

National Endowment for Democracy

Strategy Document
January 1992

The Board of Directors of the National Endowment for Democracy formally adopted this strategy document in January 1992 as a means of setting forth broad program objectives for the next three to five years. The strategy outlined herein is based upon the Endowment's operating Statement of Principles and Objectives and is intended to serve as a framework for annual priorities documents which target specific areas of work intended to advance the Endowment's longer-term strategic objectives.

I. A New Era

In the short span of years since the founding of the National Endowment for Democracy, the international political landscape has been utterly transformed. When the Endowment began its work in 1984, the Cold War was still at its height, and only a few lonely outposts of freedom were to be found outside the Western democracies. In Latin America, however, a series of democratic transitions had already begun that has since accelerated and swept virtually the entire region. This democratic tide also extended to Asia, reaching the Philippines, Korea, Pakistan and Taiwan, and by the beginning of the 1990s its ripples were being felt in sub-Saharan Africa and even in the Middle East. Most dramatic of all was the success of democratic forces in bringing down seemingly impregnable Communist regimes, first in Eastern Europe in 1989 and then in the Soviet Union itself in August of 1991.

The victories of these democratic movements, most of which received vital assistance from the National Endowment for Democracy, have brought hundreds of millions of people new hope for a freer and more prosperous future. They have also achieved extraordinary gains for the United States, not only by advancing the democratic values that Americans hold dear, but also by bringing an enormous increase in American national security. The dismantling of the Warsaw Pact and the diminution of the Soviet threat to the U.S. and our allies are the direct

result of the spread of democracy in the formerly Communist world. The historical record shows that liberal democracies rarely, if ever, go to war with one another. Open societies, in which governments are accountable to the freely expressed will of their citizens, offer the best possibility for the peaceful settlement of international conflicts.

The end of the Cold War and the prospect of a more peaceful world are due, above all, to the sacrifices and the triumphs of indigenous democratic movements around the world. But international encouragement and assistance also played an important role, as the courageous leaders of these movements have themselves attested.

Yet in many of the countries that have recently emerged from dictatorship the situation remains fragile; few of them can be considered strong and stable democracies. Democracy is not an easy form of government to maintain, especially in countries that lack an educated populace, a substantial middle class, an established market economy, or a democratic culture. Although the threat to democracy from left-wing insurgencies or military coups has in most countries receded, new threats have arisen from ethnic conflict and religious intolerance. In addition, most of the new democracies confront severe economic problems. If they fail to meet the rising expectations of their citizens for improved material well-being, there is real danger that democracy could be discredited.

Moreover, a substantial portion of the world's population continues to live under dictatorial governments, including more than a billion people who suffer under the yoke of Communist regimes still clinging to power. In many of the areas that have so far resisted the advance of freedom, powerful cultural factors pose significant obstacles to democratic progress. Yet virtually everywhere in the world there are individuals

who aspire to democracy and are dedicated to attaining it in their own countries.

The remarkable events of 1989-91 should not blind us to the fact that achieving and maintaining democracy take time and effort. Today's remaining dictatorships will not easily give way, and there will inevitably be some backsliding into authoritarianism among countries that are now on the democratic path. Such critical countries as the former Soviet Union and South Africa are still in the midst of complex and difficult transitions whose democratic outcomes are by no means assured.

Thus the challenges and the opportunities facing the National Endowment for Democracy are in some ways even greater and more complex today than they were in 1984. The momentous changes that have taken place in the world make it imperative that the Endowment reassess the overall strategy that guides its programs.

II. Elements of Continuity

The reassessment attempted in this document suggests some important shifts in emphasis and priorities, but it also points to significant elements of continuity. We believe that the basic mission and approach outlined in the Statement of Principles and Objectives adopted by the Endowment Board in 1984 remain no less valid today. As a reading of that document shows, the Endowment's mission was from the very outset conceived not as anti-communist but as pro-democratic. Its aim was not only to assist those seeking to bring down dictatorships and carry out democratic transitions, but also to support efforts to consolidate new democracies.

The basic program categories set forth in the Statement of Principles and Objectives have also proven their worth and continuing relevance. The Endowment has funded programs primarily

in three major functional areas — pluralism; democratic governance; and education, culture and communications. Programs in these areas have as their goals the strengthening of civil society, democratic political institutions, and democratic culture, respectively. Although political scientists and other experts may disagree about the relative importance of these three aspects of democratic development, it is generally acknowledged that all three are essential to the achievement and maintenance of stable democratic orders.

Pluralism involves the development of strong, independent private-sector institutions, especially trade unions and business associations, as well as civic and women's organizations, youth groups and cooperatives. Endowment programs in the areas of labor and business are carried out, respectively, through the Free Trade Union Institute (FTUI) and the Center for International Private Enterprise (CIPE).

The program area of Democratic Governance and Political Processes involves, above all, efforts to promote strong, stable political parties that are committed to the democratic process. The National Democratic Institute (NDI) and the International Republican Institute (IRI) carry out such party-building programs. This area includes, as well, programs that promote the rule of law and respect for human rights, strengthen the unity and effectiveness of the democratic forces in transitional situations, encourage dialogue among different sectors of society, and advance solutions to national problems. It also includes programs which bolster the effectiveness of parliaments, improve relations between civilian and military authorities, promote constitutional reform, and strengthen electoral processes.

The program area of Education, Culture and Communications involves programs that nourish a strong democratic civic culture, including sup-

port for publications and other communications media. Also included here are training programs for journalists, the production and dissemination of books and other materials to strengthen popular understanding and intellectual advocacy of democracy, and programs of democratic education.

The Endowment also devotes modest funding to research on questions related to democratic development, and to programs that encourage regional and international cooperation in promoting democracy. These two smaller categories of programming are addressed in the final section of this document.

III. Adapting to Change

The democratic revolution that has swept the world during the past decade, embracing countries as diverse as Benin and Bulgaria, Haiti and Hungary, Chile and Czechoslovakia, Nicaragua and the Philippines, South Africa and the Soviet Union, has reshaped both the international and the domestic environment in which the Endowment works. This extraordinary wave of democratic transitions requires the Endowment to refocus its programmatic agenda, as well as to address dramatically new institutional realities that have arisen in its wake. Like the democratic movements it has supported, the Endowment, too, must adapt to revolutionary change.

Foremost among these new institutional realities facing the Endowment is the emergence of significant alternative funding sources for democracy promotion in countries where dictatorships have fallen and democratic institutions need to be consolidated. These sources include private foundations and, most importantly, the U.S. Agency for International Development (A.I.D.), as well as new funders in other countries, including the British Know-How Fund and the Canadi-

an Center for Human Rights and Democratic Development.

The existence of these new funding sources demonstrates that democracy promotion, which only a few years ago seemed like a pioneering venture, has become an established form of international assistance. As such, it is a further sign of the extent to which democracy is now recognized internationally as the most legitimate form of political and social organization. Moreover, the existence of additional resources is a welcome development, since the funds available until now, for democracy promotion, including those of the Endowment, have hardly been sufficient to meet the needs of the emerging democracies and other countries still struggling for political freedom.

At the same time, this development creates a new and complex set of issues to which the Endowment must respond. It will obviously affect how the Endowment chooses to apportion its own limited resources. And it requires the Endowment to define its role based not only upon its fundamental mission to promote democracy, but also upon a fresh understanding of its unique institutional capabilities. The Endowment will be successful in adapting to new circumstances by accentuating in its strategic and program planning the institutional features that give it a comparative advantage in assisting democratic political development.

IV. A Strategy of Comparative Advantage

There are three institutional features of the Endowment that give it a distinct comparative advantage: its nature, its structure, and its mission.

(1) As a non-governmental organization, the Endowment can provide political assistance to democratic forces in repressive or other sensitive

situations where U.S. government support, even if channeled through intermediary non-governmental organizations, would risk serious diplomatic complications. In addition, democratic groups abroad often have a strong preference for receiving assistance from a non-governmental source, believing that their credibility or even their independence would be compromised by accepting funds from a U.S. government agency. Assistance through non-governmental channels is also more cost-effective than government-to-government aid. Finally, the Endowment's autonomy gives it the flexibility to respond quickly to changes taking place in countries around the world.

(2) The Endowment's unique structure, which includes its four constituent institutes in the fields of labor, business and party development as well as discretionary grantees active in other sectors, enables it to respond comprehensively to democratic needs. The Endowment's structure reflects an understanding that the establishment of democracy is not limited to the successful conduct of elections but involves, as already noted, the strengthening of civil society, democratic political institutions and democratic culture. Moreover, the Endowment's multi-sectoral structure enables it to provide a "full package" response to the complex needs of emerging democracies — especially important in light of the close relationship between political and economic reform — as well as targeted assistance to movements struggling to defend democratic values in closed societies.

(3) The fact that the Endowment's sole mission is the promotion of democracy accounts for its ability over the past eight years to reach out to and work with democratic activists around the world in an authentic and unambiguous manner and on the basis of common values and a shared vision. Unencumbered by other considerations, the Endowment has been able to act upon a coherent

set of principles and goals, including consistency in applying its purposes to diverse political situations and movements and responsiveness to the pressing needs of democratic forces. The compromise of any of these principles would have jeopardized the strong international reputation the Endowment has enjoyed and the relationships of trust and solidarity it has established with democratic activists in many complex and dangerous situations.

The institutional features that give the Endowment these comparative advantages have important strategic implications:

First, the fact that the Endowment is a non-governmental institution suggests that it should position itself at the "cutting edge" of democratic advance, where historically it has been most effective. In this context, it will be recalled that the Endowment's 1991 Priorities Document, as well as the Statement of Principles and Objectives, lists four broad categories of countries, corresponding to their state of democratic development. The first two "post-breakthrough" categories include emerging democracies, i.e., countries that have achieved democratic breakthroughs but not yet consolidated democratic institutions, and transitional countries where repressive political authority is collapsing and democratic groups committed to peaceful transition and the establishment of alternative structures exist and need support. The other two "pre-breakthrough" categories include closed societies that repress all institutions independent of the state, and authoritarian systems that tolerate the elements of civil society but where democratic development can only be viewed as a long-term prospect.*

** In Fiscal Year 1991, NED devoted approximately 80% of all obligated program funds to projects in the "post-breakthrough" category and 20% to the "pre-breakthrough" category.*

Despite the dramatic breakthroughs of the past decade, over half of the world's population continues to live under authoritarian rule. Non-democratic regimes are concentrated in Africa, the Islamic World and East Asia. A "cutting edge" strategy would seek to place greater emphasis on these countries, where there is significant resistance to democratic political change from government authorities and powerful entrenched interests. To reinforce the relatively weak and often inexperienced democratic movements in these countries, the Endowment would provide "venture capital" to help them overcome the many social, cultural, political and historical obstacles they face. This is particularly important in light of the fact that alternative funding for these countries is usually limited, and in addition, it is awkward for a U.S. government agency to provide such assistance.

A heightened emphasis on the "pre-breakthrough" categories would not and should not preclude continuing engagement in the "post-breakthrough" emerging and transitional democracies. These constitute such a large and important group of countries, reaching now into all the major regions of the world, that a policy of abstention would effectively mean the abandonment of the Endowment's global mission.

The process of consolidation in these new democracies will be long and difficult; there are important and sensitive sectors in these countries where alternative funding may not be available, and where Endowment support to independent, politically active organizations can play a vital role. Given the concentration of most of the new democracy donors on technical assistance in developing efficient market economies and proficient government institutions, there is still a need for Endowment support for groups working to help achieve democratic transitions, as well as selective assistance to cultural, civic, and political

groups working to broaden democratic participation, to strengthen the values of pluralism and tolerance, and to enliven the spirit and understanding of democracy.

Second, the Endowment's multi-sectoral structure, in particular its relationship to its four core institutes (CIPE, FTUI, NDI and IRI), must adapt to the new circumstance created by the existence of alternative funding from A.I.D. by increasing the degree of program coordination with the institutes. In the case of labor and the two party institutes, direct funding from A.I.D. is now beginning to exceed the resources received out of the Endowment's core USIA appropriation, though that funding is targeted at specific countries and programs of priority to the U.S. Government. (So far, CIPE is an exception, though it, too, may soon be receiving large A.I.D. grants.)

The additional funding being received by the institutes is a further reflection of the Endowment's success. NED funding helped launch the institutes and has positioned them to play a pivotal role in a period when the goal of democracy promotion has gained increased acceptance. The Endowment welcomes the fact that the institutes have been able to expand their work with alternative funding, especially since it frees NED funding for other activities. Moreover, it remains a strategic priority for the Endowment to continue to provide the institutes with a secure infrastructure and sufficient flexibility in programming to enable them to procure maximum funds from sources other than our own. At the same time, the availability of alternative funding for the institutes complicates NED planning procedures at the very moment we are being asked by the GAO to develop a more systematic process for overall program planning, evaluation and setting priorities.

Clearly, Endowment procedures that were developed in an earlier period when NED was the

sole or principal funding agency need to be re-examined in light of these new circumstances. For example, in planning programs and allocating resources, the Endowment may choose to de-emphasize a strategically important country if the institutes are carrying out (or planning to carry out) significant programs there using non-Endowment funds. The Endowment will also have to balance its desire to allow the institutes sufficient programming flexibility with the kind of program specificity and prioritizing needed to fulfill its evaluation responsibilities. As part of its planning responsibilities, the Endowment will also have to insure that the institutes' programs are consistent with the priorities of the NED Board as discussed in Section V below.

Most importantly, the Endowment can only maximize its comparative advantage as a multi-sectoral institution if the expanded alternative funding is complemented by enhanced program coordination between the Endowment and the institutes. Effective program coordination should extend to non-NED resources that are being provided to the institutes and other Endowment grantees in countries of priority. Joint meetings held on a more frequent basis will offer increased opportunities to share information about specific countries and to coordinate joint activities where possible. Periodic strategic regional review sessions led by regional experts will also provide opportunities to discuss and identify specific projects on which the institutes can coordinate. More regular coordination will enhance the overall contribution made in particular countries beyond the sum of the individual programs involved. In this way, the availability of alternative funding will strengthen, not weaken, the Endowment's ability to respond coherently and comprehensively to democratic needs throughout the world.

Third, the availability of non-Endowment resources for democracy promotion puts a new

premium on that aspect of the Endowment's work that complements its grant-making program; namely, its ability as an institution whose sole mission is the advance of democracy to be a vital center of democratic thought and action. The Endowment has already taken significant steps in this direction by launching the *Journal of Democracy* and sponsoring a number of conferences and seminars where the increasingly complex issues related to the democratic prospect in the world are discussed and debated. The further development of this work is considered in Section VII below.

V. Priorities

As part of its new planning process, the Endowment will now be preparing a more detailed annual priorities document. This new priorities document will contain a description of Endowment goals in individual regions and countries; accompanied by target figures for Endowment expenditures for the year. In the course of this process, each institute will draw up its own proposed priorities for NED Board review prior to their integration into the overall document. This process will provide an important tool for achieving greater coordination in implementing Board priorities. The brief discussion of priorities here is intended to present some of the broader considerations from which concrete budgetary decisions about particular regions or countries will flow.

During the first eight years of its existence, the Endowment's priorities have shifted with the rapidly changing fortunes of democratic movements around the world. During the early years, the principal focus of democratic activity, and the cutting edge of the incipient democratic revolution, was in Latin America, where approximately fifty percent of Endowment program funds were spent. By the end of the 1980s, the focus began to shift to Eastern Europe and then to the Soviet

Union. Now China and Africa are attracting increased funding, and the Middle East (along with the Islamic world generally) looms as a growing challenge.

These shifts in focus and priority do not mean that the Endowment will abandon regions where breakthroughs have occurred. A "breakthrough" does not mean that democracy has been achieved, only that the obstacle of a dictatorial government has been removed. The process of establishing a stable and deeply rooted democratic system is long and arduous, and the economic, political and cultural obstacles can only give way to evolutionary, not revolutionary, change.

The prospect of democratic setbacks is ever-present as change comes more slowly and painfully than anticipated, and frustration and disillusionment build. No one should assume, for example, that democracy is secure in South and Central America or in the previously communist countries of Central and Eastern Europe. (Should setbacks occur, work in countries where transition has failed and dictatorship has been reimposed will assume a high degree of importance in Endowment programming.) Moreover, the failure of democracy in these areas could have a devastating "demonstration effect" on the prospects for change in countries that continue to resist the international movement toward democracy.

Conversely, the successful consolidation of democracy would itself have a positive demonstration effect on countries where democratic breakthroughs have not yet been achieved or consolidated. This is particularly important in Eastern Europe and the former Soviet Union, since viable models of transition from communism do not yet exist. The Endowment will continue to fund programs in these countries, (including programs that promote conflict resolution and civic dia-

logue among diverse ethnic groups), while being prepared to adjust its priorities depending upon the degree of alternative funding available to the institutes and other prospective grantees in particular countries.

Still, given the availability of alternative funding for programs in emerging democracies, the Endowment will seek to expand its programs in those countries and regions where democratic breakthroughs have yet to occur. These include the world's remaining closed societies, especially China, Cuba and Vietnam; and authoritarian systems, especially in Africa, the Middle East and elsewhere in the Islamic World, including Indonesia. This shift will take place incrementally so as not to disrupt the overall Endowment program, also taking into account the fact that the ability of those countries to absorb large amounts of resources is limited.

VI. Existing Projects and New Initiatives

The Endowment seeks to balance its desire to sustain and nurture existing projects with its wish to respond to new initiatives. While, ideally, Endowment support should encourage groups to become self-sustaining as rapidly as possible, no simple formula can be applied. Some projects will be of a short-term nature, but because democratic development is a long-term process, other programs may require more extended assistance. In all circumstances, the Endowment will continue to encourage efforts by its grantees to seek other sources of funding, and where possible it will assist in these efforts.

Many groups the Endowment will wish to support function under difficult conditions and may not be able to develop alternative funding. In addition, as we have already noted, much of the increased alternative funding that is now available is not directed at the kind of activities the

Endowment supports, especially in the program area of Education, Culture and Communications. In deciding whether to renew support, the Endowment will weigh such factors as a grantee's success in achieving what was intended with the initial support, the importance of its activities to the overall democratic effort in the country or region, and the value of continuing these activities in relation to the Endowment's overall priorities and competing program goals, including its wish to help worthwhile new initiatives. An emphasis on project funding, as opposed to core administrative support, will be an added incentive to encourage new initiatives and organizational self-sufficiency.

In evaluating both new and ongoing programs, the Endowment will stress the importance of developing innovative ways of strengthening democratic institutions and organizations. The programmatic framework established by the Endowment is sufficiently broad and flexible to allow new ideas to be tested and bold new approaches to be tried. Obviously, the Endowment endeavors to learn from experience and to build upon a foundation of tested programs and methods. But it will continue to welcome proposals that demonstrate originality and creativity and thus further understanding of the kinds of efforts that will enhance the democratic prospect.

Given the Endowment's limited resources the Board wishes to guard against duplication of program activities. Toward this end, the Endowment will require each grant applicant, wherever possible, to describe other related activities presently underway and how its proposed program is not duplicative.

In establishing priorities, the Endowment retains the capacity to be responsive to promising initiatives from a wide range and variety of non-priority countries. Grant allocations for groups in countries of lesser priority, even if the funds are

relatively modest, nonetheless serve important purposes. Such small grants represent crucial assistance to struggling democratic groups. Moreover, they help put the Endowment in a position to respond quickly in non-priority situations if new opportunities suddenly develop. Not least, being as responsive as possible to authentic democratic advocates around the world is consistent with the Endowment's overall commitment to assist indigenous efforts to further democratic development.

VII. International Forum for Democracy

There is another way in which the Endowment can reach out to democratic groups in countries of lesser priority — namely, by including them in regional or worldwide programs aimed at promoting interchange and solidarity among democratic forces.

The Endowment's two smaller categories of grant programs, research and international cooperation, support projects that are potentially of value to all countries seeking to achieve and maintain democracy. In addition, the Endowment seeks to complement its grant-making program with other activities aimed at encouraging reflection and discussion about key issues in the struggle for democracy. It sponsors the *Journal of Democracy*, a quarterly published by the Johns Hopkins University Press that contains articles by both distinguished scholars and leading democratic activists and intellectuals. It also hosts a major biennial conference on democracy that brings together an international cross-section of prominent democrats from around the world.

Building upon these activities, and drawing upon its unparalleled worldwide network of contacts with key democrats, the Endowment intends to increase its efforts in the realm of ideas and information under the heading of the International

Forum for Democracy. In this new era, when so many countries have already completed the daunting task of toppling dictatorial governments but now face the more complex problems of democratic consolidation, it is imperative to develop a more sophisticated understanding of the process of democratic development. One consequence of the wave of democratization during the past decade is that there is now a vastly expanded range of experience from every region of the world that can potentially provide valuable lessons about successful strategies for building democracy. The best way to profit from this experience is to bring together those who are or have been on the front lines of democratic change with their counterparts from other countries and also with scholars who can provide them with a useful comparative and historical perspective.

To further these aims, the Endowment hopes, among other possible initiatives, to develop an information base on international programs to promote democracy and to establish a library housing important books and documents on democracy. The work of the International Forum for Democracy should be useful to democrats everywhere, but its most important benefits will accrue to the Endowment itself. The International Forum will enable the Endowment to enhance its own knowledge base and thereby help it both to make better informed choices with respect to program planning and priorities and to assess more effectively its grants program. The Endowment will consult closely with Congress to ensure that any activities undertaken in the context of the International Forum are regarded as fully consistent with the Endowment's legislative mandate.

The activities of the International Forum will also provide a means and opportunity to keep former members of the Endowment's Board of Directors actively involved in its work. Additionally, the

Forum should present an opportunity for reaching out to more U.S. citizens, including students, and involving them more extensively in the worldwide effort to build democracy. Such broadened participation would enhance the understanding in the U.S. of the Endowment's activities and objectives. More importantly, it would contribute to the spread of democratic values and ideas around the world and to a deeper appreciation here of the meaning of our democratic heritage and system of government.

National Endowment for Democracy

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The National Endowment for Democracy is a private nonprofit organization created in 1983 to strengthen democratic institutions around the world through nongovernmental efforts. Through its worldwide grant program, the Endowment assists those abroad who are working for democratic goals. The Endowment, which receives an annual appropriation from the U.S. Congress, is a tax-exempt organization as defined in Section 501(c)(3) of the Internal Revenue Code.

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