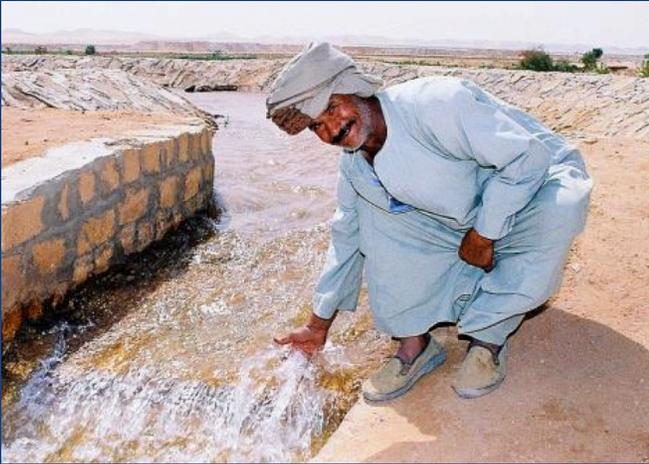


NEAR EAST FOUNDATION

Annual Report 2010



HELPING BUILD PROSPEROUS, INCLUSIVE COMMUNITIES IN THE MIDDLE EAST AND AFRICA SINCE 1915

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A LANDMARK YEAR FOR NEF

Since 1915, the Near East Foundation (NEF) has been improving lives among the most vulnerable communities in the Middle East and Africa. We believe that all communities can be self-sufficient and self-directed, and we equip men, women and children with the training and tools to take control of their communities and their futures. Working together, we build on local traditions and knowledge to create sustainable schools, businesses and clinics in places where NEF is often the only operating NGO.

With an annual budget of approximately \$5.4 million and a staff of 70—all from the countries in which they work—NEF continued to lead innovative, high impact projects in Armenia, Egypt, Jordan, Mali, Morocco, Palestine and Sudan. The achievements of our local teams, working with modest resources, speak to NEF's effectiveness—for example, providing healthcare to 40,000 refugees in Sudan, teaching improved agriculture and natural resource management techniques to more than 150,000 people in northern Mali, helping 16,000 children (half of whom are girls) in Morocco access primary education, and providing daily food supplements to 50,000 Palestinian schoolchildren.

HISTORIC MOVE TO SYRACUSE

The past year has been one of great change and opportunity for NEF. In 2010, NEF entered into an exciting partnership with Syracuse University (SU). Under this strategic affiliation, NEF relocated to Syracuse, New York from Manhattan, where we have been located for the past 95 years. At SU, NEF is engaging the talent and creative energy of the academic community to help solve the problems facing people in the Middle East and Africa. In turn, NEF is helping train a new generation of leaders who will shape the future of international development. While NEF remains a legally and financially independent organization, it benefits from the alliance in several ways:

- **Increased Capacity & Innovation.** Student interns support our teams in the field and provide needed help with programs, administration, and communications.
- **New Strategic Partnerships.** NEF is partnering with recognized and up-and-coming leaders from the Maxwell School of Citizenship and Public Affairs, the S.I. Newhouse School of Public Communications, and the Whitman School of Management. Collaborations with these schools have helped develop a monitoring and evaluation plan to track project impacts, conducted a 10-year retrospective analysis documenting NEF's impacts, and laid the groundwork for future strategic planning.
- **Innovation.** A newly created NEF Fellowship program allows recent graduates to bring their insights to the strategies and impacts of programs in the field. The first two NEF Fellows recently returned from Morocco, where they documented the impact and lessons from NEF's work with young people in urban slums and with rural primary education.
- **Leveraged Resources.** Relocating to the SU campus has significantly reduced operating expenses and increased access to state-of-the-art facilities. NEF and SU can capitalize on opportunities to develop collaborative programs and outreach together.

KNOWLEDGE ● VOICE ● ENTERPRISE

For 95 years, NEF has helped marginal social groups, people affected by conflict, and those isolated by their environments in the Middle East and Africa to build more prosperous, inclusive communities. These groups are excluded from participating in the economic and social advancement taking place around them. They lack access to educational opportunities and the power to influence public decision-making. They are left behind—caught in poverty traps that prevent them from investing in their own economic or social development. NEF assists its local partners to participate more fully in the development of their countries—to build the lives they envision for themselves. Through training, technical assistance, and material support, NEF helps vulnerable communities:

- Access **KNOWLEDGE** necessary to participate fully in civic and economic life through education, job training, and literacy programs. Without basic knowledge, urban and rural poor alike have little prospect of taking advantage of new opportunities for employment and self-improvement. Their poverty and vulnerability to exploitation persists—often while society around them prospers. NEF education and training programs offer access to the basic knowledge needed to engage in civic and economic opportunities.
- Amplify their collective **VOICE** through community organizing and institutional strengthening initiatives. Many of NEF's local partners have been excluded from public decision-making due to poverty, lack of education, gender or cultural norms, or geographic isolation. They have no seat at the table, and their lack of political power is both cause and effect of vulnerability. NEF helps establish and strengthen local organizations so they can take collective action and effectively represent their members.
- Create **ECONOMIC OPPORTUNITY** through enterprise development, micro-credit, and improved agricultural and natural resource management. Our approach to creating economic opportunity varies according to the social and economic realities of our local partners, and includes agriculture and natural resource management, value-added processing, small-scale commerce, and local service delivery. In each case, NEF provides technical assistance to improve productivity, job and business development training, and micro-credit to help vulnerable people gain the knowledge and skills needed to earn a meaningful living and lift themselves out of poverty.

2010 HIGHLIGHTS

NEF's projects help people attain more secure livelihoods (**enterprise**), organize to better articulate and attain their needs and aspirations (**voice**), and build skills and knowledge to advocate for their own personal and community development (**knowledge**). While the goals are similar, NEF designs each project to reflect the conditions and priorities of the communities we serve. Several of our flagship projects reached full maturity in 2010. They have improved the lives of thousands of the region's most vulnerable people for many years, resulted in proven models for social and economic development that have been adopted and replicated, and established a firm foundation for sustained impact into the future, independent of NEF's involvement.

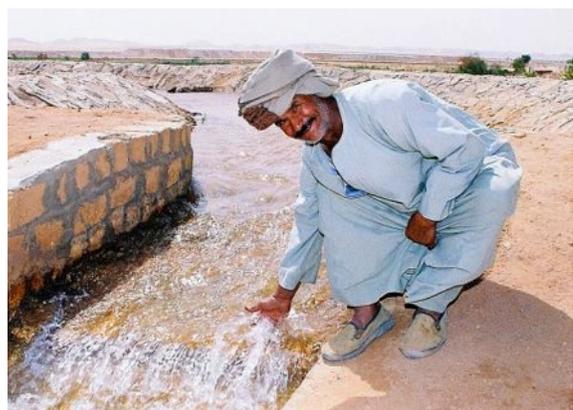
EGYPT

New Lands Agricultural Development in Upper Egypt

As part of an ambitious New Lands development scheme, the Egyptian government has resettled 60,000 people from the Nile Delta and other agricultural areas to the desert region west of Lake Nasser in Upper Egypt. The plan is to resettle 900,000 more people by 2017. The region's inherent challenges, such as its remoteness and limited health and social services, are compounded by the impact of climate change and the settlers' limited familiarity with farming under new conditions.

NEF and its affiliate, the Center for Development Services, organized an action-research project to assist settlers to adapt to their new environment while developing a better understanding of the links between climate change, water management, public health, and agricultural livelihoods. Since 2007, NEF has helped 2,500 settler families in three communities adopt drip irrigation, organic fertilizers, improved water management practices, and new crops — strategies previously considered unviable in the area. NEF also trained these farmers in post-harvesting processing and bio-pest control and helped them build relationships with regional and international wholesale markets.

Research undertaken with the South Valley University of Aswan focuses on linkages between climate change and human and environmental health in the resettlement area, including considerations such as water and vector-borne diseases, land degradation and management methods, agriculture, and socio-economic aspects of the settlers' community. The results of this work have had an impact on national resettlement and development schemes at the policy level, including the adaptation strategy of the High Dam Lake Development Authority.



Reaching At-Risk Urban Youth

In four diverse communities across Egypt, NEF works with highly vulnerable Egyptian youth (12-18 years old) who live on the street or are forced to work to provide income for their families. Misconceptions about sexuality are widespread among adolescents and youth, and put their reproductive and general health at risk. With support from the Ford Foundation, NEF seeks to improve quality of health and wellbeing of youth in poor urban communities through leadership training, life skills, and improved knowledge.

Using a training-of-trainers approach, NEF has built the trained and mentored a core group of 57 social workers from 14 NGOs in five governorates: Cairo, Giza, Qalyoubia, Minia, Sohag and Aswan. NEF has also trained 58 young women and men between 18 and 25 years old and 102 children between 12 and 16 years old. These young people, known as Champions, acted as multipliers in knowledge dissemination with regards to sexuality and reproductive health issues of children and youth. The project has reached almost 4700 young men and women and 1500 parents with information about sex education and reproductive health of youth.



JORDAN

Economic Development in “Poverty Pockets”

Building on long experience working in Jordan’s most impoverished areas, NEF partnered with the royal foundation, JOHUD, in 2008 to stimulate economic development in six of the country’s poorest regions—areas designated as “poverty pockets” by the Jordanian government. The project, supported by the Jordanian Ministry of Planning and International Cooperation, has four principle components: training in organizational management for local communities and community-based organizations (CBOs); creation of community-based businesses, basic physical and social infrastructure; and micro-credit for startup enterprises.

The cornerstone of this initiative is the creation of businesses that play the dual role of generating income for local cooperatives and filling local economic niches to stimulate secondary businesses. These projects harness the private sector to stimulate and sustain social and economic development over the long-term. Projects include three indoor nurseries for vegetable production, dry goods retailers, a brick factory, a wedding equipment rental company, a gas station/auto repair shop, and a multipurpose commercial complex/ children’s center.



MOROCCO

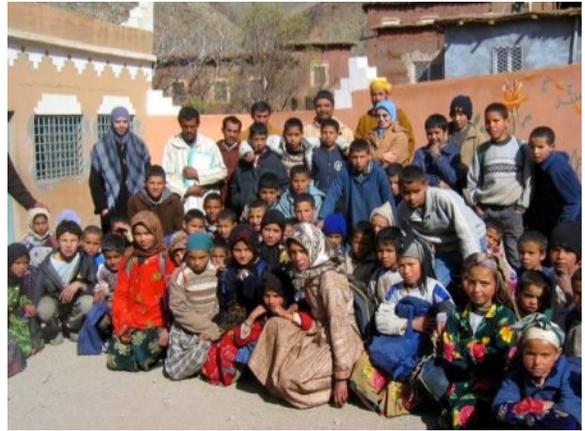
Community-driven Primary Education Reform

In rural areas of Morocco, less than half of school-age children attend primary school; more than 70 percent of those who do attend eventually drop out. Only 20 percent of rural adults are literate and very few parents recognize the connection between education and poverty. With support from the U.S. Department of State Middle East Partnership Initiative (MEPI), NEF has worked to improve the quality and performance of rural primary education in Morocco since 2004. NEF has enabled access to primary education for 16,500 students (8,020 girls) in 114 schools.

NEF's program utilized a holistic approach to demystify schools and communicate the value of education to parents, many of whom never attended school themselves. By working closely with Parent-Teacher Associations (PTAs) and cultivating women leaders within the communities, NEF has increased attendance among girls from an average of 10 percent to 98 percent and overall retention from 40 to 95 percent. In addition, there has been a 40 percent rise in primary school completion rates and a 50 percent increase in PTA membership. As a result of our close collaboration with the Moroccan Ministry of Education, the NEF model of promoting rural civic engagement to improve the quality of primary education has been adopted as a core element of regional development planning.

Youth Development in Peri-urban Slums

Approximately one-third of Morocco's population consists of youth aged 15-29. Feelings of alienation among this "youth bulge" have created a destabilizing cultural environment and fueled extremist recruitment of young people in the region. Nowhere is this problem more prevalent than in Moroccan shantytowns, where youth are marginalized by pervasive poverty, limited employment prospects, and a lack of social services or infrastructure. Working with USAID, NEF has helped create 10 community youth associations in some of the most difficult peri-urban slums in Casablanca. Our local team trained over 1500 youth leaders in locally-tailored programs on leadership, life skills, and entrepreneurship. These leaders in turn have organized training sessions for their peers, touching the lives of almost 5,000 young people. An external assessment documented a major positive impact on youth civic engagement in this very challenging setting. NEF's



strategy and tools have been adopted by a number of local partners—vocational training agencies, secondary schools, and youth associations.

MALI

Tarabe Korombana

In arid northern Mali, rural livelihoods are always in flux due to an unpredictable climate. But climate-based disruptions—catastrophic drought alternating with catastrophic floods—have begun to challenge even the most resilient Malian farmers. For more than 10 years, NEF has worked with 46 communities in northern Mali's impoverished N'Djaptodji and Korombana zones to help increase agricultural output, diversify food sources, and enhance nutrition. NEF works with producers to improve farm efficiency and productivity and to expand marketing and distribution channels.

In this perpetually food-insecure area, NEF introduced new methods of controlled flooding for irrigation and production of new rice varieties, and helped restore 306 hectares of marshland to revive fisheries and aquatic grasslands for livestock. Women given access to credit developed 21 vegetable gardens over eight hectares and used and sold their produce, enhancing their families' food and financial security. While having a tremendous impact on the food security of individual households, NEF's landscape-level approach—bringing together villages and resource users for comprehensive land-use planning—has also had a measurable impact on social cohesion and income by reducing conflict between farmers, herders and migrant fishermen.

Enhancing Resilience to Climate Change

With support from USAID, NEF has launched an unprecedented effort to train local governments and rural communities in Tarabe Korombana in climate change vulnerability assessment and adaptation. On the basis of these assessments, NEF supports agriculture and natural resource management pilot projects to help local governments integrate climate change into development planning. Since it was launched in late 2009, this work has touched the lives of almost 44,000 people in Diaptodji and Korombana, two of Mali's most isolated and impoverished areas. This effort has improved collaboration of local government officials with farmers and herders in order to understand traditional adaptive strategies and integrate them into economic and social development plans, which are drafted as part of Mali's decentralization program.



PALESTINIAN TERRITORIES

School Nutrition

In 2010, NEF neared completion of a four-year program to improve kindergarten education in collaboration with international and local NGOs and women's entrepreneurship centers. With support from the World Food Programme, the NEF program provided supplemental nutrition to Palestinian schoolchildren and employed 2000 women at 24 women's centers to cook and package school lunches. The women also received training in business methods to encourage their long-term economic independence. In total, the project served approximately 54,000 students in 189 kindergartens and 100 primary schools across the West Bank.



SUDAN

Health Care for Internally Displaced People

In 2002, NEF built the Dar Es-Salaam Al-Rabwa community's first—and to this day only—local healthcare facility. Between 2002 and 2010, NEF provided a range of basic health services through this clinic, including diagnosis, primary care, laboratory testing, growth monitoring, vaccination and pharmaceuticals. In 2006, a generous donation from the Population Council enabled NEF to add a delivery room and reproductive health services unit, including obstetrics, pre- and post-natal care, and family planning. Clinic use grew steadily, and by spring 2010 it was serving over 2,000 patients per month. In June 2010, NEF initiated the process of handing the clinic over to a local non-profit organization specializing in health care, ensuring it will continue to serve Dar Es-Salaam's 40,000 residents.



ARMENIA

Local Economic Development

In partnership with Armenia Fund USA and Business Pareta NEF is implementing the Rural Armenia Local Economic Development program with the aim of stimulating the creation of businesses and jobs. A pilot phase focusing on Tavush and Gegharkunik Marzes produced promising results: initial sector competitiveness analyses, business development training for 53 small entrepreneurs, and 32 business plans in areas as diverse as livestock, fish farming and fruit and vegetable production. Most recently, with additional support from the German aid organization, GTZ, and the Gegharkunik Chamber of Commerce and Industry (GCCl), the NEF consortium has created a micro-franchised network of rural 20 IT centers, with emphasis on encouraging participation of women entrepreneurs.



LOOKING FORWARD

The years ahead will be exciting and transformational in NEF's journey as we leverage our relationship with SU to achieve new heights of innovation and cost effectiveness. Our new strategic plan focuses on four program areas to bring NEF's unique experience to bear on social and economic development challenges in the Middle East and North Africa, including several new initiatives in the pipeline as of June 2010. Underpinning each of these program areas is Knowledge, Voice and Enterprise.

- Building Peace through Economic Cooperation.** Long-term settlement of inter-group conflicts is nearly impossible to achieve where the parties lack opportunities for regular contact. Focusing on business ventures takes the process of conflict mitigation and reconciliation into a familiar and meaningful arena for people who are generally not involved in peace-building activities. NEF aims to expand its work in conflict-affect areas to promote collaborative business activities and strengthen conflict management skills. New initiatives include *Business Development with Ex-combatants in Sudan*.
- Youth Civic Engagement.** Young people in the Middle East and Africa are frustrated by a lack of voice in public affairs and few opportunities for employment. Building on our work in Casablanca, NEF will expand its work with youth groups to strengthen their communication skills, create businesses, and promote constructive dialogue with public officials. New initiatives include *Youth Development under USAID's Morocco Local Governance Project*.
- Women's Business Development.** Women face unique barriers to employment and income in many parts of the Middle East and Africa. Building on our work with women entrepreneurs in Palestine, Jordan, Morocco, and Sudan, this program area emphasizes training, coaching, and networking women entrepreneurs to enable them to establish and manage small businesses. New initiatives include *Support for Palestinian Women's Business Associations* and *Micro-franchising in Armenia*.
- Agriculture, Natural Resources and Climate Change.** Building on pilot work in Mali and Egypt, NEF will help farmers understand and develop personal strategies for maintaining their livelihoods as they struggle to understand and cope with a changing climate. New initiatives include *Water Management and Agricultural Development in Arid Eastern Morocco*, and *Sustainable, Profitable Gum Arabic Production in Central Sudan*.



Statement of Financial Position, June 30, 2010**ASSETS**

Cash & equivalents	732,168
Grants & Contracts receivable	158,728
Accounts & loans receivable	293,638
Investments & investments in trust	3,281,502
Other current assets	23,892
Fixed assets net	59,592
	<u>4,549,520</u>

LIABILITIES & NET ASSETS**Current liabilities**

Accounts payable & accrued expenses	380,492
Refundable advances	122,918
	<u>503,410</u>

Net Assets

Unrestricted	426,543
Temporarily restricted	395,214
Permanently restricted	3,224,353
Total net assets	<u>4,046,110</u>

Total 4,549,520

Statement of Activities Year Ended June 30, 2010**REVENUES & OTHER SUPPORT**

Contributions	3,278,260
Government	2,173,566
Private Grants	1,500,937
In Kind Contributions	346,130
Program related	290,127
Other including investment	71,448
	<u>7,660,468</u>

EXPENSES

Program Services	4,663,351
Management & General	593,426
Fund-raising	100,817
	<u>5,357,594</u>

Net Surplus 2,302,874

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