

Exercising U.S. Leadership: Democracy Funding in a Time of Global Change

May 15, 2012

Executive Summary

The U.S. Congress should fully fund the Administration's request for \$56 billion to support international affairs for Fiscal Year (FY) 2013, a 2% increase over FY 2012.¹ This budget is one of the primary tools the United States uses to maintain leadership abroad, pursue its international priorities and promote American values.

As Americans display growing fatigue over costly military interventions abroad, the Obama Administration has appropriately placed greater emphasis on diplomacy and development to advance U.S. foreign policy and national security objectives. In order to do so effectively, a robust foreign assistance budget is needed, along with carefully targeted use of available funds.

The House Republican FY 2013 budget plan would cut the international affairs budget each year, resulting in a 20% decrease by 2016. The seriousness of this proposal can be seen in the recently announced House Appropriations Committee budget allocation, which provides \$48.4 billion for State and Foreign Operations for FY 2013, a 9% decrease from last year's budget and 12% less than the Administration's request. While in this time of budget cuts every area must be under review, such cuts to the international affairs budget, if enacted, would undermine the ability of the United States to exercise global leadership and address the challenges posed by China, Russia and other authoritarian regimes.

Democracy programming and the entire international affairs budget have important congressional allies on both sides of the aisle. However, these supporters face an uphill battle in protecting American foreign policy funding during this time of significant budget cuts. In fact, the House subcommittee on State and Foreign Operations' version of the FY 2013 bill fully funds democracy programs; however, the total international affairs budget still receives a cut of 12% from the President's request.

The international affairs budget is critical to achieving U.S. objectives abroad, including national security, yet it **makes up only 1% of the total annual U.S. budget**. Cuts in foreign assistance would do little to reduce overall government spending but would significantly weaken the U.S. position in the world.

The administration's proposed FY 2013 budget will support important initiatives that protect and promote democracy and human rights including:

- Funding for a new Middle East and North Africa Incentive Fund to support transitions in the Middle East.
- Enhanced support for democracy and human rights programs in transitioning countries including Tunisia, Libya and South Sudan.
- Increased funding for programs in priority regions, namely Africa and Asia.

¹ The budget request numbers cited in this document are taken from the President's FY 2013 State and Foreign Operations Budget request and congressional budget justification: <http://www.state.gov/s/d/rm/c6112.htm>

Congress should not only provide adequate funding levels but also ensure that funds are used effectively. Provisions in the FY 2013 State and Foreign Operations bill should:

- Hold the Egyptian military, government and parliament accountable for a successful democratic transition.
- Support civil society and human rights defenders around the world.
- Continue to provide democracy assistance in the repressive Central Asian republics.
- Use the leverage the U.S. has as a result of military and other aid to support positive developments and prevent backsliding in countries such as Bahrain, Burma, Cambodia, Egypt and South Sudan.
- Prevent backsliding in democracies such as South Africa, Turkey, Ukraine and Hungary.

Supporting International Democracy and Human Rights

In a May 2011 speech, President Obama pledged to elevate the promotion of democracy and human rights to key pillars of America's foreign policy. He said,

The United States supports a set of universal rights. And these rights include free speech, the freedom of peaceful assembly, the freedom of religion, equality for men and women under the rule of law, and the right to choose your own leaders – whether you live in Baghdad or Damascus, Sanaa or Tehran...Our support for these principles is not a secondary interest. Today I want to make it clear that it is a top priority that must be translated into concrete actions, and supported by all of the diplomatic, economic and strategic tools at our disposal.²

Against the backdrop of the Arab Spring and ongoing unrest in places such as Syria, Bahrain, and even Russia, the Obama Administration has had the opportunity over the course of the past 18 months to embrace democracy and human rights as a hallmark of this Presidency. Great opportunities exist inside and outside of the Middle East to support democratic transitions and condemn the authoritarian regimes who continue to cling to power. Yet the Administration has struggled with translating its stated intent to support democracy and human rights as a “top priority” into meaningful policy that pursues those goals in the face of competing interests.

The world has entered a period of political transformation not seen since the fall of the Soviet Union. Now, as then, the United States should lead the effort to support democratic movements, fight against repression and promote the universal values of human rights and freedom. The United States cannot impose change from outside; the embrace of democracy and human rights, and the movements to enshrine them into government, must stem from a genuine desire on the part of local people. Over the course of the past year, it has become clear that these values are not only widely shared, but also driving the political debate in Syria, Egypt, Russia, Burma and elsewhere.

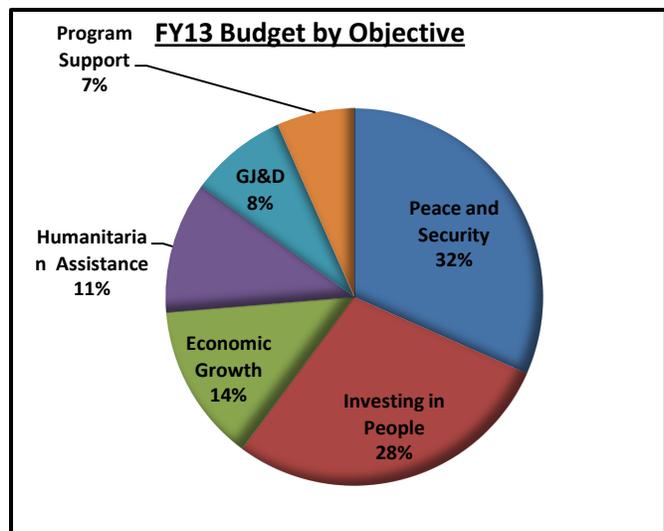
² Remarks by the President on the Middle East and North Africa, May 19, 2011: <http://www.whitehouse.gov/the-press-office/2011/05/19/remarks-president-middle-east-and-north-africa>

While some countries have made great strides toward democracy over the past 20 years, authoritarian governments have consolidated power in places such as Russia, Venezuela and China. In Syria, the Assad regime is engaged in a full-scale slaughter against its own people to maintain power. Even democratic countries such as Ukraine, Hungary, South Africa and Turkey have experienced backsliding. Today, thirty-five percent of the world's population lives in Not Free conditions, as measured by Freedom House's [Freedom in the World](#) report. While Tunisia, Egypt and Libya were able to throw off the shackles of entrenched authoritarian rulers (the long-term impacts of which are not yet known), the outpouring of unrest associated with the Arab Spring has led other authoritarian governments around the world to crack down more intensively against any dissent. The U.S. should be stepping up its support for democracy promotion now, rather than cede the initiative to authoritarian rulers.

Though funding is only one aspect of the multifaceted approach the U.S must take to forward its foreign policy objectives, it is a vitally important tool. **The President's request for democracy and human rights activities (called governing justly and democratically (GJ&D)), for FY 2013 is \$2.8 billion, a 9% increase over FY 2012 levels.** Yet, funding for these initiatives continues to be the smallest amount when compared to other priorities in the budget.

Highlights of GJD Funding

South and Central Asia remains by far the largest regional priority for democracy and human rights funding. As the State Department has taken over many operations in Afghanistan formerly under the control of the Defense Department, funding for the region has increased substantially under the Obama Administration. For FY 2013 the Administration requests \$1.2 billion for South and Central Asia under GJD, a 28% increase over FY 2012 enacted levels.



Though the GJD request for the Middle East remains level with FY 2012 at \$457 million, the Administration also requested \$770 million for a new Middle East Incentives Fund (MENA-IF) meant to provide the State Department and USAID with flexibility to react to the fluid situation in the region, and assist the transitions in countries where autocratic rulers were overthrown. The majority of the MENA-IF fund is not included in GJD totals because its purposes have not been wholly identified. The MENA-IF fund will be examined further on page 7.

An important development in this year's request is the elimination of the Assistance to Europe and Eurasia (AEECA) account. First created in the early 1990s after the fall of the Soviet Union, AEECA, was designed to assist former Soviet states in transitioning to democratic, capitalist systems. The fund was intended to be phased out as countries achieved economic and political stability and, in many cases, moved under the umbrella of the European Union. Although the

account's elimination is not necessarily cause for concern (much of the funding is being moved to other accounts such as the Economic Support Fund (ESF)), the 16% decrease in GJD funding for Europe and Eurasia is troubling, particularly given recent crackdowns on independent civil society and political expression in Russia, Belarus, Ukraine and Kazakhstan, as well as the highly repressive situations in the remainder of Central Asia.

Funding for GJD in the Administration's request for the Western Hemisphere has gone down slightly to \$406 million for FY13, a 5% decrease from FY 2012. The requests for East Asia and Pacific (EAP) and Africa are both increases over FY 2012, reflecting regional priorities the Administration has identified in the past.

The top five recipients of GJD money in the FY13 request once again make up almost 60% of the total, with the rest distributed among all other U.S. aid recipients around the world. The largest recipient countries—Afghanistan, Iraq, Mexico, Pakistan and South Sudan—certainly face major challenges that deserve adequate resources; however, policy-makers should be looking closely at whether the results of the aid merit such immense investments. There are many countries around the world where modest allocations of democracy funds can have significant impacts.

Policy Issues

The President's budget request is not only a blueprint for government spending; it also includes guidance, requests and legislative language that shape policy priorities for the coming year. There are a few policy issues relating to democracy and human rights that the Congress should weigh in on when considering this year's budget request.

Human Rights Abuses and Foreign Aid

As a result of past decisions by Congress, there are longstanding provisions in appropriations bills that seek to ensure that the United States does not contribute to human rights abuses, or assist financially or otherwise the actors who commit them. However, more needs to be done, both to ensure that current provisions are being followed, and to strengthen language that ensures American assistance does not contribute to human rights abuses. Nothing does more to damage the image of the United States around the world than American assistance to or perceived collaboration with leaders, militaries and/or police forces that violently repress their people. Safeguards should be in place to ensure that financial assistance is cut off for leaders who commit abuses and that American democracy and human rights assistance does not become co-opted by foreign governments with competing aims.

- The “**Brownback Amendment**” provides language included in the annual Appropriations bill to prohibit foreign governments from having approval over U.S. democracy and human rights assistance. Often, repressive governments insist that local recipients of U.S. aid must be legally registered in the country and then control the registration process to select which civil society organizations receive U.S. aid. The

United States must not allow repressive regimes to undermine its foreign assistance goals in this way. Congress should increase its oversight of American democracy assistance to make sure the Brownback Amendment is being followed.

- In the FY 2012 enacted State and Foreign Operations Appropriations bill, the Congress included a provision that requires the Secretary of State to submit reports to Congress concerning any **crowd control** items being sold to countries whose governments are suspected of committing human rights abuses. Throughout 2011, there were many disturbing images from the Middle East, particularly Egypt and Bahrain, where American-made tear gas and other items were used violently against peaceful protesters. These images cast a pall over any good intentions the U.S. may have for reform in these countries. This provision should be included in the FY 2013 bill and Congress should explore the possibility of additional reporting requirements or restrictions.
- Each year, the United States provides billions of dollars in **foreign military financing** to partners and allies around the world. This assistance can take the form of military equipment sales; access to military information and supply lines; training of forces; or other mechanisms to build up the capabilities of our partners. However, military assistance is too often given with little thought as to how it impacts the local population, further entrenches autocratic regimes, or in some cases is used against a country's own citizenry.

A particularly poignant example is the continued military partnership that the U.S. maintains with Bahrain, whose ruling al-Khalifa family has been brutally repressing a local political uprising since February 2011. There exists clear and well documented evidence, corroborated by a report commissioned by the regime itself, that the government of Bahrain has violently suppressed political protesters and used extra-judicial arrests and torture to maintain its minority government in the face of widespread opposition.

At the same time, the United States moved forward with arms sales to Bahrain in 2012, despite vocal opposition by many in Congress, as well as sharp criticism from human rights activists in Bahrain and around the world.

Congress should strengthen its oversight of military assistance to ensure that regimes that are using torture or engaging in other human rights violations are not receiving American military aid.

- The April 2012 decision of the Obama administration to waive conditionality requirements on **military aid to Egypt** was a misuse of U.S. leverage. Despite the charges and impending trial against 43 NGO workers, including 18 Americans, and the ongoing crackdown against civil society in Egypt, the Administration opted to move forward with military assistance, sending a resounding message that U.S. ties to the Egyptian military take priority over the Egyptian people's democratic aspirations. Congress should include language that conditions military aid to Egypt on a successful

transition to civilian rule and the protection of the rights of expression, assembly, association, and religion. There should be no waiver for these conditions.

Vetting of US foreign assistance recipients

In recent years, agencies responsible for U.S. foreign assistance have implemented vetting requirements for assistance recipients. These requirements can put partners at risk and place undue burdens upon the implementing organizations. In the past, implementers of democracy and human rights programs were able to run their own checks on the names of individuals receiving assistance; now they are more frequently being asked to submit the names and identifying information of individuals directly to U.S. government agencies. Given recent high-profile leaks of classified and personal information from US government sources, including Wikileaks, potential foreign partners, particularly in sensitive and dangerous environments, are deeply concerned about the new vetting requirements and reluctant to accept U.S. support.

Moreover, these requirements undermine a key strength of U.S. democracy programs - the fact that they are most often carried out by independent groups working directly with foreign counterparts, for instance with human rights groups, labor unions, journalists, etc. When the U.S. government directly vets program participants, it inserts itself into the relationships between American and foreign civil society groups, thereby raising questions about the independence of the local partners. Congress should examine what vetting systems are currently in use across the foreign assistance agencies and study their effects on programming.

Reporting Requirements

Today there are at least three separate websites where information about U.S. foreign assistance practices is posted on a regular basis. Groups that receive U.S. government funding are required to report their activities on USAspending.gov by registering for DUNS numbers from the Treasury Department. In addition, the Administration rolled out a foreign assistance dashboard in 2010, where detailed descriptions of all U.S. foreign assistance programs are displayed on a regional, country and programmatic basis. Moreover, USAID lists programmatic information on its own website. Freedom House supports efforts to increase transparency, but notes that many democracy and human rights programs are extremely sensitive and carry real dangers to the men and women who carry them out.

In many countries, just a rumor that someone is accepting U.S. government funds can be enough to earn them a hefty jail sentence or make them a target of a violent attack. In other locations, details about U.S. government assistance programs and their priorities can act as a blueprint for governments who wish to crack down against such activities. Though there are certain waivers in place, the reporting requirements still act as a deterrent to otherwise worthy organizations and individuals who may wish to work on U.S.-funded democracy programs. In addition, there is legislation in the Congress that proposes additional or different reporting requirements that could have a further chilling effect on U.S. democracy and human rights programs, not to mention the potential danger for individuals and organizations if their association with the U.S. were made public.

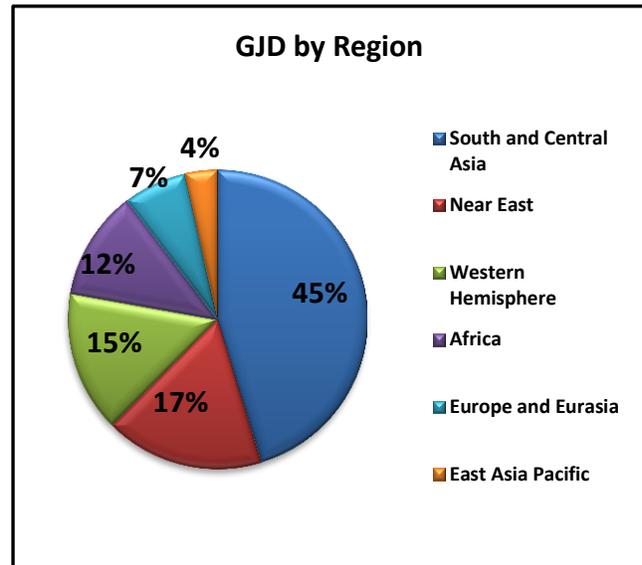
The United States should review current reporting requirements that affect democracy and human rights programming and undertake an overhaul that eliminates redundancies, streamlines information and puts in place proper safeguards so that sensitive information is not released about programs or partners that could put people at risk.

Regional Breakdowns

This section will focus on the top-line numbers and a couple of key countries for each region. For more detailed breakdowns of regional requests please see the attached appendix.

Middle East and North Africa

The FY 2013 request for democracy and human rights activities for the Middle East and North Africa is \$457 million, the same as the FY 2012 total. However, in addition to the typical bilateral and multilateral requests for foreign assistance to the region, the Administration has requested a new account, called the Middle East and North Africa Incentive Fund (MENA-IF), to act as a flexible source of funding that can be used to respond to the changing dynamics of the region. With uneasy transitions underway in Tunisia, Egypt, Libya and Yemen; ongoing conflict in Syria and Bahrain; and the ever-complicated and uncertain situation in Iraq; it is wise to have a resource that allows the Administration to respond to needs as they arise, rather than having to reprogram money that is allocated for other purposes as has been done in the MENA region since the beginning of 2011.



However, it is vitally important that the \$770 million for the Incentive Fund be used in a targeted manner that furthers the Administration's stated goals of achieving democracy and peace in the region. This money should not be used solely to support government institutions, especially in countries like Libya where they are limited in scope, or where some of these institutions are actively thwarting the movement towards democracy, as in Egypt.

Should Congress agree to grant the Administration's request for the MENA-IF fund, as Freedom House supports, it should ensure that a percentage of that money be used to support the development of independent civil society and free media outlets in the region. Moreover, assistance to civil society organizations in the region must not be conditioned upon registration with host governments.

Egypt: At a time when Egypt faces both enormous challenges and opportunities, and the Egypt-American relationship has experienced significant strain, the United States should undertake a

re-evaluation of the entire bilateral relationship, including the total aid package. Current policies and assistance structures were designed for the Mubarak era. The U.S. gives Egypt approximately \$1.5 billion in assistance each year; the vast majority is military assistance. Non-military assistance to Egypt, around \$250 million, is funneled through Egypt's Ministry of International Cooperation and Planning, run by Mubarak-era holdover Faiza Aboul-Naga, who has been the face of Egypt's campaign against American NGO activities in the country.

As American groups including Freedom House, the National Democratic Institute, the International Republican Institute and the International Center for Journalists remain shut-down and their staffs face politically motivated prosecutions, it is inexcusable that the United States would continue to allow an Egyptian cabinet member who is openly hostile to American interests to control US taxpayer assistance to the country. To ensure effective use of U.S. aid to Egypt:

- The U.S. should suspend military aid until the politically motivated prosecutions against NGOs are ended and civil society is allowed to operate freely in the country.
- The United States should immediately stop democracy assistance from being administered by the current unelected government of Egypt which was appointed by the Supreme Council of the Armed Forces. This assistance should be given directly to civil society regardless of groups' registration status, as required by U.S. law.
- The United States should implement an Inspector General audit of U.S. funding through the Ministry of International Cooperation and Planning over the past 10 years.
- The Congress should include conditionality language on U.S. military aid to Egypt that requires a successful transition to a civilian government, and the protection of the rights of assembly, association, expression, and religion. No waiver should be included on the conditions.

The United States has the opportunity to support a successful transition to democracy in Egypt. Whether or not this takes place will ultimately depend on the Egyptian people; however the U.S. must not revert to the Mubarak-era policy of supporting repressive military leaders at the expense of democracy. Now is the time for the United States to embrace those who wish to reform Egypt and lead it to a stable, democratic future.

Tunisia: Freedom House is pleased to see a substantial increase in the request for Tunisia, \$6.4 million, reflecting the substantial progress the country has made in the past year. Assistance for Tunisia should go to building stable government institutions, supporting an independent civil society, building a free media and implementing transitional justice.

Bahrain: As in past years there is no direct request for democracy and human rights activities in Bahrain. Funding for such activities should be allocated within the MENA-IF fund and through other unobligated money for the region. Since February 2012, the Bahraini people have been engaged in mass protests against an unrepresentative monarchy. These uprisings have been brutally suppressed and violence continues to date. The United States should prioritize democracy and human rights promotion with the Bahraini government and encourage it to fully implement the recommendations of the Bahrain Independent Commission of Inquiry (BICI) report, in addition to taking genuine steps toward political reform.

South and Central Asia

The request for South and Central Asia³ remains by far the largest request regionally, taking up 45% of total requested bilateral GJ&D funds. The \$1.2 billion base request is 28% higher than FY 2012 levels. As the US military campaign in Afghanistan winds down, more responsibility is being shifted to civilian actors. The base request of \$1.2 billion does not include extraordinary amounts directly associated with military operations there. Nevertheless, it remains extremely high and merits close scrutiny by lawmakers to ensure that investments in Afghanistan are having the desired impact.

Central Asia: The republics of Central Asia are some of the most repressive in the world, with Turkmenistan and Uzbekistan consistently landing on Freedom House's annual *Worst of the Worst* list. Efforts to support democracy and human rights in the region should not be neglected due to military priorities. The modest requests for Turkmenistan, Uzbekistan and Kazakhstan do not reflect the great need for supporting democratic progress and human rights in these countries. In Kazakhstan specifically, where the request is down 27% for FY 2013, the government has been increasingly harassing civil society and cracking down against human rights activists. The U.S. should actively oppose these developments through policy and programming.

Europe/Eurasia

The Europe/Eurasia region received a request of \$182 million for FY 2013, a decline of 16% from FY 2012 levels. While many countries, particularly in the Balkan region, have made great strides and require less assistance, others including Ukraine, Belarus and Russia have experienced serious declines in their levels of freedom and should be a priority for U.S. democracy support.

Russia: Vladimir Putin's return to power after questionable elections in March has sparked widespread unrest in Russia in recent months. Peaceful protests ended in violence as recently as May. The request for Russia for FY 2013 is \$31.8 million, an 8% decrease. This decrease is inconsistent with the current needs for democracy assistance in a country as pivotal as Russia.

Ukraine: Ukraine has experienced significant backsliding over the past year with selective prosecutions of opposition figures and increased restrictions on peaceful assembly and media. Questions remain about the upcoming parliamentary elections in October and corruption is a growing concern. The imprisonment of former Prime Minister Yulia Tymoshenko and other opposition leaders raises serious concerns about the rule of law in Ukraine. The United States should place democracy and rule of law at the forefront of the relationship with Ukraine.

Belarus: President Alyaksandr Lukashenka's ongoing and extensive crackdown against free expression and political activity has kept Belarus on the list of the world's most repressive regimes. The United States should continue to push the regime to respect the fundamental rights of Belarusian citizens and maintain a robust level of assistance to independent civil society and media in Belarus.

³ Number listed do not include Overseas Contingency Operations funding

Asia

As the Administration places a greater emphasis on Asia throughout its foreign policy agenda, the effects have been felt in the democracy and human rights requests for FY 2013. The request for East Asia and the Pacific is \$92.6 million, a 23% increase over FY 2012 levels. Increased funding for the Philippines, Cambodia, and Vietnam will support efforts to maintain gains in the region by supporting civil society and the development of government institutions.

Burma: Burma made historic strides in 2011 and 2012, opening to the world for the first time since the military junta took power 24 years ago. By releasing thousands of political prisoners and allowing Aung San Sui Kyi and her National League for Democracy to participate in elections, signs seem to point in a positive direction for the country. However, the international community should not react too quickly to some of the positive changes occurring in Burma, and ensure that there is targeted investment in continuing the gains made over the past year. Only time will tell if these positive developments will lead to a more open, democratic Burma, and the United States and others must hold the military leaders to their promises.

Cambodia: The United States should continue to press the Cambodian government to allow civil society to operate freely under the proposed draft law on Associations and NGOs.

China: Funding for democracy and human rights programs in China is typically added to the budget through the annual appropriations bill and not requested in full by the Administration. Support for efforts to promote human rights in China is as critical as ever, with the upcoming change in the country's political leadership and the increasing efforts of citizens to express their views freely. The recent high-profile case of blind activist Chen Guangcheng highlighted the plight of many political dissidents who remain in detention in China; and the clumsy handling of the case by U.S. officials displayed the U.S. diplomatic corps' fear of angering Chinese officials.

Africa

The Administration once again rightly prioritizes support for democracy and human rights in Africa with a \$313 million request for the region, a 15% increase. Countries that have made democratic progress such as Kenya and Zambia will benefit greatly from ongoing support that can assist in consolidating these gains, while countries where democracy is under duress require continued efforts at reform. The robust request for the new country of South Sudan will assist in that country's development of a fully functioning state.

Kenya: Freedom House urges congress to fully fund the request of \$14.4 million for Kenya for FY 2013. Money requested under GJD will be used to strengthen government institutions before and after elections which are set to take place at the end of 2012 or early 2013. Resources should be invested to help ensure that the kind of violence experienced after the 2007 elections does not recur.

South Sudan: As violence increases on the border between South Sudan and Sudan and the fledgling new country is put at risk, it is essential that fragile government institutions in the South receive material and technical support. The United States must focus on strengthening the state institutions of South Sudan but should also place emphasis on helping to build a vibrant and

independent civil society in the country that can participate in the constitution-making process. Support for civil society is critical to make sure that local groups can hold the government to account. Congress should fully fund the \$95.7 million request.

Ethiopia: Ethiopia's 2009 Charities and Societies Proclamation severely limits civil society activities and has suffocated independent groups working on democracy and human rights issues in the country. The U.S. government's subsequent decision to stop supporting local groups in accordance to the law further stifled what room was left for civil society. The U.S. should re-evaluate what options exist for supporting civil society in Ethiopia and not condition aid on local laws meant to subvert independent activities.

Western Hemisphere

The FY 2013 request for the Western Hemisphere is a 5% decrease at \$406.7 million. At a time of increasing crackdowns against freedoms of expression and association in the region by leaders such as Rafael Correa in Ecuador and Daniel Ortega in Nicaragua; continued lawlessness in Mexico; and the ongoing abuses by the Castro regime in Cuba; it is especially important that the U.S. not turn away from supporting democracy and human rights in its own hemisphere.

Venezuela: The \$3 million request for GJD in Venezuela for FY 2013 is a 40% cut from the previous year and would impair already modest programs in a country that has heavily restricted civil society and democratic participation. Regardless of the outcome of the upcoming Presidential elections, the U.S. must remain engaged on democracy issues in the future.

Ecuador: Over the past year, the Correa administration has targeted journalists who attempted to shine a light on corruption within the government. The \$3 million request for GJD in Ecuador should be fully funded to assist independent civil society in advocacy and coalition building around freedom of expression and freedom of association issues.

Mexico: Mexico is grappling with weak judicial institutions, lawlessness, and organized crime that threaten human rights on many levels. Congress should fully fund the \$179 million request for FY 2013 and ensure that there is a focus on strengthening rule of law, empowering civil society, and protecting free speech and the media.

Bolivia: The U.S. Agency for International Development's democracy program was closed in 2009 at the Bolivian government's request but has resumed under a new agreement with the Bolivian government. In addition to support for improved local governance, U.S. funding should address key challenges for democracy in Bolivia, including freedom of expression, judicial independence, and accountability of public institutions.