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, [§104,000,000]§103,450,000, to remain available until expended: Provided, That the President of the National Endowment for Democracy shall submit 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.
NATIONAL ENDOWMENT FOR DEMOCRACY

Resource Summary
($ in thousands)

<table>
<thead>
<tr>
<th>Appropriations</th>
<th>FY 2012 Actual</th>
<th>FY 2013 CR (1)</th>
<th>FY 2014 Request</th>
<th>Increase/Decrease From FY2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>Enduring Funds</td>
<td>117,764</td>
<td>118,485</td>
<td>103,450</td>
<td>(14,314)</td>
</tr>
</tbody>
</table>

(1) The FY 2013 CR is based on the annualized continuing resolution calculation for FY 2013 (P.L. 112-175).

Program Description

The National Endowment for Democracy (NED) is a non-profit organization created in 1983 to strengthen democratic institutions around the world. 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) that foster independent media, human rights and other essential democratic institutions, values and processes.

NED grantees are often at the forefront of meaningful democratic change around the world. In both 2010 and 2011 the Nobel Peace Prize was awarded to a NED grantee. Tawakkul Karman, the mother of three young children and a courageous activist, was honored most recently in 2011 for her work as founder of Women Journalists Without Chains in Yemen. As a voice for women’s rights and freedom of expression, the organization has quickly become a media and women’s rights resource in the region. In Pakistan, a human rights and democracy organization, Mehergarh, led a civic effort resulting in legislation that extended workplace protections to women and provided recourse for victims of sexual harassment. NED grantees have also successfully used the “Defending Civil Society” report, an initiative undertaken by the World Movement for Democracy, for which NED provides the secretariat, and the International Center for NonProfit Law, to counter attacks against nongovernmental organizations and to advocate for the newly established U.N. Special Rapporteur on Freedom of Assembly and Association.

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, and as a means to counter and offer an alternative to antidemocratic elements. NED does not administer programs directly, but rather provides funding for NGOs. A bipartisan Board of Directors makes funding decisions based on established criteria.

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 (WMD), 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. One way NED tracks its performance is through providing support to NGOs that help develop and fund key initiatives that foster human rights, independent media and other essential democratic institutions, values, and processes as measured by the number of grants awarded in a fiscal year. For FY 2012, NED originally set a baseline of awarding 1,225 grants. NED exceeded this total by awarding 1,392 grants in FY 2012. NED has planned targets of awarding 1,250 grants in FY 2013 and 1,260 grants in FY 2014.
NED’s work is guided by strategic goals to be pursued through its global grants program and democratic activities: **supporting democrats in highly repressive societies**, such as China, Cuba, Burma and Iran; **assisting democratic transitions** in Egypt, Tunisia and Libya; **aiding democrats in semi-authoritarian countries**, such as Russia and Venezuela; **helping new democracies succeed** in Latin America and Africa; **mobilizing political and moral support for democracy activists** through activities like “Defending Civil Society” and grants that provide emergency support for activists in need; **building cross-border networks** in places like the Middle East and North Africa, similar to the pioneering work done by NED in the post-communist world; **strengthening cooperation within the democracy assistance community** to find the most effective ways to respond to common challenges; and **using research to improve democratic practice**, linking scholarship and activism.

NED recognizes the critical role that evaluation plays in the strategy and policy formation of democracy assistance efforts and strives to implement the same standards of innovation and cost effectiveness that apply to the other aspects of NED 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 capacity of its grantees. NED commissions a minimum of two independent evaluations each year that examine a sub-set of projects within one country or a theme across countries. Evaluations in Haiti and Russia were completed in FY 2012. The Haiti evaluation was a pilot effort for NED and included qualitative research undertaken by a local evaluation firm. The evaluation of the Russia portfolio looked at how NED support to civil society organizations has contributed to civic and political activism in Russia. Additionally, in FY 2012 NED completed a retrospective study of the 22 external evaluations that were conducted between FY 1992 and FY 2010. This retrospective evaluation extracted lessons learned and led to NED strengthening its own evaluation approaches and methodologies. In FY 2013, NED has commissioned an evaluation of its programs in the Democratic Republic of Congo. Preparations are underway for an evaluation of its women’s leadership development programs in the Middle East North Africa (MENA) region. In FY 2014, NED plans to conduct an evaluation of its program in Nicaragua.

NED utilizes its tailored evaluation tools to assess needs and opportunities, report on results, and demonstrate 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.

**Performance**

A new performance indicator for NED is featured below. As a non-profit organization strengthening democratic institutions around the world, NED does not administer programs directly, but instead provides material support to other carefully selected NGOs through its grants program. NED’s grants allow groups to build up their credibility and effectiveness in order to offer alternatives to anti-democratic elements.
Strategic Goal 3: Expand and sustain the ranks of prosperous, stable and democratic states by promoting effective, accountable, democratic governance; respect for human rights; sustainable, broad-based economic growth; and well-being

<table>
<thead>
<tr>
<th>Strategic Priority</th>
<th>Civil Society</th>
</tr>
</thead>
<tbody>
<tr>
<td>Active Performance Indicator</td>
<td>NEW APP INDICATOR: Support to NGOs that helps develop and fund key initiatives that foster human rights, independent media and other essential democratic institutions, values, and processes as measured by the number of grants awarded in the fiscal year.</td>
</tr>
</tbody>
</table>

Prior Year Results and Ratings

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
<td>Baseline 1225 grants (baseline)</td>
<td>1250 grants</td>
<td>1260 grants</td>
</tr>
</tbody>
</table>

Impact

N/A; Baseline year

Methodology

Data are derived from board-approved grant documents as well as quarterly and semi-annual narrative reports that are submitted to the NED by its grantees, including the four core institutes. Grants awarded include discretionary and core institute projects.

Data Source and Quality

The Grantee reports are submitted on a quarterly or semi-annual basis, depending on the type of grant and grantee. Information in these reports varies but usually includes details of activities and perception of impact on the democratic situation in a country. The reports are carefully reviewed by NED staff to determine the extent to which the project is meeting its intended objectives. Activities are verified by NED staff during visits to the field.

Justification of Request

The total funding request of $103.5 million in FY 2014 is $14.3 million less than the FY 2012 Enacted level. Over the last five years, NED has received on average $16 million in grants from the State Department in addition to its dedicated appropriation. NED will work hard to maintain its strong grants program in priority countries and respond expeditiously and effectively with vital assistance to activists working in the most challenging environments.

Africa

NED will remain focused on the most difficult challenges to democracy in Africa with the Democratic Republic of Congo (DRC), Sudan, and Somalia as priority countries. NED will intensify efforts in the totalitarian states of Eritrea, Ethiopia and Rwanda. Where fragile democracies face a growing assault by Islamic radicalism in Mali, Niger, and Nigeria, NED grants will reinforce democratic values and behavior. As NED reprioritizes global programming, programs in weak, but consolidating democracies such as Sierra Leone, Liberia, Togo, Guinea, Cote d’Ivoire, Somaliland and Kenya may be scaled back.
Similarly, support to beleaguered democrats in semi-authoritarian regimes such as Uganda, Burundi, and Zimbabwe may be reduced.

Asia

The four country priorities for Asia will continue to be China (including Tibet, Xinjiang, and Hong Kong), North Korea, Burma and Pakistan. In the other countries of Asia where democratic progress, or democratic backsliding, are in the balance, including Thailand, Malaysia, the Philippines, Vietnam, Nepal and Sri Lanka, more modest programs will assist democratic forces where highly focused work may be able to influence political and institutional trajectories.

Eurasia

NED will continue to support pro-democracy NGOs in all nine countries of the region, prioritizing new programs in Russia, Georgia and the Kyrgyz Republic. Due to its size, regional influence, its highly developed NGO sector, and emerging civil society movement in the regions, Russia will remain a top priority for NED. Moreover, greater opportunities for democratic development are emerging as it becomes more common to view current leadership as anachronistic and unable to develop creative policies to cope with the challenges of depopulation, corruption, extreme inequality and deepening conflict in the North Caucasus.

Europe

FY 2014 funding will focus on upcoming elections in the priority countries of Ukraine, Belarus and Bosnia and Herzegovina. In Ukraine, NED will assist a broad range of NGOs, political parties, trade unions, business associations and independent media in the run up to the 2015 election. NED, the leading U.S. donor in Belarus, will take advantage of the country’s political and economic crisis and encourage the democratic opposition to unite, campaign for reform and foster democratic change around the 2015 election. In Bosnia and Herzegovina, which will hold a key presidential and parliamentary election in 2014, NED will expand accountability programs that counter ethnic-based voting.

Latin America and the Caribbean

NED will prioritize Cuba, Haiti, Venezuela, Bolivia, Ecuador and several Central American countries. Challenges to democracy in Argentina and Paraguay may lead NED to expand its attention and funding in both countries. Support for programs in Colombia and Peru will likely decrease, while programming in Central America, including Nicaragua and Honduras, will increase.

Middle East/North Africa

NED will give priority to difficult transitions in Egypt, Tunisia, Libya and Yemen. Major programs in war-torn Iraq and Afghanistan, and more modest programs for other countries wracked by conflict and division, such as Syria, Lebanon and West Bank and Gaza, will continue. NED will also provide a lifeline for democrats in closed regimes such as Iran, Bahrain, Saudi Arabia and elsewhere in the Gulf. Turkey will remain a priority as an important example critical to transitions in the region.

Global

The Global program leverages the work of organizations based in multiple regions to address crosscutting challenges. The program connects them to one another to learn and share technical expertise, provide
solidarity, collaborate on key areas of advocacy, and foster the development and adherence to democratic norms in regional, national and international bodies.

Democratic Activities

Democratic activities includes activities carried out directly by NED that enhance and inform the grants program and are consistent with the Endowment’s purposes as set forth in the National Endowment for Democracy Act. They 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; the Center for International Media Assistance; 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 for these activities are leveraged with non-US Government sources.

Administration

The NED’s current provisional indirect cost rate, negotiated with the Department of State, is 16.91 percent. The indirect cost rate covers expenses associated with, among other things, salaries and fringe benefits, travel, office space costs, communications costs, and other costs to administer its grants program. This latter item 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 Object Class
($ in thousands)

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>4100 Grants, Subsidies &amp; Contributions</td>
<td>117,764</td>
<td>118,485</td>
<td>103,450</td>
<td>(14,314)</td>
</tr>
<tr>
<td>Total</td>
<td>117,764</td>
<td>118,485</td>
<td>103,450</td>
<td>(14,314)</td>
</tr>
</tbody>
</table>