.

As one of the few funders for small scale civil society activities left in Albania, NED will seek to maintain support for the opposition in its attempts to reduce polarization and to take up seats in the parliament for the first time since 2009. NED will provide support for Serbia, an Endowment priority, and Macedonia, where important parliamentary elections will be important tests of whether these countries have implemented the reforms needed to join the EU and help bring about a “Europe whole and free.”

**Eurasia***

(*Includes Russia, Azerbaijan, Armenia, Georgia, Kazakhstan, Kyrgyzstain, Tajikistan, Turkmenistan and Uzbekistan. The decrease in funds for this region reflects the removal of Belarus, Ukraine, and cross-border programs from Eurasia. These are now a part of the Central and Eastern Europe section at NED.*)
In Eurasia, the Endowment remains a leader in supporting cutting-edge programs in areas ranging from human rights monitoring and reporting to government accountability and freedom of information; moreover, the Endowment has an active grants program throughout all the countries of the region, with a particular focus on the most difficult regions, such as the North Caucasus and closed societies such as Turkmenistan.

The Endowment will continue to invest in improving security for human rights activists, particularly in Russia, where budget cuts can imperil not only the success of the work, but possibly the lives of activists in the most dangerous situations. NED will concentrate on bolstering established human rights organizations, nurturing youth groups and new media programs, and securing and fostering a variety of civil society initiatives in Kyrgyzstan, which exhibits the greatest potential for conducting extensive democratic reforms in the aftermath of recent political turmoil.

**Latin America/Caribbean**

NED has expanded its programs in Central America in recent years. Guatemala will hold presidential and legislative elections in August 2011 and Nicaragua in November 2011, and NED expects to award grants to organizations working on citizen security, fostering accountability and transparency of elected officials, and promoting the rights of underrepresented groups. In Honduras, with NED support, organizations will carry out programs to overcome political polarization and promote democratic political reform.

In the Andean region, the Venezuelan presidential election scheduled for December 2012 will have relevant consequences for the country and the neighborhood, as President Chávez seeks reelection for an additional six-year term. NED will support civil society organizations in their efforts to enhance voter participation and promote free, fair and competitive elections.

In the Caribbean, as the availability of sources of funding for democrats inside Cuba diminishes overall, NED expects to receive additional requests that will challenge its ability to maintain its support to Cuba-related organizations which promote respect for freedom and human rights in the island. As the impact of the 2010 earthquake in Haiti continues, NED will fund grants to strengthen the domestic capacity to address grassroots communities’ multifaceted challenges.

**Multiregional**

Through networks, trainings, and exchanges, NED-supported multiregional and global programs will engage a broad range of groups, including grassroots civic organizations, political parties, women, youth, entrepreneurs and the private sector, think tanks, journalists, and worker rights activists. 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 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.

**Democratic Activities**

The line-item “Democratic Activities” includes activities funded directly by NED that are consistent with the Endowment’s purposes as set forth in the Act. They include expenses for the International Forum for Democratic Studies (including publication of the *Journal of Democracy* and development of a library and database of information about democracy movements); the World Movement for Democracy, a 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. Funds in this category, from NED’s core appropriation, are used to cover basic infrastructure costs; funds for the activities themselves are raised from other sources.

**Administration**

NED’s current provisional indirect cost rate, negotiated with the Department of State, is 14.08 percent. The indirect cost rate covers Endowment expenses associated with, among other things, the Endowment’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 and ultimately closing out the awards.

### Funds by Program Activity

($ in thousands)

<table>
<thead>
<tr>
<th>Activity</th>
<th>FY 2010 Actual</th>
<th>FY 2011 CR</th>
<th>FY 2012 Request</th>
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<td>Administration</td>
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<td>Africa</td>
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### Funds by Object Class

($ in thousands)

<table>
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<tr>
<th>Object Class</th>
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<td><strong>Total</strong></td>
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