

2017 ANNUAL REPORT



**National Endowment
for Democracy**
Supporting freedom around the world

Youth in Technology and Arts Network promotes the importance of voting in Liberia

NED Annual Report 2017

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FROM THE PRESIDENT CARL GERSHMAN

In 2017, working with the Prague-based organization Forum 2000, NED helped convene a meeting of leading writers and activists from around the world to discuss the challenges facing democracy today. The group adopted a statement called The Prague Appeal for Democratic Renewal that opened with the ominous declaration that “Liberal democracy is under threat, and all who cherish it must come to its defense.”

The threat, according to the Appeal, is comprehensive and multifaceted, having both external and internal dimensions. Democracy is threatened from without, it said, by resurgent despotic regimes in Russia and China that are tightening repression internally and expanding their power globally, “filling vacuums left by the fading power, influence, and self-confidence of the long-established democracies.” The Appeal warned that democracy is also threatened from within by a number of troubling developments, including the rise of illiberalism in backsliding democracies like Turkey, Hungary, the Philippines, and Venezuela, and the erosion of support for liberal values in many established democracies. It decried the declining faith in democratic institutions, leading to the rise of populist parties and movements in advanced democracies where governments seem unable to cope with the complex challenges of globalization, and elites managing global institutions seem remote and over-bearing.



The Appeal called for the creation of a new coalition for democratic renewal to serve as a moral and intellectual catalyst for the revitalization of democratic values. The goal would be to change the intellectual and cultural climate by waging a principled, informed, and passionate battle of ideas that would defend democracy against its critics and fashion persuasive arguments for liberal democracy that could shape the course of public discussion.

The starting point of such a campaign, it said, must be to reaffirm fundamental democratic principles, above all the basic freedoms of expression, association and religion; political and social pluralism; and a culture of tolerance, civility, and non-violence.

In addition to waging such a campaign, the coalition would also provide a forum to discuss the complex new challenges that democracy faces, from declining living standards and the backlash against immigration, to the rise of “post-truth politics” in an age of social media, and the erosion of support for liberal values.

Taking the initiative to bring about the adoption of The Prague Appeal and the creation of the new International Coalition for Democratic Renewal is an example of the way NED has acted proactively to mobilize a response to the threat faced today by liberal democracy. It has acted in many other ways as well.

For the second consecutive year, NED has funded programs in six strategic areas that help democrats respond to the threat posed by resurgent authoritarianism. The 88 strategic programs that NED supported in 2017 have included:

- **Helping Civil Society Prevail Against the New Repression:** We have supported building a network of “hubs” in different regions to coordinate aid to Democrats at Risk (DARs), the brave frontline democracy activists who must cope with harsh repression or - if they have been forced to flee - the challenge of continuing their work from their place of refuge.
- **Defending the Integrity of the Information Space:** Through the Beacon Project, IRI has created an integrated approach to countering the Russian threat in the information space by linking the most active groups in Europe and Eurasia and connecting them with people doing cutting-edge thinking on such subjects as computational propaganda, audience demand, and techniques for addressing disinformation.
- **Combating Modern Kleptocracy:** In order to maximize the impact of investigative reporting, strategic programs are linking journalists who are uncovering kleptocracy with key international advocacy organizations and litigators who can amplify the stories and press for political and legal measures to deny kleptocrats access to international financial and other institutions.
- **Strengthening Democratic Unity in Defense of Democratic Standards and Values:** Key institutions and leaders have been engaged in different regions to start efforts to reassert core democratic norms and to counter authoritarian influence – for example, in Asia with groups in Japan, South Korea, India, Indonesia, and Taiwan; and in West Africa with the Court on Freedom of Information and Transparency of the Economic Community of West African States (ECOWAS).
- **Fostering Ethnic and Religious Pluralism Against Extremist Movements:** Working with the Arab Association of Enlightened Muslim Educators, cooperation has been strengthened among educational and cultural initiatives in the Middle East that promote pluralist and civic Muslim narratives rooted in respect for human dignity and freedom, mutual understanding, dialogue, and critical thinking.
- **Strengthening the Capacity for Democratic Governance:** Strategic grants have supported the creation of knowledge hubs that share lessons in successful governance in transitional situations, putting a special focus on Zimbabwe in the aftermath of Robert Mugabe’s downfall.

Beyond our grant making, NED used its research capacity to change the way the authoritarian threat is understood, which is the first step in developing a coherent response to the danger. For example, its International Forum for Democratic Studies published a report urging that the “soft power” tools of people-to-people exchanges, education programs, and information initiatives that are used by authoritarian countries like Russia and China should be categorized as Sharp Power because their purpose is to pierce, penetrate, or perforate the political and information environments in the targeted countries. The term has quickly caught on in the international media, including a cover story in *The Economist*.

"The Endowment provides modest grants to democracy activists around the world, but its greater gift is the imprimatur of moral support from the American people. Brave individuals on the front lines of the struggle for democracy in their own countries draw strength from that connection."



2017 NED Democracy Award Recipients. Pictured left to right: Carl Gershman, Claudia Escobar, Judy Shelton, Cynthia Gabriel, Denys Bihus, Khalil Parsa, Rafael Marques de Morais.

NED also acted to defend democratic heroes and elevate democratic values by organizing a memorial symposium for Liu Xiaobo, the imprisoned Chinese Nobel Laureate Liu Xiaobo who died on July 13. Liu was not only the conscience of the Chinese people but also an international hero of truth. By remembering him as we did – and our symposium was organized in coordination with a parallel symposium in Taiwan – we conveyed our conviction that the values and ideas Liu died for will someday provide the foundation for a democratic China.

In addition, NED rallied support for democracy by presenting its Democracy Award to five anti-corruption fighters from Afghanistan, Angola, Guatemala, Malaysia, and Ukraine at a major ceremony in the U.S. Congress. The event was also the occasion to celebrate the 35th anniversary of President Ronald Reagan’s Westminster Address that launched the creation of the NED.

In an article written for *The Wall Street Journal* on the occasion of that milestone, the NED’s Chair Judy Shelton explained with great eloquence how the Endowment “remains faithful to its founding mission: to help others achieve a system that protects the inalienable rights of individuals and guarantees the people’s freedom to determine their own destiny. The Endowment provides modest grants to democracy activists around the world,” she wrote, “but its greater gift is the imprimatur of moral support from the American people. Brave individuals on the front lines of the struggle for democracy in their own countries draw strength from that connection.”

Because of those individuals and the support NED is able to give them, we can realistically hope that the rise of authoritarianism can be reversed, and that the cause of democracy, challenged as it is today, will ultimately prevail.

CARL GERSHMAN

NED Leadership

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AFRICA

In 2017, citizens across Africa took to the streets to demand democracy and an end to the corruption, poor governance, and repression that have robbed them of their rights and left them impoverished. Elections in **Kenya, South Africa, the Gambia, the Central African Republic, Tanzania, Malawi** and **Ghana** all demanded change. Afrobarometer confirms that a formidable majority of Africans desire democracy and reject authoritarian rule; while advances such as social media and economic reform have increased citizens' power.

Yet ongoing challenges in countries such as **South Sudan, Uganda, Rwanda, Burundi, the DRC, Eritrea, Equatorial Guinea, Chad, Niger, and Mozambique** remain troubling. Likewise, the fragility of democracy, the threat of poverty, corruption and insecurity, and the enormous task of democratic consolidation has become increasingly apparent in countries such as **Nigeria, Cote d'Ivoire, Senegal, and Burkina Faso**, as well as **Liberia, Kenya, and South Africa**. These contending trends, the aspiration for democracy versus its many impediments, characterized the NED program this past year in more than 30 sub-Saharan African countries.

NED supported its partners struggling for freedom of expression in **Ethiopia**; respect for human rights in **Sudan**; and democratic transition in **Zimbabwe**. Others helped consolidate a democratic victory in the **Gambia**, and increase the political participation of women and youth in **Nigeria**. Citizens of **Liberia** and **Côte d'Ivoire** mobilized for peaceful elections. In **Rwanda** and **Uganda**, they pressed to expand political space. They confronted corruption in **Angola**, human rights abuses in **Burundi**, and conflict in **Mali, Somalia, Niger, the Central African Republic** and **South Sudan**. In the **Democratic Republic of the Congo**, nearly 50 NED civil society partners conducted training and civic education on respect for the constitution and free and fair elections. **National Democratic Institute (NDI)**, **International Republican Institute (IRI)**, **Center for International Private Enterprise (CIPE)** and the **Solidarity Center**, along with NED's local partners all came together to engage with the political process in **Kenya**, where an independent judiciary mediated contested elections. On a pan-African level, NED supported sub-regional and regional initiatives promoting democratic norms with **ECOWAS, SADC, IGAD** and the **African Union**.

A formidable majority of Africans desire democracy and reject authoritarian rule; advances in social media and economic reform have increased citizen power.

To learn more and to see a detailed list of our grantees, please visit the NED website at [this page](#).



SUDAN

IN FOCUS

In October 2017, the U.S. government lifted decades-old sanctions on Sudan, leading to an improvement in U.S.-Sudan bilateral relations. Unfortunately, Sudan's rapprochement with the West has not led to an improvement in its human rights record or advancement of democratic reform. As a result, NED's 14 partners in Sudan continue to struggle navigating the country's deeply-rooted democratic deficiencies.

Throughout Sudan, NED supported independent media and activities to document human rights abuses. In Darfur, NED partners used theatre to promote peaceful coexistence and tolerance, while also working with the African Commission on Human and Peoples' Rights and the African Court on Human and Peoples' Rights to promote justice. Also in Darfur, the Endowment supported the peaceful returns of displaced persons through town hall meetings with displaced persons to discuss peacebuilding, development, and governance initiatives. They have established peace committees and organized a public event, the "State of the Village address," modeled after the State of the Union in the United States.

Elsewhere, NED's grantee programs are focused on identifying and countering radicalization and extremist narratives. These programs strengthen university students' capacity to cultivate an enlightened approach to Islam, democracy, pluralism and human rights in Sudan. NED partners advanced the inclusion of marginalized women, youth, and ethnic groups in local and national peacebuilding and governing discussions. In these programs, youth in the East developed and recommended policies to local authorities to promote environmental protection and the rights and inclusion of persons with disabilities. In West Kordofan, local communities held town halls with governing authorities and recommended solutions to address communal conflicts; and advocates from the Nuba Mountains drafted position papers to address the root causes of the six-year conflict in the Nuba Mountains and Blue Nile states.

Though Sudan remains one of NED's most challenging partner countries, the extraordinary work of its grantees in 2017 is a powerful testament to how ordinary citizens can mobilize and bring about meaningful change, even in the most embattled democracies.

IN FOCUS

KENYA

In August 2017, Kenya held national elections, which were nullified by the Supreme Court following allegations of irregularities. This was a sharp test of the nation's rule of law and electoral management. Following electoral boycotts by the opposition, Kenyatta was re-elected with 98% of the vote in the October rerun of the election. Concerned citizens and NGOs have successfully resisted government efforts to curb civil society and media rights, but remain on the defensive.

NED supported eight civil society organizations whose work reinforced the protection of civil society and media space, in addition to promoting the rule of law and the rights of youth and vulnerable populations. **InformAction** screened social justice-themed documentaries and organized community discussions on the elections and trained citizen journalists how to safely and effectively identify and document election related tensions and abuses. **Media Focus on Africa** trained female candidates on how to engage with the media and develop campaigns that address constituent concerns, and worked with editors and journalists to counter negative portrayals of women and promote an enabling media environment for all political candidates. **CAVi** organized a series of meetings on conflict management and voter education in the Nairobi and Kisumu slums that educated youth and government representatives on their rights and responsibilities to prevent violence and use the election as an opportunity to improve governance.



Media Focus on Africa offers media training for female candidates.

ANGOLA

IN FOCUS

In August 2017, Angola experienced its first transition of power in 38 years. While the ruling People's Movement for the Liberation of Angola (MPLA) remains the dominant force in the country, João Lourenço, the new president, promised a series of sweeping reforms in the areas of gender equality, freedom of the press, private enterprise, public health, and the fight against corruption. In 2017, the Luanda-based [National Counseling Center \(NCC\)](#) undertook a number of activities aimed at bringing newly elected members of parliament (MPs) closer to their constituents, such as monitoring parliamentary plenaries and holding public debates to make MPs more accountable to citizens. Washington-based [Friends of Angola](#) (pictured below) produced radio programs on the 2017 national elections, and released a mobile app to mobilize a maximum of young voters.



Friends of Angola, "Know and Demand Your Rights" launch in Luanda. The report is to train people to use the Zuela app to report and defend Human Rights

CAR

IN FOCUS

In 2017, the Central African government struggled to restore the full authority of the state, even in the areas under its control. For example, in the Muslim-dominated PK5, a neighborhood just five kilometers from the center of the capital, Bangui, warlords continue to harass the local population. Given the general lack of trust for the older generation of political leaders, a number of youth-led organizations started campaigning for the emergence for a new class of leaders in the Central African Republic (CAR). One of them, the [Association Jeunesse en Marche pour le Développement Communautaire \(AJEMADEC\)](#), established democracy clubs in several Bangui-based public schools, where they trained over 1,000 students on various aspects of democracy. [The Alliance for Central African Renaissance \(ARC\)](#) also educated youth on how to participate effectively in public life.

LIBERIA

IN FOCUS

The eyes of the world were on Liberia in 2017 as it faced its first democratic transition of power in seven decades. Ten NED grantee organizations fought to ensure the election process was free, fair and democratic. Read on to learn more about them.

In 2017, NED supported ten civil society organizations in Liberia working to ensure free, fair, and democratic elections, and Liberia's first democratic transition of power in over seven decades. Partners worked on national, county, and local levels to educate and mobilize voters, ensuring that they understood the electoral process and their ability to shape Liberia's future. The **National Youth Movement for Transparent Elections - Partners for Democratic Development (NAYMOTE)** played a leading role in coordinating youth voter education and mobilization across the country through party youth wing engagements, youth leadership schools, bus campaigns, and call center outreach campaigns. It tapped into county level field offices and an extensive alumni network from its youth leadership school to implement these programs. NAYMOTE also served as one of the leading members of the Elections Coordinating Committee, the premier civil society election observation network. **Youth in Technology and Arts Network (YOTAN)** complemented NAYMOTE's youth voter education and mobilization campaigns with targeted campaigns in Lofa County, while the **Foundation for Human Rights and Democracy (FORHD)** facilitated parliamentary debates around Monrovia.

As Africa's first female president prepared to step down, Liberian civil society worked to correct the dearth of women candidates fielded by the political parties, and to instill gender into candidate debates and platforms. **Liberia Women Media Action Committee (LIWOMAC)** aired radio programs, hosted community dialogues, and submitted debate questions on women's rights and women's political participation in Monrovia. The **Movement for Indigenous Women's Rights (MOIWORL)** mobilized women in Nimba to get out the vote.





Meanwhile, the **Center for Sustainable Human Development (CESHUD)** and the **National Institute for Public Opinion (NIPO)** worked to ensure that Liberians in the remote southeast were engaged in all aspects of the electoral process. To promote peaceful and informed participation, CESHUD encouraged citizens to vote based on policy and to be vigilant about fake news. NIPO innovatively engaged with traditional leaders to educate and mobilize their communities for the elections.

Other partners worked more directly with state structures to promote democratic elections. The **Liberia National Law Enforcement Association (LINLEA)** engaged with security forces on their responsibilities and interaction with civil society and the media in preparation for and in the aftermath of the elections. **The Institute for Research and Democratic Development (IREDD)** monitored political party and candidate compliance with electoral laws, and worked with the Electoral Commission, political parties, and civil society to address infractions. While the electoral process was far from perfect, NED partners contributed to the broader efforts of a vibrant Liberian civil society that culminated in free, fair, and democratic elections in 2017.



National Endowment for Democracy

Supporting freedom around the world

In 2017, the Endowment prioritized countries in Asia that faced fundamental democratic deficits and where the NED was positioned to have the greatest impact. Building upon NED's strategy from previous years, programs continued to be concentrated on key countries within each sub-region that faced significant and systemic challenges to democratization: **China**, including **Tibet**, and **North Korea** in East Asia, **Burma** in Southeast Asia, and **Pakistan** in South Asia.

In addition, the Endowment continued to shift significant resources towards countries facing acute political crises, namely **Thailand** and the **Philippines**, as well as countries where developments presented opportunities for democratic gains, particularly **Sri Lanka**. These seven countries represented nearly 80 percent of the spending in Asia in 2017. The NED also maintained targeted programs in other countries in the region, providing support for democratic development in **Indonesia**, **Malaysia**, **Vietnam**, **Nepal**, and elsewhere.

The Endowment looked for opportunities to engage in a more sustained effort in **Bangladesh**, where political dysfunction, rising security threats, and tightening space for independent civil society and media, posed a serious challenge to democratic governance and had repercussions for the region as a whole.

Although no single political narrative defined the Asia region, there were a number of cross-cutting issues and developments that the Endowment attempted to address. These included the growth of intolerant, chauvinistic and extremist forces that sought to erode democratic norms; tightening political space for civil society; dominant militaries and weak civilian governments; massive state corruption; and dominant- and one-party states. In virtually every country in the region, political developments were taking place within the context of rapid urbanization, economic development and integration, and expansion of access to information and communications technology. In 2017, the Endowment prioritized countries in Asia that faced fundamental democratic deficits and where the NED was positioned to have the greatest impact.

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BURMA

IN FOCUS

After over fifty years of entrenched military rule, the democratically-elected government, the National League for Democracy (NLD), under the stewardship of State Counsellor Daw Aung San Suu Kyi, has inherited a range of problems that would test even the most capable of governments.

The military remains the paramount institution, with a constitutionally-enshrined hold on 25% of the parliament and appointment authority of three critical ministries – Home, Border Affairs, and Defense – along with a presiding role over the National Defense and Security Council. Despite the NLD attempting to move quickly over the past two years to bolster the flagging economy, normalize relations with the international community, and release the majority of political prisoners, the untested governing party has faced obstacles around ameliorating the ethnic, religious, and political divisions that continue to impede democratic development and national cohesiveness. These issues coupled with the ongoing Rohingya crisis demonstrate how difficult it has been for the country to make progress towards a true democratic transition in the past year.





Photo courtesy of Naushawng Development Institute (NDI)

With the Rohingya crisis and the escalation of conflict in **Kachin** and **Shan States**, nationwide ceasefire negotiations have struggled to make meaningful progress towards peace. Amidst this landscape, ethnic minority civil society organizations have been working to empower a new cadre of emerging minority community leaders, including youth and women. The newly founded **Women's Initiatives Platform (WIP)** launched an intensive training program for a cohort of diverse emerging women leaders from women's rights organizations, along with minority ethnic political parties interested in building the capacity of their female party members. In 2017, the program worked to mobilize emerging women activists and political leaders around the key issues of increasing women's political participation and fostering a positive policy environment, particularly ahead of the next nationwide elections in 2020.

Although Women's Initiatives Platform attempted to recruit the next generation of women leaders from its partners nation-wide, the locally-founded **Naushawng Development Institute (NDI)** focused its efforts on training both politically-active youth from Kachin and northern Shan States through its trademark civic education center, which featured intensive workshops in politics, human rights, and foreign affairs. **NDI** also took an inclusive approach to strengthening key democratic institutions, namely local political parties. Inviting potential candidates from approximately twenty different parties, the **Naushawng Development Institute** built skills in campaign strategy development and financing, public relations, and coalition-building. Trainings also weaved in critical issues such as federalism, natural resource sharing, and conflict-resolution.

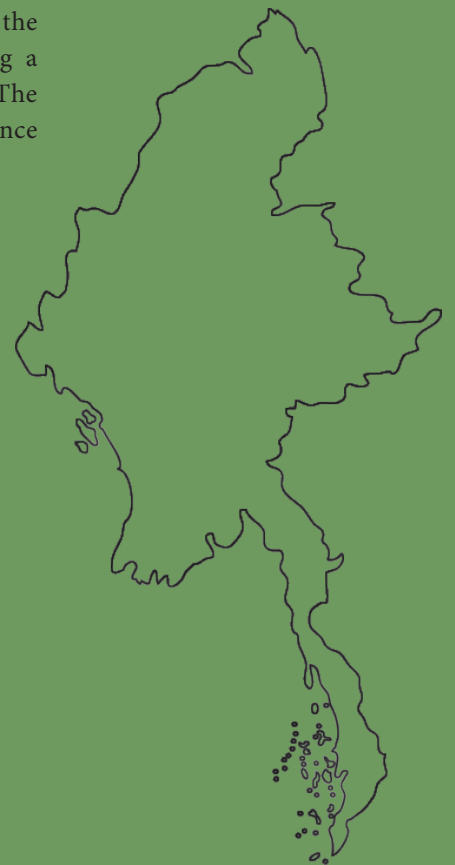
Like NDI, the **Peace and Development Initiative (PDI)** placed a strong emphasis on the role of youth in addressing the country's most pressing issues. By creating safe spaces and engaging from the ground up in partnership with a diverse range of communities in northern Arakan State, a region at the epicenter of the Rohingya crisis, PDI's programs worked to build relationships and trust among open-minded youth and community members to promote tolerance, solution-oriented civic participation, and a more peaceful coexistence.

These NED partners represent a snapshot of civil society organizations working cooperatively to build bridges across political, ethnic, and religious differences and to ensure that ethnic minorities, women and youth in particular, are equipped with necessary competencies and values to play their part bolstering Burma's transition to democracy.

THE ROHINGYA CRISIS

2017 proved to be a concerning year for those monitoring Burma's transition to democracy. After Daw Aung San Suu Kyi and her National League for Democracy's (NLD) sweeping victory in the 2015 elections and subsequent year of progress under civilian parliamentary rule, 2017 included a series of steps backward in the country's path towards establishing a fully-functioning, vibrant democracy. Observers witnessed an uptick in the arrests of journalists and activists; an escalation of military conflict in Arakan, Kachin, and Shan States; a teetering peace process, and a government growing increasingly wary of civil society and the press.

The most glaring example of this regression was the government's response to the Rohingya crisis, which reached a new extreme in late August 2017 following a series of attacks on military outposts and police stations by Rohingya militants. The military's extreme and disproportionate response, along with the vigilante violence that accompanied it, forced over 700,000 Rohingya to flee to **Bangladesh**. This resulted in one of the largest, fastest, and most concentrated movement of refugees globally in recent times. Rohingya communities remaining in **Burma** continue to live without even the most basic of human rights.



Rohingya Baby, Ukheringa, Cox's Bazar, Bangladesh, courtesy Rohingya Photomosaic (via Flickr), Creative Commons license CC BY 2.0





With the ongoing crisis unfolding in Arakan State, several NED civil society partners proved essential to informing the international community on the severity of the Rohingya's situation. Following the clearance operations, military and government authorities closed-off northern Arakan State to humanitarian organizations, journalists and human rights workers, essentially instituting an information black-out. Due to the presence of a pre-positioned network of community monitors, organizations such as the **Burmese Rohingya Organization –United Kingdom (BROUK)**, **Burma Human Rights Network (BHRN)**, and the **Women Peace Network – Arakan (WPNA)** played a crucial role in providing evidence and testimonies from affected communities. The roots and trust these organizations had established over the long-term in the region equipped the organizations with invaluable, up-to-date reports that few could have accessed otherwise. Within weeks of the August 2017 Rohingya refugee crisis,

Burmese Rohingya Organization – United Kingdom (BROUK) President Maung Tun Khin traveled to the refugee camps along the Burma-Bangladesh border. From the border, Maung Tun Khin was one of the few internationally-recognized Rohingya voices relaying testimonies in real-time, in such close proximity to the source of violence. Frequent trips and time spent in the refugee camps allowed the organization to build relationships with emerging Rohingya leaders in the camps. They were also invaluable in keeping international and local humanitarian organizations informed of their rapid response efforts. During the field visits, the organization also collected testimony that was compiled into BROUK's report, *I Thought I Would Die: Physical Evidence of Atrocities Committed against the Rohingya*. This searing publication detailed the damning history of persecution of the Rohingya people, and provided concrete physical evidence of abuses committed against this community just as the conflict reached a new fever pitch.

Using similar documentation techniques as BROUK and the WPNA, the **Burmese Human Rights Network (BHRN)** coordinated a team of monitors to collect and analyze evidence of widespread discrimination against Muslim communities in Burma, along with the proliferation of hate speech targeted toward Burmese Muslims and other religious minorities. In the comprehensive report, *Persecution of Muslims in Burma*, BHRN exposed the persistence of the institutionalized persecution of Burmese Muslims. In addition to providing historical background information, the organization also detailed obstacles for Muslims to obtain identity cards, the closing and destruction of mosques and madrasas, and the rise of Muslim-free villages throughout the country. With this report, the organization placed the Rohingya crisis within the context of the broader marginalization of Muslims throughout the country.

Throughout the year, all three NED partners played a vital role in representing affected communities at the international level. They succeeded where so many have failed in providing pertinent, real-time, evidence-based reporting to human rights advocates, humanitarian agencies, diplomats, various governments, and the United Nations. Given the protracted nature of this crisis, their voices and perspectives will continue to be essential in finding a pathway to peace.

MALAYSIA IN FOCUS

In 2017, the Malaysian state investment fund, **1Malaysia Development Berhad (1MDB)**, which gained international infamy in July 2016 when the U.S. Department of Justice filed civil forfeiture complaints to recover more than \$1 billion that was laundered through American financial institutions, remained highly controversial among citizens. The Malaysian public's dissatisfaction and calls for government transparency and accountability only increased as more details were revealed of how funds ended up in the hands of top Malaysian figures. At the center of the 1MDB scandal was Prime Minister Najib Razik, who was urged to step down by opposition political parties as well as former Prime Minister Mahathir Mohamad. Concurrently, in an effort to control the narrative and quell criticism, the government employed a number of increasingly repressive and kleptocratic measures, including the use of the Sedition Act and other legal measures to attack opposition political figures and civil society actors.

Amidst this challenging environment, NED grantee **Centre to Combat Corruption and Cronyism (C4)** played a pivotal role in highlighting and facilitating public participation in anti-corruption efforts. Founded in 2013, C4's mission is to foster open government policies at the national, state, and local levels, primarily through public sector reform, and to enhance citizenship governance. In the wake of the public outcry over 1MDB, C4 worked to inform the public of the endemic nature of corruption in **Malaysia** while simultaneously making important recommendations about how the system can be improved. C4 used a variety of innovative methods in its advocacy campaigns including press statements, media interviews, policy papers, training workshops, and a board game, which educated participants on asset recovery and declaration. In 2017, in recognition of C4's contributions to exposing large scale corruption in Malaysia its efforts to foster a strong civil society voice in the fight against corruption, C4's Executive Director Cynthia Gabriel was one of four anti-corruption activists honored with NED's 2017 Democracy Award. Through C4's efforts at the governmental, grassroots, and international level, the organization worked to inform both the Malaysian public and the international community about the threat that corruption poses to modern-day Malaysia, while also ensuring its anti-corruption efforts reach beyond the political bubble of Kuala Lumpur to benefit all Malaysian citizens.



Cynthia Gabriel, President of C4, speaking at NED



EURASIA

In 2017, the negative trends of the last several years in the Eurasia region continued to intensify, making democracy support work increasingly difficult and dangerous; from the closure of political space to the aggressive spread of authoritarian and illiberal messages, the necessity of the work conducted by NED grantees is more vital than ever.

Many countries continued to experience serious economic problems, stemming partly from the low price of oil and partly from the ripple effects of Russia's economic downturn. As the recession in Russia led to budget cuts and social discontent at home, the downturn also had regional implications. Almost everywhere in Eurasia, there was a pessimistic atmosphere, continued repression of civil society, and the possibility of civil unrest, or armed conflict. The **Kyrgyz Republic's** democratic gains since 2010 were partly reversed; in **Tajikistan**, the government banned the only moderate Islamic political party in the post-Soviet space and labeled it an extremist terrorist organization, while simultaneously increasing pressure on civil society and independent media. Even in the Caucasus, Russian disinformation won support among some segments of the population, while recruitment for ISIS grew

among others. In this environment, the work of civil society was more critical than ever as a bulwark against repression, radicalization, and instability.

The Endowment prioritized countries in Eurasia that faced the greatest democratic deficits and where NED was positioned to have the greatest impact. Building upon its strategy from previous years, NED continued to concentrate on key countries within each sub-region that faced significant and systemic challenges to democratization – **Russia, Georgia** in the South Caucasus, and the **Kyrgyz Republic** in Central Asia. Elsewhere, NED continued to support activists and organizations facing significant pressure and persecution, including in **Russia, Azerbaijan, Tajikistan**, and **Turkmenistan**. Finally, NED targeted resources in countries where new developments presented opportunities for democratic gains, such as **Armenia** and **Uzbekistan**.

While the environment for civil society remains very difficult throughout Eurasia, the Endowment's priority is to sustain and support our partners through this critical period, allowing them to plan and prepare to take greatest advantage of any future openings.



THE STATE OF EURASIAN MEDIA

For the Eurasia region, support for independent media and internet freedom remained a key priority in 2017. The Endowment supported 37 projects to produce accurate independent reporting on significant issues affecting the public and to protect an open and secure internet.

Support for investigative media empowered brave and talented journalists to continue their work informing citizens about important developments in their countries. Their compelling reporting undermined propaganda narratives and undercut disinformation at its source. Increased support for video media emerged as a new Endowment priority, which was necessary to keep pace with today's online media consumption trends and to provide an alternative to state-controlled television. The Endowment also continued its support for local news media covering particularly restrictive or underreported regions. These groups serve as rare independent sources of information in more remote regions, and in many cases managed to create an informational hub for civil society activity. NED also supported the creation of digital forums for independent political debate and the free exchange of ideas to help foster pro-democracy communities

in Eurasian countries. Support for sociological analysis and research helped provide the public with a better understanding of significant societal trends. Support for training, capacity building, and regional and international networking has remained a priority in light of the challenging environment with few professional options for Russia's independent journalists.

The Endowment has also supported projects promoting an open and secure internet through which citizens are still able to access independent media in spite of the state's takeover of television and other traditional media. Today, digital platforms facilitate many forms of civic activity and independent organization and foster the free flow of information, political expression and debate. NED has increasingly prioritized support for projects countering the accelerating efforts by the Russian government to control the internet, including research and monitoring, public awareness raising, and digital security support.

Radio Nor volunteers conduct live program on European integration taking calls from radio listeners and responding to questions





Participants of the human rights course hosted by The Institute for Youth Development in Kyrgyzstan

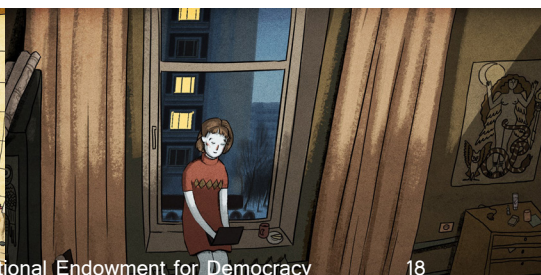


In **Georgia**, the media landscape is more open than in much of the region, but remains heavily polarized and politically biased. NED's portfolio includes an array of national and regional media outlets, including local radio stations and online news portals in seven regions of Georgia. Outside of Tbilisi, local independent media not only reports on issues which are often neglected by the major national media, but also helps citizens to understand the connections between events in their communities and larger political developments in Georgia. On a national level, NED support funds investigative journalism and other efforts to uncover corruption and other abuses of power. NED grantee **Journalistic Data Processing Center** used a variety of open source information to create and maintain a database of public officials' business holdings, and to expose cases when they had used their political position to benefit their businesses, or those of family members.

NED's grantees in the media sector monitor the performance of local officials and city councils, holding them accountable for service delivery and demanding greater transparency. For example, NED grantee **Radio Marneuli** successfully petitioned the Marneuli City Council to announce its meetings in advance (as required by Georgian law) allowing for greater citizen participation. The local media outlets also provide breaking news coverage of stories that resonate nationally, such as mining accidents and conflicts over religious sites. A particular focus has been placed on supporting media reaching the Armenian and Azerbaijani minority populations. These communities are not well-integrated into Georgian society since few in these communities even speak the Georgian language and therefore have relied primarily on the disinformation-filled "official" Russian media sources.

In the **Kyrgyz Republic**, NED supported independent media outlets that provided critical information amidst a hotly contested presidential election and during a period of intense government pressure against independent journalists and civic activists. NED support went to **Kloop Media**, a popular news website, journalism school, and one of the few outlets in the country capable of investigative journalism. Following the presidential election, Kloop published a series of pieces detailing the highly organized and widely distributed use of government resources –including the computer servers of a government agency – to aid the incumbent political party. NED funds supported the training of journalists to cover developments in the south of the country, an area which frequently lacks sufficient coverage and in which significant ethnic violence has taken place since 2010.

NED's portfolio also included several organizations working to increase critical thinking and media literacy skills, particularly among youth. Given the preponderance of Russian controlled media within the Kyrgyz media landscape, as well as an increased reliance on social media for information, it is critical that Kyrgyzstani youth are capable of critical media consumption. **The Institute for Youth Development** used Endowment funds to train 25 youth activists and artists in democratic values and human rights. These activists then produced 12 civic initiatives, including a short animated film condemning bride kidnapping, and a course that taught critical thinking skills through English language education. Elsewhere, NED grantee **International Debate Education Association** in Central Asia held a two-week residential youth camp on media analysis, ethical journalism, and policy and debate advocacy. Participants of the camp conducted their own debate programs. Graduates of the program have gone on to become journalists themselves, some with Kloop Media itself.



The National Endowment for Democracy

Photo from the international debate tournament Mana Cup 2017, hosted by The Institute for Youth Development

An animated video educating on the topic of violence and discrimination against women. Made by a participant of The Institute for Youth Development

ELECTION MONITORING IN ARMENIA

Armenia's April 2017 parliamentary elections were marred by vote-buying, pressure on voters, and the abuse of administrative resources. NED grantees performed various roles during the 2017 parliamentary election season, including election monitoring, investigative reporting, news coverage, and human rights activism. Since 2013, the Endowment has been supporting **Transparency International Anti-Corruption Center (TIAC)** to spearhead a coalition of organizations monitoring Armenian elections and reporting on the violations. With Endowment support, TIAC has increased its capacity to conduct professional, independent, technically sophisticated, monitoring efforts, and to document and publicize election violations. Especially in fields such as election monitoring, which require the institutional capacity and local knowledge to train and field a large number of people, long-term institutional support is essential to build the types of organizations that can play this important role.

In 2017, TIAC monitored 75 percent of election precincts and verified more than 1,600 complaints. TIAC's work raised awareness about systemic election manipulation in Armenia, which consequently fostered wider public discussions about the corrupt practices of the previous government. Frustration over the electoral results, combined with concerns about rampant corruption, emigration, and poor economic conditions, prompted youth and civil society groups across the country to become more active. This state of extreme dissatisfaction with the flawed system of governance in Armenia culminated in mass protests. As Armenia prepares for snap parliamentary elections in 2018, the existence of trusted, experienced vote-monitoring organizations will be crucial to ensuring the integrity of a pivotal election in Armenia's democratic development.



Dr. Piotr Świąłski, Head of EU Delegation in Armenia



Public discussion on advantages and disadvantages of Armenia's membership to EAEU, Yerevan, Armenia, September 2017



Richard Mills, U.S. Ambassador to Armenia



**National Endowment
for Democracy**

Supporting freedom around the world

NED 2017 Grants in

EUROPE

Europe faced significant challenges to its stability in 2017. Support for traditional political parties, trade unions, and institutions fell. Political populism, economic anxiety, and attacks on liberal values shook the region. The media space became increasingly polluted, stoking polarization, extremism, and xenophobia. Consequently, liberal democracy has weakened across the region.

In Central Europe's new democracies, illiberal politics, far-right movements, and intolerance rose. The Eastern Partnership states that inked EU Association Agreements have been slow to enact reforms, leading to growing political instability and public dissatisfaction. In the EU aspirant countries of Southeastern Europe, most democratic transitions are stagnating or have regressed. Compounding the region's specific post-communist and post-conflict challenges were the common problems of corruption, weak institutions, and political polarization. Russia exploited these difficulties, seeking to undermine the EU, destabilize its new democracies, and block European integration.

In response, NED expanded its support in Europe, focusing especially on accountability for governments and political parties. Pro-reform political parties and civil society organizations promoting good governance remain a priority. Civic groups are holding elected officials and politicians responsible for their promises and performance, fighting corruption, and countering internal and external attempts to destabilize transitions. NED also increased its support for independent outlets and investigative journalism networks to expand a free media space.

NED's country priorities for Europe are those whose transitions showed promise initially but are now imperiled (**Ukraine, Moldova**), and those with autocratic or dysfunctional governments (**Belarus** and **Bosnia and Herzegovina**). NED also reengaged with the EU's New Member States to defend post-1989 progress, and to counter Russian and other forces who seek to weaken democracies in Europe.

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Macedonian grantee, MakeDox, promotes civic engagement and human rights awareness through film

EXPOSING CORRUPTION

In June 2017, Denys Bihus, an investigative journalist who heads up **TOM 14**'s bihus.info was among five courageous individuals honored by the Endowment for fighting to expose corruption at the highest levels.

Supported by NED since 2016, TOM 14 is a team of professional investigative journalists in **Ukraine**. In 2013, Bihus launched a popular anticorruption television program, *Nashi Hroshi* (*Our Money*). Initially broadcast and financed by the private television channel ZIK, it was dropped in 2016 because the TOM 14 team was investigating the business interests of the channel's owners and their partners. The program, which now appears on Channel 24 and the national public broadcaster's UA: First channel as well as online, is very popular and influential. Its investigations have led to numerous corrupt government and law enforcement officials being fired. **TOM 14**'s journalists have won a number of domestic and international awards.



 Denys Bihus with NED's 2017 Democracy Award.

In addition to hosting the show, Bihus also coordinates the volunteer initiative *Kantselyarska Sotnya* ("The White Collar Hundred"), which recruited thousands of volunteers to collect, analyze, and organize 1.5 million asset declarations filed by local and regional public officials into an open database. In 2017, the website attracted 650,000 visitors – more than its official government counterpart. Unlike the government database, which only includes information starting from 2016, the civil society tool highlights the wealth officials have accrued over the past five years. Using this data, the **TOM 14** team and other investigative journalists, civic activists, many of whom are NED grantees, have uncovered evidence of corruption that implicates hundreds of high-ranking public officials. Bihus' goal is not to shame politicians, nor to get them fired. He strives to change the mindset of Ukrainian citizens and build a culture of honesty and accountability for public officials.

COUNTERING EXTREMISM AMONG YOUTH

Young people are especially vulnerable to faltering democratic transitions and dire economic prospects in the Western Balkans. Coming of age during a period of war and long-term crisis, and under the impact of intense ethno-nationalism from both political elites and government-controlled media, youth in the former **Yugoslavia** have grown more intolerant of their peers from different backgrounds or beliefs. The appeal of extremist religious groups poses an additional threat. One way to lessen the influence of radical voices and promote tolerance is by fostering constructive dialogue on sensitive and divisive issues facing the region. Television can be an extremely effective platform for this work.

Perspektiva

Since 2014, the TV program has engaged:

14

HIGH SCHOOLS



40

UNIVERSITIES

50

NGOs



15M

VIEWERS

The *Perspektiva* television program engages youth in five Western Balkan countries in positive discussion on key transnational challenges and promotes pluralism and inclusion. The weekly series is produced by the Sarajevo-based civic association **Education Builds Bosnia and Herzegovina** and Mebius Production company, in partnership with Radio Free Europe/Radio Liberty. The program challenges a diverse group of youth – especially those living in deeply divided or vulnerable communities – to employ critical thinking, reexamine their beliefs and stereotypes, and confront their counterparts of different backgrounds with valid arguments, while emphasizing democratic and pluralistic views. A well-known public figure, who is usually a socially engaged artist or popular musician and influential among young people, facilitates the discussions. To date, the project has engaged 14 high schools, over 40 universities, and more than 50 NGOs in its activities, and has established cooperation with four education ministries.

Thanks to the careful selection of moderators who appeal to young participants, the program is proving extremist views often espoused by younger generations. It also serves as a rare platform where youth can discuss radicalization in their communities, sharing stories of peers who, targeted by radical propaganda and family influence, left or attempted to join ISIS or other extremist groups.

By tackling rarely discussed and controversial topics, the series has grown immensely popular. Young viewers continuously reach out to its producers to make the case for filming future episodes in their schools. Hundreds have posted short clips on the portal's "Video Forum" to highlight pressing problems in their communities, propose topics for discussion on the show, and offer recommendations to educators and policymakers. With over 40 local, national, and regional stations now featuring the series, *Perspektiva* reaches as many as 15 million viewers in a region of some 20 million citizens.



MAYORAL DEBATES



Although most governments in the Western Balkans are nominally committed to Euro-Atlantic integration, many are not undertaking the necessary democratic reforms in earnest. Vested interests continue to block reforms at the local and national levels, while endemic corruption and failing economies plague governments across the region. Opportunities for civic groups in the Western Balkans to exchange knowledge and experiences, leverage each other's specific expertise, and develop solutions to shared challenges can cultivate an atmosphere in which civil society can monitor reforms, foster accountability, and promote positive changes for all citizens.

One particularly successful example has been the collaboration between civil society groups in **Kosovo** and **Macedonia** in producing televised debates designed to strengthen public awareness about the role of elected officials and local government as public servants. In Kosovo, the **Balkan Investigative Reporting Network (BIRN)** partnered with the Internews Kosova media organization and the Institute for Advanced Studies GAP think tank to assess municipal performance and address citizen concerns regarding key policy issues through televised debates with mayoral candidates.

The popular series empowered citizens to hold decision-makers accountable for their actions, and aided accountability initiatives by establishing a public record of campaign promises.

After several successful rounds of local and national candidate debates, the organizations shared their experience with like-minded groups in neighboring Macedonia. The BIRN Kosovo and BIRN Macedonia offices collaborated with the Metamorphosis Foundation to carry out a similar debate program to promote transparent and accountable government ahead of the October 2017 local elections in Macedonia.

The nonpartisan debates in both countries have proven to be very popular and have pushed the rhetoric around the election campaigns to be more issue-oriented. **In 2017, the partners produced a total of 66 debates in Kosovo and Macedonia ahead of local and national elections. The debates, which appeared on local television channels and the BIRN network's YouTube and Facebook profiles, drew nearly five million viewers.** These initiatives have informed public discussions on local government performance and effected politicians' accountability in elections.



MOLDOVA

IN FOCUS

Launched in 2016 by two female reporters who are graduates of the NED-supported **School of Advanced Journalism** in Chisinau, the Moldovan portal *Oameni si Kilometri* (**People and Kilometers**) shines a critical light on the human toll of government corruption in Europe's poorest country.

The outlet's investigations are illustrated through personal stories and accompanied by captivating photo essays and video content. It's journalists spend several days with their subjects to create multimedia stories reflecting deep empathy, immediacy, and intimacy that move readers. In several cases, the investigations have resulted in mobilizing local communities and forcing local government officials to take action and address the uncovered problems, such as the breach of the right to education of young children in Moldova's rural areas due to the extreme poverty of their parents.





A new NED grantee in 2017, **People and Kilometers** has emerged as one of the most popular and trusted media outlets in Moldova. Its articles are cited in the wider Moldovan press, and are often commented on by well-known public figures. People and Kilometers' in-depth investigations into cases of local corruption and poor governance have garnered significant domestic and international attention. Stories on its Facebook and other social media pages reach up to 300,000 readers. Available in Romanian and Russian, the website (<http://www.oamenisikilometri.md>) receives 10,000 unique visitors per month on average.

The media outlet's groundbreaking work has received recognition both at home and abroad. In 2017, People and Kilometers received two prestigious awards from the **Chisinau-based Center for Independent Journalism** (also a NED grantee) for the Best Debut of the Year and for Best Photo Journalism of the Year for a story on Moldova's disappearing villages due to mass migration abroad. In addition, People and Kilometers' powerful story "Medic in a Village" (see photo below), which highlighted medical problems resulting from the severe shortage of doctors in Moldova's rural regions, received two Journalist of the Year awards from the Romanian Friends of Friends Foundation – for Best Reporting and Portrait.



People and Kilometers' story "Medic in a Village" highlighted the shortage of doctors in Moldova's rural regions

DISINFORMATION

Since its 2014 invasion of **Ukraine**, the Russian government has carried out an orchestrated campaign of disinformation and malign influence that seeks to divide the Transatlantic Alliance, undermine the EU, block European integration, destabilize new democracies in the region.

In response, the Endowment began supporting programs that defend the integrity of the information space and democratic unity in early 2015. NED is assisting organizations and networks across Europe that are monitoring, analyzing, spotlighting, and countering Russian disinformation. It is also supporting independent media outlets and investigative journalism networks that are producing, publishing, and amplifying content that exposes false Kremlin narratives and counters negative influence. In 2017, NED made over a dozen grants totaling over \$1.5 million for these activities in Europe.



Central Europe proved to be a critical front line. The Endowment is supporting key think tanks that are pioneers in identifying and understanding Russian disinformation and malign influence. A leader among these is the Slovakia-based **GLOBSEC Policy Institute**. Since 2015, GLOBSEC has used NED assistance to conduct public opinion polling, develop an index that quantifies the region's vulnerabilities to malign foreign influence, and publish materials that explain and draw attention to disinformation. Of note, the think tank produces *GLOBSEC Trends*, which tracks domestic and foreign policy issues in Central Europe that are manipulated by the Kremlin. The publication is a "go to" source for analysis and understanding of trends and citizens' attitudes across the region.



Slovakia-based grantee, GLOBSEC, partnered with online influencers to show how easily disinformation can spread

GLOBSEC has succeeded not only in exposing Russian influence, but also in pushing back against it. To appeal to an apathetic Slovak public, GLOBSEC turned to non-traditional approaches. It began producing a segment that debunks a “hoax of the week” on *Heavy Week*, the popular online program of a well-known Slovak comedian. Each segment generates almost 50,000 views.

The think tank also partnered with two leading online influencers in Slovakia (photo above) to produce videos illustrating how disinformation works. Drawing on marketing strategies, the GLOBSEC team created a fake conflict between them. The vloggers started posting YouTube videos accusing each other of comments that were not true but could be easily checked online. The reaction was immediate and overwhelming. For a week, virtual armies of their supporters waged online battles, even in the neighboring Czech Republic. A dramatic revelation soon followed: in a joint video, both vloggers revealed that the conflict had been contrived from the beginning, explaining that they “wanted to show [viewers] how easily people can be manipulated online if they don’t check the content and sources of information.” They also offered tips on how to spot disinformation and resist falling prey to false narratives.

The reveal video was even more successful than the original fake conflict videos. It became the number one trending video on Slovak and Czech YouTube, generating more than 1.3 million views. The campaign received broad media coverage and won two national awards for innovative PR campaigns (see photo on opposite page). GLOBSEC produced a case study of the campaign to present at the Ninth Global Assembly of the World Movement for Democracy in Dakar, Senegal, in May 2018. It is also adapting the model for use in other countries.

GLOBSEC’s more traditional analytical work also made a significant impact. The Slovak Ministry of Foreign Affairs meets regularly with the think tank’s experts to seek advice on countering hybrid threats. In large part due to GLOBSEC’s work, the Ministry established a new strategic communications unit tasked with responding to external non-military threats, led by a former GLOBSEC employee.



National Endowment
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Supporting freedom around the world

& Latin America & CARIBBEAN

Throughout Latin America and the Caribbean, citizens spent 2017 preparing for intense electoral processes in the region while simultaneously assisting in uncovering widespread corruption-related scandals and confronting the hemispheric and global implications of a heightened crisis in Venezuela. An intense electoral cycle that started with elections in Honduras and Chile at the end of 2017 and would continue throughout 2018 in several countries was framed by citizen demands for transparency and accountability within the context of a mounting number of politicians associated with the Brazilian Lava Jato bribery scandal. Meanwhile, the autocratic governments of Cuba, Nicaragua, and Venezuela continued to challenge democracy, with Venezuela's multifaceted crisis posing the most critical ongoing political, social, and economic challenges. Following months of street protests, violent repression, and more than 150 deaths, the Venezuelan government held a fraudulent election for a Constituent Assembly that gave unlimited power to President Maduro's party. Thereafter, the crisis began to be felt in full force in neighboring countries such as Brazil, Colombia, and Peru, as Venezuelans fled in search of refuge.

Because of this, NED supported partners working to stymie corruption and promote reforms throughout the region, ranging from access to information laws in the **Southern Cone** to comprehensive institutional reforms in **Mexico** and **Central America**. Partners in **Peru** uncovered high-level corruption scandals through investigative journalism, and in **Colombia** provided oversight of the implementation of the newly agreed upon peace accord. As democratic players in **Ecuador** helped to consolidate a democratic transition, civil society in **Bolivia** attempted to prevent democratic backsliding and the president's consolidation of power. **Cuba** aimed to identify new areas of opportunity under a continually oppressive regime, and to maintain a democratic space in their country. All the while, **NDI**, **IRI**, **CIPE** and the **Solidarity Center** worked alongside Venezuelan organizations to defend human rights and promote democratic values against all odds in **Venezuela**. Throughout it all, NED partners continuously engaged at the regional level with institutions like the Organization of American States and the Inter-American Commission on Human Rights.



GUATEMALA

IN FOCUS



The nation of **Guatemala** has for years been plagued by government corruption and chaos, with international headlines everywhere reporting on mismanagement and sordid financial dealings by the nation's leadership. Transparency International, an organization which ranks all nations by their level of corruption and lack of transparency, placed Guatemala at a dismal 123 out of 167 countries ranked. Most notably, in 2015, then-President Otto Perez Molina was pressured to resign after news broke of his arrest on corruption, illicit association, and bribery charges associated with a multi-million dollar customs scam.

There is an uplifting story in the unprecedented mobilization of its people to take action against corruption.

JUDICIAL REFORM - GUATEMALA VISIBLE

Guatemala Visible is an organization dedicated to bringing about transparency and reform in Guatemala's judicial branch, focusing specifically on pretrial processes. In past years, NED has provided funding that the organization used to develop a Tracking Platform which examined 400 pretrial cases, and found that 65% of were delayed due to officials improperly using appeals and challenges to uphold judicial processes.

For 2017, the organization is using its 2017 NED funding to implement a campaign to raise awareness of the serious delays and inefficiencies in the pretrial process, and to continue gathering public input and mobilizing citizens and the court system itself to develop recommendations and how to solve these issues. Once the recommendations are finalized, they will be submitted as a formal proposal to the Guatemalan Congress.

ELECTORAL REFORM - ASIES

Guatemala's forthcoming 2019 elections will provide a critical watershed moment for the country's democracy, and a critical referendum on the efforts to implement reforms and improve accountability in that country.

With this upcoming milestone in mind, NED has since 2015 provided grant funding each year to support **Asociación de Investigación y Estudios Sociales** (Social Studies Research Association, also called "**ASIES**"), a think tank devoted to supporting reforms to the laws governing elections and political parties in Guatemala. Already, ASIES has used this support to work with national and departmental government institutions – including the electoral tribunal and the nation's Congress – to coordinate and standardize implementation of the reforms. In 2015, ASIES used NED support to provide technical assistance in the development of needed reforms. In 2016, they built on this work by providing technical assistance to accompany the first phase of implementation of the reforms. ASIES will use renewed NED funding for FY2017 to continue this crucial work with government entities responsible for an effective implementation of the approved reforms in the lead up to the 2019 electoral process.

COMBATTING CORRUPTION - ACCIÓN CIUDADANA

In 2017, NED once again awarded grant funding to **Acción Ciudadana (AC)**, the Guatemalan chapter of Transparency International. AC is an organization devoted to promoting accountability and transparency in the procurement system of Guatemala's government. It offers resources such as a confidential complaint tip line for citizens who have witnessed or been victimized by government corruption; it also assists citizens in compiling any evidence required for an investigation.

In 2016, AC used NED support to conduct a comprehensive study on the use of funds and to identify all specific instances of fraud or mismanagement in the Guatemalan procurement system. They also hosted trainings designed to educate the public on the procurement system's workings, and to empower civil society to play a meaningful role in the fight for transparency.

For 2017, AC will expand its scope to implementing reforms to the public procurement law, and to continue building, educating and empowering civil society as a meaningful tool in the fight for transparency.



ENVIRONMENTAL JUSTICE FORUM OF PETEN

PROTECTING NATURAL RESOURCES THROUGH THE RULE OF LAW

Guatemala has been identified as one of the planet's richest and highly threatened biodiverse regions, making it one of the world's top 25 biodiversity conservation hot spots, according to USAID. The Maya Biosphere Reserve (or RBM), covering 19% of Guatemala, is a jewel of natural beauty located in the heart of Guatemala. Under UNESCO protection since 1990, the lush rainforests of the Reserve have earned world fame, with visitors pouring in each year to see its exquisite array of breadnut and bullet trees, its stunning lakes and natural mountain ranges, as well as extraordinary animal life such as the Morelet's crocodile.

Unfortunately, even with the protection of UNESCO and Guatemala's National Council of Protected Areas, the Reserve continues to be plagued by illegal natural resource extraction, from pillaging of its flora to poaching of its animals. The forest area of the Reserve has shrunk by 13 percent in the last 21 years, representing 8% of the entire reserve.

Again, though, the people of Guatemala have come together to protect this precious national treasure. **The Asociación Civil Foro de Justicia Ambiental de Petén**, literally the Environmental Justice Forum of Petén (FJA) was created to address these threats and to strengthen the rule of law in the Reserve. FJA's mission is to use strategic litigation of environmental crimes to improve environmental justice and protect the Reserve's threatened natural resources.

The FJA will use NED support to continue pursuing strategic litigation in emblematic cases of crimes against Mayan cultural heritage and illicit environmental exploitation within the Maya Biosphere Reserve. The FJA will also train and improve their capacity to investigate and prosecute criminal cases within the Maya Biosphere Reserve.

INVESTIGATIVE JOURNALISM

Investigative journalism is a critical tool for empowering a well-educated and engaged civil society. In Latin America, a region of the world that has been so deeply affected by a deeply entrenched tradition of corruption and criminality, the mandate for journalists is as urgent as it has ever been, which also means the risk to their lives for doing their jobs has seldom been greater.

Despite the dangers, NED has been watching a golden age of investigative journalism dawn throughout Latin American and Caribbean, particularly in 2017. Below, we invite you to explore four extraordinary groups that NED supports through the power of the media.

ASOCIACIÓN CONVOCA

State corruption has posed a consistent and central challenge to **Peru's** relatively young democracy. Throughout the course of the past 3 decades, the nature of state corruption in **Peru** has evolved; it has become increasingly systemic – affecting all levels of government – and its causes, symptoms and impact have morphed into a broad and complex institutional challenge. Following Alberto Fujimori's administration, public indignation toward mass corruption reached its peak, resulting in the indictment of numerous government officials.

Paradoxically, the average Peruvian citizen is either apathetic toward this situation, or too exasperated with politicians to care. Recent studies have found that of the 7,307 civil servants that have been found guilty of corruption in the past 5 years, only 33 have been sentenced. The remaining sentences have either been suspended or are still in the process of litigation. Moreover, in 2015, the public prosecutor's office released a report estimating that every year, three million dollars are illegally diverted from the Peruvian State.

Asociación Convoca (Convoca), a NED grantee since 2016, is an organization working to foster transparency and raise awareness among the general public of mass corruption in Peru, and to support citizens in pressuring authorities to end impunity. Specifically, Convoca is using NED funding to create an interactive database that aggregates reliable public information on corruption scandals and cases, and to distribute this information through the media and targeted advocacy campaigns. In addition to this platform, Convoca staff will publish articles highlighting its database's findings to increase public awareness of government corruption, in turn pressuring the state to end impunity.



FUNDACIÓN CONNECTAS

Fundación Connectas is an association of investigative journalists throughout Latin America to foster collaborative, cross-border reporting across the region's many countries. Their mission is both to strengthen the quality and influence of investigative journalism, reduce barriers to freedom of the press, empower the independent media to respond to counternarratives and disinformation rooted in government propaganda, and to protect journalists from violent reprisals in response to their reporting.

NED first awarded grant support to FC in 2016, and after being encouraged by the results of that support, opted to renew that support for a second year in 2017. FC has used NED's resources to mentor and work with journalists in several countries to build capacities for investigative journalism, and to strengthen partnerships across news media platforms to provide a coordinated, accountable, independent media presence in the region.

Specifically, FC boasts a platform called ConnectasHub, which has brought together 150 investigative journalists across 15 countries to develop newspaper, broadcast and online coverage of pressing issues in Latin America; many of these journalists were active participants in the legendary Panama Papers leak. By training these journalists to utilize the highest standards of journalistic practices, FC is growing the overall credibility of Latin America's independent news media in civil society, and strengthening its capacity to provide a check on government misconduct.

CONSEJO DE REDACCIÓN

In 2018, the outcome of **Colombia's** presidential and congressional elections will determine the course of peace implementation and address the socio-economic challenges of the nation. Amid efforts to push for needed political reforms and a growing focus on corruption at the local and national levels, the country remains politically polarized. The polarization is fueled primarily by differences of opinion about the trajectory of the country concerning the peace accord; however, politicians further polarize society by making statements and accusations, often false, which influence public opinion and beliefs. In this challenging environment, access to trustworthy information is crucial. It requires active citizen and journalist participation to ensure that facts substantiate decisions and that accurate journalism informs votes.

In response to the need for greater verification and fact checking, **Consejo de Redacción (Editorial Council or CdR)** will strengthen the capacity of citizens and journalists to verify information published as part of the public discourse related to 2018 electoral campaigns. Through its fact checking methodology, CdR's journalists will verify statements made by presidential and congressional candidates, as well as information that media publishes about these political figures. Pictured to the right is a Consejo de Redacción event. Picture is the property of Consejo de Redacción.

THE FUNDACIÓN DE ESTUDIOS ESTRATÉGICOS PARA LA DEMOCRACIA

Central America's Northern Triangle countries of **Guatemala, El Salvador, and Honduras** face a series of political, economic, and social challenges which represent a threat to democratic stability. Feeble institutions, a growing presence of organized crime and its penetration in the state, persistent inequality, stagnant economic growth, and extremely high levels of violence are all a part of the daily lives of ordinary citizens.

In contrast, Central America has become fertile ground for innovative online investigative journalism ventures. The Salvadoran-based **Fundación de Estudios Estratégicos para la Democracia** (or Foundation for Strategic Studies for Democracy) used NED funding to consolidate the online digital platform, **FACTUM**, in 2015 and 2016. FACTUM has positioned itself as a key voice for provocative, in-depth investigative journalism.

FACTUM will use renewed NED support to continue producing investigative pieces focused on key democracy issues in Central America and to further integrate and connect with other leading investigative journalism platforms in the Latin America region.



POLITICAL INNOVATION

HOW THREE NED GRANTEES ARE FIGHTING FOR LATIN AMERICA'S POLITICAL FUTURE

FUNDACIÓN CIUDADANO INTELIGENTE

Political polarization, structural challenges such as inequality and low productivity, coupled with emerging challenges such as organized crime and widespread corruption are major threats to democratic governance in Latin America. As a result, it has been a huge challenge to get civil society, government leaders, policy thought leaders, and other relevant stakeholders to come together.

To address these core challenges of democratic governance, **Fundación Ciudadano Inteligente (FCI)** will use renewed NED support to continue fostering innovative leadership in civil society and policymaking. **The Escuela de Incidencia (School of Advocacy, or SoA)** will help empowering emerging leaders, activists, government, and/or elected officials with the principles, skills, and tools to allow stakeholders from civil society and government to work collaboratively to overcome polarization, and to promote democratic reforms, design public policies, and carry out advocacy plans to ensure effective democratic governance.



ASUNTOS DEL SUR

Over several years, **Asuntos del Sur (ADS)** has used NED's support to grow into a leading resource on democratic governance innovation. First, it surveyed and interviewed Latin American emerging leaders in the field of democracy and published their findings in a definitive guide on low cost, high impact tools for democracy building. Then it used those findings to hold hands-on trainings on managing democracy and social projects for civil society participants in more than a dozen countries, including but not limited to **Argentina, Brazil, Bolivia, Chile, Colombia, Ecuador, El Salvador, Mexico, Nicaragua, Paraguay, Peru,** and **Venezuela**. ADS also created a virtual space on its website to engage young leaders in dialogue and to provide a forum for dissemination of projects based on its best practices guide and training. With ADS support,

a huge number of forward-thinking activists trained by ADS have been elected to public office.

The accumulated expertise, and last year's NED-supported program helping activists successfully transform into public officials, has given ADS additional understanding and practice on how to bring the experience and innovation of civil society to government practices, and the political system more broadly. In 2017, ADS will use NED support to launch a **Political Innovation Academy**, which will build upon its existing Network of Political Innovation to increase its capacity for empowering activists to mount successful campaigns for office throughout Latin America. Pictured below are representatives from FCI, ADS, and Fundación Avina speaking at NED.



FUNDACIÓN AVINA

Democracy continues to enjoy high levels of support among the public in Latin America, particularly in comparison with other forms of political organization. Mostly free and fair elections take place in the vast majority of countries of the region, and power transfers occur regularly. However, there are strong governance challenges that persist. Public security, corruption, and human rights violations, for example, remain central pending tasks that elected governments need to address in order to reinforce the legitimacy of the democratic process as the best way to allocate political power. In light of this situation, civil society can play a very important role in identifying innovative ways to address problems and to promote new solutions to the challenges of today.

Fundación Avina will use NED funds in FY2017 to support democratic governance in the region. Avina will launch the initiative **Latin American Connections for Political Innovation (Conexiones Latinoamericanas de Innovación Política, CLIP)** to promote cross-country sharing and learning of successful political innovation experiences. With CLIP, AVINA will foster the democratization of power, promote informed public policy debates, and mentor civil society activists when they decide to participate in public service. The effort will identify emerging groups working to democratize in civil society, particularly those with strong footprints in social networks and digital democracy, and will foster informed debates on political sustainability and effective decision-making, emphasizing the nature of democratic governance. Avina will also mentor actors involved in local political processes who subscribe to the principles of inclusiveness, plurality, tolerance, and democracy.



Middle East & North Africa

In most countries of the Middle East and North Africa (MENA), prospects for democratic progress and reform remained challenged by mounting turmoil, conflict, and terrorism. The need for security and stability dominated, sidelining discussions and efforts for political reform or liberalization in almost every country. Despite instability and increasingly repressive environments, civil society throughout MENA continued to demonstrate a resounding resilience and commitment to reform.

Afghanistan and **Iraq** remained high NED priorities as international support to civil society in those countries continued to diminish. NED supported groups working for reform and challenging the idea that security and democracy work at counter purposes. In countries with a degree of civic space and an established civil society such as **Morocco** and **Tunisia**, NED supported broad-based advocacy and accountability efforts, independent media, and efforts to strengthen civil society as a whole. Despite the rollback of democratic reforms in Turkey, NED supported independent media and accountability initiatives to guard against further backsliding. As violent conflicts progressed in **Libya**, **Syria**, and **Yemen**, NED prioritized keeping democracy from being

subsumed by other priorities. In those contexts, NED emphasized efforts to expand independent voices, represent critical constituencies for change, and strengthen emerging generations of civil and political leaders. In **Algeria**, **Egypt**, **the Gulf States**, and **Iran** where civil society is constrained, the Endowment offered a lifeline to civic actors promoting democratic ideas and values, expanding the space for dialogue and exchange, and serving as watchdogs in critical sectors such as labor and human rights. Where political environments limited civil society's ability to have much direct political influence, such as **Jordan**, **Mauritania**, and the **West Bank and Gaza**, NED support positioned civil society partners to respond constructively when greater engagement is possible.

In addition, NED's **MENA regional** programs strengthened emerging networks and built sectoral expertise in various democracy-related issues across the region, expanded support to buttress democratic gains, including Tunisia's transition, promoted dialogue, pluralism, and building bridges among communities threatened by divisions, supported human rights defenders, and addressed systemic good governance failures and weak local and national institutions.



Training hosted by the Palestinian Center for Democracy and Conflict Resolution to strengthen youth watchdog teams in assessing Ministry of Health performance



PROMOTING ACCOUNTABILITY AND GOOD GOVERNANCE

Protests throughout the **Middle East and North Africa (MENA)** during the Arab Spring of 2011 amplified the urgent need for sweeping government reforms, particularly for policies affecting young citizens. Basic service delivery in sectors such as education and healthcare are hobbled by poor quality and limited access due to weak institutions and policies. The region is also threatened with water scarcity and other environmental challenges with dire implications for agriculture and food security, illuminating the urgent need for natural resource governance reform.

In MENA countries where legislative or administrative processes allowed for at least some civic space and engagement, NED prioritized efforts to strengthen governance through support to local civil society organizations (CSOs), with a focus on advocating for legislative and public policy reforms, encouraging transparency and accountability at local and national levels, and working for broadly inclusive political participation and leadership. NED also supported regional networks to facilitate the exchange of best practices across the region and strengthen regional expertise in accountability and governance topics.



A journalist with Wattan TV in the West Bank, works to hold government officials and institutions accountable through investigative journalism

INDEPENDENT WATCHDOG ORGANIZATIONS

In **Afghanistan**, the **Women Peace and Security Organization (WPSO)** monitored the parliament and its 13 committees. WPSO's two observers attended parliament sessions daily to record member participation and legislative activities. Their findings are presented in a half-hour exclusive show every month on Tolo TV. WPSO's work and advocacy contributed to greater rates of MP attendance and blocking a number of bills that would have negatively impacted women and youth.

In **Iraq**, **Madarik Foundation and Pay Institute** monitored both the federal parliament and the Kurdistan Region of Iraq parliament to provide greater transparency and access to information on legislative activities, decisions and officials. At the local level, **al-Noor Universal Foundation** engaged citizens in monitoring the local government council in Diyala province, strengthening community participation in local decision-making and facilitating linkages between citizens and local government.

In **Lebanon**, the **Beirut Center for Middle East Studies** and its partners monitored and reported on the activities of 10 municipalities.

In **Morocco**, **Al-Amal Network** promoted accountability and good governance through monitoring National Human Development Initiative (INDH) projects, using scorecards to assess local development initiatives. As a result, six public servants were dismissed from their positions because of mismanagement of public funds and corruption. Working with other CSOs, Al-Amal Network advocated INDH to amend its processes and procedures by publicizing its call for proposals and providing local and regional civil society and youth equal opportunity to apply.

In the **West Bank and Gaza Strip**, the **Palestinian Center for Democracy and Conflict Resolution** strengthened youth watchdog teams to assess Ministry of Health performance.

In the **MENA region**, **Why Not**, strengthened the ability of civic groups throughout the region to monitor political processes, institutions and officials using new technologies. Through its fellowship and mentorship program, Why Not has trained, incubated and helped develop online platforms for budget monitoring, tax calculating, legislative watchdogs, and media fact-checking in several MENA countries.

FIGHTING CORRUPTION

NED grantees also led **anti-corruption** and **investigative journalism** efforts. In light of the stifling effect of corruption on economic prosperity in **Iraq** as revenues generated from border points and oil sales rarely reach local communities, the **Center for International Private Enterprise** and its partners built a coalition to advocate for border revenue transparency in Maysan and Wasit governorates.

In **Afghanistan**, **Supporting Organization for Afghanistan Civil Society (SOACS)** coordinated nongovernmental and governmental efforts to fight corruption in Herat province. SOACS monitored the local budget, assessed and investigated corruption allegations in the province, worked with a committee of 30 CSOs to collectively advocate for redress, and presented cases to a rule of law committee comprised of the Governor of Herat, a prominent judge, and the local chief of police. In 2016, SOACS's Founding Director, Mr. Khalil Parsa, was severely wounded in assassination attempt as a result of his anti-corruption work. Parsa received NED's Democracy Award in 2017. In addition, NED grantees such as **Hashte Subh Daily** in **Afghanistan** and **Wattan TV** in the **West Bank**, hold government officials and institutions accountable and expose corruption through investigative reporting.

IMPROVING GOVERNANCE

To strengthen public policies related to good governance, NED supported CSOs that contributed to and advocated for policy reform through research, advocacy, and publications that addressed the most pressing governance issues.

In **Jordan**, the Phenix Center undertook research to shed light on job market conditions, information that has been historically opaque or hard to obtain. The Center's publication of their findings as cited by a number of public and national decision-makers with regards to job creation policies.

To improve the quality of and access to basic public services as well as to strengthen management of natural resources, NED partners facilitated citizen engagement to assess and recommend governance reforms. In **Iraq**, the **Iraq Civic Action Network** trained and supported advocacy campaigns for 10 networks of over 200 youth in 10 provinces to press local governments to improve public service delivery and governance.





Working closely with local partners and stakeholders, the **Lebanese Transparency Association** conducted, published, and followed-up on investigations into government services in **Lebanon**, including the urgent issues concerning Lebanese natural resource management; particular concerns included water pollution, waste management, and capacity for power generation.

In the **MENA region**, the **Bank Information Center (BIC)** developed the skills of its network of CSOs in six countries to strengthen their ability to monitor development projects and shape development plans in their countries. BIC equipped CSOs in the region with tools and knowledge to use International Finance Institutions' mechanisms to hold their governments accountable and give independent civil society a seat at the table for review of development plans.

In **Tunisia**, NED grantee **Solidar Tunisia** waged a successful campaign for an inclusive, open and accountable process to establish an Independent Commission for Good Governance and Anti-Corruption (ICGGAC), as stipulated by the Tunisian constitution. Solidar Tunisia seized on this statutory opportunity to engage citizens and demand transparency from the nation's leadership. The group collected and reviewed relevant documents on the creation of the ICGGAC, analyzed and developed policy recommendations on the draft law forming the independent commission, and examined the law's compliance with the requirements of the constitution, as well as with international standards and conventions. Through legal analysis, consultations with key stakeholders, and engaging dedicated legal experts and judges with anti-corruption experience, Solidar's work on the ICGGAC received executive and legislative buy-in at the highest level.

Also in Tunisia, the **Tunisian Association for the Environment and Nature in Gabes (ATEN Gabes)** empowered local civil society and communities in Gabes to promote accountability in natural resource governance and environmental rights and led campaigns to advocate for the enforcement of environmental regulations. Gabes is home to Tunisia's most polluted areas where the phosphate industry and other highly polluting extractive industries are vital to the local and national economy. ATEN Gabes' work recognizes this essential fact, and advocates accountability through a critical and constructive partnership with state institutions and the phosphate industry.



REBUILDING CIVIC LIFE IN AREAS LIBERATED FROM ISIS

Though reversing the damage caused by ISIS will be a long-term process, NED partners contributed to rebuilding civic life in ISIS-held areas of **Western Iraq** soon after liberation. NED partners engaged civil society, private sector, labor unions, local councils, as well as national and international actors to identify and address social, economic and political priorities for post-conflict reconstruction.

NED grantees such as **Al-Tahreer Association for Development**, the **International Forum for Islamic Dialogue**, the **Iraq Civic Action Network**, and **Diallas Organization** led unique initiatives and campaigns to reintegrate post-ISIS areas with national non-sectarian networks working to set Iraq on a positive path. These groups revived the role of local civil society, empowered young emerging leaders, reinvigorated civic awareness, and engaged citizens in informing public policies concerning the liberated areas.



Diallas Organization in Diyala conducting a training in the province with emerging young leaders.



NED grantees in the southern city of Amara, such as [Tabbanni Foundation for Active Youth](#) and [Abnaa al-Nazheen Organization](#), mobilized their networks and hosted a hundred youth from Mosul to build trust between their communities and strengthen non-sectarianism among Iraq's young leaders.

Partners for Democratic Change surveyed internally displaced persons (IDPs) and facilitated dialogue to develop a roadmap for addressing IDP needs as they return to their homes.

The Endowment's four core institutes were also engaged in this important work. [The Center for International Private Enterprise \(CIPE\)](#) worked with Iraq's private sector, establishing emergency economic recovery taskforces to map economic priorities and facilitate public-private partnerships for reconstruction in Anbar, Mosul, and Salahaddin. [The International Republican Institute \(IRI\)](#) focused on rebuilding the capacity of local councils and connecting them to citizens, while the [National Democratic Institute \(NDI\)](#) identified public policy priorities related to reconstruction through a nationwide poll and series of focus groups to help guide local government's advocacy efforts with their national government and international donors. [The Solidarity Center](#) built the capacity of four unions opening and reopening branches in post-ISIS areas, helping them resume their role in advocating for worker rights.

All of these efforts are critical for the recovery and reintegration of areas devastated by ISIS and essential for rebuilding Iraq's social fabric and ensuring a lasting defeat of ISIS.



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GLOBAL

Challenges that have defined the political landscape in recent years continue to confront democracy and human rights advocates around the world. The restrictions aimed at curbing independent voices through criminalization of their work, judicial harassment, and even physical attacks show little sign of abating. As governments employ a range of tactics to limit civil society's ability to operate, democracy advocates need to find creative ways to respond to the threats and stem the tide of deteriorating rights. In countries that have registered progress, meanwhile, democracy advocates face a different type of challenge: following through on the promises heralded by significant elections and building on the traction gained through fledgling, at times fitful, transition processes.

The Endowment's Global program aims to strengthen the impact of democracy advocates around the world by enabling them to share their lessons and insights across borders and beyond their regions.

The program connects them to one another to learn and share technical expertise, provide solidarity, collaborate on key areas of advocacy, and foster the development and implementation of norms to strengthen democracy.

The program leverages the work conducted in multiple regions to address crosscutting challenges and reinforce the work of partners to strengthen human rights, democratic governance, political processes, independent media, freedom of association, and market-oriented reform.



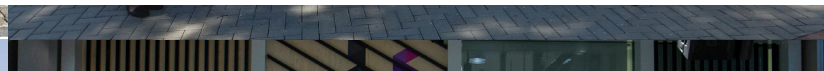
Participants in a training, drawing upon NED-supported research on how to provide support and transition assistance to refugee scholars



Red de Seguridad y Defensa en América Latina (RESDAL) workshop in Panama to strengthen civil society to engage in security sector reform



Participants in a strategic workshop to launch the Safe Hub Cities of Human Rights Defenders in Africa.



Participants at Poynter Institute's 4th Global Fact-Checking Summit in 2017



TRANSITIONAL JUSTICE WORKING GROUP

Transitional Justice Working Group (TJWG), based in **South Korea**, has worked to create new connections between transitional justice and human rights documentation experts and practitioners, enabling them to share experiences and strategies in human rights documentation practices, provide and receive technical skills, and explore collaboration on innovative joint initiatives to promote justice and accountability.

TJWG's efforts to lay the foundation for more systematic knowledge sharing among human rights advocates on documentation approaches and methods began with organizing an international conference and training on applying information technology and forensic science in human rights documentation. Human rights advocates from Asia, Europe, Latin America and the Caribbean, and the Middle East and North Africa gathered to discuss their work in varied political contexts.

Conference sessions covered topics such as obtaining and using reliable data backed up by credible methodologies in transitional justice processes and advocacy campaigns, and investigations, evidence gathering; forensic science, including site preservation in situations of mass atrocity and new technologies and methods for investigations; political, networking, and resource challenges in documenting atrocities; and what human rights documentation practitioners may encounter in an international criminal justice process dealing with large-scale human rights abuses.

The conference was followed by a two-day workshop featuring intensive introductory trainings on forensic science that focused on bringing anthropology and criminal methods together; the use of information technology to improve documentation collection and storage; how human rights groups can work through the criminal justice process and the limits of international law in prosecuting regime leadership; and key considerations in the design, management, and application of documentation information and the perils of misusing human rights data.

Building on the foundation laid by the conference, TJWG has continued to strengthen the foundation for a resource hub for human rights documenters working to support transitional justice projects globally.



The Endowment's DEMOCRACY PROMOTION ACTIVITIES

CENTER FOR
INTERNATIONAL
MEDIA ASSISTANCE

DEMOCRACY
RESOURCE CENTER

INTERNATIONAL FORUM
FOR
DEMOCRATIC STUDIES

JOURNAL OF
DEMOCRACY

REAGAN-FASCELL
DEMOCRACY FELLOWS
PROGRAM

WORLD MOVEMENT
FOR DEMOCRACY



Launch of "Sharp Power" Report



Young Women's Political Participation in Zimbabwe: A Struggle within a Struggle



Internet Governance and the Future of News





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CENTER FOR INTERNATIONAL MEDIA ASSISTANCE

The world has reached a dangerous tipping point in the state of vibrant news media. Press freedom has fallen to its lowest point in over a decade, while the media system as a whole battles declines in revenue, audience trust, and the independence it relies upon. The Center for International Media Assistance (CIMA) provides thought leadership to strengthen media systems and bolster the essential role that they play in sustaining democracy. To achieve this, CIMA provides knowledge and a platform for discussion needed to improve the effectiveness of support for media development. The Center conducts policy-relevant research on the major issues affecting global media today—in markets, politics, and society—and convenes donors, implementers, academics, journalists, and other stakeholders in the media development community to help them act and collaborate strategically.

Throughout 2017, CIMA continued its focus on how to foster an enabling environment for media systems amid the intersecting trends of a democratic recession, the growing influence of global digital platforms, and the collapse of traditional business models for journalism. CIMA has generated original research and fostered new institutional partnerships for this critical juncture.

The future of the internet will be critical in determining access to the high-quality news and information audiences need to be informed and engaged citizens. It will also determine who is able to participate in broader governance discussions on a relatively level playing field. In response to growing interest in internet governance among media development stakeholders, CIMA partnered with Article 19 to publish *Media Development in the Digital Age: Five Ways to Engage in Internet Governance*. In December, CIMA co-organized a meeting of media stakeholders at the 2017 Internet Governance Forum (IGF) in Geneva, Switzerland, to share knowledge, set common priorities, and identify modalities of working together and sharing information.

CIMA also worked to foster the political will needed to protect and bolster media systems the third world in a series of regional consultations to diagnose key challenges facing independent media. Held in **Durban, South Africa**, the multistakeholder meeting welcomed 36 participants from 15 countries, representing media

organizations, civil society, state regulators, and multilateral institutions from across Sub-Saharan Africa. The meeting aimed to support African coalition building efforts to improve media systems and create a strong voice in national and international policy debates. The findings and outcomes of the meeting were gathered in a subsequent CIMA report, *Pathways to Media Reform in Sub-Saharan Africa: Reflections from a Regional Consultation*.

Where advocates of a vibrant public sphere once mobilized against the suppression and censorship of news, they now must also contend with the more complex challenge of media capture, the topic of a book published in August in partnership with the Columbia University's School of International and Public Affairs, *In the Service of Power: Media Capture and the Threat to Democracy*. In this collection of essays, media capture is found to be a growing phenomenon linked to the potent combination of resurgent authoritarian governments and the structural weaknesses presently afflicting media markets. In this environment, political figures and economic elites collude to undermine the independence of privately-owned media, and efforts to stop this collusion by activists, regulators, and the international community have thus far been ineffective. The CIMA volume spurs further research and thoughtful responses to this growing threat to democracies around the world.

PUBLICATIONS

A leading voice in media development worldwide, CIMA conducts and commissions independent research on key topics in the field. In 2017, CIMA produced reports on issues ranging from news revenue trends to defending internet freedom, as well as a volume of essays on media capture. All CIMA publications can be found at www.cima.ned.org/publications/.

Recent publications include:

- *Media Feast, News Famine: Ten Global Advertising Trends that Threaten Independent Journalism*
- *Beyond the Great Firewall: How China Became a Global Information Power*
- *Media Development in the Digital Age: Five Ways to Engage in Internet Governance*
- *A Slowly Shifting Field: Understanding Donor Priorities in Media Development*
- *Live from the Bully Pulpit: The Abuse of Obligatory Presidential Broadcasts in Latin America*
- Book: *In the Service of Power: Media Capture and the Threat to Democracy*
- *International Standards for Freedom of Expression: A Basic Guide for Legal Professionals in Latin America*
- *Pathways to Media Reform in Sub-Saharan Africa: Reflections from a Regional Consultation*
- *In Repressive Countries, Citizens Go 'Dark' to Share Independent News*

CIMA's blog highlights the latest topics and challenges in media development, alongside the Center's activities and NED's work in the media sector. It frequently features guest posts from development practitioners and foreign journalists, field experts, and NED staff and fellows. All blog posts can be found at www.cima.ned.org/blog/.

CIMA Event, Media and Civic Engagement: From Protests to Dialogue





CIMA EVENTS

CIMA convenes panel discussions, working groups, and roundtables featuring practitioners and academics to investigate issues in media development. Event summaries, recordings, and upcoming public discussions can be found at www.cima.ned.org/events/.

Recent events include:

- Internet Governance and the Future of News
- Sub-Saharan Africa Regional Consultation in Durban, South Africa
- Pre-conference at the International Association for Media and Communication Research
- Setting the Agenda: Media Development and Internet Governance Workshop at the Internet Governance Forum (IGF) in Geneva, Switzerland



DEMOCRACY RESOURCE CENTER

The Democracy Resource Center (DRC) collects, organizes, and disseminates information and analysis produced by and about the wide range of groups and organizations working to strengthen democracy abroad. The DRC consists of a library that holds over 20,000 works in 60 languages collected from NED

grantees and other sources that can be searched via an online catalog. The DRC also maintains several online resources, many of which are accessible on the NED website.

Library: The Allen Overland Collection

Named in honor of the DRC's founding librarian and director, the library's Allen Overland Collection & Archives houses more than 20,000 books, journals, grantee reports, DVDs, and other publications on democracy. The DRC provides a unique collection of materials produced by prodemocracy groups worldwide and features works by many of the prominent thinkers within the field of democracy and democracy assistance.

Online Resources

Internet resources created and maintained by the DRC include:

- **Online Catalog:** The DRC's online catalog, WorldCat Discovery, is a single search that connects users to all of the library's books, articles, DVDs, and more. WorldCat lets anyone build and share lists, contribute reviews, find library items on a mobile phone, or use WorldCat apps in Facebook. Through WorldCat the Democracy Resource Center is connected to a network of 72,000 libraries from 170 different countries and territories. Visit the catalog: ned.worldcat.org.
- **International Democratic Development Database:** This database contains information on more than 100 philanthropic organizations that provide grants, fellowships, and awards for groups working in the area of international democratic development.
- **Democracy Research Guide:** The guide includes suggested books, journals, websites and organizations on democracy promotion and related topics. The Democracy Research Guide also includes a three-step research tutorial for developing a structured research project.
- **NDRI Digital Library:** The NDRI Digital Library on Democracy (DLD) features 4,000 full-text publications produced by Network of Democracy Research Institute (NDRI) member institutions. This online library provides scholars, activists, and others interested in democracy promotion and related issues with access to an online repository of materials, many produced by new think tanks in developing and transitional countries.





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forum
International Forum for Democratic Studies

The International Forum for Democratic Studies

at the National Endowment for Democracy is a leading center for research, discussion, thought, and analysis on the theory and practice of democracy around the world. Established in 1994, the Forum strives to bridge the gap between academic research and the practice of democracy through several initiatives:

- Publishing the *Journal of Democracy*, the leading scholarly journal on democratization.
- Organizing research initiatives, conferences, and roundtables to explore critical themes for democratic development.
- Hosting fellowship programs for international democracy activists, journalists, and scholars.
- Coordinating the Network of Democracy Research Institutes (NDRI), a global think tank network.
- Publishing the Power 3.0 blog, which explores how savvy authoritarian governments survive and thrive in a globalized information age, and the ways that democracies are contending with this challenge.
- Producing Issue Briefs, Forum Q&A's, and Big Questions on topics relating to transnational kleptocracy, defending the integrity of the information space, authoritarian influence, and democracy and civil society.

The Forum also supports and enhances the work of the Endowment's grants program and the World Movement for Democracy.

Leadership

The Forum's programs benefit from the advice and involvement of a Research Council (www.ned.org/ideas/research-council/) consisting of scholars and other specialists on democracy from around the world.

Research and Conferences Program

The Forum's research and analysis focus on issues of democratic transition and consolidation as well as the common challenges facing both new and established democracies. Each year the Forum convenes an extensive number of meetings ranging from international conferences to smaller seminars, lectures, and colloquia in Washington, D.C. Among its other efforts over the past year, the Forum held numerous panels, expert briefings, and book launch events.



LAUNCH OF “SHARP POWER: RISING AUTHORITARIAN INFLUENCE”

In December, the International Forum launched a major new report, “**Sharp Power: Rising Authoritarian Influence**,” which examined Chinese and Russian influence in four young democracies. Incorporating extensive research from members of the Network of Democracy Research Institutes, the report includes an introductory essay on “From ‘Soft Power’ to ‘Sharp Power’: Rising Authoritarian Influence in the Democratic World,” as well as individual studies of **Argentina, Peru, Poland, and Slovakia**. The report was launched at a December 5, 2017, event that featured a panel on “Authoritarian Influence in Central Europe and Latin America,” with Juan Pablo Cardenal (Center for the Opening and Development of Latin America), Jessica Ludwig (International Forum), and Grigoriy Meseznikov (Institute for Public Affairs), as well as a panel on “From ‘Soft Power’ to ‘Sharp Power’: Revisiting the Conceptual Vocabulary,” featuring Sarah Cook (Freedom House), Jacek Kucharczyk (Institute of Public Affairs), and Alina Polyakova (Brookings Institution).

The report found that China and Russia have invested significant resources in media, academic, cultural, and think tank initiatives designed to shape public opinion and perceptions around the world. These authoritarian influence efforts have traditionally been viewed by the democracies through the familiar lens of “soft power,” a concept which has become a catch-all term for forms of influence that are not “hard” in the sense of military force or economic might. Yet the authoritarian influence that has gained pace and traction in recent years, while not hard in the openly coercive sense, is not really soft, either. Rather, authoritarian influence efforts in young and vulnerable democracies are “sharp” in the sense that they pierce, penetrate, or perforate the information and political environments in the targeted countries. These regimes are not necessarily looking to “win hearts and minds,” the common frame of reference for soft power efforts, but seek to influence their target audiences by manipulating or distorting the information that reaches them. “Sharp Power” has been featured in influential publications such as the *Economist*, *Foreign Affairs*, *Foreign Policy*, and many more.



Launch of “Sharp Power” Report



In November 2017, the International Forum launched its new blog, Power 3.0, examining how modern authoritarian regimes take advantage of the features once chiefly thought to empower democracies – the interconnected economic and financial system, ubiquitous communication networks, international norms and institutions, and global media and culture. While democracies assumed the openness and interconnectedness of the liberal international order strengthened their hand, authoritarian regimes have used those features to advance their influence farther and faster than anticipated. Key areas of authoritarian influence and democratic resilience explored by this blog include culture and education; media/information/technology; norms/ideas/institutions; overseas assistance/trade/investment; and transnational kleptocracy.

“DEFENDING THE INTEGRITY OF THE INFORMATION SPACE”

The Forum organized a series of cross-disciplinary roundtable discussions and workshops to sharpen the democratic response to illiberal forces adept in the manipulation and projection of information-based power.

Roundtable Discussions:

- Understanding the Impact of Russian Propaganda: The Role of Social Media
- Understanding the Impact of Disinformation and Sharpening the Democratic Response
- Comparative Perspectives on Why Audiences Are Susceptible to Disinformation



The International Forum for Democratic Studies colloquium series included a wide range of topics and speakers including:

- (Above) “**Beyond the Great Firewall**” (co-sponsored with CIMA) Shanthi Kalathil, International Forum for Democratic Studies, and Rebecca MacKinnon, New America Foundation (March 7)
- “**The Globalization of Venality: Kleptocracy’s Corrosive Impact on Democracy**” Oliver Bullough, Author of *Moneyland: Why Thieves and Crooks Now Rule the World and How to Take it Back*; Brett Carter, University of Southern California; Ambassador Daniel Fried, Atlantic Council; Cynthia Gabriel, Center to Combat Corruption and Cronyism (September 18)
- “**The Signs of Democratic Deconsolidation**” Yascha Mounk, Harvard University; Larry Diamond, Hoover Institution; and William Galston, Brookings Institution (January 10)

The Forum coordinates the **Network of Democracy Research Institutes (NDRI)**, an international network of think tanks that study democracy, democratization, and related topics in comparative politics and international affairs. At the close of 2017, the Network consisted of 78 members, including independent institutions, university-based study centers, and research programs affiliated with other organizations. The Forum publishes *Democracy Research News*, an electronic newsletter that highlights new publications and conferences sponsored by NDRI members. Profiles of member institutions, links to their Web sites, issues of *Democracy Research News*, and other information on NDRI are available online. [Learn more.](#)



**NETWORK OF DEMOCRACY
RESEARCH INSTITUTES**

THE 14TH ANNUAL SEYMOUR MARTIN LIPSET LECTURE

William Galston, a Senior Fellow at the Brookings Institution, delivered the fourteenth annual Seymour Martin Lipset Lecture on Democracy in the World on the topic of “The Populist Challenge to Liberal Democracy.” The lecture was held at the Canadian Embassy in Washington, D.C. on November 29. An article based on the lecture appeared in the April 2018 issue of the *Journal of Democracy*. A [video of the lecture](#) is also available online.





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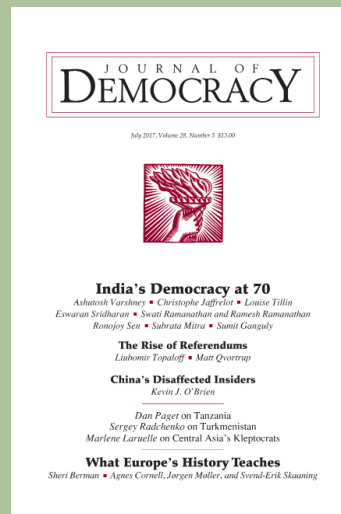
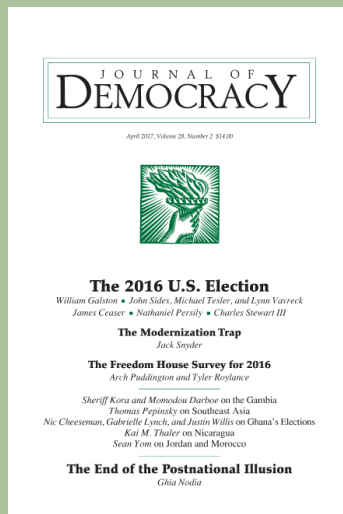
JOURNAL OF DEMOCRACY

Since its first appearance in 1990, the *Journal of Democracy* has established itself as a leading voice in discussions of the problems and prospects of democracy around the world. The *Journal* explores in depth every aspect of the establishment, consolidation, and maintenance of democracy, including political institutions, parties and elections, civil society, ethnic conflict, economic reform, public opinion, the role of the media, federalism, and constitutionalism. It covers not only practical political matters but also questions of democratic theory and culture.

In addition to publishing articles on every inhabited region of the world, the *Journal* features reviews of important books on democracy, reports

on recent elections, excerpts from speeches by leading democrats and democratic dissidents, and news about the activities of prodemocracy groups worldwide.

The *Journal's* authors include eminent social scientists and historians, statesmen and leaders of democratic movements, and renowned intellectuals. While maintaining the highest scholarly standards, it is written and edited for the general reader as well. A truly global publication, the *Journal* attracts both authors and readers from all over the world. To subscribe to the *Journal*, please visit our website at journalofdemocracy.org.



Must Read

JANUARY ISSUE: The January issue included a cluster on “Britain After Brexit,” with articles by Robert Ford and Matthew Goodwin, Tom Gallagher, Adrian Guelke, and Anne Applebaum. Also in this issue, Roberto Stefan Foa and Yascha Mounk explored the signs of democratic deconsolidation, while Berk Esen and Sebnem Gumuscu analyzed the July 2016 attempted coup in Turkey.

APRIL ISSUE: In our April issue, seven experts offered their analysis of the 2016 U.S. election and the situation of democracy in the United States (William A. Galston; John Sides, Lynn Vavreck, and Michael Tesler; James W. Ceaser; Charles Stewart III; and Nathaniel Persily). Other highlights of this issue included a report on Freedom House’s global survey for 2016 and articles investigating Ghana’s elections, a dramatic turnover of power in the Gambia, and the emergence of neopatrimonial dictatorship in Nicaragua.

JULY ISSUE: The July issue looked at “India’s Democracy at 70,” with an array of leading scholars assessing the country’s triumphs and troubles (Ashutosh Varshney, Christophe Jaffrelot, Louise Tillin, Eswaran Sridharan, Swati Ramanathan and Ramesh Ramanathan, Ronojoy Sen, Subrata K. Mirta, and Sumit Ganguly). The issue also featured a pair of essays on referendums, and articles by Sheri Berman and by Agnes Cornell, Jørgen Møller, and Svend-Erik Skaaning exploring what Europe’s history teaches about democracy’s strengths and vulnerabilities.

OCTOBER ISSUE: Our October issue featured a cluster exploring the nature and prospects of Vladimir Putin’s rule in Russia, including contributions by M. Steven Fish, Leon Aron, Vladislav Inozemtsev, Graeme Robertson and Samuel Greene, Lilia Shevtsova, and Vladimir Kara-Murza. Abbas Milani and Ladan Boroumand offered contrasting views on Iran’s 2017 election. Other articles explored social media’s implications for democracy, and how a rise in antisocial attitudes may be playing a role in democratic deconsolidation.



**National Endowment
for Democracy**

Supporting freedom around the world

REAGAN-FASCELL DEMOCRACY FELLOWS PROGRAM

Named in honor of former president Ronald Reagan and the late U.S. congressman Dante Fascell (D-FL), whose bipartisan vision led to the creation of NED, the Reagan-Fascell Democracy Fellows Program offers practitioners, scholars, and journalists from around the world the opportunity to spend five months in residence at NED's International Forum for Democratic Studies in order to undertake independent research and outreach on democratic prospects worldwide. Reagan-Fascell fellowships focus on the political, social, economic, legal, or cultural aspects of democratic development and culminate in a variety of project outcomes. In cooperation with NED's Democracy Resource Center, the Center for International

Media Assistance, the secretariat of the World Movement for Democracy, and the NED family of core institutes, the Forum offers fellows a collegial and stimulating environment in which to conduct research and writing, exchange ideas and experiences, and develop professional relationships within an important network of democracy advocates. In response to the rapidly closing civic space around the world, the Reagan-Fascell program offers select fellowships to "democrats at risk" and seeks to strengthen support networks for them, in partnership with counterpart institutions.





Ms. Nana Ama Agyemang Asante (Ghana, October 2017–February 2018) “Tackling Exclusion of Women’s Voices in Ghanaian Society: The Role of the Media”



Mr. Oludotun Babayemi (Nigeria, October 2017–February 2018) “Decaying Institutions: How Corruption Undermines Democracy in Nigeria”



Mr. Turgut Gambar (Azerbaijan, October 2017–February 2018) “Political Islam in Azerbaijan: Assessing the Treat”



Ms. Maxine Tanya Hamada (Philippines, October 2017–February 2018) “From Crisis to Governance: Reclaiming the Philippines’ Democracy Narrative”



Ms. Passy Mubalama (Democratic Republic of Congo, March–July 2018) “Why Women’s Political Participation Matters in the DRC”
The National Endowment for Democracy



Mr. Nadeem F. Paracha (Pakistan, March–July 2018) “Has Freedom of Expression Become a Self-Parody? Examples from Pakistan’s Social Media”



Ms. Maria Baron (Argentina, March–July 2018) “The Difficult Road to Transparency in Latin America”



Dr. Aurel Croissant (Germany, October 2017–February 2018) “The Dictator’s Endgame: Explaining Military Behavior in Nonviolent Anti-Incumbent Mass Protests”



Ms. Aya Hijazi (Egypt/United States, October 2017–July 2018) “Promoting Civic Engagement and Children’s Rights in Egypt: My Experiences with the Belady Foundation”



Dr. Alex T. Magaisa (Zimbabwe/United Kingdom, March 2017–July 2018) “Elections in Zimbabwe: Autocracy and Stasis or Democracy and Change?”



Mr. Khalil Parsa (Afghanistan, April 2017–July 2018) “Combating Corruption in Afghanistan”



Dr. Dimitrina Petrova (Bulgaria/United Kingdom, March–July 2018) “Central Europe: Power, Fairness, and the Future of Democracy”



Dr. Gabor Scheiring (Hungary/United Kingdom, October 2017–February 2018) “The Rise of Il-liberalism in Hungary and Central Europe”



Dr. Lilia Shevtsova (Russia, March–July 2018) “Russia as a Global Challenge”



Dr. Alberto Vergara (Peru, March–July 2018) “The End of Peru’s Success Story?”



Ms. Rodjaraeg Wattanapanit (Thailand, October 2017–February 2018) “Enhancing Thailand’s Democratic Ideals through Critical Thinking and Debate-Training”

“The End of Peru’s Success Story?”, Latin America and the Caribbean Associate Director, Fabiola Cordova, and Reagan-Fascell Fellow, Alberto Vergara





National Endowment for Democracy

Supporting freedom around the world



WORLD MOVEMENT *for*
DEMOCRACY

Initiated by NED in 1999, the World Movement for Democracy is a global network of democrats including activists, practitioners, scholars, policy makers, and funders who collaborate, convene, and cooperate to promote democracy. The World Movement facilitates information sharing and strategy development to bolster democratic movements and leverage support provided by democracy assistance organizations such as NED.

In 2017, the World Movement launched several new initiatives and resources to facilitate discussions on emerging challenges confronting civil society, as well as new opportunities to expand cross-sector partnerships.

The World Movement for Democracy, Center for International Private Enterprise, and U.S. Chamber of Commerce's Africa Business Center launched a partnership to enhance private sector, civil society, and government collaboration. The goal of the initiative is to strengthen democratic governance by building new avenues for economic participation that enhance existing market economies.

This joint initiative will hold an inaugural conference in January 2018 in **Ouagadougou, Burkina Faso**, where over 400 representatives from the three sectors, mainly from **Africa**, will come together to identify areas of collaboration for strengthening democratic governance. The conference will address issues related to ethical governance, security, and economic and political inclusion for marginalized populations. The inaugural event will be followed by a series of meetings throughout 2018 in **Senegal, Nigeria, Kenya**, and Mauritania, among others.

The **World Movement's Set Them Free Campaign** builds solidarity for individuals who are unjustly harassed, imprisoned, or otherwise targeted for promoting democracy and human rights throughout the world. The Campaign raises awareness, mobilizes others, and engages with stakeholders to advocate for the imprisoned activists. In 2017, the World Movement shared stories of violent crackdowns and arrests in countries such **Bahrain, Cameroon, Egypt, Equatorial Guinea, Ethiopia, Hong Kong, and Venezuela**.

Join the Network

Through the World Movement for Democracy, our participants have the ability to engage with others facing similar challenges, build solidarity within regional and global networks, and collaborate on innovative approaches. We welcome any organization or individual who can contribute to and benefit from this network.

Learn more about the many ways you can get involved by visiting our [Take Action page](#).

NETWORKING STORIES

Connecting People. Empowering Society.

CLICK ON THE MAP BELOW TO EXPLORE
HOW OUR CONNECTIONS MAKE AN IMPACT

ACCESS TO RESOURCES

In 2017, the World Movement created its Access to Resources online portal with country case studies, videos, tools and resources activists can use to protect the right to access resources. To gather these materials, the World Movement facilitated a number of online discussions with nearly 200 participants from **Latin America** and **North Africa** on the topic of Access to Resources. The goal of the discussions was to identify tactics used by governments to restrict CSO's right to solicit domestic, international, and foreign funding and to find ways to defend it. Complementing online discussions, a meeting was held in **Tunis, Tunisia** with civil society leaders, scholars, and lawyers from 17 focus countries to share and develop strategies for protecting the right to access resources. In November 2018, the World Movement will convene a second cross-regional discussion to outline individual and collective strategies for promoting and protecting this right that will result in more effective advocacy on this issue among our partners around the world.

INTEGRATING TRADITIONAL AND DEMOCRATIC VALUES

In authoritarian countries throughout the world, democracy and human rights are presented by anti-democracy influencers as being opposed to “traditional values” or “national identity.” This perceived conflict is often exploited by governments to brand pro-democracy activists and human rights defenders as “foreign agents” who seek to destroy the moral and cultural underpinnings of their societies.

To begin reconciling this perceived tension, the World Movement and the **Georgian Foundation for Strategic International Studies (GFSIS)** facilitated a meeting in October 2017 to help civil society organizations (CSOs) in Eurasia demonstrate how democratic norms are compatible with the values of their communities and defend themselves from narratives that suggest their work undermines social cohesion and moral order. Participants reflected on cultural and historic contexts within their countries and identified counter narratives that promote democracy based on traditional and local values. The regional meeting will be followed up with a broader discussion during the Ninth Global Assembly in **Dakar, Senegal** in May 2018.

CIVIL SOCIETY

AND THE

RIGHT TO ACCESS RESOURCES

ON THE INTER-AMERICAN LEVEL

THE AMERICAN CONVENTION OF HUMAN RIGHTS

Has been signed by 25 of the 35 member states of the Organization for American States (OAS)



The Convention came into force in

1978

And is protected and enforced by the inter-American Commission on Human Rights (IACHR) and the Inter-American Court of Human Rights (IACtHR)

The Commission addresses human rights violations in OAS member states, while the Court only decides on cases brought against member states accepting its jurisdiction



ARTICLE 16 OF THE AMERICAN CONVENTION

Protects the right to freedom of association for all individuals

FOREIGN FUNDING

The Commission determined that the right to foreign funding for human rights purposes is protected by freedom of association and that states should not restrict this type of funding



Although the Commission's decisions are not binding, it is able to refer cases to the Court for a binding decision.

HURFORD YOUTH FELLOWSHIP

The World Movement hosted young democracy activists **Necmin Kamilsoy** of **Azerbaijan** and **Johnson Yeung** of **Hong Kong** as Hurford Youth Fellows in Washington, DC. Through his fellowship, Necmin focused on how emerging democracy youth movements can overcome obstacles such as restrictive environments, lack of economic opportunities, and lack of autonomy in academic institutions. Johnson examined how communication strategies, leadership structures, and cooperation between democracy groups influence the effectiveness of broader democracy building efforts. Individuals within the growing Hurford alumni network have gone on to leadership positions in the World Youth Movement for Democracy and have served as youth ambassadors for numerous global and regional intergovernmental organizations.

The Hurford Youth Fellowship Program, supported by the Hurford Foundation, invites emerging civil society leaders, under 30 years old, to spend four months at the World Movement Secretariat in Washington, D.C. During their tenure, fellows conduct research and organize presentations on key democracy issues; expand their global network; and learn lessons from activists involved in democracy movements around the world.



Necmin Kamilsoy



Johnson Yeung

Report of the Independent Auditors

National Endowment for Democracy

We have audited the accompanying financial statements of National Endowment for Democracy (the Endowment), which comprise the balance sheet as of September 30, 2017, and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of National Endowment for Democracy as of September 30, 2017, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited the Endowment's 2016 financial statements, and we have expressed an unmodified opinion on those audited financial statements in our report dated February 9, 2017. In our opinion, the summarized comparative information presented herein as of and for the year ended September 30, 2016, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated January 12, 2018, on our consideration of the Endowment's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Endowment's internal control over financial reporting and compliance.

RSM US LLP

Washington, D.C.
January 12, 2018

National Endowment for Democracy

Balance Sheet

September 30, 2017

(With Comparative Totals for 2016)

	2017	2016
Assets		
Cash and cash equivalents	\$ 3,372,575	\$ 14,141,852
Investments	1,161,863	1,043,104
Grants receivable	120,847,439	105,960,032
Other receivables	8,821	76,378
Prepaid and other assets	971,759	890,326
Property and equipment, net	827,677	912,236
Total assets	\$ 127,190,134	\$ 123,023,928
Liabilities and Net Assets		
Liabilities:		
Accounts payable and accrued liabilities	\$ 1,697,654	\$ 1,566,693
Grants payable	120,764,579	116,878,139
Refundable advances, due to U.S. Department of State (DOS)	147,441	214,444
Deferred revenue, non-federal grants	193	31,000
Deferred rent and lease incentives	1,281,395	1,430,128
	123,891,262	120,120,404
Commitments and contingency (Notes 8 and 10)		
Net assets:		
Unrestricted	2,872,686	2,529,931
Temporarily restricted	426,186	373,593
	3,298,872	2,903,524
Total liabilities and net assets	\$ 127,190,134	\$ 123,023,928

See notes to financial statements.

National Endowment for Democracy

Statement of Activities

Year Ended September 30, 2017

(With Comparative Totals for 2016)

	2017			2016
	Unrestricted	Temporarily Restricted	Total	Total
Support and revenue:				
Grant revenue – U.S. government	\$ 186,173,697	\$ -	\$ 186,173,697	\$ 179,694,372
Grant revenue – other sources	-	75,000	75,000	797,097
Democracy award revenue	-	44,050	44,050	25,000
Global assembly revenue	-	140,000	140,000	333,655
Contributions	16,025	-	16,025	32,181
Other revenue, investment and miscellaneous income	436,237	-	436,237	457,626
Net assets released from restrictions	206,457	(206,457)	-	-
Total support and revenue	186,832,416	52,593	186,885,009	181,339,931
Expenses:				
Program services:				
Federal grants programs	155,072,884	-	155,072,884	151,040,557
Other activities – federal	5,071,304	-	5,071,304	4,944,997
Other activities – non-federal	269,372	-	269,372	1,497,976
Total program services	160,413,560	-	160,413,560	157,483,530
Supporting services:				
Management and general	26,076,101	-	26,076,101	23,937,873
Total supporting services	26,076,101	-	26,076,101	23,937,873
Total expenses	186,489,661	-	186,489,661	181,421,403
Change in net assets	342,755	52,593	395,348	(81,472)
Net assets:				
Beginning	2,529,931	373,593	2,903,524	2,984,996
Ending	<u>\$ 2,872,686</u>	<u>\$ 426,186</u>	<u>\$ 3,298,872</u>	<u>\$ 2,903,524</u>

See notes to financial statements.

National Endowment for Democracy

Statement of Cash Flows

Year Ended September 30, 2017

(With Comparative Totals for 2016)

	2017	2016
Cash flows from operating activities:		
Change in net assets	\$ 395,348	\$ (81,472)
Adjustments to reconcile change in net assets to net cash (used in) provided by operating activities:		
Depreciation and amortization	298,659	668,123
Unrealized gain on investments	(76,318)	(67,081)
Changes in assets and liabilities:		
(Increase) decrease in:		
Grants receivable	(14,887,407)	(8,421,696)
Other receivables	67,557	33,546
Prepaid expenses and other assets	(81,433)	1,011,888
Increase (decrease) in:		
Accounts payable and accrued liabilities	130,961	(324,735)
Grants payable	3,886,440	19,102,419
Refundable advances, due to DOS	(67,003)	11,724
Deferred revenue, non-federal grants	(30,807)	20,035
Deferred rent and lease incentives	(148,733)	(244,222)
Net cash (used in) provided by operating activities	(10,512,736)	11,708,529
Cash flows from investing activities:		
Purchases of investments	(42,441)	(35,119)
Purchases of property and equipment	(214,100)	(123,357)
Net cash used in investing activities	(256,541)	(158,476)
Net (decrease) increase in cash and cash equivalents	(10,769,277)	11,550,053
Cash and cash equivalents:		
Beginning	14,141,852	2,591,799
Ending	<u>\$ 3,372,575</u>	<u>\$ 14,141,852</u>

See notes to financial statements.

National Endowment for Democracy

Notes to Financial Statements

Note 1. Nature of Activities and Significant Accounting Policies

Nature of activities: National Endowment for Democracy (the Endowment) is a nonprofit organization based in Washington, D.C. The establishment of the Endowment in 1983 was followed by the National Endowment for Democracy Act (the Act) of the United States Congress, which authorized the terms by which the Endowment could receive an annual appropriation from Congress in the form of a grant awarded through the United States Information Agency (USIA). The purpose of the Endowment is to encourage free and democratic institutions throughout the world through activities that promote individual rights and freedoms. The Endowment awards grants to organizations with programs consistent with its objectives. On October 1, 1999, USIA and the U.S. Department of State (DOS) consolidated. Accordingly, the Endowment receives funding for its annual Congressional Appropriation and other special federal funding from the DOS.

A summary of the Endowment's significant accounting policies follows:

Basis of accounting: The financial statements are prepared on the accrual basis of accounting, whereby revenue is recognized when earned and expenses are recognized when incurred. The Endowment reports to the U.S. government on the basis of obligations incurred and cash expenditures made.

Basis of presentation: The Endowment is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets and permanently restricted net assets. There were no permanently restricted net assets at September 30, 2017.

Unrestricted net assets: Contributions and other inflows of assets whose use is not subject to donor-imposed stipulations.

Temporarily restricted net assets: Contributions and other inflows of assets whose use is subject to donor-imposed stipulations that either expire by the passage of time or will be met by actions of the Endowment pursuant to those stipulations, such as usage for specific programs.

Cash and cash equivalents: For purposes of reporting cash flows, the Endowment considers all highly liquid investments purchased with a maturity of three months or less to be cash equivalents. The Endowment had no cash equivalents as of September 30, 2017.

Financial risk: The Endowment maintains its cash in bank deposit accounts which, at times, may exceed federally-insured limits. The Endowment has not experienced any losses in such accounts. The Endowment believes it is not exposed to any significant financial risk on cash and cash equivalents.

The Endowment invests in mutual funds. Such investments are exposed to various risks such as market and credit. Due to the level of risk associated with such investments and the level of uncertainty related to change in the value of such investments, it is at least reasonably possible that changes in risks in the near-term could materially affect investment balances and the amounts reported in the financial statements.

Investments: The Endowment's investments consist entirely of mutual funds and are reflected at fair market value. To adjust the carrying value of these investments, the change in fair market value is included as a component of investment income in the statement of activities and changes in net assets.

Fair value of financial instruments: The carrying amounts of the Endowment's financial instruments, including cash and cash equivalents, receivables and accounts and grants payable, approximate fair value because of the short maturity of these instruments. Investments are carried at fair value.

National Endowment for Democracy

Notes to Financial Statements

Note 1. Nature of Activities and Significant Accounting Policies (Continued)

Grants receivable: Grants receivable are due from DOS and represent unreimbursed funds obligated by the Endowment to other organizations and administrative costs incurred by the Endowment. When the Endowment incurs expenses and obligates grants to the various organizations, a receivable from the DOS and a related grant payable is recorded. In order for the Endowment to subsequently disburse payments for program grants, democracy promotion activities and general and administrative costs, funding draw requests are submitted directly by the Endowment in the government's electronic payment management system against active authorizations made available by DOS under each specific award. When cash advances are received from the awarding agency, the receivable is reduced. Management does not obligate any grants until the funding is approved and thus, determined that there is no need for provision for doubtful accounts at September 30, 2017.

Property and equipment: Property and equipment are stated at cost, net of accumulated depreciation. Depreciation is computed using the straight-line methods over the estimated useful lives of the related assets, which range from three to ten years. The Endowment capitalizes all property and equipment purchased with a cost of \$5,000 or more.

Valuation of long-lived assets: The Endowment accounts for the valuation of long-lived assets by reviewing such assets for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of long-lived assets is measured by a comparison of the carrying amount of the asset to future undiscounted net cash flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the estimated fair value of the assets. Assets to be disposed of are reportable at the lower of the carrying amount or fair value, less costs to sell.

Grants payables: Grants payable represent the undisbursed balances of funds obligated to the Endowment's grantees. Grantee organizations are entitled to collect funds as needed in accordance with the terms of the grant agreement.

Refundable advances – due to DOS: Amount represents funds returned to the Endowment by grantees for grants that have been deobligated. Funds are in turn either repaid to DOS, or otherwise applied against the grants receivable balance and used to fund new grantee funding requests as appropriate.

Support and revenue: The Endowment receives grants from DOS and private grantors for various purposes. Grants received from DOS specify the periods in which monies are to be expended. Additionally, certain government grants restrict the use of funds for programs in specific countries or regions. Revenue from government grants is recognized as earned in the year in which the Endowment obligates the funds for the intended purpose that is set forth in the grant agreement and for administrative expenses incurred. Revenue from private grantors is recognized as earned in the year received.

Agreements with DOS provide for the subsequent audit of costs funded under the grant agreements. It is the policy of the Endowment to provide for cost disallowances based upon its experience in previous grant audits. There was no provision for such disallowance for the year ended September 30, 2017.

Contributions: The Endowment reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified in the statement of activities as net assets released from restrictions. Income on these net assets is classified as temporarily restricted or unrestricted, in accordance with the donor's stipulation. The Endowment treats all contributions with donor restrictions that are satisfied within the same fiscal year as unrestricted activities for purposes of financial statement presentation.

National Endowment for Democracy

Notes to Financial Statements

Note 1. Nature of Activities and Significant Accounting Policies (Continued)

Use of estimates: The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Income taxes: The Endowment is generally exempt from federal income taxes under the provisions of Section 501(c)(3) of the Internal Revenue Code. In addition, the Endowment qualifies for charitable contributions deductions and has been classified as an organization that is not a private foundation. Income which is not related to exempt purposes, less applicable deductions, is subject to federal and state corporate income taxes. There was no net tax liability for unrelated business income tax for the year ended September 30, 2017.

Management has evaluated the Endowment's tax positions and has concluded that the Endowment has taken no uncertain tax positions that require adjustment to the financial statements to comply with the provisions of the accounting standard on accounting for uncertainty in income taxes, which addresses the determination of whether tax benefits claimed or expected to be claimed on a tax return should be recorded in the financial statements. The Endowment files tax returns in the U.S. federal jurisdictions. Generally, the Endowment is no longer subject to U.S. federal or state and local income tax examinations by tax authorities for years before 2014.

Prior year information: The financial statements include certain prior year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Endowment's financial statements for the year ended September 30, 2016, from which the summarized information was derived.

Recent accounting pronouncements: In May 2014, the FASB issued Accounting Standards Update (ASU) No. 2014-09, *Revenue from Contracts with Customers (Topic 606)*, requiring an entity to recognize the amount of revenue to which it expects to be entitled for the transfer of promised goods or services to customers. The updated standard will replace most existing revenue recognition guidance in generally accepted accounting principles in the United States of America when it becomes effective and permits the use of either a full retrospective or retrospective with cumulative effect transition method. In August 2015, the FASB issued ASU No. 2015-14, which defers the effective date of ASU No. 2014-09 one year making it effective for annual reporting periods beginning after December 15, 2018. Management is currently evaluating the effect that the standard will have on the financial statements.

In January 2016, the FASB issued ASU No. 2016-01, *Financial Instruments – Overall (Subtopic 825-10): Recognition and Measurement of Financial Assets and Financial Liabilities*, which updates certain aspects of recognition, measurement, presentation and disclosure of financial instruments. ASU No. 2016-01 will be effective for the Endowment for fiscal years beginning after December 15, 2017. The Endowment does not believe the adoption of the new financial instruments standard will have a material impact on its financial statements.

National Endowment for Democracy

Notes to Financial Statements

Note 1. Nature of Activities and Significant Accounting Policies (Continued)

In February 2016, the FASB issued ASU No. 2016-02, *Leases* (Topic 842). The guidance in this ASU supersedes the leasing guidance in Topic 840, *Leases*. Under the new guidance, lessees are required to recognize lease assets and lease liabilities on the balance sheet for all leases with terms longer than 12 months. Leases will be classified as either finance or operating, with classification affecting the pattern of expense recognition in the income statement. The new standard is effective for fiscal years beginning after December 15, 2019, including interim periods within those fiscal years. A modified retrospective transition approach is required for lessees for capital and operating leases existing at, or entered into after, the beginning of the earliest comparative period presented in the financial statements, with certain practical expedients available. The Endowment is currently evaluating the impact of the pending adoption of the new standard on the financial statements.

In August 2016, the FASB issued ASU No. 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*. The amendments in this ASU make improvements to the information provided in financial statements and accompanying notes of nonprofit entities. The amendments set forth the FASB's improvements to net asset classification requirements and the information presented about a nonprofit entity's liquidity, financial performance and cash flows. The ASU will be effective for fiscal years beginning after December 15, 2017. Earlier application is permitted. The changes in this ASU should generally be applied on a retrospective basis in the year that the ASU is first applied. Management is currently evaluating the impact of this ASU on the financial statements.

In August 2016, the FASB issued ASU No. 2016-15, *Statement of Cash Flows (Topic 230): Classification of Certain Cash Receipts and Cash Payments*. The amendments in this update clarify the guidance regarding the classification of operating, investing and financing activities for certain types of cash receipts and payments. The amendments in this update are effective for the annual periods and the interim periods within those years, beginning after December 15, 2018, and should be applied using a retrospective transition method to each period presented. Management is currently evaluating the impact of this ASU on the financial statements.

In November 2016, the FASB issued ASU No. 2016-18, *Statement of Cash Flows (Topic 230): Restricted Cash (a consensus of the FASB Emerging Issues Task Force)*, which provides guidance on the presentation of restricted cash or restricted cash equivalents in the statements of cash flows. These amendments are effective for fiscal years and interim periods within those fiscal years, beginning after December 15, 2018. Management is currently evaluating the impact of this ASU on the financial statements.

Subsequent events: Subsequent events have been evaluated through January 12, 2018, which is the date the financial statements were available to be issued. This review and evaluation revealed no new material event or transaction that would require an additional adjustment to or disclosure in the accompanying financial statements.

Note 2. Investments and Fair Value Measurements

The Endowment's investments are measured at fair value and consist entirely of amounts invested in mutual funds.

National Endowment for Democracy

Notes to Financial Statements

Note 2. Investments and Fair Value Measurements (Continued)

The Fair Value Measurement Topic of the FASB Codification (the Codification) defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date and sets out a fair value hierarchy. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). Inputs are broadly defined as assumptions market participants would use in pricing an asset or liability.

The three levels of the fair value hierarchy are described below:

Level 1: Quoted market prices in active markets for identical assets or liabilities

Level 2: Observable market-based inputs or unobservable inputs corroborated by market data

Level 3: Unobservable inputs that are not corroborated by market data

In determining the appropriate levels, the Endowment performs a detailed analysis of the assets and liabilities that are subject to accounting for fair value measurements. At each reporting period all assets and liabilities for which the fair value measurement is based on significant unobservable inputs are classified as Level 3. There were no Level 3 inputs for any assets or liabilities held by the Endowment at September 30, 2017.

The Endowment's investments are mainly comprised of mutual funds consisting of corporate and U.S. government bonds. The Endowment had no unfunded commitments to these investments. The Endowment is permitted to make redemptions at any time and amount. The fair values of these investments have been estimated using net asset value per share of the investment that is the quoted market price in the active market; therefore, these investments are considered a Level 1 item.

Note 3. Property and Equipment

Property and equipment and related accumulated depreciation and amortization at September 30, 2017, consist of the following:

Asset Category	Estimated Lives	Cost	Accumulated Depreciation and Amortization	Net	Depreciation and Amortization Expense
Leasehold improvements	5-10 years	\$ 5,130,200	\$ 4,775,034	\$ 355,166	\$ 101,903
Furniture and fixtures	4-10 years	556,759	413,833	142,926	28,215
Office equipment	3-5 years	367,549	284,010	83,539	29,112
Computer equipment and software	3 years	1,183,438	937,392	246,046	139,429
		<u>\$ 7,237,946</u>	<u>\$ 6,410,269</u>	<u>\$ 827,677</u>	<u>\$ 298,659</u>

National Endowment for Democracy

Notes to Financial Statements

Note 4. Grant Revenue – U.S. Government

Federal awards received during the fiscal year ended September 30, 2017, are as follows:

Fiscal year 2017 Congressional Annual Appropriations received from DOS	<u>\$ 170,000,000</u>
Other new grants and supplemental funding received from DOS during the year:	
Burma 2016: Grantmaking Program to Promote Democracy and Human Rights in Burma	3,456,790
Cuba 2017: Grantmaking Program Advancing Democratic Rights, Political Pluralism and Independent Civil Society in Cuba	6,172,840
Eurasia 2014: Grantmaking Program Promoting Democracy in Eurasia Region, Georgia and the Kyrgyz Republic	4,443,750
Europe 2017: Grantmaking Program Promoting Democracy in Europe	<u>2,619,663</u>
Total new grants and supplemental funding	<u>16,693,043</u>
Total awards received during the year	<u><u>\$ 186,693,043</u></u>
Federal grant revenue recognized during the fiscal year:	
Grants obligated, net of deobligations	\$ 155,065,551
Democracy promotion activities	5,071,304
Other grant-related expenses	<u>26,036,842</u>
	<u><u>\$ 186,173,697</u></u>

National Endowment for Democracy

Notes to Financial Statements

Note 5. Program Services Expenses

Program services expenses for the year ended September 30, 2017, represent the following activities:

Federal grant programs	<u>\$ 155,072,884</u>
Other democracy promotion activities, federal:	
International Forum:	
Journal of Democracy	558,982
Research and conferences	162,996
Management and support	580,011
Reagan – Fascell Fellowship Program	1,186,689
Colloquia	16,755
Democracy Resource Center	417,691
World Movement for Democracy	726,947
Center for International Media Assistance	766,561
Other democracy promotion activities	<u>654,672</u>
	<u>5,071,304</u>
Other democracy promotion activities, non-federal:	
International Forum:	
Research and conferences	13,442
Other activities	64,164
Management and support	6,695
World Movement for Democracy (WMD):	
WMD Global Assembly	9,071
Other activities	64,804
Center for International Media Assistance	1,183
Other Endowment events and development	<u>110,013</u>
	<u>269,372</u>
	<u><u>\$ 160,413,560</u></u>

National Endowment for Democracy

Notes to Financial Statements

Note 6. Temporarily Restricted Net Assets

Changes in temporarily restricted net assets by purpose during the year ended September 30, 2017, are as follows:

	Balance at September 30, 2016	Additions	Releases	Balance at September 30, 2017
World Movement for Democracy:				
WMD Global Assembly	\$ 100,000	\$ 140,000	\$ (3,133)	\$ 236,867
Hurford Youth Fellowship Program	68,698	75,000	(75,583)	68,115
International Forum:				
SRF	102,062	-	(70,580)	31,482
Penn Kemble Youth Forum on Democracy	69,109	-	(7,319)	61,790
CIMA:				
Helmke Scholar Program	1,030	-	(1,030)	-
Other:				
Democracy Award	25,000	44,050	(48,812)	20,238
NED Service Medal Awards	7,694	-	-	7,694
	<u>\$ 373,593</u>	<u>\$ 259,050</u>	<u>\$ (206,457)</u>	<u>\$ 426,186</u>

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes specified by donors during the year ended September 30, 2017.

Note 7. Related Parties

The Endowment awards grants to various organizations to be used for programs that the Board of Directors determines are consistent with the purposes of the Act. Some of the organizations that submit proposals and are awarded funds have members of their Boards 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 a voting on such grant. The provision does not prevent any director from supplying factual information that the Board requests.

Note 8. Operating Lease

The Endowment has a noncancellable operating lease that was amended on October 31, 2010, to include additional space and an extension of the lease term to March 31, 2021. The lease for office space includes a provision for rent escalations. The lease expense is recognized on a straight-line basis ratably over the term of the lease. The difference between the straight-line expense and the required lease payment is reflected as deferred rent and lease incentives in the accompanying balance sheet.

Future minimum rental payments required under the lease for office space are as follows:

Years ending September 30:	
2018	\$ 3,946,451
2019	4,045,112
2020	4,146,241
2021	2,098,714
	<u>\$ 14,236,518</u>

National Endowment for Democracy

Notes to Financial Statements

Note 8. Operating Lease (Continued)

Rent expense, including the Endowment's share of common building costs, was \$4,022,067 for the year ended September 30, 2017.

The Endowment has a standby letter of credit in the amount of \$188,661 from a commercial bank. The letter of credit represents the security deposit for the Endowment's noncancellable operating lease for office space. No funds were withdrawn from the letter of credit during the year ended September 30, 2017.

Note 9. Retirement Plan

The Endowment has a defined contribution annuity plan for all of 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 after the first year of employment. Employer contributions to the plan for the year ended September 30, 2017, were \$1,449,918.

Note 10. Contingency

Federal awards: The Endowment participates in a number of federally-assisted grant programs, which are subject to financial and compliance audits by the federal government or its representative. Separate audit reports may be received on these federal programs. Management does not anticipate significant adjustments as a result of such audits.

Note 11. Concentrations of Revenue

During the year ended September 30, 2017, substantially all of the Endowment's revenue was related to appropriations and grants from the U.S. government.

Independent Auditor's Report on the Supplementary Information

To the Board of Directors
National Endowment for Democracy

We have audited the financial statements of the National Endowment for Democracy as of and for the year ended September 30, 2017, and have issued our report thereon, which contains an unmodified opinion on those financial statements. See pages 1 to 2. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole.

The supplementary information is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

RSM US LLP

Washington, D.C.
January 12, 2018

National Endowment for Democracy

Schedule of Functional Expenses Year Ended September 30, 2017 (With Comparative Totals for 2016)

	Program Services			Supporting Services				
	Other Democracy Promotion Activities							
	Federal Grant Programs	Federal	Non-Federal	Total Program Services	Management and General	Total Supporting Services	2017	2016
Grants to others	\$ 155,065,551	\$ -	\$ 33,000	\$ 155,098,551	\$ -	\$ -	\$ 155,098,551	\$ 150,862,785
Salaries, wages and benefits	-	3,392,241	-	3,392,241	18,507,717	18,507,717	21,899,958	19,581,556
Occupancy and equipment	-	25,060	-	25,060	5,167,979	5,167,979	5,193,039	5,070,323
Professional fees	7,333	840,516	117,034	964,883	588,025	588,025	1,552,908	1,434,897
Travel and transportation	-	543,017	34,490	577,507	894,597	894,597	1,472,104	2,166,111
Communications	-	24,142	-	24,142	255,273	255,273	279,415	429,654
Conferences and meetings	-	112,662	60,744	173,406	37,431	37,431	210,837	1,073,168
Printing and publications	-	102,228	5,644	107,872	64,891	64,891	172,763	189,945
Insurance	-	21,377	2,745	24,122	91,268	91,268	115,390	122,347
Other	-	10,061	15,715	25,776	468,920	468,920	494,696	490,617
	\$ 155,072,884	\$ 5,071,304	\$ 269,372	\$ 160,413,560	\$ 26,076,101	\$ 26,076,101	\$ 186,489,661	\$ 181,421,403