Freedom… depends on the actions of committed and courageous men and women.

—Freedom House mission statement
Mission Statement

Freedom House is an independent non-governmental organization that supports the expansion of freedom in the world. Freedom is possible only in democratic political systems in which governments are accountable to their own people; the rule of law prevails; freedoms of expression, association, belief, and respect for the rights of minorities and women are guaranteed.

Freedom ultimately depends on the actions of committed and courageous men and women. We support nonviolent civic initiatives in societies where freedom is denied or under threat and we stand in opposition to ideas and forces that challenge the right of all people to be free. Freedom House functions as a catalyst for freedom, democracy and the rule of law through its analysis, advocacy, and action.
Freedom House takes the intangible values of freedom and translates them into a strong tangible impact by combining analysis, advocacy, and action. Guided by a nonpartisan, diverse board of trustees, Freedom House has forged an innovative model to promote the expansion of democracy and human rights around the world.

**Analysis**

Freedom House is widely recognized for its array of studies and reports on global democratic trends.

**Advocacy**

Freedom House helps focus the world’s attention on core issues of freedom and democracy.

**Action**

By providing on-the-ground assistance, Freedom House acts as a catalyst for sustainable change, providing reformers with the tools they need to advance democracy in their homelands.

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A Message from our Leadership

Since its founding in 1941, Freedom House has been at the forefront of the movement to advance global freedom and to defend human rights. We do this by advocating freedom’s cause, analyzing freedom’s trends, and in providing support to those who are taking action within their own societies.

Over the last three and a half decades—and in every part of the globe—freedom has increasingly been recognized as the core principle for organizing society. Our Freedom in the World survey also found encouraging gains in 2005 across a number of countries, including in the Middle East, the region historically most resistant to change.

Women are often at the forefront of movements for democracy in many parts of the world. In a 2005 special report, *Survey of Women’s Rights in the Middle East and North Africa: Citizenship and Justice*, Freedom House identified the laws, policies and practices that restrict women’s full participation in their own societies in that region. Freedom House has also engaged directly with groups dedicated to addressing those obstacles—including in Jordan, where our work is aimed at reducing domestic violence, and in the Gulf states, where we are supporting family law reform.

In the last year, obstacles have multiplied for those who are committed to promoting democracy by strengthening civil society. For example, Russia, whose rating was recently downgraded to Not Free, and other countries with disappointing ratings have taken aggressive actions to try to prevent Freedom House and others from supporting the courageous human rights defenders and civic groups in their countries. Freedom House continues its efforts to track the serious democratic deterioration that has occurred in Russia, and to urge effective action against policies, including the restrictive NGO laws, aimed at crippling Russian civic activism.

Over 2.3 billion people still live under repressive regimes that widely and systematically deny their citizens civil liberties and where basic political rights are absent. Among the “worst of the worst” regimes is North Korea. To mobilize the international community to take action, Freedom House has embarked on a global advocacy campaign to raise awareness of the ongoing human rights abuses in North Korea.

The electoral gains of groups like Hamas and extremist Shiite parties in Iraq have triggered doubts about the desirability of promoting democracy. From its founding, Freedom House has embodied a bipartisan commitment to American engagement in the world in defense of freedom and in support of democracy. The advancement of freedom should continue to be a U.S. foreign policy priority. As Iraq has proven, deployment of U.S. troops may help to remove a dictator, but it is not a proven way of
promoting sustainable democratic change. The U.S. should focus on long-term strategic—but flexible—approaches that are directed at strengthening nonviolent civic and political actors within societies. Such initiatives are vital to successful transitions and to achieve more stable and genuine democratic systems, as noted in our recently released report, *How Freedom is Won: From Civic Struggle to Durable Democracy.*

To be most effective, the U.S. must act in coordination with other nations, both bilaterally and through multilateral fora such as the United Nations and the Community of Democracies. Freedom House strongly supported the Secretary General’s plans to reform the UN Human Rights Commission, and urged democratically elected governments to work together to ensure that membership on the new Human Rights Council is restricted to those countries that have demonstrated their commitment to the principles of human rights.

This is a time of great opportunity, and also of formidable challenges. In this uncertain environment, we believe, Freedom House is poised to magnify its effectiveness in fulfilling its mission. As you will see in the report that follows, we have an experienced bipartisan Board and a talented staff capable of even greater contributions to the advance of freedom. Our recently completed Strategic Plan commits the Board to increasing the level of private funding for the organization. We are heartened by the progress we have made to date with our donor base. We hope that this report inspires you to help us to meet the extraordinary potential that Freedom House has to make the aspirations of people around the world to live in freedom into a reality.

Peter Ackerman
Chairman

Jennifer Windsor
Executive Director
Analysis

Freedom House’s rigorous research methodology in monitoring global freedom has earned the organization a reputation as the leading source of information on the state of freedom around the world. Through its standard-setting publications, Freedom House calls attention to global trends in democracy and shines a public light on dictatorships and abuse.

PROMOTING WOMEN’S RIGHTS IN THE MIDDLE EAST

Throughout much of the world, women continue to suffer from a denial of fundamental rights. In many countries, women do not enjoy full rights of citizenship, equality before the law, or protection from abuse. Freedom House recently placed the spotlight on the systematic lack of freedom suffered by women in the Middle East through its path breaking study, A Survey of Women’s Rights in the Middle East and North Africa: Citizenship and Justice. The study, written and edited by a team of leading authorities on women’s rights in the Middle East, identified the laws, policies, and practices that stand in the way of women’s equal status in the Arab world. Freedom House staff held consultations with activists in the region, as well as focus groups to solicit the opinions of ordinary people.

The study’s goal was to provide women’s rights advocates in the region with an in-depth, carefully researched, and intellectually rigorous report to support their efforts at stimulating reform. The report zeroed in on such crucial issues as women’s inferior status in family law, widespread domestic violence, laws and traditions that tolerate violence against women, lack of full citizenship rights, and high rates of female illiteracy. Follow-up regional strategy workshops were held in Bahrain, Egypt, and Yemen. Freedom House has also embarked on a new regional effort to promote reform of family law systems throughout the Gulf states, a program which complements ongoing work in Jordan on the issue of domestic violence.
HOW FREEDOM IS WON

How do societies make the transition from dictatorship to democracy? The study, How Freedom is Won: From Civic Struggle to Durable Democracy, focuses on 67 countries where dictatorships have fallen since 1972. It draws on over 30 years of Freedom House data analyzing the state of global freedom and is the most comprehensive examination of political transitions ever conducted. The report’s central conclusion is that how a transition from authoritarianism occurs and the forces that drive the transition will have a major influence over the society’s ability to create lasting freedom. In large measure, the study finds that transitions generated by nonviolent civic coalitions lead to far better results for freedom than top-down transitions initiated by elites. The study finds that “people power” is a frequent phenomenon, and civic coalitions are a major presence in most transitions. In 50 of the 67 transitions, or over 70 percent of countries where authoritarian systems fell, nonviolent civic resistance was a strong influence.
FREEDOM IN THE WORLD

Freedom in the World sets the standard for the measurement of political rights and civil liberties around the world. The Wall Street Journal has described it as “the Michelin Guide to democracy’s development.”

First published in 1973, Freedom in the World enables policymakers and scholars to assess the progress of freedom from the Cold War era to the post-9/11 period. The importance of Freedom in the World as a tool for policymakers has grown significantly since the events of 9/11. Through its time series analysis and comprehensive roster of indicators, Freedom in the World illuminates those regions that suffer from a “freedom deficit” and those issues that pose the greatest obstacles to democracy. The Millennium Challenge Corporation now bases its decisions on aid recipients partly on Freedom House’s political rights and civil liberties ratings.

COUNTRIES AT THE CROSSROADS

Countries at the Crossroads focuses on the performance of governments in key aspects of democratic governance, including respect for human rights, adherence to the rule of law, anti-corruption efforts, transparency, and accountability to its citizens. It assesses a group of sixty countries, including a number of repressive and poorly-governed states.

NATIONS IN TRANSIT

Nations in Transit is the only comprehensive and comparative study on the status of political reform in the post-Communist world. Published annually from Freedom House’s office in Budapest, the Nations in Transit is a crucial source of analysis for government officials, NGOs, and think tanks in Central Europe and the former Soviet Union.

FREEDOM OF THE PRESS

Freedom of the Press: A Global Survey of Media Independence covers trends in media freedom in 194 countries and territories around the world. The survey rates each country on the level of press freedom, and provides a summary of the legal environment for press freedom, political influences on content, violations against journalists, and economic pressures that restrict the operation of independent media. The press survey focuses much of its attention on state efforts to censor or control the Internet, a growing problem that is especially acute in repressive states like China, Iran, Cuba, and Zimbabwe.
CAMPAIGN TO RAISE GLOBAL AWARENESS AND ACTION ON HUMAN RIGHTS IN NORTH KOREA

North Korea has the dubious distinction of being one of the world’s most repressive regimes with the lowest Freedom House rating on political rights and civil liberties. Freedom House has been leading an intensive international campaign to raise awareness of the terrible human rights situation in that country.

Today, twenty-three million Koreans live under one of the worst dictatorships on the planet, a regime that includes public executions, tens of thousands of North Koreans held in gulags, and the extensive use of forced labor.

In 2005, Freedom House hosted two major conferences on North Korea—one in Washington, DC, and another in Seoul, South Korea—to bring international attention to the issue of human rights abuses.

Freedom House has promoted the work of Kang Cheol Hwan, defector and author of Aquariums of Pyongyang: Ten Years in the North Korean Gulag, and has worked closely with the myriad of U.S., European, and South Korean NGOs that promote human rights in North Korea. In the spring of 2006, Freedom House sponsored a hearing at the European Parliament in Brussels presenting the testimony of North Korean defectors to various international policymakers and activists.
SECURING CONSTITUTIONAL GUARANTEES FOR FREEDOM IN IRAQ

Iraq has made incremental progress in political rights and civil liberties since the fall of Saddam Hussein. In 2005, the country took an important step forward in drafting and voting on a national constitution. Freedom House, including the organization’s Center for Religious Freedom, was actively involved in the debate over the Constitution, applauding its positive features but raising concerns over ambiguous language which Freedom House feared could serve to weaken the implementation of human rights guarantees. Freedom House urged President Bush and other Administration officials to use their influence to clarify these provisions; the organization has ongoing concerns that some of the final provisions, if implemented, could become obstacles to securing human rights and individual liberties in the new Iraq.

Since the approval of the Constitution, Freedom House has supported Iraqi civic activists, including prominent women’s rights advocates who are working to ensure that the implementation of the Constitution reinforces civil and political liberties. Working with the Iraq Foundation, Freedom House convened a workshop that brought democratic activists in Iraq together with a group of international rights experts, resulting in the formation of “Iraq Democracy Watch,” an indigenous government watch dog organization.

FREEDOM HOUSE URGES INCREASED ATTENTION TO DEMOCRACY IN AFRICA

Those who care about fate of freedom in our world should focus on Africa today. Sub-Saharan Africa presents some of the most promising examples of new democracies where fairly elected leaders are providing real opportunities for their citizens to live as free men and women, as well as some of the most disheartening examples of political stagnation, democratic backsliding, and state failure. Freedom House has embarked on a series of efforts designed to devote more attention to Africa and to support the struggle for democratic progress in the countries in that region.
On March 29, 2006, Freedom House hosted a forum, “Africa at the Crossroads” designed to address the challenges to further democratization in the continent, and to identify more effective and vigorous strategies for the international community to support democratic progress in key countries in the region.

While African leaders have embraced the rhetoric of democracy, much needs to be done to facilitate greater adherence to the rule of law, and fundamentals of accountability and transparency in the day to day operations of governments throughout the region. Freedom House is working on a new initiative to design an African Institute for Democracy and Rule of Law, to provide targeted training to government officials and other practitioners seeking practical education in the field of democracy and the rule of law in Africa. To ensure African participation and foster African ownership in the design and development of the Institute, Freedom House is holding consultative meetings and regional planning sessions with government officials, academic experts, and civil society representatives across the continent.

RUSSIA

Russia’s democratic deterioration over the last six years has been extensively documented by Freedom House in publications, public forums and private meetings with policymakers. In late 2005, Freedom House drew together a coalition of NGOs and government officials actively opposing a new Russian law restricting foreign support for civil society. In spite of significant international and Russian domestic pressure, President Putin signed a modified version of the NGO law in January 2006 and has quickly utilized it to justify crackdowns against already embattled human rights activists throughout Russia including those engaged in Chechen issues and other controversial topics. Freedom House is committed to ensuring that Russia’s democratic back-sliding is not ignored by the international community prior to the impending G8 summit in St. Petersburg in July 2006.
PROMOTING UN REFORM ON HUMAN RIGHTS

Freedom House has been outspoken in calling attention to the deterioration of the UN Commission on Human Rights and the need for a strong Human Rights Council to replace it. Working in cooperation with other NGOs, Freedom House has urged the UN Democracy Caucus to become more active on the issue—in particular, to support an improved membership mechanism to the Council. When presented with a draft text outlining the proposed Council, however, Freedom House parted with its allies in declaring the text insufficient in guaranteeing that the Council is a genuine improvement over its predecessor. During this first year of the Council’s existence, Freedom House will continue to work with the UN Democracy Caucus, with allies, and alone to ensure that countries that are human rights supporters are elected to the Council, and that the U.S. remains engaged on the issue.

MILLENNIUM CHALLENGE CORPORATION

The Millennium Challenge Corporation, the government agency designated to distribute funds from the U.S. Government’s multi-billion dollar democracy assistance program, uses Freedom House data to inform its funding process. In the past year, they have increasingly drawn on Freedom House findings and expertise in its deliberations. On multiple occasions, MCC staff asked Freedom House to provide analysis on the political situations of specific countries of interest to the MCC.

Freedom House is committed to sustaining freedom’s momentum. To this end, it presses the United States and other governments to support freedom’s front-line defenders—the courageous men and women who are working to give voice to the powerless, eliminate injustice, and build honest and responsive government.
The Center for Religious Freedom in conjunction with the North Korea Program at a reception for Ambassador Jay Lefkowitz—the new U.S. Special Envoy for Human Rights in North Korea—in November. Pictured from left to right are Freedom House Chairman Peter Ackerman, Senator Rick Santorum, Center Director Nina Shea, Amb. Lefkowitz, Michael Pack from the Corporation for Public Broadcasting, and Rep. Christopher Smith.

THE FIRST FREEDOM

Freedom House’s Center for Religious Freedom continued its critical work of raising awareness of restrictions on religious freedom and the persecution of religious minorities around the world. The Center has testified and spoken out against the role of the government of Saudi Arabia in propagating hate literature and religious intolerance throughout the world, and disseminated a detailed analysis of the status of human rights under the application of extreme Islamic law in seven countries. The Center also continues to highlight ongoing repression against Christian minorities in countries such as Vietnam and China.

Starting in 1998, the Center has worked to as part of the Sudan Coalition to recruit and develop strategy for religious groups, students, and rights activists to work for peace with religious freedom in Southern Sudan. In 2005, a peace agreement was signed that ended Africa’s longest war.

In 2005, the Center advocated for protection of religious freedom and other human rights in the new constitutions of Afghanistan and Iraq.
Global Trends in Freedom

<table>
<thead>
<tr>
<th>Year Under Review</th>
<th>1995</th>
<th>2000</th>
<th>2005</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Free</strong></td>
<td>76</td>
<td>86</td>
<td>89</td>
</tr>
<tr>
<td><strong>Partly Free</strong></td>
<td>62</td>
<td>58</td>
<td>58</td>
</tr>
<tr>
<td><strong>Not Free</strong></td>
<td>53</td>
<td>48</td>
<td>45</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>191</td>
<td>192</td>
<td>192</td>
</tr>
</tbody>
</table>
The Map of Freedom reflects the findings of Freedom House’s 2006 survey Freedom in the World. Freedom in the World is an annual institutional effort that monitors the gains and losses for political rights and civil liberties in 192 countries and 14 related and disputed territories. For each country, the survey provides a concise report on political and human rights developments, along with ratings of political rights and civil liberties. Based on these ratings, countries are divided into three categories: Free, Partly Free, and Not Free, as reflected in the Map of Freedom.

In Free countries, citizens enjoy a high degree of political and civil freedom. Partly Free countries are characterized by some restrictions on political rights and civil liberties, often in a context of corruption, weak rule of law, ethnic strife, or civil war. In Not Free countries, the political process is tightly controlled and basic freedoms are denied.

In 2005, there were 2.97 billion people living in Free societies, representing 46 percent of the world’s population. There were 1.16 billion people living in Partly Free societies, representing 18 percent of the world’s population. There were 2.33 billion people living in Not Free societies, representing 36 percent of the world’s population.
FREEDOM HOUSE ENGAGES TO ADDRESS GRAVE HUMAN RIGHTS ABUSES IN UZBEKISTAN

In Uzbekistan, the community of human rights and democracy activists is under a systematic attack by the government. After the May massacre in Andijon, Uzbekistan was downgraded in this year’s Freedom in the World to a “7, 7” giving the country the worst possible score and adding it to Freedom House’s list of the most repressive regimes in the world. Freedom House has responded to the increasing restrictions on civil liberties in the country and the Andijon crackdown by offering immediate legal and financial assistance to rights defenders who are subject to harassment and imprisonment. To amplify the effectiveness of this assistance and promote a sharing of knowledge and experiences, Freedom House is working to link activist organizations within Uzbekistan and throughout Central Asia. In the international arena, Freedom House has lent its voice to those of the Uzbek people by reaching out to key policymakers in the United States and Europe to highlight the extent of the ongoing repression. To this end, Freedom House has consulted with the World Bank on its strategy for the country, has briefed members of the U.S. Congress, participated in Congressional hearings, and met frequently with Administration officials. Freedom House has also targeted advocacy efforts on the European Parliament, assisting those members of Parliament who are pushing for a strong EU stance on the country.

Action

Working directly with democratic reformers on the front lines of the struggle for democracy in their own countries, Freedom House acts as a catalyst for freedom by strengthening civil society, defending human rights, and facilitating the free flow of information and ideas.
PROMOTING FREE AND PROFESSIONAL MEDIA

Nigerian Journalists Honored
In October 2005 Freedom House honored six courageous investigative reporters in Nigeria’s first annual human rights reporting award ceremony, named after Africa’s first Nobel Laureate in literature, Professor Wole Soyinka. While Nigeria boasts an energetic and vibrant independent media sector, imbalanced or insensitive coverage has often inflamed conflict and journalists and editors often lack the training to thoroughly investigate and expose issues of corruption and government involvement with human rights violations. Freedom House addresses this problem by training human rights defenders and journalists in Lagos, Plateau State and Rivers State to identify and fill gaps in human rights reporting.

Kyrgyz Printing Press Still Going Strong
Kyrgyzstan’s only independent printing press celebrated its second anniversary in November 2005. In a media environment that continues to be dominated by government-supported entities, even following the “Tulip” revolution that removed former president Askar Akaev from power in March 2005, the need to support independent sources of information remains critical. The Media Support Center Foundation that Freedom House helped establish to run the printing press supports this goal and has grown its customer base to between 60-80 clients per month.

DEFENDING HUMAN RIGHTS AND SAFEGUARDING JUSTICE

Mexican Activists Use New Tools to Combat Torture
The disappearances and killings of women in Mexico’s border states are the most visible examples of systematic human rights violations that remain widespread in Mexico. While Mexico is a Free country, receiving a ranking of “2, 2” in Political Rights and Civil Liberties in the Freedom in the World ratings, reforms are needed in the justice system, especially at the state level. Not only is law enforcement undermined by widespread bribery and corruption, but torture, arbitrary arrest, and abuse of prisoners remain common in many regions. Since first opening its office in Mexico in 2003, Freedom House has worked to expand the quantity and capacity of indigenous organizations in Mexico that investigate torture cases and other human rights abuses and provide treatment for victims. Freedom House has provided targeted financial and technical legal assistance to Mexican NGOs to better enable them to investigate crimes of the past, to assist in their search for answers, to facilitate the redressing the wrongs of Mexico’s ‘dirty war,’
and to combat the status quo of impunity in which exists in too many areas. As a result of Freedom House’s assistance, human rights defenders are for the first time using new customized software and a documentation database (first piloted in Oaxaca and Chihuahua) to systematically document violations both of existing Mexican laws and of international treaties and covenants which Mexico has ratified. At the same time, professional media training provided by Freedom House to Mexican NGOs has enabled local organizations to expand their outreach to international and national media, bringing greater attention to the human rights violations that continue in the country.

Human Rights Defenders in Central Asia and the Caucasus Need Support
Human rights defenders in Azerbaijan, Kyrgyzstan, and Uzbekistan need further assistance in improving their reputation among the general public, in using media effectively, and even in continuing to improve basic monitoring and documenting capacities according to a study conducted by Freedom House. The study, funded by the Open Society Institute, was produced using a new human rights defenders assessment tool, designed by Freedom House, to evaluate the operating contexts, effectiveness, and donor support of human rights defenders. Following the study, Freedom House convened a conference of 20 human rights organizations to discuss the findings and approaches for improving assistance to human rights defenders in these countries.

Freedom House Supports Grassroots Human Rights Defenders in Kazakhstan
Leading up to the presidential elections in Kazakhstan in December 2005, civil society faced increasing pressures from the government in the form of new legislative restrictions on freedom of expression, the forced closings of several independent media outlets, and the threat of two highly contentious NGO draft laws that would have had a significant impact on the ability of NGOs to function. While these laws were not passed, in part due to a strong advocacy campaign initiated by Freedom House and led by local and international NGOs, Kazakh human rights defenders need to engage both the public and policy makers through more effective advocacy at the local and national levels. Building on its successful “Practical Application” human rights course, Freedom House is working with human rights defenders to form advocacy working groups in selected regions and at the national level.
Victims’ Rights Group Work Together on National Reconciliation in Algeria

In the wake of the September 29, 2005, referendum on General Amnesty in Algeria, Freedom House continues to support cooperation among human rights and victims’ rights organizations in that country. Specifically, Freedom House supported trainings and discussions on national reconciliation and transitional justice, which resulted in a joint declaration calling for the establishment of an independent truth commission to pursue reconciliation measures that entail thorough investigations into human rights violations perpetrated by both government and Islamist forces during the civil war.

Jordanian NGOs Participate in “Global Campaign” against Gender Violence

As part of the global campaign “16 Days of Activism against Gender Violence,” Freedom House sponsored a coalition of Jordanian non-governmental organizations to conduct advocacy and public awareness campaigns on the issue of preventing violence against women. The overarching goal of the program is to help activists advance the women’s rights agenda in Jordan by gaining the skills necessary to work in coalitions and advocate for change. While the promotion of women’s rights is high on the Jordanian government’s agenda, significant legal and cultural obstacles to eradicating violence against women remain and honor crimes remain a significant problem.

“Voice of Freedom” Network Champions Human Rights in Kyrgyzstan

Amidst the uncertain political and social environment that has emerged in Kyrgyzstan following former president Akaev’s removal from power in March 2005, the “Voice of Freedom” (VOF) network of nearly forty human rights defenders, NGO and youth activists, lawyers, and journalists has taken a leading role in highlighting human rights abuses and in helping citizens become engaged in resolving them. The VOF network, which was created with the support of Freedom House, engages local citizens with government and local law enforcement agencies in more than fifty communities to discuss local issues and ways to resolve them. In addition, journalists in the VOF network publish numerous investigative reports on human rights, which are frequently published in print media and reported on in radio and TV programs.
Tajik Activists in Push on Human Rights
While the Tajik government has signed most major international human rights treaties and made some progress on human rights, fundamental freedoms are still systematically denied. Freedom House is working with local human rights organizations to address major issues such as trafficking in women and the ongoing repression of free speech. Freedom House also facilitated the work of human rights defenders in producing a shadow report on how Tajikistan is meeting its obligations to the International Covenant on Civil and Political Rights (ICCPR). Freedom House sent delegates to the UN in Geneva in October to present the ICCPR Shadow Report to the Human Rights Committee.

Latin Americans Share Strategies to Defend Human Rights in Venezuela
With support from Freedom House, human rights professionals from Mexico, Guatemala, Peru, Argentina, Costa Rica, Colombia, and Chile have shared experiences, strategies, and skills with their counterparts in Venezuela to help them better address human rights issues in their increasingly polarized and politicized society. Specifically, Venezuelan human rights defenders are increasing their capacity to document cases of abuse, file formal complaints, pursue cases with follow up investigations, and develop comprehensive support strategies for legal defense.
SUPPORTING DEMOCRATIC CIVIL SOCIETY

Serbian NGOs Help Rebuild Ties
While Serbia’s political leaders struggle to reach consensus on key issues such as the future of the State Union of Serbia and Montenegro (SaM), Kosovo’s status, and the cooperation with the Hague Tribunal, civil society organizations continue to move forward with their myriad agendas and influence the shaping of state policies in these and other areas. NGOs have spearheaded several influential initiatives that are helping to normalize relations between SaM, Croatia, and Bosnia and Herzegovina. One initiative, led by the Center for Regionalism, led to the establishment of the Association of Multiethnic Cities of Southeast Europe, through which 38 local governments and 37 NGOs signed onto an Agreement on Interethnic Tolerance.

Freedom House Encourages European Solidarity with Cubans
The 25th Anniversary of the Polish Solidarity Movement provided an important opportunity to both remember the courageous struggle of Polish democracy activists that paved the way for the collapse of communism in Eastern Europe, as well as to build solidarity with those activists around the world still engaged in a struggle to attain greater freedom. Freedom House sponsored the participation of two former activists from Cuba at the 25th Anniversary of the Solidarity Conference, organized by AEI, and co-sponsored by Freedom House, and others in Gdansk, Poland. Working with European partners to raise the profile of the plight of the Cuban democracy movement in Europe, Freedom House also supported a conference in Warsaw on EU policy towards Cuba and a second gathering, in cooperation with FRIDE, in Brussels, to discuss European and American policies toward Cuba.
Exporting Reform Experience from Eastern Europe

Substantial democratic reforms have taken hold in much of Central and Eastern Europe, while efforts to implement reforms to the south and east still need a helping hand. Through its Regional Networking Project, Freedom House continues to offer that help by supporting the transfer of experience from Central Europe to countries further south and east via cross-border democratic initiatives and exchanges. One such initiative transfers methods for building advocacy campaigns and influencing policy-makers from Slovakia, Bulgaria, and St. Petersburg, Russia, to young human rights activists in Russia.

Ukrainian Civil Society Works to Ensure that Elections Stay Free and Fair

In an eventful year following the equally tumultuous presidential elections that installed Viktor Yushchenko as President, Ukraine embarked upon a difficult reform path while at the same time preparing for parliamentary and local elections. Freedom House works with civil society to address the critical issues of bolstering citizen participation in and fairness of elections. To this end, Freedom House supported international and domestic election observation, a large-scale voter education campaign, public service announcements, and training for NGOs leading up to the March 2006 parliamentary and local elections.

Ukraine Uses Polish Experience in Reform

While Ukraine now occupies much of the eastern border of the European Union, civil society organizations (CSOs) are able to transfer Polish transition experience to Ukraine through Freedom House’s “Poland-America-Ukraine Cooperation Initiative” (PAUCI). PAUCI provides financial and networking support to CSOs in the areas of advocacy for closer integration with European and Euro-Atlantic structures, implementation of administrative and local government reform processes, adoption of international and EU business standards, application of internationally recognized ethical standards in public life, and youth empowerment.
### FISCAL YEAR 2005 FINANCIAL STATEMENTS

**Freedom House FY2005 Income Statement**

Combining Statements of Activities and Changes in Net Assets for Freedom House, Inc. and its Affiliates

*Period Ending June 30, 2005*

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<td>Investment income (loss)</td>
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<td>—</td>
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<td>Other income</td>
<td>202,851</td>
<td>—</td>
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<td><strong>Total Revenue and support</strong></td>
<td><strong>26,800,344</strong></td>
<td><strong>(29,217)</strong></td>
<td><strong>159,326</strong></td>
<td><strong>116,913</strong></td>
<td><strong>27,047,366</strong></td>
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**Expenses:**

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<td>Program services</td>
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<td>24,496,289</td>
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<td>Management and general</td>
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<td>—</td>
<td>—</td>
<td>—</td>
<td>2,406,199</td>
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<tr>
<td>Fund-raising</td>
<td>249,203</td>
<td>—</td>
<td>—</td>
<td>—</td>
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<tr>
<td><strong>Total expenses</strong></td>
<td><strong>26,936,651</strong></td>
<td>—</td>
<td><strong>126,540</strong></td>
<td><strong>88,500</strong></td>
<td><strong>27,151,691</strong></td>
</tr>
</tbody>
</table>

Change in net assets

|                     | (136,307)           | (29,217)                              | 32,786                   | 28,413                   | (104,325) |

**Net Assets:**

<table>
<thead>
<tr>
<th></th>
<th>1,960,913</th>
<th>3,787,105</th>
<th>48,852</th>
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<th>5,796,870</th>
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<tbody>
<tr>
<td>Ending</td>
<td>$1,824,606</td>
<td>$3,757,888</td>
<td>$81,638</td>
<td>$28,413</td>
<td>$5,692,545</td>
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</table>
Freedom House FY2005 Balance Sheet
Combining Balance Sheets for Freedom House, Inc. and its Affiliates

*Period Ending June 30, 2005*

<table>
<thead>
<tr>
<th></th>
<th></th>
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<tbody>
<tr>
<td>Current Assets</td>
<td></td>
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<td></td>
</tr>
<tr>
<td>Cash and cash equivalents</td>
<td>$2,602,315</td>
<td>$—</td>
<td>81,638</td>
<td>$28,413</td>
<td>$2,712,366</td>
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<td>Investments</td>
<td>451,069</td>
<td>3,757,888</td>
<td>—</td>
<td>—</td>
<td>4,208,957</td>
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<tr>
<td>Receivables</td>
<td>1,996,131</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>1,996,131</td>
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<tr>
<td>Prepaid expenses</td>
<td>71,645</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>71,645</td>
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<tr>
<td>Furniture and equipment, net</td>
<td>91,342</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>91,342</td>
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<tr>
<td>Security Deposits</td>
<td>99,131</td>
<td>—</td>
<td>—</td>
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<td>99,131</td>
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<tr>
<td><strong>Total Current Assets</strong></td>
<td>$5,311,633</td>
<td>$3,757,888</td>
<td>81,638</td>
<td>$28,413</td>
<td>$9,179,572</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
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<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Current Liabilities</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Accounts payable and accrued expenses</td>
<td>$902,353</td>
<td>$—</td>
<td>—</td>
<td>—</td>
<td>$902,353</td>
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<td>Refundable advances</td>
<td>2,492,526</td>
<td>—</td>
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<td>Deposits payable</td>
<td>25,681</td>
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<td>Deferred rent</td>
<td>66,467</td>
<td>—</td>
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<td>66,467</td>
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<tr>
<td><strong>Total Current Liabilities</strong></td>
<td>3,487,027</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>3,487,027</td>
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<tr>
<td>Net Assets</td>
<td></td>
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</tr>
<tr>
<td>Unrestricted</td>
<td>1,503,772</td>
<td>3,757,888</td>
<td>81,638</td>
<td>28,413</td>
<td>5,371,711</td>
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<td>Temporarily restricted</td>
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<td>—</td>
<td>—</td>
<td>320,834</td>
</tr>
<tr>
<td><strong>Total Net Assets</strong></td>
<td>1,824,606</td>
<td>3,757,888</td>
<td>81,638</td>
<td>28,413</td>
<td>5,692,545</td>
</tr>
<tr>
<td><strong>Total ASSETS</strong></td>
<td>$5,311,633</td>
<td>$3,757,888</td>
<td>$81,638</td>
<td>$28,413</td>
<td>$9,179,572</td>
</tr>
</tbody>
</table>
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