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Promoting Democracy in a Time of Austerity:  
NED's Strategy for 1997 and Beyond

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*National Endowment  
for Democracy*



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# Building upon the Past—

In January 1992, NED's Board of Directors approved a Strategy Document intended to provide guidance for the organization for a period of three to five years. As we have now come to the end of that period, it seems an appropriate moment to review and update the strategy in the context of our present situation.

The Strategy Document marked the end of one period in the Endowment's evolution and the beginning of another. During the first period, spanning the founding of NED in 1983 and the collapse of the Soviet Union in 1991, the Endowment and its core institutes established their principles and procedures, developed a significant operational capability, and aided momentous democratic struggles in the USSR, Chile, Poland, Nicaragua and many other countries. NED's appropriation averaged under \$20 million during these years (it was supplemented by special earmarks of AID funds for several key countries), but the organization's role as the chief provider of democracy assistance was uncontested, and its support in Congress grew as it rode the crest of democracy's "third wave."

The communist collapse in Eastern Europe and the Soviet Union and the fall elsewhere of many noncommunist dictatorships affected NED in two basic ways. First, at a time when democracy seemed to have swept most of the world, NED had to demonstrate that it remained at the "cutting edge" of democratic change. Second, as AID and other government agencies developed their own programs to promote democracy (a circumstance that NED's success helped bring about), NED came under greater pressure to demonstrate why its contribution was unique.

The Board addressed this new situation by adopting a three-point strategy of comparative advantage. First, NED would exploit its nongovernmental status by directing more support to democratic forces in "pre-breakthrough" countries where government agencies could not operate effectively. Second, it would take advantage of its multi-sectoral structure by strengthening coordination with the four affiliated institutes (i.e., CIPE, FTUI, IRI, NDI), even where most of their programs were being funded by AID. Finally, with its exclusive focus on democracy-promotion, the Endowment would expand its efforts in the realm of ideas and information by developing an "international forum" aimed at promoting interchange and solidarity among democratic forces around the world.

It speaks well for the coherence and practicality of the Strategy Document that it has, in fact, served as an effective guide for NED policies over the last five years. This is certainly true with respect to the first strategic priority of emphasizing more strongly support to democratic forces in "pre-breakthrough" countries. If one defines as "pre-breakthrough" the countries categorized as "not free" in the annual Freedom House survey (the other two categories being "free" and "partly free"), the percentage of NED funding in such countries rose steadily over the period, from 20 percent in 1992 to 47 percent in 1996 (see Table 1). This reflected a doubling of the resources spent in Asia (primarily China, Burma and Cambodia) and a tripling of the resources spent in the Middle East. It also reflected substantial increases in funding for programs in Central Asia and the former Yugoslavia. Thus, NED remained a "cutting edge" institution in the post-Cold War era by focusing increasingly on Asian autocracies and Islamic countries, as well as on the war-torn Balkan region.<sup>1</sup>

Implementation of the second strategic priority—enhanced coordination with the institutes—is harder to quantify, since coordination has always been an inherent aspect of NED programming. Here too, though, it is possible to demonstrate results. Board Members have convened regular meetings of NED and the institutes to review existing programs for specific regions and to plan future programming strategies. Coordinating meetings have been held on key countries such as China, Russia, Nigeria and Mexico, among others. NED and the institutes share networks, information and materials as a matter of course, most importantly when one member of the NED family is about to enter a country where another has already been active. There is also an informal division of labor, as when one or both of the party institutes provide technical help to a group (or to people drawn from a group) that is receiving a direct grant from the Endowment. Such collaboration has occurred, for example, in Egypt, the Dominican Republic, Peru, and Mexico, as well as in the case of the African group GERDES which draws volunteers from 20 countries.

1. The "partially free" category consists of countries such as Russia, Nicaragua, Turkey and Ghana, which are electoral—but not liberal—democracies. These correspond to the "post-breakthrough" category of the Strategy Document. The "free" countries where NED works (for example, South Africa, Lithuania, and Bulgaria) are really unconsolidated democracies and, thus, also belong in the "post-breakthrough" category. Some of the figures in Table 1 are misleading. For example, expenditures to groups in Poland have been listed in the "free" category, even though the grants are targeted at helping democrats in "not free" and "partially free" countries farther to the east.

**Table 1:**

*Proportion of NED resources spent in Free, Partly Free, and Not Free countries (according to the Freedom House categorization), 1992-96:*

	<i>Free:</i>	<i>Partly Free:</i>	<i>Not Free:</i>	<i>Total Spent:</i>
FY1992	\$ 5,262,080 23%	\$ 13,095,253 57%	\$ 4,657,948 20%	\$ 23,015,281
FY1993	\$ 3,986,264 17%	\$ 12,799,207 55%	\$ 6,614,258 28%	\$ 23,399,729
FY1994	\$ 6,560,022 22%	\$ 13,932,741 46%	\$ 9,799,172 32%	\$ 30,291,935
FY1995	\$ 4,460,623 16%	\$ 12,529,717 44%	\$ 11,249,574 40%	\$ 28,239,914
FY1996	\$ 4,015,151 14%	\$ 10,702,890 39%	\$ 12,897,178 47%	\$ 27,615,219

NED implemented the third strategic priority by launching the International Forum for Democratic Studies in 1994. In a very short time the Forum, using mostly private funds, has established itself as the preeminent center in the world for comparative research on democracy. The *Journal of Democracy* has continued to grow in prestige and circulation, its impact magnified by the publication of six books based on *Journal* articles. The Institute has held major conferences on such critical subjects as the relationship between economic reform and democracy, civil-military relations, political parties, East Asian democratization, and the democratic "third wave;" as well as smaller country-specific conferences on China, Nigeria, Mexico, Egypt, Taiwan, Korea and Russia. A Democracy Resource Center has been established consisting of a library and archives on democracy, a World Wide Web site called "DemocracyNet," and a democracy-promotion grants information database. And a new Visiting Fellows Program has already enabled over a dozen democratic activists, scholars and journalists from around the world to spend time in residence at NED.

The Endowment has clearly advanced in the last five years in terms of the scope and effectiveness of its grant making and of its ability to serve as a unique focal point for the collaboration of democratic activists and intellectuals throughout the world. NED has progressed in other respects as well. Its Board Members, all of whom joined after the founding of the Endowment, are closely involved in the review of programs and extremely helpful in making NED's case to the Congress, the Administration and the general public. (The practice of designating a Member to review and report on all programs in a particular region has been particularly valuable.) Program staff of both NED and the four institutes consist of seasoned practitioners who have an unparalleled knowledge of democratic movements throughout the world. Finally, the Endowment's oversight procedures have been strengthened and streamlined, even to the point where NED has provided innovative guidance to the OMB on reforming audit practices.

While the Endowment has survived and, indeed, become a stronger organization over the last five years, its budget has nonetheless continued to be challenged in Congress. And it is unrealistic to assume that we can avoid challenges to the NED budget in the future. All publicly funded agencies and institutions have been and will continue to be affected by the budget crisis. ~

# Doing More with Less--

In this context, the best we can hope for in the period immediately ahead is to maintain our budget at its current level of \$30 million. Even if Congress sustains the Administration's request of \$30 million for FY1998 and 1999, this will still mean a continuing decline in our budget in real terms and further reductions in our grants program.

Thus, if the Endowment is to remain a dynamic and increasingly influential center for the promotion of democracy around the world, it will have to devise methods *to do more with less*. Doing so will depend upon our ability to utilize our diversity to maximum effect. The NED family consists of many different networks and structures. As we have already seen, coordination with the four institutes has grown, as called for in the previous Strategy Document. But other forms of coordination exist and can be further developed.

## Coordination:

The Endowment grants program, for example, is divided by region, with each consisting of its own activist networks that operate both informally and through organizations such as GERDES in Africa and the Forum of Democratic Leaders in the Asia-Pacific. Examples of cross-border and intra-regional work include three Warsaw-based initiatives: the Polish-Czech-Slovak Solidarity Foundation, which provides training in desktop publishing for activists from the former Soviet Union; the Foundation for Education for Democracy, which provides civic education and leadership training in the same region; and the Centers for Pluralism, which promote joint projects among numerous pro-democracy centers throughout Central Europe and the former Soviet Union. Other regional efforts have been undertaken by the institutes, such as NDI's joint program with the National Citizen's Movement for Free Elections (NAMFREL) in the Philippines to develop election-monitoring civic organizations in Asia, and CIFE's program with the Manila-based Asian Institute of Management to support independent media and professional economic reporting in the region.

NED also has the ability to operate inter-regionally. NDI typically brings activists from one region to another to share their knowledge or to learn from more experienced groups. Discretionary projects have discreetly brought dissidents in Cuba and China into contact with experienced former dissidents from Eastern Europe and Russia. NED and the institutes are working together to strengthen cross-regional cooperation among grantees working in predominantly Islamic settings in the Middle East, the Balkans, Central Asia and the Caucasus, northern Africa, and South and Southeast Asia.

## Encouraging Democracy-Promotion:

As the Warsaw- and Manila-based initiatives mentioned above suggest, there is also great potential in encouraging the more consolidated "third wave" democracies to aid democratic groups beyond their borders. Through the grants program NED can help build indigenous institutions that have the will and ability to become regional centers for the promotion of democratic values. Such centers could eventually evolve into formal NED-like institutions that provide grant support and training both within and beyond their own regions. Poland and the Philippines would be natural centers for such regional democracy-promotion institutions.

The development of such institutions can also be encouraged through the work of the International Forum. On the basis of two conferences previously organized with Taiwan's Institute for National Policy Research (INPR), a jointly sponsored international meeting will be held in October 1997 in Taipei aimed at stimulating the growth of democracy-promotion institutions in Asia. A similar meeting in Latin America may look toward the creation of such an institution in this hemisphere.

The International Forum also offers a way to engage the established democracies in the work of democracy-promotion. Its jointly sponsored lecture series with Portugal's Mário Soares Foundation and the Luso-American Development Foundation could help spur the creation of a Portuguese NED. Portuguese officials, many of whom are familiar with democracy programs owing to their participation in NDI training missions in Central and Eastern Europe and Africa, are considering the idea of such an institution.

The Forum is also engaged with other established democracies. The 1996 East Asia democracy conference, jointly sponsored with the Japan Institute of International Affairs and a policy institute in Thailand, was the first instance of cooperation between the Endowment and a Japanese organization. The Forum has now accepted a proposal to host a Japanese fellow who wishes to examine the practical aspects of democracy-promotion and the policy issues that Japan must consider if it chooses to enter this field. Researchers from Australia and other countries considering NED-like initiatives may also seek to examine these issues as visiting fellows at the Forum. Finally, the Forum is planning to hold a conference on India in the fall of 1997 on the occasion of the fiftieth anniversary of Indian democracy. If successful, it could lead to other forms of cooperation between the Endowment and Indian research institutes, with the possibility that the world's largest democracy might also take an interest in the field of democracy-promotion.

Obviously, one objective of this approach is to leverage limited resources. Stimulating the creation of new partners among the democracies at a time when our own resources are shrinking makes sense from a practical point of view. But the central purpose is more far-reaching, namely, to create a community of democrats, drawn from the most developed democracies and the most repressive autocracies as well as everything in between, and united by the belief that the common interest is served by the gradual expansion of systems based on freedom, self-government, and the rule of law.

The goal of these diverse initiatives is the globalization of the democracy movement, a means of magnifying the impact of the grants program by fostering new linkages and forms of sharing across national and regional boundaries; developing new capacities like the Forum that deepen understanding of democracy and create a framework for a common global discussion of this fundamental issue; and broadening participation in the overall effort to nurture democratic institutions and values.

The globalization of the democracy movement also offers new possibilities for strengthening the overall support for NED. America's population is drawn from countries throughout the world and increasingly reflects the diversity of the international community. As we engage with Portugal, Taiwan, India, and other countries as partners in the promotion of democracy, their friends will become more knowledgeable about the NED and supportive of our objectives.

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#### Integrative Grant-Making Approaches:

There are a number of examples of how we are already maximizing the impact of our diverse assets and associations. Our evolving approach to China is a case in point. At present, the grants consist of discretionary and labor programs supporting various pro-democracy networks, and CIPE and IRI programs targeting opportunities created by official reform policy in the areas of economic modernization and local elections. Significantly, the CIPE and IRI programs have been endorsed by a wide range of pro-democracy groups and activists. To this mix should be added the grants supporting the Tibetan and Hong Kong democracy movements and the role of Taiwan as both a Chinese model of successful democratization and a potential participant in the field of democracy-promotion. The *Forum* conference on China and a number of valuable articles published in the *Journal* have added still another dimension to our work in this key country.

Other places where this "integrative" approach is applicable include Burma, where European, Asian and Canadian support complements the comprehensive programs of NED and all four institutes; Latin America, where the Forum, by identifying obstacles to further democratization, can both complement and strengthen the grants program; and the Middle East, where collaboration among moderate Islamists, secular liberals, and Western friends is needed to overcome the isolation of democrats and to meet the fundamentalist challenge. ☺

# Making the Case for Supporting Democracy—

The ambitious initiatives outlined here, including the “integrative” approach to our grant making, need to be placed in the proper context. We are trying to adjust to a period of austerity—to remain a dynamic and creative center for the promotion of democracy at a time when interest in international issues has diminished along with the resources needed for international activities. Making it through this period, and reversing the downward trend in funding in the future, will depend partly on factors beyond our control, such as the budget picture or international events. Nonetheless, there is no higher priority for NED in the coming period than to make the case for the continuing relevance of our work in the post-Cold War era.

The euphoria that greeted the collapse of communism has long since passed, and few people today believe that democracy has swept the world or is about to do so. But there is no clear understanding of how U.S. interests are affected by the state of democracy abroad, or why the promotion of democracy should be supported at taxpayer expense. The view advanced by some of our critics—that the NED is no longer relevant—will have to be met head on. More than likely, we will also have to contend with the view that given the seemingly intractable problems faced by fledgling democracies, they have reached the limits of what can be achieved with outside support.

The challenge we face is underlined by the fact that many longtime friends of the Endowment have left or are leaving the Congress, and that more than half the Members of the new House and 39 Senators will have been elected since 1992. In addressing these and other Members, our task will be to renew and reformulate the argument, in light of present conditions, that funding for the Endowment advances American values and serves the national security interests of the United States.

The Endowment has been successful in the past in serving as a bridge between the Congress and the international democracy movement. Introducing Members and their staffs to democratic activists helps them stay informed about critical situations abroad and better understand NED’s role. Fostering such linkages will continue to be a critical aspect of our work, especially as we seek to broaden the number of countries engaged in efforts to advance democracy.

But these efforts will bear fruit only if we succeed in making a compelling case that NED’s work is more relevant in the present period than ever before. Americans are aware that the United States faces a new set of problems and challenges in this era of globalization. But there are few persuasive answers for how to deal with them, a circumstance that fosters passivity and resignation. In fact, we can make a strong case that NED is an important aspect of any meaningful U.S. response to the present situation.

In previous periods, states were virtually the only actors on the international scene. But today we encounter a vast array of new players, from party internationals to private donors acting internationally, from organizations insisting on respect for human rights to networks of activists seeking to advance (or to oppose) democratic principles, from nongovernmental groups working on conflict resolution to clandestine groups using terror to achieve their ends.

Moreover, within countries whose populations have traditionally been dormant or nonpolitical, a dramatic awakening has taken place. People are insisting that their voices be heard and that they be given a seat at the table of power. This has put a new premium on elections as a means of inclusion as well as a way to establish legitimate authority in countries where old forms of autocracy of both left and right have collapsed.

The turbulence and jockeying for power that characterize this new period have brought to the surface a startling new reality: In addition to inter-state rivalries, a principal source of conflict in the modern world derives from intra-state problems such as ethnic hatred, social breakdown, and nationalist and religious extremism. The consequences have implications far beyond the borders of the countries in which these problems originate, whether with respect to refugees, terrorism, crime and drugs, or weapons proliferation.

The United States also faces a long-term challenge in managing its relations with key countries such as China, Russia and Iran. While NED is not in a position to favor or advocate a particular policy toward any country, we are confident that the American national interest will be served by the gradual evolution in these countries of democratic institutions and open societies.

The basic problem facing u.s. foreign policy is how we can deal with the growing number of issues whose complexity has overwhelmed the traditional tools of diplomacy, at a time when our capacity to engage in foreign policy has declined owing to diminished public interest in foreign matters and tight budgets. It is in this context that the issue of NED funding should be addressed.

NED's structure and function, as well as its low-cost and highly flexible way of operating, are ideally suited to addressing problems that are more often than not beyond the reach of the traditional instruments of foreign policy. The scope of NED's work is extraordinary, given the modesty of its budget. Not only is it able to operate in both pre- and post-breakthrough countries, involving both practitioners and intellectuals, but it has also demonstrated an ability to stimulate the creation of partner institutions in new and established democracies. With its work overseen by a distinguished bipartisan Board, the NED has a unique and well-earned credibility among democrats throughout the world.

The Endowment is hardly the whole answer to the dilemma of how the United States can *do more with less*. But it is part of the answer and is thus both relevant and necessary.

Our work is guided by the view that all people aspire to freedom and that the evolution of democracy should not be ruled out anywhere. Obviously the pace and character of this evolution will vary depending on the country or culture that is involved. But America has both a moral obligation to assist this process and a national interest in doing so.

Because freedom is an innate human aspiration, the gradual universalization of democracy within a world of diverse cultures remains a critical and feasible objective of the United States.

The fact that the Cold War is over does not mean that America or its values are unchallenged. One needn't subscribe to the "clash of civilizations" thesis to conclude that many people in the world today wish us ill. There are also many others who share our values and seek a democratic future for their societies. If the United States, the world's first and leading democracy, cannot sustain a program like the Endowment, the effect on our friends will be devastating. We cannot let this happen, and the odds are that it won't if we believe strongly enough in our mission and are able to defend it cogently. This is a difficult challenge, but one from which we can draw energy and inspiration. ~



# National Endowment for Democracy—

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# About the National Endowment for Democracy—

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The National Endowment for Democracy (NED) is a private nonprofit organization created in 1983 to strengthen democratic institutions around the world through non-governmental efforts.

The Endowment, which receives an annual congressional appropriation, makes hundreds of grants annually to civic education, media, human rights and other organizations, supporting people throughout the world who are striving to build democratic institutions. Endowment programs in the areas of labor, business, and political party development are funded through four core institutes: the Free Trade Union Institute, the Center for International Private Enterprise, the International Republican Institute, and the National Democratic Institute for International Affairs.

Through its grant program, NED supports grassroots activists on the cutting edge of democratic change in six regions of the world: Africa, Asia, Central and Eastern Europe, Latin America, the Middle East, and the New Independent States.

Just as NED was able to provide critical support to dissidents in Eastern Europe and the Soviet Union before the collapse of communism, today it is able to take the lead in such countries as Burma, China, Cuba, and Zaire, as well as in the Balkans, the Middle East, and Central Asia. Much of the Endowment's work in the New Independent States of the former Soviet Union is carried out by groups in Central Europe that played an instrumental role in moving previously totalitarian societies toward democracy.

The Endowment is also a voice and a hub for thousands of democratic activists and dissidents whose isolation is one of the greatest obstacles to their survival. Its International Forum for Democratic Studies, which publishes the *Journal of Democracy*, serves as a center for research on democracy and a contact point for democratic intellectuals and practitioners throughout the world. NED has fostered coordination among the growing number of similar publicly-funded political development foundations in established democracies and is making use of its wide-ranging relationships with indigenous institutions in new democracies to stimulate their entry into the field of democracy-promotion.

NED's work is guided by the belief that all people aspire to freedom and dignity and that the pace and character of democratic evolution will vary depending on the country or culture involved.

A bipartisan institution, the Endowment has received the strong support of both Democratic and Republican administrations, as well as the endorsement of the congressional leadership of both parties. It embodies the view that America has both a moral obligation and an abiding national interest in the furtherance of democracy throughout the world. Thus, in 1995, the seven most recent Secretaries of State paid tribute to the continued relevance of the work of NED, which they described as "an important bipartisan but nongovernmental contributor to democratic reform and freedom."

The Endowment is a tax-exempt organization as defined in Section 501 c(3) of the Internal Revenue Code. ~