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"Brown Report"

DEMOCRACY PROMOTION PROGRAMS  
FUNDED BY THE U S GOVERNMENT

A REPORT TO THE SENATE FOREIGN RELATIONS  
COMMITTEE AND THE HOUSE FOREIGN AFFAIRS  
COMMITTEE OF THE U S CONGRESS

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## SUMMARY

Promoting democracy abroad is one of three primary objectives in U S foreign policy established by the Clinton Administration. Democracy promotion is both a worthy goal in itself, and a means of pursuing the other key foreign policy objectives of preserving American national security and enhancing U S prosperity.

This report is submitted to the Senate Foreign Relations Committee and the House Foreign Affairs Committee, pursuant to Section 534 of the Foreign Relations Authorization Act, Fiscal Years 1994 and 1995. This report includes a review of U S -sponsored programs to promote democracy, a statement of goals and objectives for such programs, recommendations for enhanced coordination of democracy program policies and programs, a review of all agencies involved in delivering USG funds to promote democracy, and a review of the feasibility and desirability of mandating non-USG funding for democracy promotion programs.

The report defines democracy programs as those that directly strengthen democratic institutions and democratic culture. It recognizes that other USG programs may contribute indirectly or collaterally to the broad goal of democracy promotion, and that several U S Government agencies, most notably the U S Agency for International Development and the U S Information Agency, conduct many programs that support democratization in a broader sense.

The report reviews the state of coordination among USG agencies, and with democracy promotion non-governmental organizations, as well as coordination between the U S and other donor nations on democracy promotion programs. Several recent Administration initiatives to strengthen coordination, ranging from reorganization of key executive branch agencies to the establishment of a permanent Interagency Working Group on Democracy and Human Rights, are highlighted.

The report also considers the comparative advantages of key USG agencies and NGOs, noting that they are differentiated not by their program activities *per se*, but rather by the nature and timing of their activities, and the delivery mechanisms that derive from their respective mandates and institutional structures. It concludes that instances of duplication among the various democracy promotion agencies and organizations are rare. On the contrary, a division of labor is in effect which, with sufficient coordination, is mutually reinforcing, responsible and cost-efficient. To impose a rigid model, whereby specific countries or activities are assigned to

particular agencies or organizations, would hamper the effectiveness of overall U S. efforts to promote democracy abroad

On the question of the feasibility and desirability of mandating non-USG support for democracy programs, the report finds that doing so would inappropriately restrict the U S Government's ability to provide effective democracy programs. Among other things, such a requirement would severely constrain the rapid response capabilities of those agencies and organizations which deliver assistance and implement programs.

The report concludes that, despite substantial existing coordination efforts, additional steps are recommended to improve coordination. These include a greater involvement on the part of the Interagency Working Group in setting overall policy for USG democracy programs, more extensive information-sharing among agencies and organizations, including a direct electronic network among USG agencies on democracy programs, and the development of stronger analytical frameworks and performance indicators for use with respect to specific democracy promotion programs, as well as common tools for measuring democratic progress in specific countries.

## I INTRODUCTION

Three overarching objectives define the Clinton Administration's foreign policy. These are (1) preserving American territorial and national security, (2) enhancing U S prosperity, and (3) promoting democracy abroad. The first two objectives might be seen as ends. Promoting democracy, however, is both a means of achieving the first two objectives, as well as a worthy end in itself.

This relationship between ends and means in democracy promotion both strengthens and complicates such an important policy objective. History shows that democracies are more likely to create free markets that provide economic opportunity to their citizens, and are more reliable trading partners. They are more dedicated to the protection of civil and political rights. Although the daily conduct of democracy may at times appear disorderly, in comparison to the artificial order of some authoritarian regimes, democracy has proved to be the best framework for ensuring long-term stability within a country. Democracies are less likely to create refugees. Democratic societies are also far less likely to wage war upon one another than are non-democratic states. In sum, democracy is the foundation of the international system that the U S must help to build in the post-Cold War era.

The spread of democracy to nations in the former Soviet Union, Eastern Europe, Asia, Latin America and Africa in the

past decade stands as one of the most powerful and important political developments of this century. It is also a tribute to the American ideal and to the enduring bipartisan commitment to support democratic advances abroad. Indeed, in no other nation has the promotion of democratic ideals and human rights been so firmly rooted in foreign policy.

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In producing this report, the Administration consulted closely with the leadership of American non-governmental organizations involved in democracy promotion. Six of them -- the National Endowment for Democracy, The Asia Foundation, the National Democratic Institute for International Affairs, the International Republican Institute, the International Institutes of the AFL-CIO, and the Center for International Private Enterprise -- are directly examined in this report, because of their funding relationship with the U.S. Government.

An important component of this report was the inventory of democracy programs funded, directly or indirectly, by the U.S. Government. To consider a representative sample, programs completed in FY 1993 and FY 1994 and program plans for FY 1995 were surveyed for The U.S. Agency for International Development, The U.S. Information Agency, and The Department of Defense, which are directly involved in U.S.-funded democracy promotion programs, and the six non-governmental organizations listed above. This exercise proved to be as revealing of each organization's distinct approach to democracy promotion and programs as it was of the substance of the programs themselves. For that reason, although the conclusions of this inquiry are contained in the body of the report, each of the organizations studied is profiled in the appendixes.

## II DEFINITIONS AND GOALS

The U.S. Government promotes democracy through its diplomatic efforts and program activities worldwide. Specific democracy promotion programs are one of the U.S. Government's principal tools for advancing democracy abroad. Democracy promotion programs are generally cost-effective, small amounts of funds, properly utilized, may have a large impact in terms

of outcome Congressionally appropriated funds -- through the Foreign Assistance Act, Support for East European Democracy Act, Freedom Support Act, National Endowment for Democracy Act, The Asia Foundation Act and other legislative authorities -- comprise a large portion of the overall resources supporting such programs worldwide Other donor countries and some private foundations also contribute significant funds for these programs

### Goals and Objectives

Many activities of the US Government focus on promoting democracy abroad. For purposes of this report, however, democracy promotion programs are defined as those programs that directly bolster

- a democratic and tolerant political culture,
- a strong and participatory civil sector, including free trade unions and independent non-governmental organizations,
- respect for the rule of law and fundamental human rights,
- open, free, fair and multiparty elections,
- representative and accountable government,
- control by elected civilian officials of a professional military, and
- a free and independent media

This definition excludes U S Government-funded programs whose principal objective is something other than democracy promotion, even where such programs contribute indirectly or collaterally to the broad goal of democracy promotion Economic assistance programs to countries in the midst of a political transition, for example, are not covered by this study, despite their critical importance to strengthening new democratic governments Similarly, U S. Government law enforcement programs (e g , anti-narcotics, anti-terrorism, etc ) are not covered by this study, even though a successful effort may help eliminate a grave threat to the democratic institutions of a foreign country Likewise, programs designed to professionalize and modernize military forces are not included in this study, unless the programs include an explicit democracy component

Democracy programs often represent only part of the programmatic work undertaken by U S Government agencies USAID's principal mission is to promote sustainable

development, of which democracy programs are a single, integral, component<sup>1</sup> USAID projects working with environmental and health NGOs, for example, also serve to strengthen a country's civil society. Similarly, USIA works to strengthen the culture of democracy worldwide, by institutional example -- as an active contributor to the free flow of information and ideas among people, and as a seeker of dialogue with foreign publics on issues of importance to the United States -- and by activities designed to sustain the democratic dialogue across national boundaries. On the other hand, the National Endowment for Democracy and its core institutes are principally concerned with democracy promotion, hence all their activities constitute democracy assistance programs. The Asia Foundation represents a third model, that of a regionally-based multi-purpose organization which has as one central objective the promotion of democracy.

#### Types of activities

Democracy promotion programs are directed toward both governments and non-governmental organizations in all regions of the world, as well as broad movements of people and institutions. The range of activities is considerable and includes, inter alia, support for

- constitution drafting bodies,
- free and fair election processes (including independent election commissions),
- efficient, effective, responsive, transparent and accountable executive bureaucracies,
- democratically elected, representative law-making institutions at both the national and local levels,
- strong and accessible legal systems, including independent judiciaries;
- democratic political party systems;
- independent non-governmental organizations and labor unions,
- independent media, and
- human rights monitoring groups

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<sup>1</sup>In response to this study, USAID created a new classification system which more accurately identifies USAID democracy assistance programs. The new system distinguishes between those programs that focus on democracy and those that involve democracy as a secondary or tertiary goal. (See appendix with USAID profile.)

Reflecting the complex nature of democracy, most programs support more than one of the institutions listed above. For example, a comprehensive rule of law program might involve technical assistance to help the legislature revise specific laws, exchanges and training for judges, prosecutors and police, and financial support for human rights groups that defend victims of human rights abuse. Similarly, a comprehensive program to support an electoral process might involve exchanges, training, technical assistance and financial support to the election commission, political parties, non-governmental organizations and the media, as well as to other agencies within the executive branch. Consequently, disaggregating agency and organization activities into specific categories often proves quite difficult in practice.

### Evaluation

A review of the programs initiated during the past 15 years, coupled with the strong endorsement of these efforts by leaders and citizens of many formerly nondemocratic societies, support the conclusion that, considered cumulatively, U S -funded democracy programs have significantly contributed to the democratic transitions now underway throughout the world.

Positing exact causal relations between democracy promotion programs and political outcomes is difficult. Agencies and organizations carrying out democracy programs monitor and evaluate their programs with the aim of improving the results achieved. However, it is clear that evaluation methodology can be improved. (See appendixes for a description of the specific approaches to program evaluation by institution). These efforts are designed to measure implementation performance standards (e.g., project accountability), rapid response capabilities (e.g., responding to a suddenly scheduled election), progress toward achievement of short term goals (e.g., successful conduct of an election), and the achievement of long-term objectives (e.g., establishment of truly independent judiciary). The implementing agencies will use these evaluations in determining whether to continue or to modify programs in particular countries and in crafting future policies and programs.

## III COORDINATING DEMOCRACY PROGRAMS

### Interagency Coordination

The Administration has established several mechanisms to coordinate democracy policy and programs across the U S Government. The most fundamental change is the reorganization of key executive branch agencies to create specific positions and bureaus that focus on democracy promotion. These include the Bureau for Democracy, Human Rights and Labor in the State



Department, under the new Under Secretary for Global Affairs, USAID's Center for Democracy and Governance in the new Bureau for Global Programs, Field Support and Research, the Policy and Planning Unit in the USIA Director's office, and the position of Special Assistant to the President for Democracy and Senior Advisor at the National Security Council

In October 1993, the Administration completed a Presidentially-mandated internal review of democracy programs. This enabled the Administration to reach agreement on broad conceptual issues relating to democracy policy and programs. The review proposed criteria for countries to receive policy priority in democracy promotion, and identified illustrative benchmarks to evaluate the progress of democracy programs.

The most effective interagency coordination on democracy programs occurs in the field. The Administration has instructed all posts to include democracy and human rights objectives, where relevant, in their Mission Program Plans. In Eastern Europe, U S ambassadors chair Democracy Commissions, which coordinate programs among USG agencies and with American NGOs. In Africa, embassies have established democracy coordinating committees to review programs. In addition, all embassies have been instructed to establish an interagency committee on human rights, normally chaired by the Deputy Chief of Mission.

The primary means of coordinating democracy policy and programs in Washington is the permanent Interagency Working Group on Democracy and Human Rights, chaired by the Assistant Secretary of State for Democracy, Human Rights and Labor. Established in early 1994, the IWG considers broad policy issues. The overall democracy plans of particular countries are reviewed through the IWG's six regional subgroups. Five functional subgroups address programs in the administration of justice (co-chaired by the State Department Bureaus for Democracy and Human Rights and Bureau for International Narcotics Matters and International Crime); electoral processes (co-chaired by State and USAID), civil-military relations (co-chaired by State and DOD), civil society (co-chaired by State, USIA and USAID), and free and open media (co-chaired by State and USIA).

The State Department is responsible for consulting with the National Endowment for Democracy (NED) and The Asia Foundation (TAF) on their broad program plans. This consultation, which is required by the enabling legislation for these two organizations, affords the USG an opportunity to provide guidance on the foreign policy implications of programs before they are approved by the boards of these two organizations. At the same time, NED and TAF exist as private independent entities. This independent status facilitates

their democracy promotion activities, which are subject to explicit financial accountability requirements. This separation and distance from the USG also enables NED and TAF to work in repressive or other sensitive situations where official U S Government support is not feasible.

While the administration is committed to ensuring coordination among U S Government agencies, and will continue to consult with the NGOs, requiring formal mechanisms for coordination with NGO-sponsored democracy programs would stifle their flexibility, and possibly their effectiveness. Thus, facilitating communication with NGOs, rather than formal and mandatory coordination, is the U S Government goal, both in Washington and in the field.

#### International Donor Coordination

In identifying democracy promotion as an integral component of U S foreign policy, the administration promotes increased coordination at the multilateral level. This has provided a number of initiatives with individual country programs and at the broader policy level.

The Administration encourages greater consultation among donor nations regarding democracy assistance programs. This frequently has led to the formation of informal, in-country working groups to support an electoral transition or to promote judicial and administrative reform. These efforts help assure the delivery of a consistent policy message and the provision of a coordinated, nonduplicative support and assistance package.

In addition, as democracy promotion programs are becoming common for all donors, more formal arrangements are appearing. The United States was instrumental in establishing in-country coordinating committees for the group of donors to Central European countries (the "Group of 24"). The U S also has participated in joint assessment teams that have been organized in the former Soviet bloc. A regional donor working group on financial management in Latin America, with strong U S participation, has focused attention on improved accountability and transparency. Similarly, a new subcommittee of the Special Program of Assistance of Africa is coordinating donor cooperation on governance reform, again with the U S Government playing a leading role.

At the policy level, donor coordination is focused in the United Nations and the Development Assistance Committee (DAC) of the OECD. The UN, with strong U S support, has played an active role in creating an international consensus on human rights norms and in facilitating political transitions, particularly in countries emerging from civil strife.

The Development Assistance Committee is composed exclusively of donors and is focused on the orientation of donor programs and best practices. The DAC, again with strong U S encouragement, has taken the lead in highlighting the issues of participation and governance as central to the success of development. It is currently pursuing an analysis of the possible role of the World Bank-led Consultative Groups as a mechanism for strengthening donor coordination at the country level on matters of good governance, including military expenditure, corruption and rule of law.

#### Romania. A Case Study in Coordination

The Democracy Commission in the U S Embassy in Bucharest is chaired by the U S Ambassador/Charge d'Affaires, and includes all USG agencies involved in democracy promotion, as well as leading American NGOs. The Commission meets regularly and coordinates all USG-funded initiatives to promote democracy in Romania, including those funded under the Support for East European Democracy (SEED) Act. Much of the assistance is targeted at indigenous non-governmental organizations, in an effort to build a strong foundation for political pluralism and a strong civil society. Other priorities are to strengthen the independence of the legislature and the judiciary, while empowering, at a lower level, communities and NGOs to build momentum for a more decentralized society.

Multilateral coordination of democracy-building efforts in Romania revolves around the on-site coordinating committee of the Group-24. The European Union, through the European Commission's delegation in Bucharest, acts as the on-site democracy coordinator for the G-24 donors. This process involves arranging for embassies, international organizations, and NGOs involved in democracy-building to meet periodically to discuss problems, lessons learned and ideas for new projects. USG entities in Bucharest endeavor to coordinate their democracy-building efforts with G-24 countries to avoid duplications and to strengthen specific programs.

In Washington, the State Department's Coordinator for East European Assistance maintains a regular dialogue with EU and G-24 representatives. This is done with a view to reinforcing on-going in-country coordination efforts. Equally important, the Coordinator for the SEED program oversees the interagency effort to provide assistance to the region, and his staff work closely with those of other USG agencies at the program level.

#### IV FUNDING AND DELIVERY MECHANISMS

In most country situations, the strongest democracy promotion policy is one that ensures a long-term commitment to

democracy building, but that provides a number of flexible funding instruments. Funds to promote democracy are therefore appropriated through two mechanisms: to U S. Government agencies, such as USAID and USIA for their direct use, or to be contracted through American non-governmental organizations, and to U S Government agencies, earmarked for specific American NGOs with particular expertise in democracy promotion (specifically, the National Endowment for Democracy and The Asia Foundation). The latter NGOs are known as quasi-non-governmental organizations, or "quangos". Although "quangos" have a consultative relationship with the U S Government, decision-making authority remains with their boards of directors.

Funds appropriated for use by U S Government agencies send an important signal that the U S Government supports efforts to advance democracy in specific countries or, conversely, that it believes more should be done in this regard. Such direct assistance thus serves as a more effective tool of conditionality. In addition, such funding enables the U S Government to incorporate democratic participation into broader development strategies.

At the same time, annual earmarked appropriations provide key American "quangos" working abroad with critical core funding that gives them the flexibility to sponsor a range of democracy programs, reflecting the complicated nature of democratization, and the security to pursue long-term strategies. The grantmaking procedures of these organizations are normally less cumbersome than those of official agencies, which enables them to be more responsive to rapid changes in the political environment of a host country. In addition, these organizations are usually able to maintain field staff abroad at a lower cost, relative to that of posting USG personnel overseas.

#### Delivery mechanisms

U S government democracy program support is delivered through the following mechanisms:

- providing basic information through the media and publications,
- organizing citizen and leadership exchanges,
- conducting basic research and developing a technical leadership capacity,
- furnishing training and technical assistance, and
- contributing direct financial and infrastructure support

The implementing agencies for such programs include U S Government agencies, intergovernmental organizations, non-governmental organizations, and private contractors. While interagency transfers occur in instances where a USG agency is uniquely qualified, there is a strong preference for use of the private sector in providing technical assistance. The Foreign Assistance Act of 1961, as amended, provides that "the facilities and resources of government agencies shall be utilized when such facilities are particularly or uniquely suitable for technical assistance, are not competitive with the private sector and can be made available without interfering unduly with domestic programs."

In addition to promoting improved coordination among our international partners, the Administration is committed to strengthening the democracy promoting institutions established by international organizations. These institutions include the U N Center for Human Rights, the Organization of American States Democracy Unit and Inter-American Commission on Human Rights, the Organization of African Unity Conflict Resolution Unit, and the Conference on Security and Cooperation in Europe's Office of Democratic Institutions and Human Rights.

These institutions convey a legitimacy of purpose and offer a range of experience in their provision of technical assistance and other democracy promotion activities. At the same time, as organs of international organizations and as large bureaucracies, these institutions are sometimes unable to respond quickly or effectively, particularly in time and politically sensitive situations. Even where international organizations are committed to a credible democracy promotion program, their efforts are often appropriately complemented by the activities of private sector organizations.

With respect to the private sector, the USG relies on both non-governmental organizations and private contractors. The former category includes NGOs that focus primarily (or exclusively) on democracy promotion (e.g., the four core institutes of the NED covered in this study) and NGOs that are interested in implementing a democracy program because of geographic focus or as part of other activities in a particular country.

The USG is committed to supporting the efforts of non-governmental organizations in the implementation of democracy promotion programs. More specifically, it recognizes the expertise and unique resources offered by NGOs that concentrate on democracy promotion activities. Nonetheless, to comply with USG procurement regulations and to ensure fairness among all applicants, several factors are weighed in awarding contracts or grants. Depending on the circumstances, these may include

- expertise with respect to specific subject matter,
- availability given the timeframe envisioned for the activity,
- previous record in implementing a program, including achievement of objectives and fulfilling of reporting requirements,
- relationships with prospective local counterparts,
- overall costs, and
- USG management and oversight capabilities

Procurement reform measures should facilitate the formation of implementation mechanisms that allow for more rapid response and ensure that the expertise of American NGOs is effectively utilized

#### V COMPARATIVE ADVANTAGES

The principal USG agencies involved in democracy promotion and the leading NGOs in this area are distinguished not by program activities per se, but by the nature of their activities, and the delivery mechanisms and timing that derive from their respective mandates and institutional structures. Some, such as USAID, engage in programs that cover the range of thematic categories of democratization, but do not operate in certain countries. Others, such as the core institutes of the NED, operate on a global basis but focus on specific areas of democratic development, such as encouraging democratic political systems (NDI and IRI) or strengthening civil societies (AFL-CIO and CIPE). Still others, such as The Asia Foundation, work in the full range of democracy building programs, but focus their efforts in a particular region. Currently, NED and TAF receive funds through line items in the USIA and Department of State budgets, respectively, and these government agencies exercise audit responsibilities over them. Although there may be overlapping areas of interest, which can be mutually supportive of each institution's efforts, instances of duplication in the provision of assistance are rare. On the contrary, a review found that a division of labor is in effect which, with sufficient coordination, is mutually reinforcing, responsible and cost-effective.

In providing assistance in the democracy sector, USAID concentrates on technical assistance training and financial support. In addition to offering some small grants, USAID is the only U.S. Government agency capable of providing large multi-million dollar, multifaceted initiatives to reinforce

critical aspects of democratization in a given country, especially long-term institutional development in the host countries. Major USAID programs are implemented in countries that have been identified as sustainable development partners and where the agency has permanent field missions. USAID also administers programs in countries emerging from humanitarian crisis or protracted conflict, and in other countries where requested by the Department of State and where NGO mechanisms are available, but these programs are more circumscribed in scope and limited in time. USAID is committed to managing for results; its projects have a specific stated objective.

USIA engages in direct programming overseas, through its exchanges, broadcasting and communication activities. These are designed to foster an ongoing dialogue between the U S and other nations, to nurture the personal and institutional linkages that would sustain that dialogue; and to promote the development of democratic institutions and a democratic culture. It operates in most countries, covering all stages of democratic development, from authoritarian to fully functioning democracies. USIA provides grants to private U S organizations to conduct educational and cultural exchanges, but tends more than USAID to conduct its own program activities.

A number of factors distinguish the program approaches of these two agencies. USAID serves as an institutional source of funding for large-scale, complex grants, whereas USIA tends to conduct and coordinate its own programs on a much smaller scale. In this regard, USAID tends to work through major grantees or contractors, while USIA interacts directly with its overseas interlocutors. USIA conducts programs in nearly every country in which the U S has diplomatic interests, while USAID programs are concentrated in countries that are judged to be candidates for sustainable development. Finally, USIA programs are generally more concerned with the emergence of a democratic culture, while USAID programs focus more on the development of democratic institutions.

In contrast to USAID and USIA, which take a comprehensive approach to democracy promotion, the Department of Defense has a more specific thematic mandate. DOD's comparative advantage is in fostering military organizations that are subject to the authority of elected civilian officials, respectful of human rights, and loyal to the rule of law in a constitutional democracy. U S military training and education programs on democratic values carry considerable credibility among foreign military officers and defense officials. In addition, by combining education in democratic values with other professional military subjects, U S military education and contacts programs encourage a wider range of military and civilian participants than would attend programs focusing only on a single topic.

Quasi-nongovernmental organizations, such as the National Endowment for Democracy (NED) and The Asia Foundation (TAF), have the ability and funding flexibility that derives from their non-governmental structures. Their private status is one of their greatest assets, since it enables them to work in areas of democratic development that may be too risky for official assistance programs, in countries where the U S does not have an official assistance effort, and in concert with host country NGOs that might not seek ties with a foreign government. Even these two organizations, however, exemplify two distinct approaches to democratic development. NED's image and experience in democracy promotion and its global character enable it, to work with pioneer (and often controversial) democratic movements, even exile groups. TAF's 40-year experience in Asia, its network of field offices, and its role as a multipurpose organization permit it to support democratization at an angle and pace most suitable to a particular country, and over a wide span of the political spectrum.

NED and TAF are grant-making rather than operating institutions. NED's core institutes, however, directly provide advisory and training services to promote democracy along their lines of specialization. They are valuable not only for their expertise, but also for their ability to involve a wide array of Americans with experience in political development in their projects, usually on a volunteer basis. Although the goal of these institutions, as well as others that seek to promote democracy, is to help secure long-term democratic reform, the activities of the core institutes frequently bear upon immediate U S policy interests as well. For example, the NDI-sponsored delegation observing the 1994 elections in the Dominican Republic concluded that the elections were flawed, and was influential in formulating the USG's post-election policy for that country.

#### Russia, Namibia and The Philippines: Success Stories

The following case studies of U S -funded activities in Russia, Namibia and the Philippines are illustrative of the range of programs, required to address the complex nature of democratization.

Democracy promotion programs in Russia are one key element of USG relations with that country. In the years since the dissolution of the Soviet Union, it has become evident that instilling democracy in the former republics will be crucial to the security of the region, to promoting economic development, and to building societies that truly promote the well-being of all their citizens. This is a task made more difficult as a result of the Soviet Union's legacy of one-party rule.



The stakes are highest in Russia, the most populous, resource-rich, and militarily strongest of the former republics. One of the major goals of U S development activities in Russia is to support democratization by promoting the electoral process and constitutional government, by advancing civil liberties and respect for human rights, and by establishing the rule of law.

Although United States Government support for aid to the Newly Independent States is substantial, existing projects have been in place for three years at the most, and many other projects are not yet off the ground. As a result, the body of experience regarding U S aid to Russia is relatively small. USG operations promoting democracy in Russia have focussed on strengthening political and civic organizations, fostering an independent media free from censorship, establishing the rule of law built on the development of sustainable legal institutions, and improving the administrative and management abilities of local governments. Some examples of USG-funded activities in Russia related to the promotion of democracy include

- Support for media training and technical assistance to establish a network of independent television stations, including ones in Moscow and Leningrad-Novgorod (USAID, USIA)

- Support for educational reform, civic education, election reform, and free trade unions that includes a grant for the Institution for Research and Education in Moscow to provide information and training for independent labor unions, and a grant for field representatives from the National Democratic Institute and the International Republican Institute to assist in political party and civic organization development (USAID, USIA)

- Support to help make the Russian military more responsive to elected civilian leaders and a democratic constitution by education and training in the U S of senior Russian civilian and military defense officials (DOD)

- Promotion of greater accountability by national, regional, and local public institutions to the citizens they serve. USIA has conducted parliamentary exchanges and USAID has sponsored legislative staff training. Grants have been provided to the Atlantic Council and the American Foreign Policy Council to promote civilian involvement in military affairs and to expose Russian government representatives to U S business and government activities. Funding has also been provided to a consortium of U S NGOs to help local governments improve municipal management and finance (USAID, Library of Congress, and USIA)

- Assistance to help Russia's government draft and interpret legislation, institute an effective peer jury system, establish bar associations, and develop continuing legal education programs in specific areas such as commercial law (USAID)

Namibia gained its independence on March 21, 1990, following several decades of civil strife between the South African-dominated government and the majority black population. Since the first multi-racial elections in November 1989, Namibia has been governed by the South West Africa People's Organization (SWAPO), led by Sam Nujoma, the Namibian President. The greatest challenge facing the Namibian government and its people in institutionalizing an indigenous, multiparty, multiracial democracy concerns the weakness of civil institutions linking the Namibian state to its rural communities. Additionally, there is a shortage of trained legislative and judicial personnel, an historic lack of experience in parliamentary and governmental procedures, and inadequately trained defense and police personnel.

Since independence, Namibia has been among the brightest lights in the most recent wave of democratic transitions in Africa. Namibia's constitution provides for the protection of the fundamental human rights and freedoms of all ethnic groups, its bicameral legislature has witnessed vigorous public debate among the SWAPO majority and the opposition parties, and the 1992 local and regional elections designed to decentralize the decision-making process were categorized as free and fair.

Much of the credit for these successes is attributable to the determination of the Namibian people to realize a successful transition to democracy, despite the difficulties inherent in developing an entirely new political structure. Some credit also must be given to a series of coordinated U S Government democracy programs. These programs were successful because they were developed at the request and with the cooperation of the Namibian government and its citizens.

The coordinated effort among U S agencies and NGOs has involved the following successfully completed projects:

- A training program on governance skills for the Parliament by the National Democratic Institute (through a grant from USAID)
- A training program for military officers and civilians on the role of the military in a democracy (jointly funded by DOD, USIA, and USAID)
- A civic education seminar for educators and NGO representatives by USIA

- A voter education program in preparation for the 1992 local and regional elections by NDI (funded by USAID and NED)

- A USIS media training workshop on political reporting

The Philippines has undertaken the difficult path to democracy since the departure of President Ferdinand Marcos in 1986. The Filipino government - led by President Corazon Aquino from February 1986 until June 1992, when she was succeeded by current President Fidel Ramos - has faced several challenges in its efforts to reform and develop the democratic institutions that were weakened during Marcos' 20-year rule. Foremost of these challenges is the need to promote more responsive, democratic institutions with greater citizen participation. Also important is the need to promote rule of law, greater respect for human rights, and a negotiated settlement between the government and Communist and Muslim insurgents.

The coordinated effort of U S government agencies and U S NGOs has made inroads into solving some of the challenges faced by the Filipino government and its people. For example, U S technical assistance has been instrumental in bringing about fiscal decentralization, with local governments realizing a seven-fold increase in internal revenue allotments between 1989 and 1993 and assuming greater responsibility in overseeing government employees. PVOs have become members of local government planning bodies and have facilitated the empowerment of microenterprises, and have provided legal advocacy of sound social, economic and environment causes. Information from both the Government and NGOs indicates a decrease in human rights violations for 1993, continuing the downward trend of recent years.

The following on-going USG-coordinated programs have contributed to the successes of democracy building in the Philippines in recent years:

- Programs to promote PVO and local government development, in order to provide opportunities for wider participation in the democratic process (USAID and The Asia Foundation)

- Activities to promote democratic institutions' respect for human rights by assisting with the development of human rights NGOs and urging human rights training for police and civilian militia (DOS, USAID, USIA)

- Activities on principles of governance for leading Filipino policymakers (USIA)

- Programs to promote legislative and judicial accountability respectively through support of such monitoring groups as Congresswatch and Courtwatch (The Asia Foundation)

## VI MANDATING NON-USG SUPPORT

As requested by Congress, the Administration has reviewed the feasibility and desirability of mandating non-U S Government support, including matching funds and in-kind support, for democracy assistance programs. It has concluded that such a requirement would unduly hamper the US Government's ability to provide effective democracy assistance.

The Administration recognizes that the National Endowment for Democracy, its core institutes, and The Asia Foundation provide a unique public service in support of one of the principal goals of U S foreign policy. In supporting this goal, the Administration appreciates the flexibility with which these organizations operate. This allows them to respond rapidly to changing political circumstances and to provide support to non-governmental organizations in countries where official development assistance is unavailable.

Mandating counterpart support would reduce this flexibility. NED, the core institutes and TAF might have to delay program implementation in some circumstances. Mandating counterpart support would open these organizations to charges of undue influence by special interest groups seeking their involvement in particular countries or in support of specific organizations. Finally, counterpart support requirement would impose new and complicated bureaucratic requirements on them, which inevitably would increase administrative costs.

Finally, the Administration is concerned as to the impact such a requirement might have on the host country non-governmental organizations that receive funding from NED, its core institutes and TAF. Many of these organizations are struggling under difficult political circumstances and with little ability to obtain funding from other sources. At the same time, it is recognized that the U.S. Government directly, or through American NGOs, should not be expected to provide financing for these organizations forever.

Notwithstanding the conclusion that a mandatory counterpart funding requirement is counterproductive, the importance of the cost sharing principle for U S -based organizations and of their need to tap the private sector for support is clear. Indeed, most of the U S organizations receiving funds for democracy assistance programs also obtain funds from non-U S Government sources and rely heavily on in-kind contributions, particularly with respect to the provision of technical assistance. While this trend is likely to continue, the costs of imposing a mandatory requirement on these grantees outweigh the benefits.

## VII NEXT STEPS

In this report, the Administration has explained the rationale for identifying democracy promotion as one of three key elements of U S foreign policy in the post-Cold War era. At the same time the Administration recognizes that promoting democracy abroad is a complex task, requiring programs that range from nurturing the culture of democracy to technical assistance for its infrastructure. Democratization often entails non-linear progressions and occasional backslidings. U S efforts to promote democracy must reflect specific U S historical, geographical and geopolitical considerations, as well as the different levels of political, economic and social development exhibited in target countries.

As has been the case, a variety of mechanisms is required to achieve U S objectives in this realm. These mechanisms should include organizations dedicated exclusively to democracy promotion. However, to be both efficient and effective, democracy promotion must also be well integrated into the activities of other relevant U S Government agencies whose primary focus involves such distinct U S foreign policy interests as promoting peace and security, fostering market economies that welcome trade and investment, nurturing shared political, social and cultural values, encouraging sustainable development, protecting Americans from the effects of international criminal activities, and preventing humanitarian and other cataclysmic crises.

This report has described the specific roles that several U S Government agencies and "quasi-nongovernmental" organizations play in the effort to promote democracy abroad. The Administration believes that this array of mechanisms, and the diversity of approaches, represents a singular strength of the U S system. Moreover, democracy programming is a relatively new area, in which the most effective methods and approaches are not complete. To limit the "tools" by prematurely assigning types of activities to particular agencies or organizations may prove counter-productive. For this reason, the report rejects a rigid model whereby specific countries or activities are assigned to particular agencies or organizations. Rather, effective coordination among the different U S Government agencies and quasi-non-governmental organizations is critical for the achievement of overall U S objectives.

As explained in this study, the Administration has taken a number of steps to enhance the coordination process. The establishment of an Inter-agency Working Group on Democracy and Human Rights, the formation and enhanced responsibilities of U S mission democracy teams, the emphasis on democracy promotion as an area of particular importance through agency reorganization, the development of an objective-driven budget

process, and greater interaction among the U S., other donors and non-governmental organizations all reflect a sincere commitment to ensure effective coordination. Further steps, however, are recommended.

The IWG on Democracy and Human Rights has principal responsibility for setting overall policy guidance for USG democracy programs. Through regular meetings, the IWG facilitates effective coordination and role clarity among USG agencies engaged in democracy promotion activities. The IWG will also serve as a vehicle to encourage enhanced communication among agencies at a variety of levels and functions, and to take the steps needed to develop a direct electronic communication network on democracy programs, taking advantage of existing equipment and technology.

Functional sub-groups of the IWG, such as those for Administration of Justice or Free and Independent Media, will provide coordinating assistance and guidance in their respective areas for use by all USG agencies engaged in democracy promotion activities. The IWG will monitor and review each country team's democracy and human rights strategy. The IWG will also make recommendations for the most efficient and effective implementation of the posts' democracy and human rights strategies.

This report, and a parallel GAO inquiry, highlight the challenges associated with compiling an inventory of U S -supported democracy programs. Uniform definitions for identifying democracy programs, and for distinguishing among the different types of democracy programs (e g , rule of law, electoral processes, civil society, etc ), are required. Moreover, a modern data collection system is needed that distinguishes between (but accounts for both) programs whose principal goal is democracy promotion, and programs that may enhance the prospects for democracy but whose principal objective may involve promoting economic development, protecting the global environment or enhancing foreign understanding of American society. Finally, the system should include not only information concerning U S Government-funded efforts, but ideally those supported by other donors, private foundations and other non-governmental actors. This last effort may require coordinating a USG data base with those of other donor groups.

This report has compelled various U S Government agencies to initiate the development of such information systems. USAID has improved on its existing system for identifying and categorizing programs, while the NED is developing a system for taking inventory of the democracy programs of all non-governmental organizations. The IWG on Democracy and Human Rights will ensure that these efforts are coordinated and that they result in the establishment of data bases for democracy promotion. This will enhance the ability of the USG to plan

effectively and to avoid duplication in the provision of such programs

The IWG will explore mechanisms for better utilizing sources of information provided by an array of USG agencies, to inform policy and program decisions. Unclassified information, including assessments and evaluation reports generated by the U S Government, will be shared with American NGOs to enhance their capabilities and to avoid unnecessary redundancies in developing programs. Finally, the Administration will continue to consult with the National Endowment for Democracy and The Asia Foundation in their program plans to ensure their overall consonance with U S foreign policy objectives

Significant progress has been made in the area of measuring program performance. Nonetheless, agencies and organizations involved in democracy promotion programs recognize the need for additional work. The IWG will work with all agencies and other organizations receiving USG funds for democracy promotion programs to ensure that they have in place adequate tools for measuring performance. The IWG will also serve to facilitate communication among agencies regarding the development of analytic frameworks<sup>2</sup> and performance indicators for use with respect to specific programs, as well as common tools for measuring performance in a particular country<sup>3</sup>

Effective democracy promotion programs require the support of Congress and the American people. In addition to the budget presentation process, the Administration is prepared to consult with Congressional committees on efforts to promote democracy abroad. Equally important, the Administration will encourage the continued involvement of U S national, state and local officials and non-governmental organizations, who collectively represent the U S Government's most important allies in this effort

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<sup>2</sup> See, e g , USAID/CDIE, Weighing In On the Scales of Justice (1994)

<sup>3</sup> For example, public opinion surveys conducted by USIA serve as an evaluation mechanism for USAID democracy promotion programs

## APPENDIX I

### U.S. AGENCY FOR INTERNATIONAL DEVELOPMENT

#### I BACKGROUND

USAID's emphasis on democratic institution building has ebbed and flowed since 1961 when the agency was founded. Such activities constituted an integral part of the Alliance for Progress initiative during the 1960s. In 1967, Title IX of the Foreign Assistance Act stated as an objective "the maximum participation in the task of economic development through the encouragement of democratic private and local non-governmental institutions."

In the 1970s, USAID focused on poverty alleviation through participatory local institutions, rural development programs and the rights of marginal populations, including some emphasis on local government. Legislation adopted during this period also required the consideration of human rights performance in allocating foreign assistance. In the 1980s, USAID democracy efforts included limited human rights support under section 116(e) of the Foreign Assistance Act and a major commitment to Administration of Justice programs in Latin America. By the second half of the decade, USAID was initiating pilot democracy programs in different countries in response to local conditions.

USAID announced a renewed commitment to foster democracy in developing countries in 1990. This required USAID missions to review their country strategies and to develop new programs in the democracy sector. Consequently, a wide variety of democracy-related programs have been initiated in all geographic regions. With the fall of the Berlin Wall, several large scale programs were launched in Eastern Europe and the former Soviet Union, where USAID was previously not active.

In January 1994, USAID issued *Strategies for Sustainable Development*. The strategies underscore the integral relationship between economic and political development. Moreover, as elaborated in the strategies, USAID considers a country's democracy and human rights performance in identifying development partners. The democracy chapter of *Strategies* lists the types of programs that USAID and other donors employ in this sector and delineates operational principles for implementing projects.

The agency is now in the process of finalizing *Guidelines for Strategic Plans*. The *Guidelines* include a democracy technical annex that provides an analytic framework for the development and implementation of democracy projects in Washington and in the field identifies four areas of agency emphasis in the democracy sector, and suggests an approach for measuring results in USAID democracy programs. Collaboration with non-governmental organizations (NGOs),



private voluntary organizations (PVOs), other USG agencies and other donors is highlighted in the Guidelines

## II CURRENT PORTFOLIO

More than 141 democracy-related projects were in progress as of FY 94 (see attached Description of USAID Democracy Project Inventory) These projects support

- constitution drafting bodies,
- free and fair election processes,
- transparency and accountability in the executive bureaucracy,
- democratically elected legislatures,
- respect for the rule of law and human rights,
- political parties, labor unions and other non-governmental organizations critical to democratic government,
- civic education programs at all levels of society,
- independent, financially viable media,
- development of effective and representative local government, and
- human rights monitoring groups

The types of programs within each category range from technical assistance and training to financial and infrastructure support, and budget allocations vary from small contracts and grants of less than \$10,000 to much larger multi-million dollar, multi-faceted initiatives Both governments and NGOs have been the recipients and beneficiaries of U S assistance in this field

In executing these programs, USAID collaborates with, and supports the efforts of, other U S Government agencies Human rights programs under 116(e) are implemented under the direction of the Department of State USAID also supports the Department of Justice's and United States Information Agency's rule of law programs, and often builds upon the initial democracy promoting efforts of the National Endowment for Democracy and its core institutes

## III USAID APPROACH TO DEMOCRACY PROMOTION

There are three general categories of countries receiving USAID democracy assistance, and the USAID approach varies according to

their distinct needs. First, most of USAID's democracy programs are implemented in countries that have been identified by the agency as sustainable development partners and where USAID has permanent field missions. Second, through its newly-created Office of Transition Initiatives, USAID also implements democracy projects in countries emerging from humanitarian crises or protracted conflicts. A third category of countries where USAID operates democracy programs are those where the U S has a strong foreign policy interest in promoting democracy and where USAID has appropriate mechanisms for implementation, notwithstanding the absence of a USAID field mission.

The sustainable development category includes countries at different levels of political development. Some are ruled by autocratic regimes, but will permit the occurrence of limited, independent political activity. Other countries have begun a transition process, but the pace of transition may vary from countries on the verge of multi-party elections to countries where a phased transition will take several years. The sustainable development category also includes countries that have completed the initial democratic transition phase, having conducted reasonably fair elections, and now require assistance during the phase of institutional consolidation. Finally, a few countries in this category may have democratic institutions that have developed over time.

Democracy programs in sustainable development countries form part of an integrated strategy. Following a needs assessment, which includes consideration of the anticipated efforts of other U S Government agencies and donors, USAID devises a strategy that concentrates on a limited number of development objectives. Democracy promotion is not necessarily a strategic objective for every sustainable development country (e g , because the countries' democratic institutions are fairly well-developed or because other donors are taking the lead or because the circumstances preclude an effective democracy program). In some countries, although democracy promotion is not a strategic objective, USAID initiates discrete democracy activities because they represent targets of opportunity. Moreover, in all countries USAID programs in other sectors are designed in a manner that supports the overall democratization process within the country.

The following operational principles guide the development of all programs in the democracy sector:

- ensuring participation of local groups in strategic planning and program development, design, implementation and evaluation
- incorporating the concerns of women and minorities from the strategic planning through the evaluation phases,
- pursuing program implementation in a consciously nonpartisan manner,

- encouraging reliance on trainers and resource persons from different countries, representing varying democratic practices, rather than relying exclusively on U S nationals and models of U S Government structures and practices, and

- utilizing approaches that emphasize sustainability and local empowerment over attainment of short-term performance targets

#### IV PROGRAM ACTIVITIES

A sector assessment determines the specific content of program activities in countries where democracy promotion is a strategic objective. Emphasis is placed both on providing short-term assistance that supports an on-going transition process and on longer-term assistance that focuses on developing or strengthening sustainable democratic institutions -- both governmental and non-governmental. USAID recognizes that each country situation requires a different mix of democracy program activities, although past experiences provide considerable guidance in developing and implementing programs. In conducting the assessment, USAID draws upon the considerable expertise of the U S. Embassy staff, including the political section and the USIS Political Affairs Officer and his staff.

The Democracy Annex of the Guidelines for Strategic Plans suggests the following analytic framework for consideration in the development of democracy projects

- Are the basic elements of a democratic political culture -- including respect for fundamental human rights, political space for independent groups, freedom of the press and broad comprehension regarding the rules of political competition -- in place? If not, USAID support might appropriately be directed toward human rights groups and other NGOs promoting democratic change, including labor unions and the independent media;
- Are the basic institutions necessary for democratic governance in place? If not, USAID should consider support for developing constitutional frameworks, competitive and meaningful electoral processes, and legislative and judicial institutions necessary for the adoption and enforcement of laws and policies,
- Is there a system of effective and transparent public institutions and are public officials accountable to the citizenry? If not, USAID should consider the reform of the governance infrastructure in accordance with democratic norms, and

- Does the non-governmental sector have the capacity to engage in meaningful public policy review and to monitor effectively the activities of government institutions? If not, USAID should support the development of an independent media, civic groups, mechanisms of civil society participation in government policy and decision-making and the establishment of cross-border and cross-sectoral networks of NGOs

Democracy promotion is too context specific for USAID to limit its democracy promotion activities to a narrowly prescribed activity list. With the above caveat in mind, USAID's experience in the democracy sector is most evident in the following four areas:

- promoting meaningful political competition through free and fair electoral processes,
- enhancing respect for the rule of law and internationally recognized human rights,
- encouraging the development of an autonomous and politically engaged civil society, and
- fostering transparent and accountable governance

In developing programs in these areas, USAID relies on U S Government field personnel who are familiar with the specific political environment of the country in which they are based, USAID Washington-based technical experts, and PVO/NGOs and contractors with whom USAID has on-going relationships. USAID also seeks a broad donor consensus on democratization principles, priorities and programs to maintain consistent pressure for reform, to assure adequate levels of donor support, and to encourage complementarity and economies of scale among donor programs. USAID's field presence and development orientation, meanwhile, allows the agency to generate programs that simultaneously bolster more than one core element of sustainable development.

#### V EVALUATING PROGRAM PERFORMANCE

USAID is committed to managing for results in all sectors. This requires the identification of short- and mid-term indicators and longer-term objectives at the outset of every project. In the democracy sector, where experience in measuring results is still quite limited, the specific indicators and objectives vary by project, but they strive to cover both project performance and substantive improvements in the targeted area.

In addition to project evaluation, USAID also conducts and sponsors applied research. A recent study by USAID's Center for

Development Information and Evaluation (CDIE), for example, examined rule of law programs in six countries and developed an analytic framework for use by USAID project managers in initiating new programs. A CDIE team is now studying donor-funded civil society programs. USAID also sponsors periodic conferences, workshops and training seminars to review and share experiences in the democracy sector

## VI DESCRIPTION OF USAID DEMOCRACY PROJECT INVENTORY

USAID's inventory of democracy projects is provided in the following sections. Information is provided on: (1) USAID projects related to democracy and governance objectives, (2) the geographic scope of these projects; (3) the funding levels associated with these projects for FY 93 and FY 94, and (4) the types of activities carried out under democracy and governance projects. A summary of the inventory and a description of the data included is provided below

Projects USAID's inventory found that in FY 93 there were 131 active democracy projects, and 141 for FY 94. Projects were grouped into four categories in order to distinguish between those that focus on democracy issues directly and those that involve democracy as a secondary or tertiary goal. The categorization is as follows:

**Tier One** Projects that focus primarily on democracy objectives. For FY 93, 77 projects were categorized as Tier One, and 86 projects for FY 94.

**Tier Two** Projects with an identifiable democracy component, integrated with other objectives (e.g. environment, health, economic growth). In FY 93, 25 projects were identified as Tier Two, and 26 for FY 94.

**Tier Three** Projects whose primary objective is not democracy promotion, but there is an anticipated positive impact on democracy. For FY 93, 29 projects were considered Tier Three, and for FY 94, 29 projects.

Geographic Scope of Projects While the majority of USAID democracy assistance occurs through bilateral projects (82 in FY 93 and 97 in FY 94), a number of projects cover a specific geographic region, or in some cases are global in scope. In FY 93, 38 democracy projects were implemented by USAID's regional bureaus and 11 by central/global offices. In FY 94, 35 democracy projects were regional in scope and 9 global.

USAID is in the process of developing systems to attribute regional and global project assistance to the specific recipient countries that benefit from these projects. However, at present, data collection is in progress and, given the time constraints of

this present effort, are not yet complete. In future years, USAID will be capable of reporting on how total democracy funding is distributed across aid recipient countries.

Funding Information The inventory includes all democracy projects active in either FYs 93 or 94 and obligating money during those fiscal years. For FY 93, \$316,730,000 was obligated for democracy and governance-related projects, and for FY 94, \$338,726,000. These figures report only the proportion of project funds that are intended to lead to democracy and governance objectives. Therefore, a project that supports private voluntary organizations in a given country and that aims to achieve environmental, health and democracy objectives in equal proportions would only allocate 33.3 percent of its total budget to democracy. These proportions are assigned annually by project designers/managers and tied to the more reliable figure of funds obligated rather than funds expended. (There is some discrepancy between the funding figures provided via this inventory, USAID's Congressional Presentations for FYs 93, 94, and 95, and the General Accounting Office inventory conducted last year. As mentioned above, USAID is refining its ability to inventory democracy projects, reconcile inconsistencies in various Agency sources of data, and is now obtaining more accurate information than has been possible in the past.)

Types of activities Carried Out Under Democracy Projects Each year USAID assigns codes to project activities so that the Agency can report on work completed at the sub-project level. For example, an elections project might also include a large civic education component. At the present, USAID activities are categorized into 11 headings and the numbers of projects involving these activities in FY 94 are summarized below:

- 40 Civic education
- 75 Civil Society
- 7 Decentralization
- 39 Electoral Assistance
- 32 Government Transparency and Accountability
- 23 Human Rights
- 9 Labor Unions
- 55 Legal and Judicial Development
- 36 Free Flow of Information
- 27 Representative Political Institutions
- 2 Political Party Support

Finally, USAID has presented the following inventory in two ways: first, presenting projects organized by country/region, and second, organizing projects according to the primary types of activities associated with the assistance.

ACTIVE PROJECTS (all \$amounts x 1000)

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Active Democracy Projects FY93 = 131  
Active Democracy Projects FY94 = 141

TIER COUNTS

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Tier 1 Projects FY93 = 77  
Tier 1 Projects FY94 = 86  
  
Tier 2 Projects FY93 = 25  
Tier 2 Projects FY94 = 26  
  
Tier 3 Projects FY93 = 29  
Tier 3 Projects FY94 = 29  
  
Tier 4 Projects FY93 = 0  
Tier 4 Projects FY94 = 0  
  
Tier 5 Projects FY93 = 0  
Tier 5 Projects FY94 = 0

GEOGRAPHIC COUNTS

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Country/Bilateral Projects FY93 = 82  
Country/Bilateral Projects FY94 = 97  
  
Regional Projects FY93 = 38  
Regional Projects FY94 = 35  
Central Projects FY93 = 9  
Central Projects FY94 = 0

OBLIGATION AMOUNTS

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FY93 Total DG Obligations = 316730 (Tier 1 = 208976 Tier 2 = 31293)  
FY94 Total DG Obligations = 338726 (Tier 1 = 284171 Tier 2 = 27841)

ACTIVITY (ACSI) PROJECTS (Projects contain multiple ACSI Codes)

-----  
CIVIC EDUCATION Projects = 40  
CIVIL SOCIETY Projects = 75  
DECENTRALIZATION Projects = 7  
ELECTION ASSISTANCE Projects = 39  
TRANSPARENCY ACCOUNTABILITY Projects = 32  
HUMAN RIGHTS Projects = 23  
LABOR Projects = 9  
LEGAL/JUDICIAL DEVELOPMENT Projects = 55  
FREE FLOW OF INFORMATION Projects = 36

REPRESENTATIVE POLITICAL INSTITUTIONS Projects = 27  
POLITICAL PARTY SUPPORT Projects = 2

BUREAU COUNTS/AMOUNTS «Tier 1»  
BUREAU FY93 Projects FY93 \$ FY94 Projects FY94\$

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AFR	18	57853	29	82534
ANE	9	18239	11	15773
ENI	7	47831	7	130767
LAC	40	82350	36	52012

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BUREAU COUNTS/AMOUNTS «Tier 2»  
BUREAU FY93 Projects FY93 \$ FY94 Projects FY94\$

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AFR	4	11246	5	5570
ANE	11	8575	13	11078
ENI	2	5082	2	9166
LAC	1	1185	1	264



## APPENDIX II

### U.S. INFORMATION AGENCY

#### I OPERATING PHILOSOPHY

To explain the distinct role played by the United States Information Agency in nurturing democracy, it may be helpful to emphasize that programs of USIA focus primarily on strengthening the culture of democracy

Democracy is more than a set of mechanisms, such as elections, parliaments, courts or political parties. For such institutions to be effective, they must be rooted in democratic culture: the values, understandings and practices that de Toqueville called the "habits of the heart "

USIA, therefore, seeks to share news, information and ideas, to foster strong personal and professional contacts among those involved in democratic life, and to establish links among democratic publics and institutions here and abroad.

USIA does not, in the main, see its role as one of purveying U S foreign assistance (although it does enjoy a close and cooperative relationship with USAID.) It does not regard itself as a "donor" agency nor do those abroad with whom it works think of themselves as "recipients." In some respects, the agency's role can be better understood as assisting American democrats and democrats abroad in finding ways to encourage and support one another

#### II PROGRAMS

##### A. FREEDOM OF INFORMATION AND DEBATE

The great democratic surge that reached its height in 1989 was driven more than anything else by growing access on the part of subject peoples to information and ideas. USIA was and remains the lead U.S. Government agency in this field.

**Broadcasting:** The Voice of America, Radio Free Europe/Radio Liberty and Radio/TV Marti and Worldnet broadcast news and information, present debate and specific programming about democracy to a worldwide audience of close to 100 million. As audiences and technologies have been changing, so has USG broadcasting. increasingly, radio programs are broadcast via placement on local AM or FM stations, rather than by shortwave. Television programs are placed on local stations or viewed in U S Embassies and by personal cassette

**USIA Field Posts:** USIA's special place among democracy-support agencies arises from its worldwide presence. Information Officers in Embassies often provide one of that country's most important links to that wider world of news and discourse

The daily press digest, the Wireless File, published in English, French, Spanish, Arabic and Russian, is distributed by USIS posts to key news outlets and opinion leaders

Through the Worldnet satellite linkup, USIA can provide coverage of important events and ideas, conduct televised press conferences and distribute video programming

USIS field officers also conduct "narrowcast" conversations via digital interactive video or teleconference among government officials, experts, teachers and NGO leaders on problems of democratic life

USIA's Foreign Press Centers assist foreign journalists in the U S not only in covering events and trends in the United States, but also in drawing upon worldwide sources to channel news and ideas back to their home countries

Through the agency's own media, education programs and relationships with other media, USIA helps to support and prepare journalists and media managers who go on to develop the indigenous news and information resources in many countries

The many information resource centers and libraries at USIS posts abroad give access to books and magazines, and increasingly, to sources of information via electronic means, such as the Legislate database. The data made accessible ranges from U S. history and literature to legislative and legal issues to trade and investment information. Some four million "customers" a year engage these worldwide resource centers. Distance learning programs and the establishment of public access terminals for electronic communication and research in U.S. history, political science, government and judicial and legal issues, increase the reach of democracy programs outside traditional venues.

Not least among the functions of USIS posts in the field is the exposure they help provide for the U S. Government and others to public opinion, culture and the media overseas. USIA's Office of Research and Media Reaction conducts or sponsors extensive polling in foreign countries. It also publishes in Washington twice-daily Media Reaction summaries of the foreign press. Information and Cultural Affairs Officers report regularly via cable and in quarterly assessments on developments abroad, these reports have

important bearing on the status of human rights and democracy, the rule of law and the developments of civic life

Speakers and Visitors: Information and ideas are often best conveyed through direct contacts between particular individuals, organizations and communities. USIA engages in a wide range of programs that bring together students, scholars, opinion leaders, officials, experts and cultural figures, with particular emphasis on issues of democracy

#### B. CULTURAL, INTELLECTUAL AND CIVIC UNDERSTANDING

If access to information and ideas are what has driven the democratic revolution, perhaps the greatest threat to these gains today arises from fear, irrational anger and misunderstanding. These are challenges addressed by a second dimension of USIA's programs activities that address the longer-term and deeper aspects of the culture of democracy

Exchanges: Personal contacts among peoples of different cultures do more than facilitate the exchange of raw information. They provide the insight and comprehension that makes it possible to communicate the "lore" of democracy, while at the same time mitigating stereotypes and emotional misunderstanding which foster strife and block effective communication.

Nations with long and different histories and cultures see one another through lenses that often distort. Such distortions are often amplified by the commercial media, and sometimes by governments themselves. The best defense against false or distorted understanding is a personal knowledge of the subject: be it a knowledge Americans have of foreign cultures, or knowledge others have of Americans

USIA is the lead U S Government agency in managing exchanges of persons with other countries. There is, with good reason, a range of such exchanges:

The academic exchanges typified and best known by the Fulbright program constitute a major link in strengthening the culture of democracy worldwide. This program brings some 3,000 students and scholars from more than 140 countries to the U S to teach and study each year, and sends more than 2,000 Americans abroad. Many of these students and scholars study specific issues of human rights and democracy. But even those engaged only indirectly with these subjects take away knowledge and understanding that resists the appeals of prejudice and demagoguery

Fulbright is but one of several scholarly and educational exchanges. The Bradley program of high school exchanges has proved remarkably successful in broadening the outlook of young people from the NIS countries, and in opening the eyes of American students as well

Muskie Fellows, interns in the field of public administration, have won high praise for the contributions they make to the new democracies.

Humphrey Fellows concentrate on learning the professional skills and principles needed by public sector professionals from developing countries

Alongside these programs of extended study and exposure to different cultures and ideas, USIA manages a number of other exchange programs that offer more targeted, short term opportunities for education and deepening international understanding. Many of these programs focus on issues involving the rule of law, civil-military relations, free and independent media, the development of tolerance and conflict resolution

The International Visitors program now arranges visits to the U S for some 5,000 people a year. Among those who have been exposed to American values and the U S system of government through this program are F W de Klerk (South Africa), Alfa Konare (the first democratically-elected President of Mali), El Salvador's Alfredo Cristiani, and Prime Ministers Filip Dimitrov (Bulgaria) and Joseph Antall (Hungary )

Some 500 American experts on an array of topics are speakers abroad each year on topics that stress democratic ideas and practice.

The Citizens' Exchanges office programmed some 7,500 private citizens in FY-1994 on exchanges with non-profit organizations in the U.S and abroad. Relations with this network of U S NGOs is a great resource for democracy support

### III THE CULTURE OF DEMOCRACY AND WIDER CULTURE

USIA's efforts in democracy building are not so easily separated from other activities and programs of the agency that serve a multiplicity of American interests.

The agency is working to secure intellectual property rights and copyrights for authors and creative artists. USIA carries a large program of counseling for foreign students who

wish to attend American universities USIA's Cultural Affairs Officers facilitate exhibitions and tours by Americans in music, literature, theater, dance and the visual arts. The diversity and richness of the American democratic culture provide many good examples to other countries seeking to establish their own democratic way of life.

#### IV CRITERIA FOR STRATEGIC PLANNING AND PROGRAM EVALUATION

USIA employs a number of criteria and approaches in the design and review of its programs in democracy and other subject areas

- Each USIA post conducts a thorough annual review to establish thematic and programmatic priorities. Objectives are set and tracked in each plan They are very extensive, and closely coordinated with the overall embassy plan Democracy plays a large role in these Country Plans

- USIA evaluates all countries in which it operates and ranks them according to their importance in the overall global effort of public diplomacy These rankings then help guide post and Washington programming and resource allocation.

- A new unit of policy and planning in the office of the Director coordinates all global thematic issues like democracy within the Agency, and between USIA and NGOs and other government departments and agencies.

- To deliver more focused programs more efficiently the Agency has created a new core unit, the Information Bureau, that designs designs and helps deliver products and services for our field posts.

In sum, USIA's role in supporting democracy is that of a communicator, facilitator and partner. It is a role both highly important and especially cost-effective.

## APPENDIX III

### DEPARTMENT OF DEFENSE

As noted above, the Department of Defense (DoD) has unique capabilities for the advancement of democratic values in military organizations. No other USG organization has comparable experience, resources, or history for training military and civilian defense officials in democratic values. Educating this audience is key to the process of democratization, particularly in the many states that are emerging from military rule or the constant threat of military coups. Without civilian control of the military organizations that wield a society's most powerful instruments of force, other forms of democratization cannot proceed very far.

DoD carries out two democratization programs: International Military Education and Training (IMET) and the Military-to-Military Contacts Program (MMCP). Each of these is described in turn below.

#### OPERATING PHILOSOPHIES OF IMET AND MMCP

##### IMET

IMET is a low cost grant program providing professional military education and training to foreign military and civilian personnel (in 1991, the Congress passed legislation for "expanded IMET," which extended the original IMET program from military personnel only to legislators and other civilians involved in military matters). Through IMET, future leaders of foreign defense and non-defense establishments are exposed to U.S. values regarding human rights, democratic institutions, and civilian control of a professional military. Courses offered under IMET include professional military education, management, technical training, defense resource management, civil-military relations and military justice/human rights. IMET also provides orientation tours in the U.S. for countries new to the IMET program.

##### Military-to-Military Contacts Program

MMCP is a program designed to facilitate military-to-military contacts with the emerging democracies of Central and Eastern Europe in conjunction with the Marshall Center located in Germany. In FY 1995 Congress directed the establishment of the Nimitz Center, a parallel program to encompass countries under the U.S. Pacific Command's area of responsibility. The MMCP seeks to create

a dialogue between U S defense personnel and select countries' defense ministries in order to shape these militaries to be supportive of democracy, obedient to the rule of law, and loyal to a lawful constitution. The process begins with a Military Liason Team (MLT) working in country to determine the functional needs of the country. Traveling Contact Teams (TCTs) are then designed and sent in country to provide expertise in specific functional areas identified by the MLT and host country. The MMCP also provides familiarization tours, conferences, and exchanges of military and civilian personnel to accomplish its objectives

The primary differences between IMET and MMCP are

IMET

Formalized Training  
Shapes Individuals  
An effective security assistance tool  
Primarily CONUS  
Long-term

MMCP

Outreach Program  
Shapes Institutions  
Helps Identify tools  
Primarily Overseas  
Short-term

COORDINATION WITH OTHER PROGRAMS AND DEPARTMENTS

Under recent Congressional legislation, IMET and the MMCP are coordinated through the Department of State. The Department of State's office of Resources, Programs, and Policy oversees the relationship between IMET and MMCP and related programs elsewhere in the federal government

MEANS OF EVALUATION

The Defense Security Assistance Agency (DSAA), under the Assistant Secretary of Defense of International Security Affairs, administers the IMET and MMCP programs. Through its overseas representatives and other information sources, DSAA tracks the subsequent careers of individuals who have gone through the IMET program. Many of those who have received IMET training have gone on to prominent positions in their respective military or civilian organizations and, have contributed to democratization. It is difficult to measure, however, whether IMET alone has caused these individuals to advance democracy, enforce human rights, and achieve civilian control of professional military organizations. Democratization and individual behavior are inherently complicated phenomena and, inevitably, some of those who have undergone IMET training have been less democratically-oriented than others

As a more direct measure of program effectiveness, DSAA gathers feedback from IMET graduates themselves and from their home institutions, and these responses are almost invariably positive and enthusiastic. In addition, IMET students are asked to give critiques of specific courses of instruction. Finally, DSAA monitors overall productivity information on IMET, keeping accounts of numbers of programs and students and funds expended.

The MMCP is a relatively new program, and its administration has been tasked to DSAA only as of September, 1994. DSAA will implement evaluation procedures for this program analogous to those which it applies to IMET.



## APPENDIX IV

### NATIONAL ENDOWMENT FOR DEMOCRACY

The National Endowment for Democracy (NED) was established in 1983 to promote democracy throughout the world through private, non-governmental efforts. It is a privately incorporated non-profit organization with a Board of Directors composed of leading citizens who have demonstrated a commitment to its mission. NED annually funds programs of four core institutes -- The Center for International Private Enterprise (CIPE), the Free Trade Union Institute (FTUI), the International Republican Institute (IRI) and the National Democratic Institute (NDI) -- as well as many discretionary grantees. Through its Board and multi-sectoral grants program, NED embodies a broad, bipartisan consensus in favor of U.S. efforts to promote democracy in foreign countries.

#### Operating Philosophy

NED's democracy assistance focuses primarily on the non-governmental aspect of democracy-building recognizing, that an essential element of democracy is the existence of a civil society of voluntary associations that provides a buffer between the individual and the state. This focus contrasts with the inevitable shifting of priorities that government agencies with varied responsibilities undergo as circumstances change.

In 1992, NED's Board adopted a Strategy Document which sets forth its operating philosophy as a three-point "strategy of comparative advantage." First, as a non-governmental organization able to provide political assistance to democratic forces in repressive or other sensitive situations where official U.S. Government support is not feasible, NED positions itself at the "cutting edge" of democratic advance. As a result, NED places a "greater emphasis on countries where there is significant resistance to democratic political change from governmental authorities and powerful entrenched interests" (e.g. in the Islamic world). In fulfilling its global mission, NED will remain engaged in those transitional democracies where beleaguered democratic forces require support.

Second, as a multi-sectoral institution, NED provides a "full package" response to the complex needs of emerging democracies through its core institutes representing labor,

business and the American political parties. Finally, as an institution whose sole mission is the promotion of democracy, NED serves as a bridge between intellectuals and practitioners and a catalyst able to bring together a network of democracy promotion institutions. Practically speaking, NED fulfills this role by gathering together those who are or have been on the front lines of democratic change with their counterparts from other countries and also with scholars who can provide them with a useful comparative and historical perspective.

The success of NED's operating philosophy is best illustrated by the use of NED as a model for the creation of similar institutions in other countries. NED-like entities have been established in Canada (The International Center for Human Rights and Democratic Development) and in Great Britain, where the Westminster Foundation for Democracy was specifically modeled after the Endowment.

#### Management and Funding

As a non-governmental organization, NED operates with a degree of independence from the U S Government which allows it to take risks and be innovative. However, all of NED's operations are undertaken in a manner consistent with broad U S national interests. NED consults on an ongoing basis with the State Department, through the Bureau of Democracy, Human Rights and Labor, with USIA and with U S embassies abroad on programmatic matters.

Through the 1980s, NED's Congressional appropriation administered through USIA was the principal source of funds for its own operations and the operations of the four core grantees, and supported basic infrastructure costs as well as program activities for all five organizations on a direct cost basis. Beginning in 1991, the four core grantees began receiving substantial additional funding directly through USAID.

Despite the fact that the core grantees now receive significant USAID funding, NED funding is critical to the effectiveness of the core institutes. Although all of their projects must be approved by the NED Board, NED funding gives the institutes a flexibility of operation that they do not have with direct USAID funds. For example, NED funds enable them to maintain a stable staff and engage in program development and planning. NED funds also enable these institutes to move quickly into new situations, develop innovative programs, and operate in countries such as Vietnam, China or Cuba where USAID funds are not available.

NED's budgeted operational costs, including staff, space, and related expenses, have increased only slightly from 8 1% of its annual appropriation in 1988 to 11 7% in 1994. This increase has resulted from the implementation of improved procedures for prioritizing and evaluating grant awards and for financial management and oversight of grants, including increased audit coverage of grantees. To equitably distribute basic infrastructure costs among funding sources, the core grantees have developed indirect cost rates ranging from 22 25% to 33 5% in FY93. These rates are currently being revised and most are expected to be lower for subsequent periods. In general, NED limits U S grantees responsible for administering discretionary grants to 10-15% of the grant to cover administrative costs.

NED's Statement of Principles and Objectives maintains that "in all circumstances, the Endowment will continue to encourage efforts by its grantees to seek other sources of funding, and where possible will assist in those efforts." NED and its core grantees recently compiled an estimate of non-U S. Government resources for FY93 (figures include cash and donated services and materials) as follows: (1) CIPE= \$1,551,927; (2) FTUI= \$3,323,643, (3) IRI= \$176,278; (4) NDI= \$1,136,261, and (5) Discretionary Grantees= \$2,242,143.

#### Democracy Programs

NED programs fall into three major categories: pluralism, democratic governance and political processes; and education, culture and communications. The goals of these programs are to strengthen civil society, help build democratic political institutions, and promote democratic culture, respectively.

Programs within the pluralism category include the development of independent private-sector institutions, especially trade unions and business associations, as well as civic and women's organizations, youth groups and human rights organizations.

The democratic governance and political processes programs involve efforts to promote strong, stable political parties that are committed to the democratic process. This area includes programs that promote the rule of law, strengthen the unity and effectiveness of the democratic forces in transitional situations, encourage dialogue among different sectors of society, and advance democratic solutions to national problems. It also includes programs which bolster the effectiveness of parliaments and improve relations between civilian and military authorities.

Programs in the education, culture and communications category are aimed at nourishing a strong democratic civic culture, including support for publications and other media. Also included in this category are training programs for journalists, the production and dissemination of books and other materials, and programs of democratic education.

NED is also moving ahead in the areas of research on democratic development and international cooperation in promoting democracy. Implementation in these areas is currently underway through the Endowment's International Forum for Democratic Studies which has held a major research conference on "Economic Reform and Democracy" and meetings with other publicly funded non-governmental democracy promoting organizations in February 1993. In addition, the Forum is establishing, largely with funding from the private sector, a Democracy Resource Center (DRC) which will consist of a library and archives, an electronic data base and an international "bulletin board" on democracy. The DRC will collect, organize and disseminate information and analysis produced by and about groups and organizations working to strengthen democracy and will facilitate a multidirectional flow of information and ideas among these groups.

NED's strength is found in its ability to conduct programs in some of the most difficult areas of the world in which to work. For example, NED is supporting the rebuilding of civil society in the former Yugoslavia through grassroots initiatives in every one of its former republics. This program includes the provision of material assistance to independent media outlets in Serbia, Kosovo and Montenegro, thus ensuring the survival of the only alternatives to the government-dominated media in the region.

NED also has taken advantage of its non-governmental status to provide support for initiatives that the U.S. Government would find difficult to do directly for political reasons. For example, NED provided a core grant to Mexico's Civic Alliance, a newly created coalition of over 300 civic associations, to help it carry out a program of training monitors and other election-related activities for the recent presidential elections.

NED's flexibility and non-bureaucratic character has enabled it to move quickly to meet critical demands. For example, in Central and Eastern Europe, following the fall of the Berlin Wall, NED helped organize election and post-electoral institutional assistance in advance of direct U.S. Government assistance.

### Evaluation

Each proposed project submitted to the NED Board of Directors must have a fully designed plan for assessment of the extent to which it achieved its objectives, and no project can be renewed before an interim assessment describing the progress of the grant in meeting its objectives. However, NED notes that the gradual, cumulative nature of democracy building requires an appreciation that the impact of specific projects may not always be immediately apparent.

Because the Endowment is not a large developmental agency and has relatively limited resources, it has not tried to craft broad country indicators for democracy against which to measure the impact of NED-funded projects. Still, the Endowment looks carefully at each project to see what lessons can be learned about its contribution to the advancement of democracy.

A full-time coordinator on the NED staff is responsible for designing, implementing and managing the strategy and program for evaluating grants. Evaluation criteria are developed on a project basis. NED monitors the progress of grants through on-site visits by NED Program Officers, self-monitoring by core and discretionary grantees, and independent evaluation of selected projects by outside experts.

Independent evaluations have been useful in identifying some organizations whose impact, credibility or project implementation did not appear to warrant further assistance from NED. More often, they have provided useful insights into management or planning weaknesses.

## APPENDIX V

### THE ASIA FOUNDATION

The Asia Foundation has supported programs to advance the values, practices, and institutions of democracy in Asia since the Foundation's inception in 1954. TAF is a multi-purpose, publicly-funded, regionally-focused organization established for the purpose of assisting the peoples of Asia in the development of their own societies and encouraging cooperative relations between Asia and the United States. The Foundation has been on the forefront of constructive political, economic, and social change in Asia for 40 years, working in partnership with Asian governments and non-governmental organizations to promote more democratic political systems characterized by broad participation, the rule of law, government accountability to the public and the protection of citizens' rights. The Asia Foundation provides an established, trusted mechanism through which Asians and Americans can work together in pursuit of common democratic goals.

Asia Foundation programs focus on three broad areas: strengthening democratic institutions and processes, assisting Asian efforts to establish stable, free market economies, and promoting Asian regional cooperation and productive U.S.-Asian relations. In addition, the Foundation supports programs under two major cross-cutting themes, women's political participation and the environment.

#### Operating Philosophy

Asia Foundation democracy programs are enhanced by the Foundation's multi-purpose character. The Foundation's extensive work in such areas as economic reform and the environment gives it essential access and credibility in some of the key substantive policy areas where democratic processes are playing themselves out. These processes do not take place in a vacuum, removed from real policy concerns and competing interest groups, and Foundation democracy programs recognize and build upon this fact by focusing on policy outputs as well as the processes of democratic decision-making. In Asia, popular support for democratic governments may last only as long as government performance on economic, environmental, and other policy issues is seen by the public as meeting society's needs. To be effective in the long-term, democracy programs must therefore be complemented by attention to the actual performance of democratic governments on key policy issues. Funding from USAID for programs in substantive fields not directly related to democracy promotion plays a helpful role in this regard. In addition, the Foundation's role and image as a

multi-purpose organization, rather than solely as a democracy organization, makes it a more attractive and accepted partner in the eyes of many Asian governments.

A second cornerstone of the Foundation's operating philosophy is its in-country presence. The Foundation's established network of 14 field offices in Asia and its longstanding on-the-ground presence provide it with an extensive range of contacts with government and non-government leaders in almost every Asian country. This allows the Foundation to understand the cultural sensitivities, historical background, personalities, regional complexities, and political risks that can affect the prospects for effective democracy programming in a given country context. The in-country presence also allows for greater flexibility and quick response time, more effective program monitoring and evaluation, and constant dialogue with both grantees and other donors.

The Asia Foundation also benefits from its status as an independent, non-governmental organization. The Foundation is able to work with Asian NGOs -- and such government bodies as legislatures and Supreme Courts -- which may not be comfortable receiving funds from a U S Government agency. It is able to program in sensitive areas -- such as law and human rights programs in China -- and to take certain risks that would not be possible for a government organization. In countries such as Mongolia and Vietnam, the Foundation's private status allowed it to begin important program initiatives in advance of the involvement of official U.S. aid programs.

Finally, the Foundation takes the view that building and consolidation of stable, democratic, systems in Asia is a long-term process. There will inevitably be disappointments, delays and even backsliding, as societies largely unaccustomed to democratic discourse and political compromise wrestle with the huge and complex task of constructing workable institutions that will allow for broad public participation, the peaceful accommodation of competing interests, and the effective delivery and monitoring of government policy and performance.

#### Management and Funding

The Asia Foundation receives its core funding through an annual Congressional appropriation that is administered through the U S Department of State. For FY 1994, this General Grant appropriation was \$16.0 million. The Foundation also received U S Government funding from the Agency for International Development totalling \$23.1 million in FY 1994, all of it on a per-project basis and the majority going for programs in fields other than democratization. Private contributions added

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another \$2.6 million, bringing total cash resources for the year to \$41.7 million. In-kind contributions, which overwhelmingly consist of book donations to the Foundation's Books for Asia programs, totalled \$10.1 million for the year. The Foundation's support for democracy programs in FY 1994 accounted for 67.1% of its general grant program spending, and 56.6% of program spending for all sources. In FY 1994, TAF's indirect cost rate was 27.2%.

In recent years, as USAID has become increasingly interested in the areas of democracy, law, and governance, the Foundation has been able to increase its USAID funding significantly. However, as the percentage difference above indicates, the Foundation continues to regard its annual general grant appropriations as the most important funding through which it develops its democratization.

First, General Grant funds are far more flexible than funds from USAID. USAID funds are approved for specific activities in specific countries and do not allow the Foundation the same ability to make adjustments within individual country programs -- or to move funds from one country to another -- when circumstances in a country change or important new opportunities arise elsewhere. Second, USAID funds are not available for work in such important countries as China, Vietnam, Korea, Taiwan, Thailand and Pakistan, so General Grant funds must be utilized to support democratization programs in these countries. Finally, USAID funding carries an additional layer of compliance requirements, adding administrative burdens and reducing program flexibility and cost-effectiveness.

As was noted earlier, the Foundation's independent status is an important asset in the Foundation's ability to operate effectively in sensitive democratization areas. However, the Foundation does maintain close cooperative relations with the U.S. Government and with other democracy organizations. At the field level, Foundation Representatives meet periodically with the Ambassador and Embassy staff to discuss broad Foundation program directions.

The President of the Foundation meets regularly with the Assistant Secretaries and the staff of relevant Department of State bureaus, including East Asia and the Pacific, South Asia, Global Affairs, Policy Planning, and Financial Management. The Foundation's budget plans are made available to all of these offices. Further, during the course of the year the Foundation's President and Washington office staff brief the Department on the progress of the Foundation's programs in different areas. Department of State senior staff and the Foundation's President testify together in support of the Foundation's budget before relevant Congressional committees.



In addition to periodic consultations and briefings on program progress, the Foundation submits an annual report to the Department of State covering financial information and all projects funded

The Foundation also maintains close cooperative relations with USAID. Foundation staff routinely meet with USAID counterparts both formally and informally to discuss issues of concern to both organizations. Foundation staff also meet with counterparts from USIA in order to discuss project ideas, ensure that each is informed of the other's activities, and avoid duplication of efforts. This is especially true in the area of exchanges, where Asia Foundation programs are almost always linked to larger, in-country program initiatives

#### Democracy Programs

In categorizing its programs, the Foundation utilizes a grant monitoring, information, and evaluation system that divides its democratization programs into five main categories: Legislative Development, Law and Justice, Civil Society/NGOs, Media and Communications, and Democratic Governance

Foundation efforts in Legislative Development include major assistance programs with most of the national parliaments of the Asia-Pacific region. In many countries, these programs help to build the institutional capacity that is essential if Asian parliaments are to assure their legitimate role in complementing and balancing the political and governmental power of the executive branch. These include orientation and training programs for Members and staff, computerization of parliamentary operations, strengthening of committee systems, development of bill-drafting and budgetary analysis capabilities, and strengthening of library, information and research services. Equally as important as building institutional capacity is the need to ensure the responsiveness and, ultimately, the popular legitimacy of democratic legislatures in the eyes of the public. To this end the Foundation supports programs designed to promote greater citizen awareness, access, and participation in parliamentary processes through such mechanisms as public hearings, public dissemination of parliamentary proceedings, training for parliamentary reporters, public opinion policy on issues before the legislature, increased Member-constituent contact and accountability, and independent watchdog groups to monitor legislature performance in different substantive areas

In the area of Law and Justice, Foundation assistance is almost equally balanced between support for formal institutions and assistance to non-governmental groups seeking to make these

institutions more responsive and more accountable to the public. On the government side, the Foundation supports judicial training institutions in a number of Asian countries, providing technical support for the drafting of laws and new constitutions, assisting efforts to improve judicial administration, and supporting government efforts in the compilation and dissemination of the law to the public. On the non-governmental side, the Foundation assists a large number of human rights organizations throughout the region, assisting bar associations in upgrading professional standards and safeguarding the rights of lawyers, supporting needed reforms in legal education, promoting citizen awareness of rights through legal assistance NGOs, and providing greater access to justice to disadvantaged groups in society through village-based community mediation programs.

In the Media and Communications field, the Foundation supports numerous journalism training programs for the print and broadcast media. It encourages reforms in media laws that provide for greater press freedom and a wider diversity of views in the press. The rights and the professionalism of journalists are being advanced through support for journalists' associations, which also serve as important centers for public debate on key policy issues in many countries.

In the Civil Society/NGO field, the Foundation has since the 1950s encouraged greater pluralism and participation in public life through the development of a wide range of independent citizens groups. These organizations include professional societies, women's organizations, environmental and consumer groups, grassroots development organizations, and independent public policy centers. Throughout Asia, Foundation assistance has benefitted literally thousands of such groups over the years, and has ranged from the provision of start-up institutional support to staff development and management training efforts; from programs designed to secure legal protection for the non-governmental sector, to research and publication projects designed to help citizens mobilize around issues of concern to them, and from programs to strengthen in-country and multi-country NGO networks, to efforts to increase the flow of funds to public interest NGOs through the development of indigenous Asian philanthropy. Under the Foundation's Women in Politics initiative, NGOs staffed by and benefitting women throughout the region receive special encouragement to work together to achieve greater access for women in policymaking processes at all levels of government and society.

Finally, the Democratic Governance category includes the Foundation's extensive work with government accountability agencies such as audit boards and counter-corruption

commissions; its support for free and fair elections through work with both government electoral commissions and NGO poll-watching groups, its limited (and strictly nonpartisan) work in political party development, its programs in support of more effective and accountable local government, and its work in the important field of civil-military relations

### Evaluation Procedures

The Foundation considers it essential that democracy programs be tailored to the particular circumstances, needs and concerns of each individual country, and that these programs be designed, implemented, and evaluated in a comprehensive and intellectually rigorous manner. Asia Foundation programs are carried out within a country strategy and program plan that is developed by each field office and approved through an extensive annual budget review process that considers what has been accomplished in the past, as well as what is planned. Projects are defined in terms of concrete objectives to be achieved, and each project involves a baseline description of a key problem, a program and operating plan for addressing the problem, and a set of evaluation benchmarks against which to measure progress toward the project objective. The Foundation prepares evaluative reports on each individual grant, including specific grant outputs and impact assessments. The Foundation also utilizes external evaluators to examine whole country programs and particular substantive program areas.

Foundation-wide

## APPENDIX VI

### NATIONAL DEMOCRATIC INSTITUTE FOR INTERNATIONAL AFFAIRS

The National Democratic Institute for International Affairs (NDI) is an independent non-governmental organization affiliated with the Democratic Party. NDI was created to meet the broad objectives of the National Endowment for Democracy by working with foreign counterparts in the development of democracy abroad. NDI's programs are designed to promote democratic institution building, to strengthen democratic electoral processes abroad, and to foster cooperation with those dedicated to the values, institutions and organizations of democratic pluralism. NDI fulfills these objectives in a manner consistent with the broad concerns of the United States' national interest and with the specific requirements of the democratic recipients of its assistance.

#### Operating Philosophy

NDI approaches democracy assistance programs from the view that the establishment of democratic institutions is the best way to assure sustainable development. NDI programs focus on the roles and functions of political parties and other institutions fundamental to democracy.

NDI has consistently tried to maintain pluralistic relationships abroad, opting to work on a multi-party basis to avoid being ideologically pigeonholed or used for political ends. This approach helps ensure that NDI's work does not interfere in a country's political process, but rather supports broader democratic development objectives. NDI does not presume to impose solutions nor does it believe that one democratic system can be replicated elsewhere. Rather, NDI shares experiences and offers a range of options, so that leaders of new democracies can select those practices and institutions that may work best in their own political environment.

NDI's approach to democratic development work has three distinct characteristics. First, NDI, along with its Republican counterpart, is the only organization dedicated solely to political institution-building. Second, NDI's programs rely on volunteers who donate their time and expertise to support the Institute's hands-on technical assistance.

programs NDI draws upon a growing network of more than 500 volunteers around the world, saving the U.S. Government millions of dollars in consulting fees.

Third, NDI has structured its programs to be multinational, marshalling the talents of expert political practitioners from the U S and around the world. The most successful NDI programs have been those where U S experts have joined with others to share practical democratic skills. NDI believes that people making the transition to democracy require diverse skills and experiences; the insights of democrats from other nations are often more relevant than our own. Such a cooperative approach conveys a deeper truth to nations attempting a transition to democracy that they are not conceding something to the U S when they develop democratic institutions, but are joining a community of nations.

NDI is not a grant-making organization, but rather responds to requests for technical assistance. Sometimes the Institute enters into cooperative agreements with organizations in order to supplement or enhance joint efforts.

#### Management and Funding

NDI consults closely with the State Department and U S embassies abroad to ensure that any NED-funded activities by NDI are not duplicative of USAID or other USG-funded programs. Many requests for NDI programs are generated by U S. overseas missions. As a core grantee of the National Endowment for Democracy, the State Department reviews all of NDI's NED-funded program proposals. In addition, as a core grantee, NDI is subject to extensive U S Government oversight. Separate GAO, USAID, USIA Inspector General and independent auditors have all scrutinized NED and NDI.

NDI relies on funding from both NED and USAID. NED funding allows NDI to react to evolving political situations, adjust its program priorities to respond to new opportunities and maintain its independence in pursuing program objectives. Funding from USAID has traditionally been available to further programs already begun with NED support. These USAID funds have provided the resources necessary to maintain a continuous field presence in many countries and to sustain, on a long-term basis, political development activities.

NED-funded programs have been at the "cutting edge" of democracy promotion activities because direct government funding is sometimes less timely and can be limited by a variety of geographical, substantive and other restrictions. For example, USAID funds are not always available for multi-party

political development activities, or civil military relations programs, -both important institutional priorities for democracy building

### Democracy Programs

NDI's programs are concentrated in new democracies, societies in conflict and nondemocratic countries with strong democratic movements. By working in these areas, NDI seeks to consolidate existing democratic institutions and nurture peaceful transitions to democracy. NDI's program approach maintains the degree of flexibility necessary to respond to changing circumstances in a political environment. In addition, NDI's programs are based on continuity of relationships with its partners abroad. By maintaining close contacts over a period of time, NDI is sensitive to the changing realities in a particular political situation.

NDI focuses its programs in the following functional areas:

- 1 **Political and Civic Organization** NDI conducts programs to assist the development of political parties and civic groups engaged in the democratic process. NDI draws political experts and civic organizers from around the world to forums where members of fledgling parties from across the political spectrum, as well as nonpartisan civic groups can learn first-hand the techniques of organization, communication and constituent contact. Where political parties carry a negative stigma, NDI programs focus on those nonpartisan groups that are engaged in the political process by providing assistance on transparency and accountability in government, techniques that promote communication between citizens and their representatives, and civic and voter education programs.
- 2 **Election Processes:** NDI programs utilize elections as a vehicle to help develop these nascent institutions that are the foundation of a civil society. NDI experts provide an independent perspective on proposed election systems and the electoral infrastructure in a number of countries holding democratic elections for the first time. The Institute provides assistance to organize election monitoring programs, such as pollwatching and independent vote counting systems. NDI also organizes large-scale international observer delegations that promote citizen confidence and participation in the election process, that assess the honesty of electoral procedures and help to deter or expose electoral fraud.

- 3 **Governance** NDI endeavors to promote representative, responsive and transparent governing institutions as a vital component of a democratic society. NDI programs focus on the political organization of legislatures -- the foundation of functioning legislatures -- providing assistance on legislative procedures, staffing, constituent services, legislative oversight, etc. The Institute's programs also focus on local governments. In addition, NDI conducts programs to bring together military and political leaders to promote dialogue and establish mechanisms for improving civil-military relations.

Specific examples of these programs can be found in Chile, Russia and South Africa. In May 1985, NDI began a relationship with the leaders of Chile's democratic opposition during a NED-funded conference on "Democracy in South America" that eventually led to a three-year program in support of free elections in Chile. During 1987, with NED funding and later with USAID funding, NDI provided grants and technical assistance to the parties involved in Chile's National Accord. This effort eventually led to multi-party elections and a peaceful democratic transition.

In Russia, NDI used NED funding to convene a meeting of democratic reformers from city councils throughout the Russian Federation. This seminar included municipal experts from Europe and the U.S. and provided a setting for newly-elected officials to learn about the powers, responsibilities and functions of democratic local governments as well as the role of political parties in local governance. This effort ultimately led to the formation of the League of Russian Cities, dedicated to the coordination of city activities and information sharing. With additional USAID funding, NDI has opened a permanent field office in Moscow and has been engaged in long-term democratic political development, including training domestic election monitors and assisting with national voter education campaigns.

With funding from NED, NDI began a civic and voter education program in South Africa even before a framework for democratic elections was set. NDI conducted a series of election workshops that was later expanded with USAID funding into a full-fledged national civic and voter education campaign aimed at promoting participation and confidence in the electoral process.

#### Evaluation Procedures

NDI monitors and evaluates programs according to established evaluation procedures, which include written

critiques, NDI staff interviews, organized assessment sessions, and oral and written feedback from participants. All programs are evaluated internally, and many programs are reviewed by independent evaluations. NDI seeks to address four broad issues in its evaluations:

- 1 Have funds been properly spent?,
- 2 Has the program carried out activities as set forth in the original proposal?,
- 3 Have participants and independent observers found that the program responded to the needs of democratic organizations or institutions?,
- 4 Have the recipient organization(s) or institution(s) performed differently/improved as a result of the program?

In addition, evaluations address specific indicators relevant to each program.

NDI notes that programs related to the political process often must be approached differently than other development programs. Success often comes months or even years after a program begins. NDI like other organizations involved in democratic development, is therefore careful to stand behind, or support, rather than stand in front of, or lead, indigenous democratic movements and institutions. Similarly, it believes that credit must be given first and foremost to the democratic activists on the ground -- self-aggrandizement of the democracy assistance runs the risk of undermining the very efforts of those activists.



## APPENDIX VII

### INTERNATIONAL REPUBLICAN INSTITUTE

The International Republican Institute (IRI) was formed in 1984 as a non-governmental organization affiliated with the National Republican Party. IRI was established to foster democratic self-rule through closer ties and cooperative programs with political parties and other non-governmental institutions overseas.

#### Operating Philosophy

IRI conducts programs outside the United States that promote and strengthen democratic ideals and institutions. In particular, IRI works with political parties in order to further freedom abroad.

In deciding on the location and nature of its programs, IRI prioritizes countries of present or historical U.S. interests, and IRI's ability to effect change and achieve concrete results. Countries are prioritized in groups, or tiers. The "Tier One" countries include Russia, China, Ukraine, South Africa and Cuba. Roughly two-thirds of IRI programs are directed at political parties.

#### Management & Funding

IRI receives funds from NED (Asia, Latin America and the Middle East) and from USAID (CIS, Eastern Europe and Africa). In FY '93, IRI's indirect cost rate was 31.24% and for FY '94 it is projected at 29.63% (calculated by total cost less support grants and equipment).

#### Democracy Programs

IRI's democracy programs can be categorized as follows.

-- Institution Building and Party Training. IRI conducts training for party activists on grass roots organizing, internal governance and communication.

-- Civic Education and Voter Awareness: IRI conducts seminars and conferences on democratization, and sponsors civil education at the grass roots level.

-- Support for Electoral Processes. IRI has administered election observer delegations in twenty-seven countries in Europe, Latin America, Asia, Africa and the Middle East.

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-- Governance Training IRI organizes conferences and seminars on topics such as free market economics, municipal governance, women's issues and political party dynamics.

-- International Political Exchange IRI has convened international conferences and exchanges in the former Soviet Union and Latin America, and has brought large delegations to Republican National Conventions in the U S.

-- Public Policy Research and Formulations IRI conducts research on issues such as the social costs of structural economic reform and supports related policy development programs in Latin America

#### Evaluation Procedure

IRI's Vice-President for Programs and its Regional Directors regularly evaluate programs according to detailed criteria encompassing effectiveness on fairer electoral codes and elections, greater popular participation, especially among disenfranchised groups such as minorities, women and youth, more proficient democratic political parties, election of democrats, and successful governance by democrats in power

Based on these criteria, IRI has in the last year terminated programs in fourteen countries, heavily modified programs in some ten countries, and initiated programs in eleven countries, including China

## APPENDIX VIII

### AFL-CIO'S INTERNATIONAL INSTITUTES

American trade unions have a long and proud history of support for democracy and of free, independent trade unions at home and abroad. As a part of this effort the AFL-CIO formed four international institutes to assist the development of free and democratic labor movements around the world. In 1962, the AFL-CIO formed the American Institute for Free Labor Development (AIFLD) which works with unions in Latin America and the Caribbean. The African American Labor Center (AALC), which the AFL-CIO established in 1964 works with counterpart unions in Africa. In 1968, the Asian-American Free Labor Institute (AAFLI) began its work with trade unions in Asia and the Pacific. The Free Trade Union Institute (FTUI) was formed in 1977 and works with developing unions in Eastern Europe and the former Soviet Union. These four international institutes are supported with funds from the National Endowment for Democracy, USAID, and USIA (the last to administer international visitor and exchange programs.)

#### Operating Philosophy

The programs conducted by the AFL-CIO's international institutes are a natural outgrowth of the American labor movement's historic commitment to democracy and human rights. Underlying this commitment is the clear understanding that freedom of association is a fundamental right essential in any free society. As democratic organizations created by workers in their pursuit of a better life, unions are a vital means of citizen empowerment, and an indispensable mediating institution between ordinary people and powerful elites. In nations as diverse as the Philippines, Chile, South Africa, and Poland, ordinary citizens, through their unions, have had a positive and decisive impact in furthering democracy.

The work of the AFL-CIO's international institutes is based on a principle long put forward by the American labor movement: that democratic trade unions are an indispensable component of a functioning democratic society because they give working people a voice in the political and economic policies that directly affect their lives. In addition, independent trade unions are often the only mass-based organizations which are inclusive, and not ethnically, racially, religiously, or gender based. They represent, therefore, a major opportunity to promote political and ethnic pluralism.

The four institutes have provided educational, material and moral support to organizations representing tens of millions of ordinary working people and their families. In countries making the transition to democracy, the institutes are able to sponsor many kinds of assistance programs, ranging from services to improve leadership skills to legal assistance to support for newspapers and other publications. These programs are guided by a common approach which stresses building indigenous capacity, encouraging accountability within organizations, and empowering as many individual workers as possible

In those countries still suffering under dictatorship, the institutes' programs support the activities of those individuals fighting for fundamental rights and freedoms, especially freedom of association. In these situations the emphasis is on encouraging the institutional development of democratic organizations such as trade unions in order to keep the democratic movement alive

#### Management and Funding

Programs of the four institutes are planned and conducted in consultation with the U S Department of State and the respective funding agencies involved in the particular program. The institutes work closely with USAID's Global Bureau to coordinate programs directly funded by USAID. An ad-hoc working committee comprised of AFL-CIO and institute representatives, high level USAID officials and chaired by the Assistant Administrator of the Global Bureau meets on a quarterly basis to discuss policy and structural issues

Program activities in each country are conducted in consultation with the U S Embassy Labor Attache or other Embassy officials charged with labor reporting responsibilities. Institute representatives have regular consultations with USAID staff posted abroad.

As noted above, AFL-CIO's international institutes receive funds from several sources. In general, NED funds are used for innovative, new programs designed to meet immediate needs or crises and to break ground for long-term, comprehensive programs often supported by USAID funds. NED provides quick and early funding for small projects that can stimulate the development of democratic institutions and the building of civil society. USAID-funded programs are more geared to developmental activities in lesser developed countries and are directed more towards institution-building

### Democracy Programs

With three decades of experience behind it, the AFL-CIO has developed a set of priorities to guide the programs of its international institutes. Where democratic unions exist, the institutes provide assistance by increasing a union's capability to protect their members' interests at the workplace. The institutes also help unions to represent their members in the political process and to hold governments accountable by promoting rule of law. In addition, assistance from the institutes is directed towards developing and expanding unions' capability to provide services, such as job training, health care, day care, and legal assistance, to their members.

Where democratic unions do not yet exist, the institutes try to identify labor and human rights activists and provide them with material and moral support. Finally, institute activities aim to enfranchise workers by expanding their economic decision-making capabilities. This is particularly important in countries threatened with growing unrest as they attempt to institute major economic restructuring programs.

Whenever possible and assuming funding is available, the AFL-CIO's international institutes programs establish an in-country presence in the form of a field office staffed by experienced American trade unionists and local citizens. These field offices facilitate long-term relationships and networks of contacts that are necessary for successful programs.

The nations of Central and Eastern Europe and of the former Soviet Union are in various stages of democratic transformation and disarray. Economic upheaval and massive unemployment are severely testing the strength of democratic institutions in the nascent democracies of the region. By their nature, free unions represent one of the best hopes for successfully traversing these minefields and FTUI is working to assist them. In Russia, for example, FTUI, supported by both NED and USAID, has helped build free and independent unions through the work of the Russian-American Foundation for Trade Union Research and Education, which serves as an educational center for the still-fragile democratic unions in Russia. The Foundation's staff includes an American labor educator based in Moscow and it conducts training programs on economics, with particular emphasis on privatization, restructuring, unemployment, and social infrastructure issues. The Foundation is also training labor educators in collective bargaining and

other practical tools of union building. FTUI also provides legal assistance and guidance to trade unions and workers in Russia. For example, legal guidance has been provided to the independent union of conductors of the Moscow Metro in a dispute over work conditions.

In Africa, AALC consults with trade union leaders and conducts numerous democracy programs, including monitoring and publication of violations of trade union and human rights, rebuilding democratic institutions after the fall of authoritarian regimes and the preparation of workers to participate in national elections. Unions receiving AALC assistance were central to the successful democratic transitions in such countries as South Africa, Malawi and Zambia.

In Asia, strengthening democratic institutions, such as unions, presents unique problems. AAFLI has sought to strengthen the voice of Asian workers in the face of often repressive governments. In the Philippines, AAFLI worked with the Trade Union Congress of the Philippines (TUCP) to support programs which could reverse the slide to dictatorship in the mid-1980s. For example, NED funding supported the delivery of health care services to union members -- an important benefit that was key to building the loyalty of workers to independent unions. This base of support allowed the TUCP unions, with substantial support from AAFLI, to play a central role in the "People Power" revolution. Following the revolution, AAFLI helped the TUCP conduct various programs to promote and protect worker and human rights, including the Human Rights Radio Drama Program which allowed the TUCP to reach out to the general public with radio dramas focusing on the protection of worker rights.

For many years, AIFLD has supported the struggle of democratic unions against tyranny in Latin America. AIFLD assistance to the Chilean CUT, for example, has been credited by CUT and by former President Aylwin as crucial to their opposition to General Pinochet. In recent years, AIFLD programs have concentrated on promoting labor code reform, improving the administration of justice and enhancing the role of democratic unions in ensuring that worker interests are taken into account as governments design and implement economic restructuring programs.

#### Evaluation Procedures

The international labor institutes' programs are evaluated to ensure they meet program objectives. The institutes conduct ongoing internal evaluations both by Washington.

headquarters and field staff Independent evaluations of institute programs are conducted by USAID and NED

Program evaluations attempt to measure the impact of activities on the development of democracy and independent trade unions, and on efforts to protect worker rights Program objectives and verifiable indicators are an integral part of program proposals Objectives focus specifically on what is to be achieved and are designed to be reasonably measurable Using qualitative and quantitative criteria, programs are evaluated to measure whether these objectives are achieved However, measuring impact requires substantial data which may only be available over a long period of time

## APPENDIX IX

### CENTER FOR INTERNATIONAL PRIVATE ENTERPRISE

The Center for International Private Enterprise (CIPE) was founded in 1983 as an affiliate of the U S Chamber of Commerce. It is one of the four core grantees of the National Endowment for Democracy (NED), drawing on the capabilities of both the NED and the Chamber, the world's largest business federation. In its eleven years of operation, CIPE has sponsored some 300 programs in over 50 countries in Eastern Europe, Asia, Latin America and the Middle East.

#### Operating Philosophy

CIPE's efforts are directed at the link between democratization and economic development. By supporting indigenous organizations, it works to promote the legal and institutional infrastructures of market-based democracy, increase business participation in the democratic process, strengthen entrepreneurial culture and the middle class, facilitate freedom of information, and foster civil society.

As a principal participant in the National Endowment for Democracy, the Center for International Enterprise (CIPE) supports strategies and techniques that address market-based democratic development. Free exchange of information, freedom of association, educational opportunities, freedom of movement, and a legal framework which protects rights, upholds commitments, provides common terms of reference, and supports the basic mechanisms of exchange are all vital to both democracy and private enterprise. By fostering business institutions committed to these values, CIPE plays a key role in encouraging and sustaining democratic principles and infrastructure. Through its economic advisory programs CIPE helps newly-formed democratic governments tackle the complex issues of economic growth which enable them to fulfill the promises of a better life offered by the transition to democracy. At the same time, CIPE's support of private enterprise and individual entrepreneurship reinforces the importance of individual effort and self-determination, basic concepts in democracy -- and contributes to the strengthening of a middle class, accustomed to choice and competition -- not just of products and services, but also of ideas and values.

#### Management and Funding

CIPE maintains close ties with the U S Chamber of Commerce for in-country coordination, as well as with USAID, through the country mission. USIA is an important partner for publication.



of CIPE's magazine, Economic Reform Today. It also works with a number of NGOs, including the Westminster Foundation and the Soros Foundation. CIPE is managed by a 16-member Board, with international bipartisan experience.

The NED coordinates the overall mission and strategy of CIPE and other grantees and acts as a central clearinghouse and source of information on a variety of private sector democracy programs: coordination meetings, briefings and contacts between program officers and regionally-oriented organizations. The NED plays a critical role in program approval, providing oversight and streamlining operations.

In the 1994 budget, CIPE was granted \$4.152 million from NED. Of that figure, \$3.39 million went for direct program costs and \$ .75 million was attributed to CIPE's indirect cost rate, for an indirect cost rate of 22.5%. It is CIPE's policy to support projects in which NED funding is complemented by contributions from other sources.

#### Democracy Programs

CIPE contributes to specific, indigenous projects often supporting new organizations with small grants. Through its grantees CIPE sponsors a wide variety of programs, including legislative advisories, economic policy analysis, press training, corporate governance, organization development and entrepreneurship training. The key target groups of grantee organizations are legislators, government officials and other political leaders, journalists, business leaders, entrepreneurs and students.

CIPE's programs are categorized as follows:

- Legislative Advisory Services, which provide legislatures and the public with economic analysis and cost-benefit information on draft bills (Czech Republic, Hungary, Poland)
- Civic and Economic Education Programs e.g. seminars on privatization for government officials and for broadcast on television (Czech and Slovak Republics), publishing newsletters, journals, policy papers, textbooks (Poland, Russia), courses in entrepreneurship and brokerage (Ukraine, Romania)
- Corporate Governance Programs e.g. training corporate directors (Poland, Hungary, Czech and Slovak Republics), providing technical assistance for organizational and institutional development.

-- Technical Assistance Programs e g providing expertise on critical issues affecting transitions to market economies (Ukraine, Romania, Poland, Czech and Slovak Republics)

-- Supporting Local Chambers of Commerce Programs supporting local Chambers have been undertaken in Botswana, Kenya, Tanzania, Zimbabwe, Zambia, Swaziland, Nigeria, India, Egypt

### Evaluation Procedures

As the GAO found in a 1991 audit, evaluation has been a key part of CIPE's program development. Not only does it enable CIPE to replicate successful elements of projects, it also provides feedback and lessons learned for improving future projects. CIPE's multi-layer approach to project evaluation includes grantee self-evaluation and program officer evaluation of each project, financial audits, file reviews and field visits by CIPE evaluation staff as needed, and commissioned evaluations by outside consultants for some projects or program types. Additionally, CIPE conducts a comprehensive five-year review of strategies and projects. The cumulation of these monitoring and evaluation efforts is reflected in CIPE's annual plan establishing goals and priorities for programs and funding targets.