

Statement of
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on Behalf of
The Open Society Institute
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I much appreciate this opportunity to appear before this distinguished committee to participate in your consideration of how non-governmental organizations (NGOs) can help individuals and governments get on the path to democracy and remain on that path. The Open Society Institute and its related entities, often referred to collectively as the Soros Foundation Network, after its founder and patron George Soros, plays a unique role in this process. I and my colleagues very much welcome this opportunity to explain our approach and to provide some examples of what we have done in the more than 20 years that the Network has functioned. I want to lay out some general principles and then to illustrate how the Foundation Network works by describing briefly our efforts in a few specific countries.

The Soros Foundations Network has been in operation since 1984. In the last decade alone, the Network has expended approximately \$5 billion in over 70 countries to support the development of open societies. Most of our work is done through local foundations in the countries in which the Network is operating. As a fundamental principle, we rely on the judgments of local boards and staff that decide what should be done and who carries out the activities. The Network does not impose a strategy but grants funds to local foundations after evaluating strategies developed locally and provides programmatic and technical assistance in addition to financial support. We think that this distinctive way of operating is the key to the success of our efforts.

A second general principle is that the Network operates in a strictly non-partisan manner: we are not in the business of favoring one political party, faction or candidate over

another, and we do not provide support for "regime change." In the few instances in which the Network has engaged in election-related activity, it is to promote an honest and level playing field. Our efforts in the elections area are related to transparency and information dissemination, not to ensure any particular outcome. I will describe one such set of efforts, in Ukraine in 2004, shortly.

A third principle is that the Network operates independently of the United States Government (USG) and of any other government. It is not our mission to implement the policy of any government. Like many donors, however, there are times when we have supported the efforts of governments to promote reform in their own countries particularly in the earliest stages of the transition to democracy. Such is the case in Liberia, where we have teamed with the United Nations to create a Capacity Building Fund to support the reform efforts of President Sirleaf. I will discuss this on-going effort as well.

Throughout the Network's history, there have been numerous instances where USG democracy assistance has complemented OSI's efforts to promote an open society. At various times and in various places, the Soros Foundations Network has co-funded initiatives with the U.S. Government and other governments in areas such as civil society development, public health and education. Bosnia, where we have been working with the local governments and other governments over a long period, is one example where this cooperation is yielding results, as I shall discuss.

Our ability to work effectively with the U.S. Government has varied over time. At the current moment, perceived association with the U.S. Government is not always helpful. The last general principle I will mention is that we believe that private, non-governmental funding directed to local groups is always an essential element of democracy building. Government funding, especially from a major power such as the United States, is most likely to be effective if it comes through entities like the National Endowment for Democracies and its associated institutes rather than from the government directly. However, government funds given to support American and local NGOs can also play an important role.

I would be pleased in the question period to elaborate further on these general principles and to explain in more

detail how the Soros Foundations Network operates. However, I would like to use my remaining time to illustrate our operational approach by focusing on a few specific cases. These reports are very different in style precisely because they reflect, as does all our work, direct input from the local Soros Foundation. I thought this was a useful way to underscore our conviction that local leaders must be allowed to speak for themselves and to present the challenges and opportunities as they see them.

UKRAINE

Because of its non-partisan mandate and concrete programmatic orientation, the International Renaissance Foundation (IRF)(the Kyiv-based Soros body in Ukraine) viewed the recent elections as more of a means than an end. The elections were considered a significant institutional milestone, to be sure, but one which presented a challenge to be sure that IRF remained faithful to its key priorities. Those efforts focused on election-monitoring (most notably via an exit poll that they helped spearhead with other donors), voter education, public opinion analysis and regional debates, and guarantees of voter rights.

2004 Presidential Election

The IRF supported complex programming during the presidential contest of 2004. Needless to say, the funded projects did not seek to support a particular candidate, but worked to create an environment conducive to compliance with Ukrainian electoral law, respect of voters' rights and open access to information. A few key examples of their work:

- Monitoring election financing: identifying the total cost of the candidates' campaigns, the distribution of federal electoral funds and the transparency and accountability of both;
- Monitoring media coverage of the election period;
- Supporting NGO coalitions, working on voter rights and civic engagement; and

- Supporting exit polls (widely viewed to be the crucial impetus for the mobilization of the Orange electorate in protesting the election's falsified results).

2006 Parliamentary Election

During the March 2006 parliamentary elections the IRF supported many of the same initiatives as discussed above, including key exit polls which provided laudably accurate results. In light of the increased power of Ukraine's parliament due to constitutional reform, the foundation focused on enhancing the quality and availability of information and analyses of party platforms so that voters could make, as the IRF called it, a "deliberate choice." Amid this effort, Ukrainian NGOs were provided with support to enable them to study campaign promises and party political records on concrete issues and to distribute the findings to the media and on the internet. Public forums were held all over Ukraine about the results, with journalists, experts and average citizens participating. IRF also supported a series of roundtables, debates and interviews with leading politicians that were broadcast on television and the radio. Not only did this effort improve the quality of information provided to Ukrainian citizens, it also set a higher standard for public scrutiny of political choices. Correspondingly, the initiative encouraged Ukrainian politicians to establish a political culture characterized by competing public policies, programs and individuals, rather than vague populist pledges.

Other International Renaissance Foundation Activities

The areas focused upon by the foundation during the recent electoral period -- freedom of expression, transparency and accountability, and human rights work, broadly defined -- are those in which the foundation has had a long term interest and which constitute the core of Network-supported activities. The IRF also supports projects and programs which foster the development of civil society and promote the rule of law and the independence of mass media. For instance the IRF has provided funding to diversify information sources for civil society, democratize education and public health, and protect minority rights.

A major advocate for transparency in Ukraine, IRF is a model of transparency itself, openly conducting tenders for

its funding and informing the public regularly of its activities through press conferences, bulletins and internet publications.

Several key examples of the IRF's current work include:

- Supporting legal aid and creating a pilot network of legal aid centers (in most parts of the former Soviet Union, a formal system of legal aid is absent);
- Supporting publication of a seminal report on the state of human rights in Ukraine, prepared by a network of Ukrainian human rights organizations;
- Supporting public access to government information through information requests to various public bodies and legal action against those bodies which refuse to release requested material (In part due to this effort, the Ministry of Justice recently affirmed that that the widespread practice of secret decrees was illegal.);
- Supporting a pilot testing initiative in 33 universities to eliminate the rampant corruption inherent in entrance examinations.

BULGARIA

The Open Society Institute has been the primary private funder of NGOs in Bulgaria for the last 16 years and has consistently promoted the fundamental values and processes of liberal democracy. These programs demonstrate the importance of a long-term commitment to help institutionalize key elements of democracy over time and to create the needed civil society components.

The foundation has played a decisive role in creating and maintaining the infrastructure of Bulgaria's civil society. It has founded more than 20 NGOs and has provided support to more than 50 others. These organizations constitute the most active segment of Bulgaria's civic sector and include watchdog groups, think tanks, grassroots NGOs and educational institutions such as the American University in Bulgaria.

Among the keys achievements of the foundation are the following:

- Opening the world for a generation of students, academics and intellectuals through scholarships, exchange programs and fellowships; close to 4,000 individual grants have been awarded, many of them to opinion-leaders and decision-makers in Bulgaria;
- Filling voids in Bulgaria's public life with books, publications and information resources; the translation program single-handedly made available the basics of philosophy, sociology, political science, anthropology (more than 200 titles), subjects that had been "closed" by the communist regime;
- Dramatically improving the civic awareness and skills of NGO practitioners, civil servants and politicians at the central and local levels;
- Calling attention to the plight of the country's Roma citizens and supported a broad program of advocacy, self-help and social service to that community; OSI also initiated the *Decade of Roma Inclusion* (with the World Bank as partner), which led the Bulgarian government to adopt an \$800 million 10-year program for improving housing conditions for the Roma minority;
- Initiating public debates on issues previously left off the agenda, such as access to justice, the rights of people with mental, intellectual and physical disabilities and palliative care; and
- Introducing innovative approaches to social problems piloted in other countries, such as community policing, diversity management in local government and minority community centers. Many of these were later institutionalized within government agencies.

Here are some specifics on a few key programs:

Human Rights

OSI has been a major architect of the human rights infrastructure in Bulgaria. It helped create and maintain a network of human rights NGOs, which produced the

first voices promoting radical reforms to the old totalitarian system. Through public awareness raising and strategic litigation, these organizations have brought about a sea-change in Bulgaria's public sphere, including the adoption of modern regulations on anti-discrimination and access to public information.

Rule of Law

OSI has promoted equal access to justice for all citizens. The foundation initiated the first research studies on this issue, advocated for the new law on Legal Aid (adopted in 2005) and supported a network of NGOs providing free legal advice to vulnerable social groups. It also supported public interest lawsuits on a variety of issues. OSI has established a number of legal clinics and helped design national standards for clinical legal education. Much of this work has been done in partnership with USAID-funded programs (specifically ABA-CEELI) and the EU.

Media

During the first seven years of Bulgaria's transition to democracy, OSI promoted the development of independent media by providing funding, training and expertise to reporters and editors. These efforts included the development of a code of ethics and support for investigative journalism. In 1998, the foundation established the Media Development Center, which is dedicated to the development of a professional journalist community in the country. OSI continues to support diversity in media by helping Roma journalists break into mainstream news outlets.

BOSNIA AND HERZEGOVINA 1992-2006

The Soros Foundation Network activities in Bosnia and Herzegovina (B&H) illustrates the diverse roles which the Network plays in responding to threats and opportunities and in empowering a local population to seek its own path to democracy.

Work began during the siege of Sarajevo begun in November 1992. In December 1992 a \$50 million dollar gift by George Soros was given to UNHCR for redistribution to international NGOs to address the desperate humanitarian

situation. The intent was not only to help alleviate the suffering of those in need of humanitarian assistance; the Foundation also hoped to attract international humanitarian NGOs to work in B&H and, through their presence, provide international witnesses who would speak out against the war crimes and crimes against humanity committed in connection with the policies of ethnic cleansing. Among the projects funded in Sarajevo through the Soros humanitarian fund was one which established a new water system; another that connected 60% of the homes to natural gas for heating and cooking purposes; another that brought seeds to Sarajevo to permit residents to grow vegetables on terraces and in gardens; and another, kept secret during the war so as not to endanger those involved with it, that increased the electricity supply to Sarajevo by 30 percent to ensure uninterrupted operation for hospitals, the central bakery, the TV station, the Presidency, and other facilities necessary for the survival of the city.

Humanitarian assistance activities during this period of necessity focused on bare survival in times of war. Foundation projects included donations of equipment and supplies, medical facilities, food aid and clothing for the most badly affected groups; establishment of e-mail links in many Institutions; scholarships, computer courses in Zenica, Mostar and Sarajevo, pen-pal project with Sarajevo children, solar lamps to academics and intellectuals, hospitals and morgues; and an open phone line so relatives and friends from around the world could call in.

From 1995-1999 with the relative normalization of the situation following the Dayton Peace Accords, the focus moved to building civil society and institutions from the remains of the war. A new local Board was appointed from people all over B&H (not only Sarajevo, now that people could travel). Opening of a branch office in Banja Luka brought new challenges of working within Republika Srpska, new media, new NGOs; more projects to fight nationalism and the high influence of Milosevic and Karadzic. Among the new programs:

- Priority shifted to education and cultural programs involving young people (anti-brain-drain);
- Creating highly specialized centers for media, law, contemporary art, management and information technology; children education centers;

- Publishing Program supported together by the Foundation and modern B&H literature, as well as authors in social and natural sciences;
- Over \$8 million supporting independent media (print and electronic) on the premise that there can be no democracy without free media ensuring a truly autonomous space for open public dialogue on key social and political issues; and
- Other programs included debate and library programs, as well as thousand of grants given to high-school and university students, journalists and scientists, professors, musicians, writers, economists, painters, actors and directors, persons with disabilities, doctors, engineers, IT specialists and linguists.

Beginning in 2000 the Foundation began to focus on a limited number of areas identified as priorities on the road towards open society. The current approach is the determination to work on long term projects with clear targets which would contribute to a systemic change in the society. An important element of the new approach is various forms of partnership and co-financing with other international organizations/agencies. Priorities have been selected on the basis of an assessment of the relative significance of the subject matter for the democratization process.

The priorities are youth and long-term education reform, promoting rule of law and good governance and protecting minorities and other vulnerable groups. The Foundation prioritized youth since they can serve as advocates of a better and more open society, and long term education reform programs, since they use "top-down" and "bottom-up" approaches equally, thus improving both levels at the same time. The impact is felt at the system level in its institutions and at the local level in the schools themselves.

The second priority -- building an open society through the promotion of the rule of law and principles of good governance -- is the focus of the Law Program and the Local Governance Program. The Law Program is dedicated to creating an ambience that would lead towards the rule of law in general, as well as human rights protection and

improvements in knowledge and skills of those who are supposed to be the pillars of the rule of law in society. Promoting a culture of transparency and accountability among local authorities and strengthening democratic values through civic participation in decision-making is at the core of the Local Governance Program.

The third priority concerns minorities and other vulnerable groups. The Roma Program tries to bridge the gap that still divides the Roma and the rest of society, through capacity building in Roma associations, inclusion of Roma children into the education system, as well as protection and support to Roma culture and ethnic identity. Although statistically they are not a minority, women qualify as a "vulnerable group" on the basis of their position in society. The Women's Program promotes upgrading women's human rights, equality and empowerment, while also focusing on combating violence against women.

In 2000 the foundation undertook a huge research project called "Developing the New Policies of International Support in Bosnia and Herzegovina - Lessons (Not) Learned" that ended with an international conference and publication of a book.

In 2005 the foundation conducted a Democracy Assessment project which aimed to provide systematic evidence of the actual state of the democracy in Bosnia and Herzegovina. Based on the International Institute for Democracy and Electoral Assistance's methodology, the assessment represents the first time research done by local people and not international organizations; by identifying weaknesses of current political practice, the assessment also provides a platform for an already established NGO coalition, supported together by the Foundation and USAID, that pursues the promotion of "issue-based" instead of "ethnic-based" voting as the country approaches general elections in October 2006. This assessment also created the base for a further, continuous engagement of the Foundation in the monitoring of democratic development in the country.

INDONESIA

While Suharto was in power, the Network assisted media in Indonesia by supporting publications under attack by the regime and by connecting radio stations across the

archipelago and enabling them to form a network, known as 68H, capable of broadcasting national newscasts. Our support was provided through the Media Development Loan Fund which was established by OSI in the mid-1990s, and is now an independent organization that OSI continues to support. At the outset, the radio network in Indonesia provided connections by internet to about 150 stations; today, it continues to operate with about 300 member stations connected by satellite. We are currently supporting 68H by providing funds to radio stations damaged by the recent earthquake. Now, the Open Society Institute's primary grantee in Indonesia is Yayasan Tifa, one of the largest grant-giving indigenous foundations in the country. Soon after the fall of Suharto, OSI brought together a group of Indonesian public intellectuals, NGO leaders and other like-minded persons to formally launch a foundation that would promote open society values. OSI was the sole funder for the first years; now Tifa has been able to attract other funds, though OSI is still the main funder.

Through this foundation, OSI supports programs in the areas of human rights, local governance, media, conflict prevention, pluralism, and access to justice in the most populous Muslim country in the world. In each programmatic area, Tifa begins the process of defining its strategy by consulting with NGOs and civil society organizations about what the local communities and individuals feel are the issues of greatest concern and need. The foundation, staffed completely by local Indonesians, develops its program and grant making strategies from this initial feedback. The grant decisions are then made by a combination of recommendations by program officers to Tifa's senior administration and members of the Board of Directors, who are also all Indonesians.

Two of the priorities of OSI in Indonesia have been support for the peace process in Aceh and support to local media.

Revitalizing and Supporting Civil Society in Aceh 2005-6

Tifa made a number of grants to help civil society respond after the tsunami. These included:

- A meeting of Civil Society groups in Aceh - 140 members of civil society and donor institutions met to discuss priorities and strategy;
- A meeting of Religious leaders - 600 religious leaders from Aceh and surrounding districts met and wrote a letter of recommended actions to government officials;
- Providing grants to rebuild structure of NGOs effected by the tsunami;
- Partnering with women's organizations to help them foster a stronger role for women in the post-conflict society through providing model quality programming for their community; and
- Supporting advocacy NGOs that focus on budget monitoring and corruption watch.

Tifa also developed a Conflict Prevention: Early Warning System (EWS) based on the view expressed by Interim Tifa Executive Director Budi Santoso that, "If conflict prevention is done by strengthening communal rights of local people and enlightening them to democratic values, we believe that they can work for preventing conflict."

The EWS teams in Aceh, Ambon and West Kalimantan organize networks of local people (multi-stakeholder network, both at the village and district level) to analyze the situation on the ground to better forecast the potential of conflict or tension in their area. They are also trained to analyze the potential of using local capacity to settle conflicts.

Tifa and EWS Jakarta are working to rebuild the Aceh EWS post-tsunami. They will begin by developing baseline data and conflict mapping and then re-organize the network or organizations committed to EWS. There have been several NGOs that have voiced their commitment to EWS; Tifa feels it is important to support.

The post-tsunami peace agreement is fragile and facing a most difficult time with the reintegration of the Indonesian military and separatist movements' members back into the community. There are many unresolved issues, including alleged unequal compensation that appears to

favor the ex-separatists versus their victims. Meanwhile, reconciliation is an urgent need. Tifa is supporting the ulemas (religious leaders) to make a community reconciliation plan by consulting all of the conflicting parties, including the government, military, police, and ex-separatist members. The perpetrators are being asked for forgiveness before the community with a promise to make peace, in a local ritual called "pesijeu". This locally organized peace and reconciliation effort has been attempted in several areas, such as Aceh Utara, Aceh Barat Daya, Aceh Besar. Tifa has worked with religious organizations in Aceh, namely Rabitha Taliban, HUDA and Insafuddin, to bring about this peace and reconciliation effort.

Independent Media

A second major area of Tifa's work has is supporting independent media. Among the key activities:

- In 2005, Tifa supported 9 local media organizations.
- Most support goes to community radios outside of Jakarta to help the grassroots stay better informed.
- The long term goal is to help the community radio stations draft legislation that will regulate and support the use of community radio as part of the community development process.
- *Example:* COMBINE Research Institute of Yogyakarta helps communication between grassroots and mainstream through activists and advocates who use radio and multiple forms of media.

LIBERIA IN TRANSITION

After a quarter century of war, corruption, state failure, and massive human rights abuses, Liberia is taking the difficult but necessary first steps toward reform. The new President, the first female elected to the post on the African continent, is motivating international actors, West African states and Liberia's citizens for participation in a package of needed and possible reforms. Prospects for Liberia's future appear positive at the moment. Failure

would undoubtedly contribute to regional instability, a proliferation of mercenaries, further exploitation of Liberia's natural resources and a return to war. The present juncture, where a fair and democratic electoral process has culminated in prospects for development rather than for ethnic-based conflict, is a rare and catalytic opportunity to help forge a beacon of stability in an otherwise tense regional context.

The unique architecture of the Open Society Network provides a readily accessible and locally informed means to support and help sustain transition in Liberia. A combination of local representation and expertise and international policy experience ensures a locally owned process for capacity building and sustainable reform in the country. In addition, thematic expertise in the network in such areas as public health, revenue transparency and independent media increases the depth and breadth of Open Society engagement.

The distinctive and multilayered architecture helps to prioritize and amplify Liberian voices. The Open Society Initiative for West Africa [OSIWA], a regional foundation of the Soros foundation network supported non-governmental and community-based organization in Liberia during the turbulent years of war. OSIWA held a consultative meeting in Monrovia in March 2006 to reengage with partners, listen to the needs of local communities and deepen its commitment to Liberia. The OSIWA delegation visited the newly established Truth and Reconciliation Commission, legislators, government ministries and international agencies such as the United Nations Mission in Liberia. The visit offered a means to develop a calibrated strategy of engagement centered on the core value of entrenching local solutions to local challenges.

The following examples illustrate the range and characteristics of the strategy.

An urgent need for accountability, justice and reconciliation requires an accessible Truth and Reconciliation Commission. OSIWA provided a grant to the Commission, thereby allowing activities to begin while it raises funds regionally and internationally. Network offices in Washington, New York and Brussels complement the grant by coordinating fundraising tours and visits with the Diaspora for commissioners.

Responding to a need for amalgamation among civil society actors and ethics training to avoid corruption in the sector, OSIWA programs are working with civil society actors on coalition building and will create a forum for civil society organizations to meet counterparts in neighboring countries such as Sierra Leone to share best practices. Support to civil society not only provides opportunities to grow a new tier of civil society leaders, but also ensures the development of watchdogs that are a critical element of open and democratic space.

Capacity Building is an essential element of reconstruction. OSIWA and the Open Society Institute [OSI] in New York support the UNDP administered Liberia Emergency Capacity Building Support Project. The project provides support to the Government in its efforts to attract Liberian experts to manage key public service positions and to initiate a series of major reforms needed to transform and restore the twin attributes of efficiency and integrity to the Liberian public service. Additionally, OSI supports the Center for Global Development which is assisting Liberians in a project to implement an economic strategy and partner coordination mechanism, and assisting with IMF and World Bank negotiations.

Reforms are of course impossible without the requisite funding. Lost revenue from corrupt extractive industries in the past drained the Liberia economy. OSI provides funds to the International Senior Lawyer's Project to support their review of the Firestone and Mittal Steel contracts on behalf of the Government of Liberia.

Raising the living standards of a deeply impoverished populace will assist in peace building and alleviate suffering. OSIWA and the Network Public Health Program are jointly funding programs to map the legal framework for HIV/AIDS and supporting projects for communities to heal from massive gender-based violence, a hallmark of the war years.

Education can counter the ignorance that fuels ethnic-based rivalries. The war largely destroyed infrastructure including schools. OSI therefore supports the Liberia Educational Trust, which makes small- and medium-sized grants to Liberian community-based organizations to rebuild schools, provide scholarships, distribute teaching

materials, develop teachers' capacity, and support accelerated learning programs for older war affected youth.

Independent media offers a valuable tool for social dialogue. OSIWA has just launched West African Democracy Radio, an outfit linking community stations in the Mano River Union (Liberia, Guinea and Sierra Leone). The radio is the first of its kind and allows sharing among and within communities engaged in peace building.

Local, national, regional and international advocacy is an essential ingredient in motivating support for all reform activities. OSIWA and OSI representative offices in New York, Washington, D.C. and Brussels have joined forces to raise the profile of Liberian voices among the diverse actors assisting the country.

In conclusion, OSI, particularly OSIWA hold firm to the belief that democratization is a participatory process that must involve indigenous voices, not generic solutions provided by outsiders who lack local knowledge and often do not involve the populations they claim to serve. The multilayered and multidimensional input provided by the Open Society Network enshrines local ownership and local capacity building necessary to affect positive change.

CLOSING REMARKS

These words, Mr. Chairman, accurately reflect the view, not only of OSIWA as it relates to Liberia, but of the network as a whole as it seeks to support civil society struggling to establish and maintain democratic regimes.

I want to close by expressing the appreciation of the Network for all that you, Mr. Chairman, and this committee do to promote respect for human rights and to help people struggle for democracy. We are grateful for the opportunity to describe what the Soros Network does and what its philosophy is and to participate in this important discussion.

I would be pleased to answer your questions and to provide any additional information that members of the committee might wish to have made part of this record. Thank you.