National Endowment for Democracy

Annual Report 1988

NATIONAL ENDOWMENT FOR DEMOCRACY

ANNUAL REPORT 1988

October 1, 1987 to September 30, 1988

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Officers and Directors

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Chairman's Message

The National Endowment for Democracy was founded upon the belief that the world's greatest democracy should help others who share our democratic values and are striving to build free and democratic societies. When the Endowment was established five years ago, some people questioned its purpose and potential. But this, our fifth annual report to the United States Congress, demonstrates, we believe, that we have now built a program as bold and far-reaching as it is essential to our nation's security. With enthusiastic backing from democrats around the world and broad bipartisan support in this country, the National Endowment for Democracy has truly come of age.

Today the Endowment is an established institution with a worldwide grants program. The programs it has supported have differed from country to country, depending upon the nature of the situation and the level of democratic development. In authoritarian countries such as Haiti, Chile and Paraguay, the Endowment has helped those working for a peaceful democratic transition. In newly established democracies such as Argentina, the Philippines and Guatemala, the Endowment has helped those working to strengthen the institutional infrastructure of democracy. In the Communist societies of Eastern Europe and the Soviet Union, the Endowment has supported independent groups working for greater openness and for the revival of civil society. Even in conflict-ridden countries such as South Africa and Nicaragua, the Endowment has been able to aid those working peacefully to make democracy possible when the violence ends.

It makes sense to help our democratic friends. It serves our interests, because democracy is the prerequisite for a world of peace and prosperity. And it serves our ideals.

The Endowment owes its success to the dedicated efforts of many people, foremost among whom are the courageous individuals abroad whom we have been honored to support. For them, democracy is not something to be taken for granted. It is a precious ideal whose value is enhanced by the very precariousness of its existence in some countries, or by its denial by force in many others.

The Endowment has also been greatly assisted by Members of Congress from both parties, members of the U.S. Advisory Commission on Public Diplomacy and the United States Information Agency, the Agency for International Development and the State Department, among others. And I would be remiss in not noting the important contributions of the members of the Endowment Board, with whom it has been a true pleasure to work, and that of our dedicated and capable staff.

Though still a young organization, the Endowment has already proven its worth and should be funded at a level commensurate with its far-reaching mission. It is potentially the most effective instrument we have for advancing our ideals in the world. It is cost-effective, activist, engaged. It not only provides concrete assistance to democrats on the frontlines of political struggle, but sends a message of solidarity and democratic commitment. It gains goodwill for our country even as it assists our friends and thereby advances our own interests as well. It's an organization that is making a real contribution to a better world -- one in which all Americans can take pride.

William E. Brock III
Chairman of the Board

President's Report

The 1988 Annual Report of the National Endowment for Democracy marks a milestone in the history of the organization. From where we stand today, we can look back upon five years of building an institution that has the proud, unambiguous purpose of advancing democracy throughout the world.

During these first five years, the Endowment has established a durable foundation that is at once conceptually, programmatically and procedurally sound. Conceptually, the Endowment's work has been based upon the view, set forth in 1984 in our Statement of Principles and Objectives, that "the existence of autonomous economic, political, social and cultural institutions" -- in a word, civil society -- "is the foundation of the democratic process and the best guarantor of individual rights and freedoms."

Programmatically, we have acted upon this idea by contributing to the development, and in some cases the very survival, of a wide array of free institutions devoted to the values of democracy: trade unions, business associations and political parties (work carried out through our core grantees in these fields, respectively, the Free Trade Union Institute, the Center for International Private Enterprise, and the National Democratic and the National Republican Institutes for International Affairs), as well as civic organizations of women and youth, public policy institutes, cooperatives, and a variety of free communications media, including newspapers, journals, books, videos and films.

Procedurally, in addition to establishing high standards for the careful selection, monitoring and evaluation of grants, the Endowment has adhered to three basic operating principles: grants are open to public scrutiny, programs are responsive to the needs and initiatives of democrats abroad, and the approach is consistent, not veering to the left or to the right but holding faithfully to a democratic course.

Ultimately, the effectiveness of the Endowment derives from the existence abroad of people who are passionately and courageously devoted to democracy.

These people, with whom the Endowment has established bonds of solidarity and cooperation, are part of a worldwide democratic movement whose impact is already being felt in the following countries:

- **Poland, Czechoslovakia, Hungary and elsewhere in Eastern Europe and even the Soviet Union itself**, where there has been an extraordinary growth of independent publishing and democratic social and political action;

- **Chile**, where a majority of the 7.2 million voters in the plebiscite of October 5, 1988, rejected the proposal to extend General Augusto Pinochet's rule until 1997, thereby opening the way for a peaceful transition to democracy;

- **Nicaragua**, where the labor, business and political groups comprising the nonviolent civic opposition, along with independent media representatives, human rights monitors, youth activists and many others, have refused to succumb to fear, repression and economic deterioration in their continuing struggle for democratic freedoms;

- **South Africa**, where black and white democrats, undaunted by the new wave of repression, are working together to replace apartheid with a democratic system;

- **The Philippines**, where trade unionists, business leaders, women civic activists and high school students are struggling to secure their new democracy; and

- **South Korea and Pakistan**, two vital Asian nations, where popular movements for political change have led to unprecedented gains for pluralism and democratic participation.

The report that follows lists many other countries in Africa, Asia, Latin America, and Eastern Europe where Endowment grants are assisting those working for democracy. Some of the efforts described here have been especially innovative, representing original approaches to extending democracy. Others give fresh insight into the development of democratic processes, or offer a method of change that can be adapted in comparable circumstances by movements in other countries.

Among the areas of work that deserve special mention are the following:

Achieving peaceful transitions from authoritarianism to democracy: Endowment grantees have been active in a number of countries which have experienced or are undergoing a peaceful transition to democratically-elected civilian governments.

These include Guatemala in 1985, the Philippines in 1986, South Korea in 1987, and Chile and Pakistan in 1988. While each situation is unique, and while the decisive actions must naturally be taken by internal actors, it is possible to draw certain generalizations about the kinds of assistance that can encourage a transition process. These include strengthening organizations or groups devoted to building a consensus for peaceful transition, both within the opposition and between the opposition and moderate elements in the government; assisting efforts to broaden citizen awareness of the issues and participation in the transition process; supporting independent mechanisms to monitor the electoral process to ensure the integrity of the vote; and enhancing international support for a successful transition by observing electoral processes and encouraging regular contacts with democrats abroad.

Establishing civil society within totalitarian systems: An historic process of change is now underway involving the creation of enclaves of independent civil society within totalitarian systems. The process is most advanced in Poland where Solidarity continues to survive as a powerful underground structure seven years after the declaration of martial law, and where a wide variety of independent cultural activities -- including newspapers, journals, book publishing, videos, social and educational institutions and intellectual clubs -- and an informal private sector have produced a radical deviation from the classic totalitarian model. This same process is advancing elsewhere in Eastern Europe, most notably in Hungary and Yugoslavia. Even in the Soviet Union, where fifty percent of young people now belong to some 30,000 "informal groups," the same process can be observed. While it is difficult to see where this process will lead, one cannot escape the conclusion that Communism is declining ideologically and economically, and that the emergence of independent movements in this part of the world represents an historic opportunity for democratic advance.

Empowering the poor through the "informal sector": The path-breaking analysis of the informal sector in Peru by Hernando de Soto has opened up new vistas for economic and political change. De Soto has offered an alternative to both the status quo of statist mercantilism, which protects the established economic groups and excludes the poor, and radical movements which hope to use the poor as an agent of revolution toward an even more centralized and overbearing state. That alternative is a more open economic and political system able to assimilate the entrepreneurial energy of the poor by being responsive to their need for property rights, credit and legal guarantees. The empowerment and inclusion of the popular classes through greater opportunity is a precondition for broadening and consolidating new democracies in many developing countries.

Strengthening institutional pluralism in developing countries: The possibility for stable democratic development is closely related to the existence of a vigorous social pluralism consisting of voluntary associations, democratic interest groups and independent media. Such institutions, which include free trade unions, business associations and political parties as well as educational and civic organizations, provide channels for citizen participation and a check on the unwarranted extension of government power. The recent development of women's organizations committed to popular civic education and the nurturing of democratic values and practices represents an innovative approach to broadening and deepening the commitment to democracy among rank-and-file citizens.

The promotion of democratic culture: Democracy depends not only on the existence of democratic institutions but on the commitment to democratic ideas and values. Organizations devoted to spreading democratic culture today operate in a more favorable climate than in the past, owing to the decline of utopian ideologies and the development of a more pragmatic, nonideological temperament in the Third World. The emergence of democratic intellectual movements in the developing world, and increasingly within the Communist world as well, augurs well for the future of democracy.

The gains that democracy has made during the last decade are part of a long-term historic trend toward more open, pluralistic societies. Significantly, the trend

toward greater openness is evident both in countries that have undergone far-reaching economic changes, such as South Korea and Taiwan, and in countries that have been unable to assimilate the scientific and technological revolutions, such as those in the Communist world. The process of democratization would appear to be inexorable.

A word of caution is in order, however. The challenges and obstacles confronting democracy in the period ahead are formidable. Latin America, the region of greatest recent advance, faces intensifying and interrelated crises of debt, economic stagnation, inflation and violence related to guerrilla warfare and the drug trade. In many developing countries, the very scientific and technological revolution that has produced pressures to adapt and modernize could lead to a period of upheaval and instability that might reverse the trend toward greater openness. In the Communist world, the failure of reform -- a strong possibility in the absence of a more far-reaching political and economic opening than is now contemplated -- could produce a return to orthodoxy and the reassertion of the party's undisputed power.

Even if setbacks do occur, however, it is still appropriate to retain a sense of historic optimism about the future of democracy. Because of the gains of recent years, future democratic advances will begin from a higher plateau. New institutions have been established, once dormant social groups have been mobilized, new aspirations have taken hold, and new ideas -- chiefly the idea that legitimacy derives from a popular mandate -- have now spread to distant regions of the world previously untouched by the democratic revolution.

It is inspiring to consider that we have reached this point of hopefulness about the future of democracy as we near the end of a century that has seen the rise of Communism and Fascism, two world wars, genocide, terrorism and an assortment of upheavals that one might think would threaten the very survival of civilization. Instead, humanity is emerging from the throes of a protracted crisis in a more democratic condition than ever before in history, and with the reasonable possibility that political and economic freedom will continue to advance. This is not cause for complacency, only for a degree of confidence that our efforts to help people around the world realize their full democratic potential will ultimately bear fruit.

AFRICAN PROGRAMS

BOTSWANA

NATIONAL DEMOCRATIC INSTITUTE FOR INTERNATIONAL AFFAIRS (NDIIA), to study the feasibility of a party-building program in Botswana.

$ 9,957

KENYA

CENTER FOR INTERNATIONAL PRIVATE ENTERPRISE (CIPE), to assist the Kenya National Chamber of Commerce and Industry in researching tax policies and making recommendations for a revised tax system, upgrading its economic analysis and reporting capability and conducting a membership campaign to enhance its ability to advocate private enterprise in Kenya.

$ 97,830

LIBERIA

NATIONAL DEMOCRATIC INSTITUTE FOR INTERNATIONAL AFFAIRS (NDIIA), to sponsor a conference in 1989 examining the role that pluralistic institutions play in democratic development. Leaders of Liberian institutions and their counterparts from other countries will discuss how organizations such as political parties, the press, the church, legal groups, business associations and labor unions can cooperate in building democracy.

$ 83,445

NIGERIA

CENTER FOR INTERNATIONAL PRIVATE ENTERPRISE (CIPE), to enable the Nigerian Association of Chambers of Commerce, Industry, Mines and Agriculture to establish a Press Foundation which will provide information on the free enterprise system to the Nigerian press. Workshops will be held in

conjunction with the Department of Mass Communications at the University of Nigeria, Nsukka.

$ 16,450

SENEGAL

JOINT CENTER FOR POLITICAL STUDIES, INC., to assist the Center for the Study and Research of Pluralistic Democracy in the Third World (CERDET), a private nonpartisan organization established in 1985. CERDET will hold seminars on civic and political education, publish a journal on democracy in the Third World and conduct research on pluralistic democratic processes.

$ 44,000

SOUTH AFRICA

CENTER FOR INTERNATIONAL PRIVATE ENTERPRISE (CIPE), to assist the Southern Africa Black Taxi Association (SABTA) in expanding and enhancing its communications infrastructure. This will improve its ability to communicate with its regional offices, service members promptly and deal effectively with the government. SABTA represents the interests of 45,000 black entrepreneurs in South Africa.

$ 32,000

Funding of the following programs in South Africa was made possible by a grant from the U.S. Agency for International Development (AID).

FREE TRADE UNION INSTITUTE (FTUI), to enable the African-American Labor Center, the Center for Foreign Policy Options and the Afro-Asian Institute of Histadrut to continue a series of month-long training courses in Israel on "The Role of Peoples' Organizations in Community and Nation Building." Each course brings together twenty black community and trade union leaders from various geographical areas of South Africa for intensive training in program development, cooperatives, trade unionism and community organization.

$200,000

JOINT CENTER FOR POLITICAL STUDIES, INC., to assist the Institute for a Democratic Alternative for South Africa (IDASA) in opening a regional office in Natal Province and sponsoring a national conference on "Youth and Democracy," and an international conference on the Southern Africa conflict. IDASA brings together blacks and whites, especially Afrikaners, to examine democratic alternatives to apartheid in education, law, business, religion, the media, labor and political structures.

$227,000

JOINT CENTER FOR POLITICAL STUDIES, INC., to assist the Peoples Express Community Communications Centre, a black-owned and managed "alternative" media center in Cape Town. The Centre publishes the newspapers *Peoples Express* and *Peoples Business Review* and serves the black communities of the Cape Flats with training and media facilities.

$ 55,000

SUDAN

JOINT CENTER FOR POLITICAL STUDIES, INC., to enable the *Sudan Times* to purchase supplies essential to its continued publication. Besides providing objective news reporting, the *Sudan Times* seeks to promote and defend, through public dialogue and debate, the unity of the Sudan under a democratic system of representative government. The paper is the main source of information for the third of the literate Sudanese population that speaks English.

$ 44,000

UGANDA

JOINT CENTER FOR POLITICAL STUDIES, INC., to assist Uganda Human Rights Activists (UHRA) in promoting understanding of the basic principles of human rights in Uganda. UHRA will hold a conference on human rights, publish human rights literature and purchase equipment to facilitate the distribution of its materials.

$ 42,000

JOINT CENTER FOR POLITICAL STUDIES, INC., to assist the Ugandan *Financial Times*, an independent newspaper focusing on economic and political issues, in purchasing a desktop publishing system to improve the quality of the newspaper and allow for increased circulation and advertising. The *Financial Times* reports regularly on human rights problems, corruption and the need for a democratic constitution for Uganda.

$ 22,000

REGIONAL

FREE TRADE UNION INSTITUTE (FTUI), to assist the regional office of the African-American Labor Center in the Ivory Coast in administering projects in both Anglophone and Francophone Africa. In addition to overseeing project implementation, the regional office assists in the production of a newsletter of the Organization of Trade Unions of West Africa.

$178,000

FREE TRADE UNION INSTITUTE (FTUI), to enable the African-American Labor Center (AALC) to conduct senior trade union leadership seminars in the United States for participants from Anglophone and Francophone Africa. Participants will engage in three weeks of intensive study including courses in comparative industrial relations, history of the American trade union movement, collective bargaining and international economics. The AALC will also continue to develop model trade union courses for use in worker education programs.

$150,000

FREE TRADE UNION INSTITUTE (FTUI), to support regional trade union federation activity. The Southern Africa Trade Union Coordinating Council will continue education and research activities for the establishment of a women's wing within the organization. The Organization of Trade Unions of West Africa will conduct regional workshops and publish economic trend reports. The Organization of Central African Workers will work to strengthen ties among its member countries. And the African American

Labor Center will initiate an African labor history project.

$110,500

FREE TRADE UNION INSTITUTE (FTUI), to assist democratic elements in the labor movements of Nigeria and Zambia. The Industrial Relations Bureau, an education and research institution of democratic trade unionists, and the Senior Staff Consultative Association of Nigeria, an organization of white-collar professional employees, will conduct education programs to strengthen the Nigerian labor movement. In Zambia, the Zambia Congress of Trade Unions will continue cooperative and credit union programs for rank-and-file union members.

$110,000

FREE TRADE UNION INSTITUTE (FTUI), to enable the African-American Labor Center and Force Ouvriere to assist democratic elements in the labor movements of the Ivory Coast, Guinea, Cameroon, Burkina Faso, Gabon, Mali, Chad, Niger, Zaire and Mauritania. Activities include worker education programs, specialized seminars on such topics as collective bargaining and safety and health and the provision of technical advice and material assistance to union organizations.

$108,285

FREE TRADE UNION INSTITUTE (FTUI), to enable the Organization of African Trade Union Unity (OATUU) to establish a Women's Department within the federation, which will expand opportunities for African women to play leadership roles in the trade union movements of the continent.

$ 20,700

FREE TRADE UNION INSTITUTE (FTUI), to assist the African-American Labor Center in establishing a trade union news publication at its regional headquarters in the Ivory Coast. The publication will present labor's perspective on political, economic and trade union news and their impact on the African trade union movement.

$ 20,000

ASIAN PROGRAMS

AFGHANISTAN

AFGHANISTAN RELIEF COMMITTEE, to support two Pakistan-based Afghan publishing organizations. The Writers Union of Free Afghanistan (WUFA) publishes a quarterly journal in Pashto/Dari directed at educated Afghans inside and outside Afghanistan. WUFA also produces translations of books and articles by foreign authors about the Soviet system for distribution inside Afghanistan. The Afghan Information Centre (AIC) publishes a monthly English-language bulletin on events inside Afghanistan which is an important source of information for the Western press. The AIC will also publish works of its founder, Dr. Sayd B. Majrooh, who was assassinated in February 1988.

$ 45,000

AMERICAN FRIENDS OF AFGHANISTAN, to assist the Cultural Council of the Afghan Resistance (CCAR). Activities include publication of CCAR's quarterly magazine, surveys of Afghan public opinion, production and distribution of audio cassettes and expansion of its documentation center. The program encourages Afghans to think about specific issues that will affect the political future of their country.

$ 65,000

INDIA

JAMES F. BYRNES INTERNATIONAL CENTER OF THE UNIVERSITY OF SOUTH CAROLINA, to enable the Leslie Sawhny Programme of Bombay to continue training programs in citizenship, political organization and the principles of democracy for current and potential leaders in Indian civic and political life.

$ 33,000

PAKISTAN

NATIONAL DEMOCRATIC INSTITUTE FOR INTERNATIONAL AFFAIRS (NDIIA), to support a technical mission to Pakistan to analyze the legal and administrative procedures for the November 1988 National Assembly elections and the political environment surrounding the elections. In addition, NDIIA organized a bipartisan and international observer delegation to the elections. Delegates reviewed election law and administration, polling site security, fraud prevention measures and ballot collection and counting procedures.

$136,383

PEOPLE'S REPUBLIC OF CHINA

CENTER FOR INTERNATIONAL PRIVATE ENTERPRISE (CIPE), to cosponsor with the Shanghai Federation of Industry and Commerce (SFIC) a "Management Development Seminar" in October 1988 which focused on upgrading the management of several large business federations and improving their ability to advocate policy changes to the Chinese government. The SFIC is one of the most influential members of the All China Federation of Industry and Commerce, a non-governmental organization founded in 1953 by representatives of industrial and commercial sectors.

$ 23,702

CHINA PERSPECTIVE, INC., for continued publication of *The Chinese Intellectual*, a Chinese-language quarterly magazine dedicated to promoting open discussion of democratic values and institutions and of issues important to the future of China. Originally aimed at Chinese students and scholars in the West, the magazine has developed a significant circulation and distribution network in China. An intellectual center has now been opened in Beijing, where China Perspective convenes discussion groups.

$130,000

THE PHILIPPINES

FREE TRADE UNION INSTITUTE (FTUI), to strengthen the Trade Union Congress of the Philippines (TUCP) and its urban and rural affiliated unions. The TUCP supports a media relations and communications program, voter awareness and civic action campaigns on topical issues and training in democratic ideology and technical organizational skills for workers. The TUCP will continue to develop policies contributing to national democratic development and workers' welfare.

$500,000

FRIENDS OF NAMFREL IN AMERICA, to assist Kabatid, a new nonpartisan Philippine women's organization established to provide civic education and promote citizen participation in the democratic process. Kabatid will strengthen its organizational base and internal structure, conduct regional meetings to organize additional chapters and provide leadership training and undertake public information activities such as Citizens' Public Information Forums on national issues.

$ 55,000

YMCA OF THE USA - INTERNATIONAL DIVISION, to support the YMCA of the Philippines' Youth in Democracy Project. Over 30,000 high school students throughout the country will participate in seminars on democratic procedures leading up to a National Youth Congress. The program seeks to develop an enhanced understanding of the democratic process in young people through democratic leadership training.

$ 45,000

SOUTH KOREA

FREE TRADE UNION INSTITUTE (FTUI), to assist the Federation of Korean Trade Unions (FKTU) and its affiliates in developing an autonomous, democratic trade union movement. The FKTU will convene forums on the national and provincial levels to develop new strategies and promote the concept of unity to newly-organized unions. It will also undertake a public affairs media campaign to inform the public and influence policymakers on the adoption of legislation favorable to workers.

$ 75,240

THAILAND

CENTER FOR INTERNATIONAL PRIVATE ENTERPRISE (CIPE), to enable the Institute for Management Education for Thailand to develop an economic education program for secondary school students. In cooperation with the Thai Ministry of Education, curriculum and teaching materials will be designed and local business leaders trained to teach the program in community schools.

$131,000

CENTER FOR INTERNATIONAL PRIVATE ENTERPRISE (CIPE), to assist the Institute for Management Education for Thailand, in cooperation with the Inter-Provincial Chambers of Commerce of Thailand, in training provincial chambers of commerce staff. Seminars and workshops will be held on effective organization to develop skills necessary to carry out operations of provincial chambers.

$ 87,000

TURKEY

AMERICAN FRIENDS OF TURKEY FOUNDATION, to support activities of the FORUM Corporation of Ankara: publication of the Turkish-language periodical *Yeni Forum* featuring articles on politics, economics, history, literature, and cultural affairs; a paperback book publishing program; and conferences bringing together regular contributors and youth leaders to discuss democratic themes and current events.

$ 50,000

VIETNAM

INSTITUTE FOR DEMOCRACY IN VIETNAM, to publish and distribute within Vietnam the magazine *Vietnam Moi?* (A New Vietnam?) which covers Vietnamese politics and culture as well as developments in other Communist countries and the West. A book by Doan Quoc Sy, the best known Vietnamese author in the West, will also be published for distribution inside Vietnam.

$ 40,000

QUE ME, for the continued publication and distribution within Vietnam of the Vietnamese-language magazine *Que Me*. The magazine, which focuses on the struggle for democracy, includes news from Vietnam and on the international situation and its relation to Vietnam, critical analyses of the politics and ideology of the Vietnamese Communist Party, human rights reports and dissident literature.

$ 35,000

REGIONAL

AMERICAN FRIENDS OF TURKEY FOUNDATION, to enable representatives of the Forum Corporation of Ankara, Turkey to participate in a joint Egyptian-Turkish seminar on political modernization and democratic development held in Cairo in May 1988. The seminar explored the applicability of the Turkish experience to the development of democracy in Egypt; conference proceedings will be published in Turkish and English.

$ 11,766

FREE TRADE UNION INSTITUTE (FTUI), to support emerging free trade unions in the new island nations of the South Pacific. Assistance will be used to sponsor Asian and Pacific unionists at regional seminars and conferences, provide support for reviewing and expanding membership services and conduct labor education workshops.

$295,000

FREE TRADE UNION INSTITUTE (FTUI), to work with the ASEAN Trade Union Council and selected unions in countries where no AFL-CIO representative resides. In Cyprus, seminars on democracy are conducted and organizational and technical assistance provided. In Lebanon, educational programs and the provision of media resources help Lebanese unions increase their visibility. In Pakistan, the All-Pakistan Federation of Labor, the All-Pakistan Federation of Trade Unions and the Pakistan National Federation of Trade Unions will sponsor trade union seminars on the national, regional and local levels. And in Taiwan, the Chinese Federation of Labor will train union leaders and conduct seminars on collective bargaining.

$151,225

FREE TRADE UNION INSTITUTE (FTUI), to support activities of the International Trade Secretariats in Asia and the South Pacific, specifically the Public Service International in conjunction with the American Federation of State, County, and Municipal Employees and the International Federation of Technical Workers with the Service Employees International Union. Asian and Pacific unionists will be sponsored at international congresses and conferences of their respective unions, humanitarian assistance and emergency relief will be given to members and labor education programs will be conducted.

$ 60,000

FREE TRADE UNION INSTITUTE (FTUI), to enable the Asian-American Free Labor Institute to produce a video on "The Role of Trade Unions in a Democratic Society." The video, which will be translated into Korean, Thai and Chinese (Mandarin), will be used in labor training programs throughout the region.

$ 20,000

EUROPEAN PROGRAMS

CZECHOSLOVAKIA

CHARTA SEVENTY-SEVEN FOUNDATION, to expand its program of technical assistance to independent cultural and human rights groups in Czechoslovakia. The Foundation is named after the movement established in Prague in 1977 which demanded that the Czechoslovak government respect the basic human rights guaranteed by the constitution and reaffirmed in the Helsinki Accords.

$ 20,000

CZECHOSLOVAK SOCIETY OF ARTS AND SCIENCES, to support cultural and scholarly activities and independent publishing in Czechoslovakia. The Documentation Center for the Promotion of Independent Czechoslovak Literature maintains an archive of samizdat literature and assists independent scholars and writers in Czechoslovakia. The Jan Hus Educational Foundation provides support to educational and cultural groups in Czechoslovakia. The Jan Palach Information Research Trust sends books and periodicals to Czechoslovakia and assists samizdat publishers. Support is also provided to Sixty-Eight Publishers, a Canadian publishing house which, since its founding in 1972, has published almost 200 titles in Czech and Slovak. At least half of each print-run is delivered to readers in Czechoslovakia.

$125,000

CZECHOSLOVAK SOCIETY OF ARTS AND SCIENCES, to assist two Czech-language journals. *Rozmluvy* (Colloquium), a journal of political and cultural ideas, contains articles by Western and emigre writers, banned works from the 1948-1968 and pre-war periods and reprints of Czech and Slovak samizdat; it is distributed in Czechoslovakia and Poland. *Paternoster* serves as an independent forum for the artistic and cultural expression of Czechoslovakia's younger, post-Prague Spring generation; it includes Czech samidzat and works by Western authors.

$ 22,000

EUROPEAN PROGRAMS

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$ 22,000

CZECHOSLOVAK SOCIETY OF ARTS AND SCIENCES, to support the Jan Hus Educational Foundation's three-part program. The Foundation will assist an independent evening university in Prague with a three-year program on the Czech tradition in language and literature. Activities which foster contacts and communication between independent scholars and activists in Czechoslovakia and other Eastern European countries will continue to be supported. Assistance will also be given for publication of the Jazz Section's bulletin.

$ 15,000

SLOVAK RESEARCH AND STUDIES CENTER, to continue publishing *Nase Snahy* (Our Trends), a Slovak-language journal distributed throughout the Eastern part of Czechoslovakia which covers political, economic and cultural issues. The Center will also publish *Lukavicke Zapisky* (Notes from Lukavice), the samizdat memoirs of Hana Ponicka, a leading Slovak writer unable to publish officially.

$ 12,000

HUNGARY

FREEDOM HOUSE, to assist the London-based Hungarian Cultural Centre's support for democratic and independent activities in Hungary. The Centre collects and redistributes information from and to Hungary; maintains a samizdat library; publishes political, sociological and literary writings; produces audio-visual cassettes and art works by Hungarian authors and artists for distribution in Hungary; and publishes a regular bulletin in Hungarian and English on recent events in Hungary.

$ 71,500

NORTHERN IRELAND

NATIONAL DEMOCRATIC INSTITUTE FOR INTERNATIONAL AFFAIRS (NDIIA), to provide a grant to the Social Democratic Group Limited (SDGL). The SDGL will publish a digest on local, provincial and European community issues affecting Northern Ireland, expand its civic education and training programs and further develop

its research capacity. Established in 1986 with NDIIA support, the SDGL is affiliated with the Social Democratic and Labour Party.

$ 52,500

NATIONAL DEMOCRATIC INSTITUTE FOR INTERNATIONAL AFFAIRS (NDIIA), to sponsor training faculty for a series of party-building workshops organized by the Social Democratic Group Limited (SDGL). The workshops addressed media and public relations, policy development, voter education and registration, leadership development, communications and constituency building.

$ 44,890

POLAND

FREE TRADE UNION INSTITUTE (FTUI), to administer funds specially appropriated by the U.S. Congress to provide assistance to the independent Polish trade union Solidarity for disseminating information, sustaining union activists and maintaining its administrative infrastructure.

$1,000,000

FREE TRADE UNION INSTITUTE (FTUI), to support the independent Polish trade union movement. The Brussels-based Coordinating Office of Solidarnosc Abroad assists union activities in Poland and disseminates information to the West on worker rights violations in Poland. The New York-based Institute for Democracy in Eastern Europe produces and distributes materials on worker and human rights issues.

$375,000

FREEDOM HOUSE, to enable the Information Centre for Polish Affairs to publish *Uncensored Poland News Bulletin*. This London-based biweekly contains documents, first-hand reports and summaries of events in Poland for use by opposition groups in Eastern Europe and media, scholars and researchers throughout the world.

$ 27,500

POLISH AMERICAN CONGRESS CHARITABLE FOUNDATION, INC., for a multi-part project to support the Polish democratic movement. Monetary and material assistance is given to families of former and current political prisoners; independent cultural activities are supported through the Committees for Education, Culture, Scholarship and Health; assistance is provided to the Polish Helsinki Watch Committee which monitors and reports on violations of the Helsinki Accords in Poland; the Paris-based POLCUL Foundation makes awards to independent activists in Poland to help sustain their work and contributions to independent culture; and support is given to the Polish-language quarterly *Literary Notebooks* (Zeszyty Literackie), an intellectual and literary journal distributed in Poland.

$249,000

POLISH AMERICAN CONGRESS CHARITABLE FOUNDATION, INC., to assist the Independent Polish Agency (IPA) of Lund, Sweden in supporting independent democratic groups, particularly the independent press, in Poland. IPA sends publications, photographs, audio- and videotapes and equipment into Poland.

$ 42,000

POLISH AMERICAN CONGRESS CHARITABLE FOUNDATION, INC., to support projects providing a better understanding of key events in Poland's history. A Polish translation of Janusz K. Zawodny's *Death in a Forest: The Story of the Katyn Forest Massacre* will be published and distributed in Poland. Support will also be given to an exhibition of independent Polish culture organized in cooperation with NOWA publishers, one of the largest publishing houses in Poland, to be shown in universities, libraries and Polish-American cultural centers in the United States.

$ 14,000

PORTUGAL

FREE TRADE UNION INSTITUTE (FTUI), to support organizational and research activities of the General Union of Workers (UGT). The principal democratic labor federation in Portugal, the UGT is comprised of white-collar workers in the public sector,

agricultural workers, and blue-collar workers in heavy industry. Educational workshops and seminars are conducted on such topics as trade union organization, labor legislation and economic issues.

$361,250

NATIONAL REPUBLICAN INSTITUTE FOR INTERNATIONAL AFFAIRS (NRIIA), to enable the Association for Cooperation and Social Development (ACDS) to complete its three-year research project, "The Methodology of Communism and Other Anti-Democratic Forces in Portugal." The project brings together a variety of studies and seminars on the methods and tactics used by totalitarian forces in local, regional and global contexts. Established in 1984, ACDS is an independent public policy research institution concerned with the defense of Western values and Portuguese cultural traditions.

$ 40,000

ROMANIA

FOREIGN POLICY RESEARCH INSTITUTE, for the continued publication of the Romanian-language cultural quarterly *Agora*. Edited by a group of prominent Romanian emigres in the West, *Agora* seeks to bridge the gulf between intellectuals inside and outside Romania; it includes samizdat works by writers who remain in Romania, articles by former dissidents and emigres outside Romania and commentary on Western intellectual trends and their impact on Romania.

$ 35,000

FOREIGN POLICY RESEARCH INSTITUTE, to assist the London-based Michai Eminescu Trust in its support for individuals in Romania engaged in independent cultural activities. The Trust provides material aid, as well as books, journals and videos. A visitors program strengthens contacts between Romania and the West.

$ 15,000

SPAIN

FREE TRADE UNION INSTITUTE (FTUI), to support the democratic education program of the Basque Federation of Workers, the largest democratic trade union organization in the Basque region of Spain. Trade union staff and shop stewards will receive intensive training in basic union skills and democratic values.

$131,690

SOVIET UNION

AMERICAN FRIENDS OF FREE SPEECH ABROAD, to enable the Russian-language publisher Atheneum Press to initiate a program leading to the establishment of an academic bookstore in Moscow specializing in Western publications on Soviet affairs. In cooperation with a twelve member Scientific Council comprised of Soviet and Western specialists, Atheneum will produce fifteen books as a guarantee for the venture to proceed. Sales will assist the Foundation for Aid to Young Authors.

$ 52,500

AMERICAN FRIENDS OF FREE SPEECH ABROAD, to assist the Russian-language literary journal *Syntaxis*, edited and published in Paris by Andrei Sinyavsky. In ten years of publication, *Syntaxis* has established a reputation in the East and West for incisive commentary on the Soviet Union. Its editors have intensified their focus on reform-minded Soviet intellectuals, providing translations of relevant Western commentaries on the reform movement in the USSR as well as Soviet samizdat.

$ 30,000

AMERICAN LATVIAN ASSOCIATION, to support independent democratic groups in Latvia working to promote human rights and independent culture. Information about Latvian history and culture, Western democratic processes and democratic movements in Soviet bloc countries will be provided, and assistance will be given to independent publishing and video production.

$ 27,500

AMERICANS FOR HUMAN RIGHTS IN THE UKRAINE, to assist Ukrainian human rights activists and support attempts by independent Ukrainian groups in the Soviet Union to revive and develop an independent culture. Material assistance will be given to various groups which organize discussions on historical, philosophical and literary subjects.

$ 20,000

CENTER FOR DEMOCRACY, to provide technical assistance to independent publishers in the Soviet Union in the form of computers, printers and Russian-language manuals and software developed by the Center. The Center will also translate and publish materials from the Soviet Union and continue its activities in defense of human rights.

$125,000

CENTER FOR DEMOCRACY, to translate into English, publish and distribute the *Information Bulletin Glasnost*, an independent journal published in Moscow by Soviet human rights activists. The journal provides a forum for open discussion of political, economic, social and environmental issues.

$ 25,000

CENTER FOR DEMOCRACY, to assist the Crimean Tatar movement for human and national rights in the USSR by compiling a bibliography of the extensive literature on the situation of the Crimean Tatars in the USSR and producing a major study of the Crimean Tatar movement for human and national rights. The study and related documents will be published in the Russian and Tatar languages for distribution in the USSR.

$ 20,000

CENTER FOR DEMOCRACY, to distribute videocassettes to various areas of the Soviet Union, including the Baltic Republics, the Ukraine and Moscow.

$ 20,000

CHALIDZE PUBLICATIONS, INC., to publish and distribute the Russian-language journal *Internal Contradictions in the USSR*, which presents Soviet readers with a broad range of democratic thought. The journal is published and edited by Soviet emigre Valery Chalidze, a noted author and human rights activist.

$ 15,000

FREEDOM HOUSE, to assist Atheneum Press, a Paris-based Russian-language publishing house, in continuing to publish the series *Minuvsheye* (The Past, A Historical Almanac) and books on Russian cultural life from 1900 to the present. *Minuvsheye* includes articles by Western scholars and also by Soviet scholars who have conducted independent and unofficial research writing under pseudonyms.

$ 55,000

FREEDOM OF COMMUNICATIONS (FoC), to continue efforts to improve postal communications between the Soviet Union and the West by reporting on Soviet compliance with international postal regulations, publicizing Soviet violations and publishing advice to mailers. FoC conducts test mailings to determine the nature and extent of Soviet efforts to interfere with communications.

$ 40,000

JOINT BALTIC AMERICAN NATIONAL COMMITTEE, to assist the Relief Centre for Estonian Prisoners of Conscience in the USSR, based in Sweden. The Centre provides support for human rights activists and the independent press in Soviet Estonia to help strengthen democratic ideas and independent culture.

$ 27,500

PROBLEMS OF EASTERN EUROPE, to publish the Russian-language quarterly journal *Problems of Eastern Europe* which contains analyses of current developments in Eastern Europe, with particular emphasis on the experiences of dissidents and democratic reformers. A Russian translation of Zdenek Mlynar's *Nightfrost in Prague* will also be published and distributed in the Soviet Union.

$ 30,500

TIME AND WE PUBLISHING HOUSE, INC., to publish the Russian-language bimonthly *Time and We*, a journal of Soviet politics, culture, history and religion. The editors will increase its print-run to reach a wider readership in the Soviet Union.

$ 25,000

TWENTIETH CENTURY HUMAN RIGHTS RESEARCH FOUNDATION, to assist human rights activists and independent groups in the Soviet Union in strengthening and sustaining an independent Ukrainian culture.

$ 20,000

WORLD WITHOUT WAR COUNCIL OF NORTHERN CALIFORNIA, to assist the VISA Project, which works to facilitate visits between family members from the USSR and the United States by encouraging public pressure on the Soviets to liberalize travel policies. Potential travelers and hosts are given information on visa procedures and advised on difficulties they may encounter in the Soviet bureaucracy. VISA representatives have travelled to Moscow to raise the issue of family visits at human rights forums.

$ 20,000

YUGOSLAVIA

FREEDOM HOUSE, to enable the Committee to Aid Democratic Dissidents in Yugoslavia to continue publishing its *Bulletin*. Distributed in Yugoslavia and the West, the *Bulletin* publicizes activities of and repressions against independent intellectuals and dissidents. It is the only English-language publication that systematically covers current independent democratic trends throughout Yugoslavia.

$ 5,000

INSTITUTE FOR DEMOCRACY IN EASTERN EUROPE (IDEE), for the continued publication and increased distribution of the monthly newspaper *Nasa Rec* (Our Word). Published in London, the Serbo-Croat paper publishes statements, discussions, petitions and protests of Yugoslav dissidents and civil rights activists.

$ 15,000

REGIONAL

FREE TRADE UNION INSTITUTE (FTUI), to conduct exchange programs for foreign trade unionists. FTUI will also organize regional forums for trade unionists to

exchange views and experiences and coordinate activities.

$ 25,000

FREEDOM HOUSE, to assist efforts of the London-based East European Cultural Foundation (EECF) to coordinate independent democratic activity in Eastern Europe. EECF is working to expand and consolidate independent channels of communication linking democratic individuals and groups in East Germany, Poland, Hungary and Czechoslovakia in order to formulate a common agenda on issues affecting all East European countries.

$ 32,000

INSTITUTE FOR DEMOCRACY IN EASTERN EUROPE, to support a broad range of independent publications in Eastern Europe. In Czechoslovakia, assistance will be provided to publications which maintain the independent spirit of Czech and Slovak culture and intellectual thought, provide timely reporting on human rights violations and discuss and analyze current events; in Hungary, support will enable new publishing initiatives to be established and facilitate the distribution of publications in the country; and in Poland, independent publishing houses and self-education and human rights groups will receive support through the Fund for Independent Publishing.

$195,500

KESTON COLLEGE, USA, to enable Keston College in the United Kingdom to expand its program encouraging religious freedom, human rights and freedom of expression in closed societies. Keston College conducts research on freedom of religion in the Soviet Bloc and publicizes cases of persecution through its publications.

$ 50,000

LATIN AMERICAN PROGRAMS

ARGENTINA

AMERICAN COUNCIL OF YOUNG POLITICAL LEADERS (ACYPL), to assist the leadership training program of the Rio de la Plata University Foundation. The program brings regional youth leaders to Buenos Aires to examine Argentina's federal structure and meet with key political, labor, business, media and education leaders.

$ 30,000

CENTER FOR INTERNATIONAL PRIVATE ENTERPRISE (CIPE), to assist the Mediterranean Foundation in its congressional advisory program for national and provincial legislators. Consulting teams will study economic legislation and distribute analyses to legislators, public opinion makers, business associations and advocacy groups throughout Argentina.

$140,100

CENTER FOR INTERNATIONAL PRIVATE ENTERPRISE (CIPE), to enable the Center for Studies on Liberty to expand throughout Argentina its "Why Not Try Freedom?" seminars, which promote private sector alternatives to statism. The seminars focus on the advantages of private property, individual freedom and limited government as the basis of a free market economy.

$ 74,860

CENTER FOR INTERNATIONAL PRIVATE ENTERPRISE (CIPE), to enable the Argentine-based Institute for Contemporary Studies (IDEC) to sponsor an "Understanding Politics" seminar. IDEC is working to increase participation in public policy campaigns by exposing selected groups of Argentines to techniques for building a strong, open political infrastructure.

$ 66,350

DELPHI INTERNATIONAL, to continue to assist Conciencia, a nonpartisan Argentine women's civic movement which, since its establishment in 1982, has

worked toward the consolidation of Argentine democracy and served as a model for other women's groups in Latin America and Asia. Conciencia will continue its democratic civic education programs and work to strengthen its chapters and internal structures.

$132,000

BOLIVIA

NATIONAL REPUBLICAN INSTITUTE FOR INTERNATIONAL AFFAIRS (NRIIA), to assist the Bolivian Foundation for Democratic Training (FUNDEMOS), a public policy research institution devoted to Bolivian democratic development and the application of free market solutions to economic problems. FUNDEMOS will expand its series of democratic educational seminars and leadership training programs to broader segments of Bolivian society.

$142,500

BRAZIL

FREE TRADE UNION INSTITUTE (FTUI), to assist the General Confederation of Labor in its nationwide affiliation campaign and support union infrastructure development through the Cultural Institute of Workers. Both groups will offer leadership training courses throughout Brazil.

$140,375

CHILE

DELPHI INTERNATIONAL, to assist the Center for Youth Development (CDJ) with its democratic education and training project for Chilean youth. Through classes, seminars and a national conference on the principles of democracy, CDJ educates and trains youth leaders from a broad cross-section of Chilean society.

$ 33,000

FREE TRADE UNION INSTITUTE (FTUI), to provide institutional support to the Democratic Workers' Central (CDT), the embattled democratic trade union federation. The CDT sponsors seminars on democratic education and trade union skills and conducts a range of educational, publicity and organizational activities in support of a democratic transition.

$106,000

NATIONAL DEMOCRATIC INSTITUTE FOR INTERNATIONAL AFFAIRS (NDIIA), to assist civic education and voter registration programs in the pursuit of free elections and a peaceful democratic transition. Democratic groups received assistance in gaining media access to urge voter registration and participation as a means of achieving fair electoral processes.

$275,000

NATIONAL DEMOCRATIC INSTITUTE FOR INTERNATIONAL AFFAIRS (NDIIA), to sponsor a multi-party international observer delegation to the October 1988 presidential plebiscite. The delegation included former heads of state, political party leaders, parliamentarians and election experts from thirty countries; a report was issued following the plebiscite.

$ 91,933

NATIONAL DEMOCRATIC INSTITUTE FOR INTERNATIONAL AFFAIRS (NDIIA), to send specialists to Chile, at the request of the Campaign for Free Elections, to participate in a series of technical seminars on voter registration and electoral processes.

$ 47,832

NATIONAL REPUBLICAN INSTITUTE FOR INTERNATIONAL AFFAIRS (NRIIA), to conduct follow-up activities to nationwide public opinion surveys which supplied vital statistics on voter preferences prior to the October 1988 plebiscite. Activities included the publication of working papers and the convening of seminars to discuss survey findings. (The surveys were also carried out in 1988 with $257,755 in FY 1987 funds.)

$ 50,144

NRECA INTERNATIONAL FOUNDATION, to assist the Chilean National Cooperative Confederation in conducting "Democracy and Development" seminars for community leaders in rural towns. The seminars use cooperatives as models of democratic development for preparing rural Chile for a return to democracy.

$ 20,000

Funding of the following programs in Chile was made possible by a special Congressional appropriation of U.S. Agency for International Development (AID) economic support funds for the promotion of democratic activities there leading to a transition to democracy.

DELPHI INTERNATIONAL, to assist the Foundation for Neighborhood and Community Action (AVEC) in providing organizational support and technical assistance to community groups working to increase political participation among the urban poor. AVEC works with democratically-oriented community leaders in slum districts and squatter settlements in major Chilean urban areas.

$ 99,000

DELPHI INTERNATIONAL, to assist the leading independent daily newspaper *La Epoca* in purchasing supplies and equipment necessary for its continued publication.

$ 50,000

DELPHI INTERNATIONAL, to enable the Center for Youth Development to provide identity card photographs required for voter registration to impoverished Chileans who otherwise could not register to vote.

$ 26,000

FREE TRADE UNION INSTITUTE (FTUI), to strengthen the political participation of the Democratic Workers' Central, the ICFTU Liaison Committee of the National Workers' Command and other democratic workers organizations. Voter registration programs were conducted prior to the plebiscite.

$135,000

FREEDOM HOUSE, to assist Editorial Andante, a Santiago-based publishing house, in producing citizenship manuals and other materials designed to assist ordinary citizens in understanding their fundamental political rights and responsibilities, and to encourage informed political participation.

$ 95,000

GEORGETOWN UNIVERSITY, to cosponsor a seminar with the Institute of Political Science of the Catholic University of Chile on the process of peaceful democratic transition in Chile. The seminar, held in Santiago, focused on conditions for establishing a stable democracy.

$ 25,000

NATIONAL DEMOCRATIC INSTITUTE FOR INTERNATIONAL AFFAIRS (NDIIA), for a project to encourage voter participation and free elections through activities including: public opinion polls conducted by the Latin American Faculty of Social Sciences; publicity, in cooperation with groups working for free and fair elections; and monitoring of the registration and voting process conducted by the Committee of Personalities.

$515,000

NATIONAL REPUBLICAN INSTITUTE FOR INTERNATIONAL AFFAIRS (NRIIA), to conduct a political training conference in cooperation with the International Policy Forum and Diego Portales University. The conference sought to assist Chilean business leaders and students in organizing effectively to participate in national politics.

$ 55,000

COLOMBIA

CENTER FOR INTERNATIONAL PRIVATE ENTERPRISE (CIPE), to enable the Colombian Institute for Superior Studies in Administration to expand its Center for Entrepreneurial Development to reach a broader group of students, teachers and the community. The program seeks to make entrepreneurship an attractive career goal for students of all ages as a means of

stimulating new business formation and economic growth. (The program was carried out in 1988 with previous year funds.)

$ 59,800

CENTER FOR INTERNATIONAL PRIVATE ENTERPRISE (CIPE), to commission a technical analysis of the strengths and weaknesses in management, communications and services of the Colombian Association of Popular Industrialists, Colombia's national business membership association of small and medium enterprises. The analysis will include recommendations to improve the association's operations and ability to promote a greater understanding of democracy and free markets.

$ 18,750

NATIONAL REPUBLICAN INSTITUTE FOR INTERNATIONAL AFFAIRS (NRIIA), to assist the Simon Bolivar Foundation in establishing an Inter-American Forum for exchanges and the dissemination of information among moderate and conservative democratic parties in Latin America on such topics as communications, organization, public opinion surveys and the role of political parties in consolidating and strengthening Latin American democratic development.

$ 40,000

RESEARCH FOUNDATION OF THE STATE UNIVERSITY OF NEW YORK, to assist the University of Los Andes in the second phase of its two-year project on Colombian democracy. Activities will include national sectoral forums to bring together a diverse range of political and civic leaders to discuss the problems confronting Colombia's democratic institutions and an international conference on democracy in the Andean region.

$ 56,000

RESOURCES FOR ACTION, INC., to assist Conciencia, a private, nonpartisan women's organization established in 1987, in providing democratic civic education in Colombia. Conciencia will upgrade its information center on democracy, conduct training and leadership programs, design a media campaign to enhance citizen awareness of civic responsibility and establish additional chapters.

$ 45,000

COSTA RICA

NATIONAL DEMOCRATIC INSTITUTE FOR INTERNATIONAL AFFAIRS (NDIIA), to produce a video on Costa Rica's democratic experience which will include footage of NDIIA's June 1988 conference on Costa Rican democracy and interviews with Latin American political leaders. The video will be used as a civic education tool in Latin America.

$ 19,900

NATIONAL REPUBLICAN INSTITUTE FOR INTERNATIONAL AFFAIRS (NRIIA), to assist the Association for the Defense of Liberty and Democracy in Costa Rica (APDLD), a moderate political and educational foundation. The APDLD will continue its program of grassroots education, public opinion polls, research and publications.

$145,000

CUBA

CUBAN AMERICAN NATIONAL FOUNDATION, to enable the International Coalition for Human Rights in Cuba (ICHRC) to continue disseminating information about human rights violations in Cuba and bringing international public opinion to bear on that country in order to increase pressures for internal liberalization. The Coalition will expand its network of citizen committees in Europe and Latin America, increase its publications and enhance the coordination of committee activities.

$110,000

CUBAN AMERICAN NATIONAL FOUNDATION, to enable the International Coalition for Human Rights in Cuba (ICHRC) to cover expenses related to its "Work Commission on Human Rights." In March 1988 the United Nations Human Rights Commission mandated that a U.N. delegation visit Cuba to investigate human rights. In response, the ICHRC formed the work commission, compiled extensive evidence of human rights abuses and organized an international delegation to travel to Cuba to document the status of human rights.

$ 30,000

THE HUMAN RIGHTS PROJECT, INC., to produce and distribute abroad the documentary film "Nobody Listened," produced by Nestor Almendros and Jorge Ulla. Through a series of interviews with former Cuban political prisoners, the film presents a powerful indictment of human rights in Cuba.

$ 30,000

DOMINICA

NATIONAL REPUBLICAN INSTITUTE FOR INTERNATIONAL AFFAIRS (NRIIA), to assist the Freedom in Democracy Committee (FDC) in continuing its democracy awareness campaign. The FDC is a nonprofit association established in 1986 to promote national civic education. Through educational activities for youth, businessmen, women and students, FDC promotes citizen participation and community service.

$ 90,000

DOMINICAN REPUBLIC

CENTER FOR INTERNATIONAL PRIVATE ENTERPRISE (CIPE), to assist the Center for Economic Orientation, a private research organization, in providing economic information and policy recommendations to legislators, media, labor leaders, academics and others.

$ 75,000

DELPHI INTERNATIONAL, to support the Dominican Association of Women Voters (ADMV), a private, nonprofit organization patterned after the U.S. League of Women Voters. The ADMV will continue to develop and expand its civic education program and provide material and technical assistance to its 29 branches throughout the country.

$ 40,000

GRENADA

NATIONAL REPUBLICAN INSTITUTE FOR INTERNATIONAL AFFAIRS (NRIIA), to enable the Grenada Civic Awareness Organization to increase its membership and expand its scope of work. The program will focus on civic education for students and the general public through lectures, an essay contest, radio programs, public forums and community development projects.

$ 50,000

GUATEMALA

DELPHI INTERNATIONAL, to enable the Center for Political Studies (CEDEP) to convene a national conference of Guatemalan women's associations to assess the status of formal and informal democratic civic education in Guatemala, identify existing resources and provide general guidelines for the promotion of democratic values. CEDEP will also sponsor a regional civic education conference for representatives of women's organizations in Central America and the Caribbean.

$ 22,000

NATIONAL REPUBLICAN INSTITUTE FOR INTERNATIONAL AFFAIRS (NRIIA), to assist the legislative information program of the Center for Economic and Social Studies. Public forums on policy issues of importance to the Congress will be held and videotaped for local television, and legislative analyses will be produced.

$ 70,000

ROOSEVELT CENTER FOR AMERICAN POLICY STUDIES, to support the National Reconciliation Commission of Guatemala, a nongovernmental institution created in September 1987 in compliance with the Esquipulas II peace accords. The Commission will establish an institutional framework for a permanent dialogue on democracy among all sectors of Guatemalan society.

$ 22,000

ROOSEVELT CENTER FOR AMERICAN POLICY STUDIES, to provide additional assistance to the Research and Social Studies Association (ASIES) for its fourth

"Seminar on National Reality." The seminar will examine Guatemala's evolution toward democracy and the international experience of other transitional situations.

$ 6,000

HAITI

AMERICA'S DEVELOPMENT FOUNDATION, to assist the Haitian International Institute for Research and Development (IHRED) in promoting democratic values and processes and encouraging cooperation and dialogue among private sector groups committed to democracy in Haiti. The program consists of a series of national and regional forums in major cities throughout Haiti.

$110,000

FREE TRADE UNION INSTITUTE (FTUI), to assist the Workers Federation of Trade Unions in launching a major recruitment campaign throughout Haiti. Training seminars on political awareness will be held for new and existing unions and related educational materials produced.

$ 70,000

MEXICO

CENTER FOR INTERNATIONAL PRIVATE ENTERPRISE (CIPE), to enable the Mexican Employers' Confederation (COPARMEX) to continue its "EMPRESA" project, an educational program which teaches the basic principles of private enterprise to Mexican youth and workers through the official school system and COPARMEX affiliates.

$ 78,700

NATIONAL REPUBLICAN INSTITUTE FOR INTERNATIONAL AFFAIRS (NRIIA), to assist the Democracy, Solidarity and Social Peace Association in informing and educating Mexican society on a wide array of political and social topics. Activities include a leadership training program for elected officials, civic education activities and research.

$110,000

NICARAGUA

AMERICA'S DEVELOPMENT FOUNDATION, to assist the Center for Democratic Training with the preliminary and first phases of a four-stage project designed to improve communications within the organizations of the Nicaraguan democratic opposition and to promote regional solidarity for the nonviolent struggle for democracy in Nicaragua. At a July 1988 workshop, representatives of a broad cross-section of Nicaraguan democratic sectors assessed the strengths and weaknesses of the democratic opposition. Workshops were then held for mid-level representatives of the democratic civic opposition aimed at generating further dialogue and preparing organizations for the increased coordination needed to achieve common political objectives.

$ 64,360

ASOCIACION PRO-DEMOCRACIA (APD), to restructure its program of training and civic education for a broadly based collection of democratic political, civic and economic groups in Nicaragua. APD will establish a new Central American organization to assist the Nicaraguan democratic opposition and help it forge links with other democratic civic groups throughout the region.

$ 25,753

CENTER FOR INTERNATIONAL PRIVATE ENTERPRISE (CIPE), for support to representatives of the private sector to enable them to advocate their economic views and provide the public with economic information.

$ 96,551

DELPHI INTERNATIONAL, to assist independent Nicaraguan print media by purchasing and shipping needed supplies and equipment.

$ 27,500

DELPHI INTERNATIONAL, for a Nicaraguan independent media program. In addition to support for independent print media, assistance will enable independent radio stations to obtain spare parts and equipment needed to continue or resume operations.

$ 64,900

DELPHI INTERNATIONAL, to support a training program for Nicaraguan youth. A series of forums will be convened on issues pertaining to the democratic development of Nicaragua and on youth leadership skills for a broad democratic political and social spectrum of young people.

$ 33,000

DELPHI INTERNATIONAL, to support public outreach and educational activities through the coordinated efforts of a broad spectrum of the democratic civic opposition.

$ 22,000

FREEDOM HOUSE, to assist Costa Rican representatives of the Nicaraguan Permanent Commission on Human Rights (CPDH). CPDH produces reports on citizen complaints and human rights violations which are translated into four languages and distributed internationally.

$ 53,000

FREE TRADE UNION INSTITUTE (FTUI), to support independent labor and campesino efforts in Nicaragua. Activities have included vocational training programs, technical assistance, provision of fertilizer and seed, and community service work and publications.

$200,000

NATIONAL DEMOCRATIC INSTITUTE FOR INTERNATIONAL AFFAIRS (NDIIA), to conduct a two-phase training program to assist Nicaragua's democratic political opposition in preparation for municipal elections. In September 1988, a technical team travelled to Nicaragua to assess the impact of Nicaragua's new electoral law and the organizational capabilities and needs of the civic opposition. A subsequent seminar on municipal elections will be held in Managua for the democratic opposition.

$ 70,178

NATIONAL REPUBLICAN INSTITUTE FOR INTERNATIONAL AFFAIRS (NRIIA), to enable independent political institutes to undertake civic education projects. Courses will be offered in job skill development, integrated with a curriculum on democratic principles, for members of the civic opposition and youth leaders.

$150,000

PANAMA

NATIONAL CIVIC CRUSADE FOR PANAMA, for its program of seminars, workshops and Latin American tours designed to strengthen the Crusade's local network in Panama and to educate Panamanians and Latin American political leaders about the requirements for a transition to democracy.

$ 55,000

NATIONAL DEMOCRATIC INSTITUTE FOR INTERNATIONAL AFFAIRS (NDIIA), for the development of a program to promote a democratic transition in Panama.

$ 17,430

YMCA OF THE USA - INTERNATIONAL DIVISION, to continue and expand its "Youth in Civic Development" program in Panama. The program, begun in 1984 with Endowment support, trains urban and rural youth in democratic political leadership through the study of the Panamanian constitution, parliamentary procedures and government structures. Local and regional assemblies are held, and the program culminates in a youth legislative assembly in Panama City.

$ 40,000

PARAGUAY

DELPHI INTERNATIONAL, to assist the civic education program of Women for Democracy, a nonpartisan women's group founded in 1986 to promote democratic ideals in Paraguay. Activities include civic education courses, distribution of related materials and a media program.

$ 40,000

FREEDOM HOUSE, to assist Radio Nanduti which, despite continued government pressure, still serves as an important independent news source, both within Paraguay and abroad. The station broadcasts on its FM transmitter, publishes panel discussion proceedings and other democratic works and maintains a press file on recent events.

$ 92,400

NATIONAL DEMOCRATIC INSTITUTE FOR INTERNATIONAL AFFAIRS (NDIIA), to assist in the establishment of the Center for Democratic Studies, a nonpartisan institute that will work with democratic parties and civic institutions to promote Paraguayan democratic development. The program will focus on civic education, electoral reform and preparation for monitoring the 1990 municipal elections.

$ 32,904

THE UNIVERSITY OF MIAMI'S INSTITUTE OF INTERAMERICAN STUDIES, to assist the Paraguayan Institute for International and Geopolitical Studies, a nonprofit public policy institute, in maintaining its Democratic Study and Research Center. The Center provides an institutional framework for conferences, seminars, training courses, publications and research, all designed to strengthen democratic values.

$ 44,000

PERU

CAPACITAS INTERNATIONAL, to enable the Peruvian women's organization Conciencia to promote the political participation of women. A private nonpartisan civic movement established in 1987, Conciencia is working to implement its democratic civic education program, create additional chapters throughout Peru and strengthen its internal structure.

$ 35,000

CAPACITAS INTERNATIONAL, to assist the Peruvian Center for International Studies (CEPEI), a private nonpartisan research center. CEPEI conducts seminars and publishes related papers on the role of the military in a democratic Peru.

$ 33,000

CENTER FOR INTERNATIONAL PRIVATE ENTERPRISE (CIPE), to enable the Institute for Liberty and Democracy (ILD) to continue its work advocating deregulation, simplification of rule-making and access to the political system. Established in 1980, ILD informs the public of regulations and economic issues through cost-benefit analyses and media programs that allow for airing grievances and proposing solutions. ILD

will form a new "guild" of formal and informal sector entrepreneurs to act as a representative business association advocating ILD policies and servicing similar groups in Latin America.

$240,000

FREE TRADE UNION INSTITUTE (FTUI), to assist the Peruvian Confederation of Workers (CTP), an independent organization of labor unions. Activities will include expansion of political education courses, a campaign to promote equitable social-economic policies and a public outreach program.

$ 20,000

URUGUAY

DELPHI INTERNATIONAL, to enable Encuentro, an Uruguayan women's civic organization, to conduct activities leading up to Uruguay's November 1989 presidential elections, including a mass media campaign on democratic principles, civic leadership training, political forums, youth civic education workshops and the preparation of materials on democratic issues.

$ 30,000

REGIONAL

CENTER FOR INTERNATIONAL PRIVATE ENTERPRISE (CIPE), to assist the Center for Leadership Development with its Latin American Institute for Organization Management. This training program is conducted for private sector voluntary organizations on such topics as developing management skills and technical expertise, designing voluntary business organization programs and building national business federations and regional cooperation.

$273,410

CENTER FOR INTERNATIONAL PRIVATE ENTERPRISE (CIPE), to sponsor with the U.S. Information Agency and the U.S. Chamber of Commerce a series of satellite programs on trends toward market economics, broadcast via WorldNet in 1988. Programs explored market

economic trends, economic policies, democratic governance and the private sector's role in economic policy.

$ 65,580

DELPHI INTERNATIONAL, to enable Conciencia in Argentina to conduct follow-up activities to its 1987 "Latin American Meeting on Civic Education and Participation," which focused on developing strategies to establish and consolidate Latin American women's civic organizations. Conciencia serves as a center for the exchange of information among similar women's organizations throughout Latin America, and will provide technical assistance to such groups in Brazil, Peru and Bolivia.

$ 31,100

FREE TRADE UNION INSTITUTE (FTUI), to sponsor continued U.S.-Latin American labor leader exchanges to strengthen fraternal relationships through discussions of inter-American political, economic and social issues. Participants will share experiences with union members, government representatives and other decision-makers.

$236,000

FREE TRADE UNION INSTITUTE (FTUI), to assist nonpartisan committees on political education of democratic labor federations in Guatemala, Honduras, Panama and the Dominican Republic. The committees are working to raise the political consciousness of union members through educational conferences, training seminars and public forums.

$197,540

FREE TRADE UNION INSTITUTE (FTUI), to enable U.S. trade unions to work with affiliated International Trade Secretariats on educational activities in Latin America and the Caribbean. The Services Employees International Union and the Bricklayers and Allied Craftsmen will broaden relationships with regional secretariats; special emphasis will be given to programs with democratic unions in Brazil, El Salvador and the Dominican Republic.

$110,000

FREE TRADE UNION INSTITUTE (FTUI), to orient trade unionists in Latin America and the Caribbean to modern political ideologies, familiarize them with economic trends and provide materials for rank-and-file education programs. Research projects will also be undertaken.

$ 70,000

FREE TRADE UNION INSTITUTE (FTUI), to assist the Labor Watch Program of the Inter-American Committee on Human and Trade Union Rights (CIDHS). CIDHS monitors the status of human and trade union rights in Latin America and the Caribbean, publishes a human rights bulletin and conducts seminars.

$ 45,000

FREE TRADE UNION INSTITUTE (FTUI), to support activities of Force Ouvriere (FO), the democratic French labor confederation, in strengthening democratic trade unionism in the French-speaking Caribbean. FO provides labor training and union organization services.

$ 40,000

FREEDOM HOUSE, to assist Libro Libre, an association of distinguished Central Americans based in Costa Rica, in continuing to disseminate democratic thought in Central America. Through the publication of books and magazines and the organization of seminars and lectures, Libro Libre encourages the development of democratic ideas throughout the region.

$228,800

NATIONAL DEMOCRATIC INSTITUTE FOR INTERNATIONAL AFFAIRS (NDIIA), to conduct a pilot project examining key issues on civil-military relations in Latin America. NDIIA will hold a seminar in the Dominican Republic to examine the Argentine experience and mechanisms to ensure civilian control over the military. Pariticipants will include Argentine political leaders, defense ministry officials, academicians and experts from other countries.

$ 85,785

NATIONAL REPUBLICAN INSTITUTE FOR INTERNATIONAL AFFAIRS (NRIIA), to support outreach activities of the Caribbean Democrat Union (CDU), an organization of eight center-right political parties from English-speaking countries in the Caribbean. The CDU convenes seminars to promote democratic values and political development and participation, publishes a monthly newsletter and is developing a library.

$200,000

NATIONAL REPUBLICAN INSTITUTE FOR INTERNATIONAL AFFAIRS (NRIIA), to assist the Central American Training Academy. The Academy coordinates activities between conservative foundations in Central America dedicated to integrating and strengthening democratic political dialogue in the region.

$125,000

MULTIREGIONAL PROGRAMS

AMERICAN COUNCIL OF YOUNG POLITICAL LEADERS, to conduct a Democracy Conference and U.S. Election Study Tour for over 150 delegates from forty-six countries. The tour is designed to provide participants with a comprehensive, in-depth understanding of the U.S. political system and familiarize them with the electoral process. NED assistance enabled delegates from the Caribbean, Indonesia, India, the Philippines and Poland to participate.

$ 30,000

CENTER FOR INTERNATIONAL PRIVATE ENTERPRISE (CIPE), for continued publication and international distribution of English, Spanish and French editions of the quarterly *Journal of Economic Growth*. The *Journal* advocates free market/limited government principles and includes information on international business conditions, country economic performance and economic growth indicators.

$225,594

CENTER FOR INTERNATIONAL PRIVATE ENTERPRISE (CIPE), to monitor and evaluate the progress and results of CIPE grants and develop new projects.

$ 90,000

COMMITTEE FOR A COMMUNITY OF DEMOCRACIES (CCD), to expand its international network of pro-democracy private citizen groups and to prepare for its December 1988 All-Democracies Conference. CCD is engaged in an ongoing effort to promote greater cooperation and cohesion among democratic countries in order to strengthen democracy worldwide.

$ 50,000

FREEDOM HOUSE, to continue and expand the "Exchange" program, a network of democratic opinion leaders in the developing and developed world launched in 1984 with Endowment support. The network now consists of over 400 individuals in fifty countries who circulate materials from "Exchange" mailings and share with others on the circuit writings on democratic themes.

$100,000

FREE TRADE UNION INSTITUTE (FTUI), to support the American Federation of Teachers' project on "Teachers Under Dictatorship." The Federation will monitor and publish studies of restrictions on teachers and teachers' organizations in South Africa, Poland, Nicaragua and Chile in promoting education free from ideological and political control. These studies will serve as the basis for a broader study of teacher rights and academic freedom around the world.

$ 25,000

FREE TRADE UNION INSTITUTE (FTUI), to assist INTERCO Press, an international editorial features distribution service of the AFL-CIO. INTERCO Press will circulate editorial features written by key democratic leaders and intellectuals throughout the world to newspaper editors, especially in Asia, Africa, Latin America and the Caribbean.

$ 25,000

FREE TRADE UNION INSTITUTE (FTUI), for a special program fund enabling it to meet urgent requests for assistance and supplement existing programs as necessary.

$ 22,246

NATIONAL DEMOCRATIC INSTITUTE FOR INTERNATIONAL AFFAIRS (NDIIA), for program development in the areas of: party-building workshops, electoral systems and election observation, civic education and research and conferences.

$ 86,000

NATIONAL DEMOCRATIC INSTITUTE FOR INTERNATIONAL AFFAIRS (NDIIA), to establish the International Institute for Women Political Leaders, a nonpartisan international organization which aims to enhance women's roles in political parties and other democratic institutions.

$ 92,117

NATIONAL REPUBLICAN INSTITUTE FOR INTERNATIONAL AFFAIRS (NRIIA), for research and program development efforts. Democratic development activities will include the sponsorship of forums, publication of materials and academic research.

$100,000

Deloitte
Haskins + Sells

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INDEPENDENT AUDITORS' REPORT

National Endowment for Democracy:

We have audited the accompanying balance sheets of the National Endowment for Democracy (the Endowment) as of September 30, 1988 and 1987 and the related statements of revenues and expenses and changes in fund balance and of cash flows for the years then ended. These financial statements are the responsibility of the Endowment's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, such financial statements present fairly, in all material respects, the financial position of the Endowment at September 30, 1988 and 1987 and the results of its operations and its cash flows for the years then ended in conformity with generally accepted accounting principles.

Deloitte Haskins + Sells

December 2, 1988

NATIONAL ENDOWMENT FOR DEMOCRACY

BALANCE SHEETS, SEPTEMBER 30, 1988 AND 1987

	NOTES	1988	1987
ASSETS			
CURRENT ASSETS:			
Cash	11	$ 1,447,596	$ 30,714
Grants receivable (including restricted grants: 1988, $751,419; 1987, $1,668,904)	1,2,4,6	9,589,035	11,792,430
Prepaid and other assets		27,724	29,006
Total current assets		11,064,355	11,852,150
PROPERTY, NET	2,3	230,258	215,824
TOTAL		$11,294,613	$12,067,974
LIABILITIES AND FUND BALANCE			
CURRENT LIABILITIES:			
Accounts payable and accrued liabilities	12	$ 103,365	$ 101,865
Grants payable	1,2,5	10,234,921	10,039,511
Deferred grant revenue	6	673,423	1,614,318
Current obligations under capital lease and notes payable	8	17,820	24,788
Total current liabilities		11,029,529	11,780,482
CAPITAL LEASE AND NOTES PAYABLE OBLIGATION - long-term portion	8	67,671	88,214
FUND BALANCE		197,413	199,278
TOTAL		$11,294,613	$12,067,974

See notes to financial statements.

NATIONAL ENDOWMENT FOR DEMOCRACY

STATEMENTS OF REVENUES AND EXPENSES AND CHANGES IN FUND BALANCE
FOR THE YEARS ENDED SEPTEMBER 30, 1988 AND 1987

	NOTES	1988	1987
REVENUES			
Grant revenue	1,2	$20,316,673	$15,208,640
Contributions		31,800	99,050
Total revenues		20,348,473	15,307,690
EXPENSES			
Program grants	1,2	18,977,840	13,901,599
Salaries, wages and benefits	10	821,154	697,807
Professional fees		58,602	80,633
Occupancy		121,923	101,436
Consultants		65,163	58,390
Communications		92,773	111,211
Travel and transportation		72,434	82,417
Supplies and equipment		29,406	25,286
Insurance		21,627	28,068
Depreciation and amortization	2	55,597	27,460
Conference and meetings		22,516	28,039
Other	2	11,303	4,366
Total expenses		20,350,338	15,146,712
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES		(1,865)	160,978
FUND BALANCE, BEGINNING OF YEAR		199,278	38,300
FUND BALANCE, END OF YEAR		$ 197,413	$ 199,278

See notes to financial statements.

NATIONAL ENDOWMENT FOR DEMOCRACY

STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED SEPTEMBER 30, 1988 AND 1987

	1988	1987
CASH FLOWS FROM OPERATING ACTIVITIES:		
Excess (deficiency) of support and revenue over expenses	$ (1,865)	$ 160,978
Adjustments to reconcile excess (deficiency) of support and revenue over expenses to net cash provided by operating activities:		
Depreciation and amortization	55,597	27,460
Changes in assets and liabilities:		
Grants receivable	2,203,395	1,085,785
Prepaid and other assets	1,282	10
Accounts payable	1,500	26,651
Grants payable	195,410	(2,929,317)
Deferred grant revenue	(940,895)	1,402,452
Net cash provided by (used in) operating activities	1,514,424	(225,981)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of property	(81,440)	(73,496)
Disposal of property	11,409	
Net cash used in investing activities	(70,031)	(73,496)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Principal payments under capital lease obligation	(27,511)	(9,331)
Net cash used in financing activities	(27,511)	(9,331)
Net change in cash	1,416,882	(308,808)
CASH AT BEGINNING OF YEAR	30,714	339,522
CASH AT END OF YEAR	$1,447,596	$ 30,714

See notes to financial statements.

Supplemental Disclosure

During the year ended September 30, 1987, capital lease obligations of $110,219 were incurred when the Endowment entered into lease agreements for office equipment.

NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED SEPTEMBER 30, 1988 AND 1987

1. ORGANIZATION

The National Endowment for Democracy (the Endowment) is a private not-for-profit corporation headquartered in Washington, D.C. The Endowment was established coincident to a grant awarded by the United States Information Agency (USIA) as mandated by the National Endowment for Democracy Act (the Act) of the United States Congress. The purpose of the Endowment is to encourage free and democratic institutions throughout the world through activities which promote individual rights and freedoms. The Endowment awards grants to organizations with programs consistent with its objectives.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Accrual Accounting - The accounts of the Endowment are maintained and the financial statements have been prepared on the accrual basis of accounting. The Endowment reports to the U.S. Government on the basis of obligations incurred and cash expenditures made.

Revenue Recognition - Grants received from government agencies specify the periods in which monies are to be expended. Revenues from government grants are recognized as earned in the year in which the granting organization indicates the funds are intended for use, provided the Endowment incurs valid obligations which are in accordance with the purposes set forth in the grant agreement.

Program Grants - The Endowment records as expense the full amount of a program grant at the time an agreement is signed committing funds to the grantee.

Property and Equipment - Property and equipment are carried at cost and are depreciated or amortized on the straight-line method over their estimated service lives or the terms of the lease, as applicable, ranging from 3 to 10 years.

Grant Receivable/Payable - At the time a grant agreement is signed, a payable to the grantee and a corresponding receivable from USIA or United States Agency for International Development (USAID) is recorded. As the Endowment draws on its letter of credit drawn on the USIA and USAID and payments are made to the grantee, the receivable and payable accounts are decreased accordingly.

Statement of Cash Flows - The Endowment has adopted implementation of the Financial Accounting Standards Board Statement No. 95 - Statement of Cash Flows using the indirect method for purposes of presenting its 1988 financial statements. The statement of changes in financial position for the year ended September 30, 1987 has been restated to conform to the current year statement of cash flow presentation.

3. PROPERTY

Property less accumulated depreciation and amortization as of September 30, 1988 and 1987, is as follows:

	1988	1987
Furniture and equipment	$219,771	$160,186
Equipment under capital lease	110,219	109,164
Total	329,990	269,350
Less accumulated depreciation and amortization	(99,732)	(53,526)
Property, net	$230,258	$215,824

4. GRANTS RECEIVABLE

Grants receivable from the U.S. Government represent unexpended balances of Federal Reserve Letters of Credit established to fund USIA and USAID grant agreements.

The Endowment collects U.S. Government funds by presenting payment vouchers against such letters of credit when it disburses cash for program grants and administrative costs. The Endowment requests cash to fund its operations as needed.

5. GRANTS PAYABLE

Grants payable represent the undisbursed balances of funds obligated to the Endowment's grantees. Grantee organizations are entitled to collect grant funds as needed by presenting requests for funds to the Endowment.

6. DEFERRED GRANT REVENUE

The following summarizes the changes in deferred grant revenue for the years ended September 30, 1988 and 1987:

	1988	1987
Balances, beginning of year	$ 1,614,318	$ 211,866
Additions:		
Agency for International Development	500,000	1,605,000
Deductions:		
Obligations	(1,440,895)	(202,548)
Balances, end of year	$ 673,423	$1,614,318

Included in the deferred revenue balance at September 30, 1988 and 1987 are grant funds awarded to the Endowment by USAID of $500,000 and $605,000, respectively. USAID has restricted the use of these funds to provide support for a program to build Democratic Institutions in South Africa. Also included in the September 30, 1987 balance is a $1,000,000 grant from USAID for support of The Independent Polish trade union "Solidarity." Deferred revenue at September 30, 1987 was recognized as revenue in fiscal year 1988 when the Endowment incurred an obligation to a grantee for these funds. The deferred revenue at September 30, 1988 will be recognized as revenue when the Endowment incurs valid obligations in accordance with the purposes set forth in the grant agreement.

7. RELATED PARTIES

The Endowment awards grants to various organizations to be used for programs which the Board of Directors determines are consistent with the purposes of the Act. Some of the organizations which submit proposals and are awarded funds have members of their Board of Directors represented on the Board of Directors of the Endowment.

Article VI, Section V of the Endowment's bylaws provides that any board member who is an officer or director of an organization seeking to receive grants from the Endowment must abstain from considering and voting on such grant. This provision shall not prevent any director from supplying factual information the Board requests.

8. COMMITMENTS

Minimum future payments under capital leases and purchase agreements of equipment as of September 30, 1988 are as follows:

Year ending September 30	
1989	$ 27,305
1990	23,579
1991	20,649
1992	20,649
1993	17,208
Total minimum lease payments	109,390
Less amounts representing interest	(23,899)
Total obligations under capital lease	85,491
Less current portion of obligations	(17,820)
Long-term obligations	$ 67,671

The endowment has a noncancelable operating lease for office space which expires in 1990. Lease expense was approximately $122,000 and $101,000 for the year ended September 30, 1988 and 1987, respectively. Future obligations for fiscal year 1989 and 1990 under this lease are $128,643 and $44,133, respectively. In addition, the lease includes a provision for rent escalations to compensate for increases in operating costs.

9. INCOME TAXES

The Endowment is exempt from federal income taxes under Section 501(c)(3) of the U.S. Internal Revenue Code and has been classified as an organization that is not a private foundation under Section 509(a).

10. RETIREMENT PLAN

The Endowment has a defined contribution annuity plan for all its employees under which the Endowment contributes a percentage of eligible employees' annual earnings to individually owned tax-deferred annuity contracts. The Endowment's contribution to the plan is based on 10% of an eligible employee's annual earnings. Costs of the plan for the years ended September 30, 1988 and 1987 were approximately $44,645 and $41,900, respectively.

11. RESTRICTED CASH

The cash balance at September 30, 1988 includes $1,260,750 of restricted cash from USAID appropriations for use in Poland and Chile.

12. TRANSFERS TO USIA AND USAID

Commencing in fiscal year 1987 the U.S. Government established a policy whereby recipients of federal funds are required to deposit grant funds in interest bearing accounts. Interest earned in excess of $100 per fiscal year must be remitted back to the U.S. Government. Total interest earned in fiscal year 1988 and 1987 was approximately $90,000 and $8,000, respectively. Interest earned has been netted against transfers to USIA and USAID for financial statement purposes. Interest payable to USIA and USAID at September 30, 1988 and 1987 of $27,580 and $4,272 respectively is included in the balance of accounts payable and accrued liabilities in the accompanying financial statements.

National Endowment for Democracy

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Diane M. Bettge, Director of Public Affairs
Tess Condor, Secretary to the President
Kim McBee, Staff Assistant

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Joseph Cooper, Jr., Comptroller
Diane Merchant, Internal Auditor
Rosa Canales, Accountant
Kae Guthrie, Assistant to the Comptroller
Mazie Taylor, Finance Secretary

Corporation Counsel

Ross, Dixon and Masback

The *National Endowment for Democracy*, a private organization incorporated in the District of Columbia, was created in 1983 and has received an annual appropriation from the U.S. Congress since 1984. Governed by a bipartisan Board of Directors, the Endowment is a tax-exempt, nonprofit corporation as defined in Section 501(c)(3) of the Internal Revenue Code.

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