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**ICG 1995 - 1996 Review**  
International Crisis Group Annual Review and Financial Statements

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*Journalist and Author*

Michael Sohlman  
*Executive Director of the Nobel Foundation*

George Soros  
*President, Soros Fund Management*

Pär Stenbäck  
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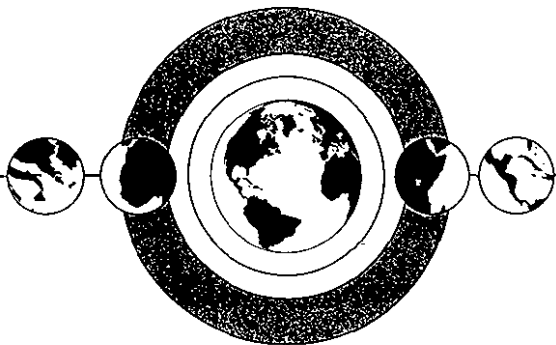
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Leo Tindemans  
*Former Prime Minister of Belgium*

Ed Turner  
*Executive Vice President, Turner Broadcasting, Inc*

Shirley Williams  
*Former British Secretary of State for Education and Science*

Muhammad Yunus  
*Founder, Managing Director, Grameen Bank, Bangladesh*



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# From the Chair

## The International Crisis Group

is a brave new venture. Time and again the international community has failed to prevent humanitarian disasters and has had to pay a high price both in monetary terms and more importantly in terms of human lives.

The experience of ICG's first year of operation has shown that there is a viable alternative. There are fresh approaches that we, the world community, can take to head off crises. Government, business, non-governmental organisations and others can come together to avert disaster if only opportunities are provided to air mutual interests and coordinate effective action. ICG has shown that it can provide just such opportunities.

In Sierra Leone, ICG was able to focus the attention of governments and the media on that country's plight; to influence international policy decisions; reinforce the role of the UN; and encourage the involvement of the business community. In Bosnia, ICG has played both a monitoring role and made a tangible contribution to realising the goals of the Dayton Peace Accords, as well as providing an information resource for other non-governmental organisations (NGOs), the media and the international community. In Burundi, ICG has again acted as a facilitator, bringing together the various representatives of the African countries concerned, the United Nations and representatives of western governments. In the year ahead ICG will maintain its commitment to Bosnia, Sierra Leone, Nigeria and Burundi and undertake major new strategic assessments in the Balkans and the Great Lakes region of central Africa.

We are most grateful to all those who have given financial support to ICG, as an act of faith, through the early stages of its development. We are particularly grateful to the governments of Australia, Canada, Finland, Ireland, Japan, The Netherlands, New Zealand, Norway, the Republic of China, the States of Jersey, Sweden and the United States and to the foundations and individuals who have supported us with donations. Without such assistance, ICG could not have made such a promising start.

Finally, may I thank all members of the Board. Much is expected and much has been achieved by their collective and individual efforts to bring influence to bear on governments and others in order to avert humanitarian crises.



*Senator George J. Mitchell  
December 1996*



*Senator Mitchell chairs the board of the International Crisis Group. He served formerly as Democratic Senator for the US State of Maine and Majority Leader of the United States Senate.*



## From the President

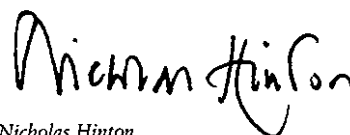
ICG can claim to be unique in the sense that it brings to the relatively new discipline of conflict prevention a particular blend of high quality field assessment and high-level international advocacy. However, ICG would by no means claim to be alone in the conflict prevention field; quite the reverse. Recent years have seen the emergence of a plethora of organisations of varying size and complexion, all declaring an interest in this area. In addition, many universities now offer courses in conflict prevention, and in both North America and Europe, significant resources are being devoted to documenting conflict prevention efforts. Perhaps not surprisingly, many initiatives in the field of conflict prevention have their origins in the non-government sector, thus continuing the traditional role of non-governmental bodies as pioneers of fresh approaches to solving some of the most vexed problems faced by human society.

There is a growing tendency today among more far-sighted politicians towards acknowledging the importance of conflict prevention as a means of avoiding the substantial and ever-increasing costs of post facto humanitarian and military intervention. ICG has been in the vanguard of organisations adding their voice to this encouraging trend. But much work remains to be done to translate the rhetoric of prevention into concrete action.

The task ahead for those of us advocating a fresh approach to

dealing with nascent conflicts will not be an easy one as long as governments continue to view last-minute interventions as convenient and politically expedient means of demonstrating that they have acted decisively in the face of a crisis. The sad reality is that often humanitarian aid can actually obstruct the search for political solutions to a crisis and impede moves towards preventive action. Perhaps nowhere has this been more evident in recent years than in the Great Lakes region of Central Africa.

In order to move forward there is a relatively simple step that governments, major foundations and indeed the larger operational NGOs could take. They could review their funding structures in the light of the changed realities of life in our post Cold War world, shifting resources from the substantial budgets currently allocated to the delivery of humanitarian aid and creating new budgets for preventive work. How long we will have to wait for this crucial change in the culture of donor organisations to take root will depend to a large extent on how much longer we are all of us prepared to tolerate the appalling levels of death and human misery arising from the sort of disasters that we have witnessed in recent years.



Nicholas Hinton  
December 1996



*Nicholas Hinton is the President and chief executive of the International Crisis Group. Until 1995 he served for ten years as Director General of the humanitarian relief agency Save the Children UK.*

# World in Crisis

"If all the conflicts, collapses, and atrocities of the last five years have taught us anything it is that it is cheaper, kinder and wiser to head off crises before they develop, than to wait until after the event and then pick up the pieces."

*ICG chair, Senator George J Mitchell*

Somalia  
Rwanda  
Bosnia  
Sri Lanka  
Afghanistan  
Chechenya  
Burma  
Burundi  
Nigeria  
Zaire...

The past six or seven years have seen an explosion in the number of complex crises around the world. As each new crisis breaks, policy-makers in the west seem caught in the headlights, unsure of what to do or how and when to do it. The tragedies of the last few years tell a story of immeasurable human suffering and economic loss but they also demonstrate how poorly the world community responds to signs of crisis and instability and how reluctant decision-makers are to act decisively when preventive action is called for to stop crises escalating out of control.

The poor performance of the international community in preventing crises is understandable but it is not excusable. The Cold War, for all the terrible risks, costs and barriers it created, made for a more stable and predictable world order. International policy was developed according to fixed and clearly defined rules of engagement. Events around the world were viewed through the prism of East-West relations. Underlying ethnic tensions and disputes over resources were effectively kept in the deep-freeze during years when any minor conflict was treated as a potential trigger for east-west confrontation. On this basis it was relatively easy to explain why

the US, for example, should spend money and risk lives shoring up unstable countries in Africa, Asia or central America as long as failure to do so might have resulted in those countries falling under Soviet influence. But with the spectre of the Soviet 'threat' gone, and domestic opinion in most western countries turning ever more inward, it is much harder to make the case for international engagement. New rules, new rationales and a new resolve are all sorely needed.

The mass graves of Bosnia, Rwanda and Somalia bear grim testimony to the failure of the world community to adapt. Crises have developed unchecked. Millions have been killed, millions more thrown out of their homes. Billions of dollars have been spent providing humanitarian relief to the victims – five billion on emergency aid in one year alone. Billions more have gone on peacekeeping and the longer term task of reconstructing shattered infrastructure, buildings, roads and amenities. The wider economic fall-out can be felt even further afield as regional economies falter and businesses lose their investments, shedding jobs and pushing up prices.



*Spanish soldiers of IFOR stand guard in front of war-damaged buildings at the demarcation line in the war-ridden Bosnia city of Mostar, 14 January 1996.*



# Approach

It was against this backdrop that the International Crisis Group came into being. Established on 1 July 1995, ICG's mission is to help policy-makers at all levels of the international community to identify the root causes of actual and potential crises and to devise and implement strategies to prevent them developing into fully-fledged humanitarian disasters. ICG's front-line in this effort is its 41-strong board, whose members include former prime ministers, presidents and foreign ministers, parliamentarians, diplomats, journalists, business people and officials from the World Bank and UN agencies. The board is led by former Majority Leader of the US Senate, George Mitchell. Michel Rocard, former prime minister of France, Malcolm Fraser, former prime minister of Australia, George Soros, the American financier and Ed Turner of CNN are among the board members.

ICG's greatest strength lies in its special ability to combine strong and independent analysis of the causes of crises with high-level international advocacy aimed at building support for preventive solutions. The board draws on advice from ICG staff based both in-country and at the organisation's London office and seeks to generate wide international support for effective preventive policy measures.

Typically, ICG's approach can be broken down into three elements:

- Analysis of potential and breaking crises and of preventive policy options
- Advocacy of preventive action at international, regional and local levels.
- Assistance for local initiatives

# Analysis

## Approach

ICG's analyses of crises form the policy base on which the organisation's other activities stand or fall.

Great effort and expertise go into producing analyses that are clear, practical and comprehensive. Information is gathered and processed by experienced professionals usually based in the field for an extended period. They consult with a variety of groups, organisations and individuals, including political leaders, public servants, the military, opposition groups and journalists. The views of ethnic and religious groups, community and women's groups, non-governmental organisations and the business sector are also sought.

A hallmark of ICG's analyses is their breadth. Rather than focus on one particular aspect of a given crisis, for example human rights abuses, environmental degradation or political corruption, ICG produces a comprehensive overview of the often complex web of factors fuelling the crisis. Political, social, economic, military, ethnic and ecological perspectives are incorporated into a wide screen allowing governments, business and others an accurate view of what is happening and what can be done about it.

## Outcomes

ICG produced the following analytical reports during 1996:

- Sierra Leone: Field Report (*February*)
- Nigeria: Options (*February*)
- Eastern Slavonia (*March*)
- Policing Bosnia (*March*)
- Bosnia: Security, Repatriation, Elections and Reconstruction (*April*)
- Burundi Policy Report (*April*)
- Bosnia: Post-IFOR (*April*)
- Bosnia: Policy Framework (*April*)
- Bosnia: Conditions for Elections (*May*)
- Bosnia: Political Crisis in Republika Srpska (*May*)
- Bosnia: Elections in Mostar (*May*)
- Bosnia: A Six Month Review of Dayton (*June*)
- Burundi: Briefing Pack (*July*)
- Bosnia: Inside Radovan's Republika (*July*)
- Global Human Rights in Crisis (*July*)
- Bosnia: Lessons from Mostar (*July*)
- Nigeria: Survey of International Opinion (*August*)

- Bosnia: Electioneering (*August*)
- Why the Bosnian Elections Must Be Postponed (*August*)
- Bosnia: Brcko (*August*)
- Bosnia: Election Report (*September*)
- Burundi in Crisis (*October*)
- Nigeria: Action Plan (*November*)
- Getting the Dayton Peace Process Back on Track (*November*)

*The following reports were in preparation at the time of writing and are due for release in late 1996/early 1997:*

- Sierra Leone: An Economic Analysis
- Sierra Leone: Labour Market, Employment and Training
- Bosnia: War Crimes

## ICG CrisisWeb

To obtain copies of ICG's latest analyses, visit the ICG Website, CrisisWeb, at:

<http://www.intl-crisis-group.org>

**"ICG is reputed for the rigour of its political analyses."**

*Le Monde, 17 August, 1996*



# Advocacy

## Approach

For ICG, analyses are a means to an end. They provide the ICG board and the wider international community with accurate, up-to-date information on which to base decisions. They also set out practical action plans designed to stem crises at source. But no analysis of this type, however trenchant, will be worth the effort unless its findings can be brought to the notice of those in positions of power. Nor, even when this is achieved, is there any guarantee that the strategies and actions proposed by ICG will be put into effect to prevent a crisis escalating.

Much of ICG's work is therefore directed at persuading, pressuring and influencing governments, international organisations and other bodies to act upon ICG's proposals for preventive action. ICG board members play a key part in this process, approaching senior officials in national governments, the UN, the EU, the World Bank, the business sector and other relevant organisations and seeking their support for ICG's policy prescriptions. This strategy is reinforced on occasion by the media. Journalists play an important role in convincing decision-takers of the need for action by raising public awareness, pushing for effective policy responses and creating a momentum in favour of action.



photo: Associated Press

*President Clinton and George Mitchell talk with the media outside the president's hotel in Chataqua, NY, 4 October, 1996.*

## Outcomes

ICG achieved the following outcomes as a result of its advocacy efforts during 1996:

- Funding towards the 1996 national elections in Sierra Leone
- Funding for humanitarian aid programs in Sierra Leone
- Support for peace negotiations between the Sierra Leone government and rebel forces
- International media coverage of the crises in Sierra Leone and Burundi
- Funding for the Commission on Displaced Persons and Refugees in Bosnia
- An agreed response to a number of unresolved issues relating to the northern Bosnian town of Brcko
- Comprehensive, critical and investigative media coverage of international policy in Bosnia
- A decision to delay municipal elections in Bosnia pending an improvement in conditions
- International recognition of the shortcomings in the process and outcomes of the Bosnian general election (September 1996)
- Agreement of key western countries to play a greater role in efforts to head off genocide in Burundi
- Renewed interest on the part of western and central African governments in the proposal to send a multinational peacekeeping force to Burundi to prevent a genocide occurring there.

**“ICG recognises that all the insight, analysis and policy prescriptions in the world will not stop crises developing unless they are accompanied by firm, resolute and effective action.”**

# Assistance

## Approach

In addition to approaching decision-makers on issues of international strategy and policy, ICG has won significant support from governments and international institutions for a range of locally-based initiatives. Vital for the role they play in binding societies together at the grass-roots, these initiatives, which include media projects, youth, community, and human rights groups, women's organisations and writers fora, help to create a culture of community accountability, raising awareness about citizens' rights and fostering the kind of conditions in which lasting stability can take root.

The form of support ICG can offer such initiatives varies. ICG has on occasion directly supplied advice, expertise and even basic office and operating equipment to local groups in urgent need of such forms of assistance. When more substantial financial input is required ICG can play an important facilitating role by bringing the resource needs of local groups to the attention of international organisations and fund-holders.

**"While governments and international bodies need to devise strategies to stave off crises in the short-term, it is only through the engagement of individuals and groups within threatened civil societies that stability can be nurtured in the longer-term and future crises made less likely."**

*Joanne Leedom-Ackerman, ICG board-member.*

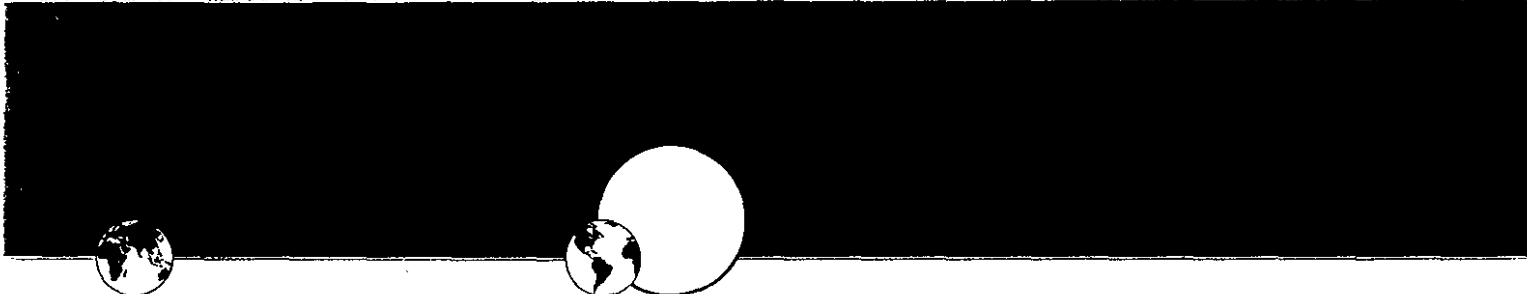
## Outcomes

During 1996 ICG attracted the following assistance to local initiatives:

- Funding for local media projects in Republika Srpska (Bosnia)
- Funding for repatriation projects in Sarajevo
- Equipment and resources for local inter-ethnic community development projects in Bosnia
- Sustained funding, expertise and administrative support for the Campaign for Good Governance in Sierra Leone, a local NGO, created by ICG, that provides support to state institutions and key groups within civil society
- Funding and technical expertise for a series of training workshops on democracy and governance for new parliamentarians, members of the Cabinet, judges, civil servants and journalists in Sierra Leone
- Fundraising support for WOMEN, the leading women's rights organisation in Sierra Leone
- Fundraising support for a cultural centre in Sierra Leone
- Support, funding and technical expertise for a civic education campaign on democracy and citizens' rights to be conducted on national radio and through local workshops in Sierra Leone
- Funding and expertise to facilitate the establishment of a mobile legal advice centre in Sierra Leone



*Zainab Bangura, co-ordinator of the Campaign for Good Governance, addresses a workshop for newly-elected parliamentarians in Sierra Leone, arranged and facilitated by ICG, April 1996.*



# Funding

ICG is grateful to those governments, individuals, foundations and companies that have provided funds for ICG in its first year. Fundraising for all non-governmental organisations is hard going, particularly for those that are breaking new ground.

Consolidating and expanding ICG's financial base remains a priority for ICG. The organisation has begun to demonstrate that it can make a difference; that it can add considerable value to organisations, such as the United Nations, involved in preventing humanitarian disasters. A shortage of funds means that ICG inevitably has to let pass important opportunities to make an early and positive impact on the course of events in many crisis-prone countries around the world. In the coming year, ICG will be extending its appeal for funding in a bid to ensure that the benefits it seeks to bring, both to countries that are in or facing crisis and to the broader international community, are realised as fully and spread as widely as possible.

ICG plans to raise at least an additional \$2 million during 1997.

To achieve this it will:

- i) Seek to maintain support from its existing donors, both public and private;
- ii) Seek additional support from individuals and foundations with an interest in ICG's goals;
- iii) Seek support from a number of additional governments, particularly those within the European Union;
- iv) Seek support from the European Commission for specific ICG conflict prevention projects.

## Sources of Funding

### Public Sector:

*Australia  
Canada  
Finland  
Ireland  
Japan  
Netherlands  
New Zealand  
Norway  
Republic of China (Taiwan)  
States of Jersey  
Sweden  
United States*

### Private Sector:

*Charities Aid Foundation  
Daewoo Corporation  
Jim Dickie  
Families USA Foundation  
Fares Foundation  
Federal Express  
Nippon Foundation  
Reebok Foundation  
Rockefeller Brothers  
Soros Fund  
Winston Foundation  
Anonymous Individual Donors*

# Bosnia

## Case Study

Up to 22 ICG staff members have been stationed in Bosnia since early 1996, their task to monitor and evaluate progress towards the implementation of the Dayton Peace Agreement. Working closely with international agencies, local groups and the media, the ICG team seeks to chart a course through the many hazards that obstruct the path to peace for Bosnia by identifying potential flash-points and advising on ways to defuse them.

Building peace in a country torn apart by the most brutal and bloody war in Europe for fifty years was bound to be a complex and painstaking task. The peace accords signed at Dayton in November 1995 succeeded in stopping the fighting, but they left many of the fundamental causes of conflict unresolved. If peace is to take root and last in the longer-term, a number of major issues that still divide the various communities within Bosnia

will have to be addressed. ICG has spoken out often during 1996 on a wide range of issues including security, war criminals, elections, repatriation and human rights. Some 25 analytical reports and papers on Bosnia were issued up to November 1996. ICG's findings and recommendations were brought to the attention of decision-takers both on the ground and in foreign capitals via members of the board, staff and the media.

The primary targets of ICG's advocacy included senior officials in the Organisation for Security and Cooperation in Europe, the Office of the UN High Representative, the governments of the Muslim-Croat Federation and Republika Srpska, the European Union and the US, UK and French governments.



*A temporary footbridge spans the Neretva River at Mostar, April 1996. The original bridge, built in 1556, was destroyed on 9 November 1993.*

photo: ICG/Charles Radcliffe

# Bosnia

## Case Study

ICG's achievements in Bosnia during 1996 included:

- Helping to focus international attention on the issue of war crimes and, in particular, the need to arrest and extradite all those indicted by the International War Crimes Tribunal in the Hague;
- Highlighting the deep flaws in conditions on the ground in the lead-up to Bosnia's September elections. ICG's assessment that conditions would not support free and fair elections led to the postponement of municipal elections originally scheduled to coincide with national elections in September 1996;
- Unveiling serious electoral irregularities in the conduct of the parliamentary and presidential elections held in September 1996. Evidence collected by ICG showed a 104 percent turnout that could only be explained by the widespread stuffing of ballot boxes with false ballot papers;
- Contributing to the resolution of contentious issues relating to the future of the northern Bosnian town of Brcko, a potential future flash-point between Republika Srpska and the Muslim-Croat Federation; and

- Attracting international support for a number of local initiatives and organisations, including funding for a local project aimed at encouraging Sarajevo Serbs to remain in the city after the hand-over to Federation rule; funding for the Commission on Displaced Persons and Refugees; equipment for independent media projects; and advice to refugee groups seeking a change in the law affecting the property rights of refugees returning to claim abandoned homes and possessions.

During 1997, ICG will retain a field team in Bosnia. The team will focus on the key issues of repatriation, reconciliation, war crimes and entrenching Bosnia's new democratic national institutions. In addition, ICG will embark on a major new regional assessment project aimed at identifying future potential sources of tension, crisis and conflict in the wider Balkan region (including Serbia, Croatia, Albania and the Former Yugoslav Republic of Macedonia).

*We would like to acknowledge the generous support of the US State Department in relation to ICG's work on refugees and repatriation issues.*

*The shattered remains of Bosnia's National Library in Sarajevo, April 1996. The library and much of national archive were destroyed by a rocket-launched bomb at the start of the war in Bosnia in 1992.*

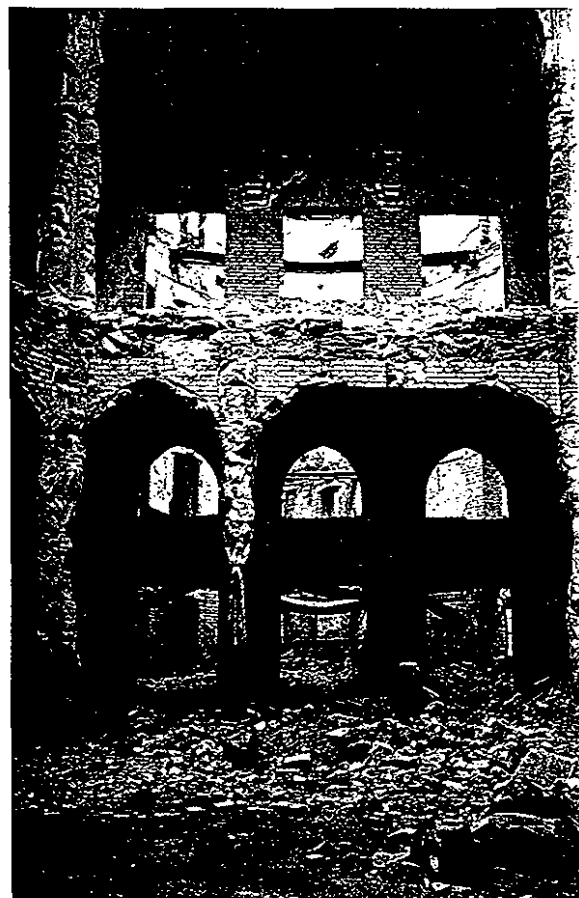


photo: ICG/Charles Kad, Inc

# Sierra Leone

## Case Study

The small west African state of Sierra Leone is no stranger to crises. The country has spent much of the past 30 years trapped in a cycle of corruption, repression, violence and instability. In 1991, the situation deteriorated as the country slid into full-blown civil war. During the four years that followed, some 50,000 people were killed and hundreds of thousands displaced as fighting intensified between government soldiers and rebel forces.

Towards the end of 1995, hopes of a breakthrough were raised. With the military conflict deadlocked, the country's restless young president offered to step down and hand over to a democratically elected civilian government. Sierra Leoneans, in common with most on-lookers, welcomed the prospect of change but feared the dangers that went with it. Would the military accept the proposed transition to civilian rule?

How could an election be held while war still raged and many parts of the country were inaccessible and insecure? Who would pay for the elections? What impact would the transition plan and an election campaign have on hopes for peace? These and other questions hung heavily over the country.

ICG field staff arrived in Sierra Leone as these issues were surfacing. The team travelled extensively throughout the country and consulted with a wide range of local people including the political leadership, the military, civil servants and judges, civic leaders, women's organisations and youth, community, ethnic and church groups. They also met with personnel from the US and UK embassies, the EU delegation, UN agencies and NGOs in the field.

In December 1995, ICG produced a comprehensive analysis of the problems facing Sierra Leone. It proposed a range of concrete actions that the international community might take to help address those problems and to shore up the country's delicate and risky transition towards peace, democracy and stability. On the basis of the recommendations contained in ICG's analysis, members of the board took immediate action, raising money for the elections, encouraging the media to cover developments on the ground and pressing governments to step up levels of humanitarian support to the country.

*When doubts were raised over the holding of national elections in Sierra Leone in February 1996, demonstrators took to the streets of the capital, Freetown, demanding that the poll proceed as planned.*



photo: ICG/Alice Jay

# Sierra Leone

## Case Study

In February and March 1996, elections went ahead as planned producing Sierra Leone's first democratically-elected government in over 25 years. Shortly afterwards ICG issued a report welcoming the election outcome, whilst emphasising the vital importance of maintaining international support for Sierra Leone. In particular, the report stressed the need to provide assistance to the new democratic institutions and key groups and organisations within Sierra Leone's fragile and war-damaged civil society. Since this time, ICG has sought to ensure that recent progress in Sierra Leone is not undermined, first by striving to maintain international interest in developments in the country and secondly, by devising and carrying out a program of good governance on the ground.

In March 1996, ICG established the Campaign for Good Governance (CGG). The CGG is a new NGO based in Freetown, led and staffed by Sierra Leoneans. Its purpose is to support both public and private efforts to improve the quality and accountability of government and to raise awareness of issues relating to good governance and citizens' rights through training support and civic education projects. ICG provides core support for the CGG in the form of direct funding and assistance with further fund-raising, office space, computer and communications equipment and administrative support. ICG also supplies strategic and policy advice and provides international experts to facilitate CGG activities as necessary.

Much has been achieved in a short period of time by ICG and the CGG in Sierra Leone. Working together, the two organisations have already made a dramatic impact on the level of awareness of issues relating to good governance among Sierra Leone's new civic and political leaders and journalists. But still more needs to be done. During the first half of 1997, ICG, in collaboration with the CGG, will focus on strengthening citizens' participation and understanding of the roles and responsibilities of government; encouraging dialogue between the government and citizens on major policy issues; maintaining international attention on the plight of Sierra Leone; and providing further strategic proposals for economic recovery and solutions to the crisis in the labour market.

*A jubilant voter taunts government soldiers at a Freetown polling station on election day, 26 February 1996.*



photo: Associated Press

# Burundi

## Case Study

Burundi has been on the list of countries at risk of severe crisis for many years. It has stayed close to the top of that list since 1994 when genocide swept through neighbouring Rwanda killing close to a million people and causing massive and destabilising refugee movements to surge through the region. A brutal ethnic war continues to simmer in Burundi where attacks on civilians by both rebel militia and government forces kill on average some 700 people every week. Fears are rife that a continuing deterioration in local conditions or a major massacre carried out by government forces or rebel militia could trigger genocide in Burundi at any time.

In April 1996, following consultations with UN officials, governments, journalists and a range of NGOs, ICG published a policy paper on Burundi. The report assessed the adequacy and effect of the international response to the crisis in Burundi and identified scope for further action on the part of the international community.

Since the report's release, ICG staff and board members have argued for a number of steps to be taken to prevent a worsening of the situation in Burundi. First, ICG has emphasised the need to keep political pressure on the leaders of the region as well as on factional leaders within Burundi to engage in dialogue. Secondly, ICG has called for urgent action to clamp down on extremists who are trying to turn international refugee camps into private military bases from which to

attack civilian settlements. Finally, the organisation has strongly backed the UN Secretary General's appeal for a multinational peacekeeping force to be sent to Burundi to provide security cover while negotiations on the country's future proceed.

ICG has pursued its objectives vigorously, lobbying President Clinton, the Congress, the US Department of State and the Department of Defence to support a more pro-active US policy on Burundi. ICG board members have met privately with key Administration officials as well as diplomatic representatives from the Great Lakes region and national representatives on

the UN Security Council. ICG has used its contacts to press for the Burundi/Great Lakes crisis to be placed on the agenda at the 1996 summit of the G7. Finally, ICG has provided briefings for journalists and encouraged newspapers and TV networks to send crews to Burundi in a bid to help focus international attention on the crisis.

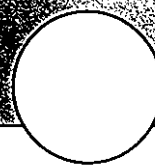
In 1997 ICG will build on its work to date in Burundi with a new regional assessment of the Great Lakes area, including Burundi, Rwanda, Zaire, Tanzania and Uganda. The project will examine present and potential problems in the region and suggest where long term solutions may lie.



photo: Associated Press

*Continuing ethnic bloodshed in Burundi has forced hundreds of thousands of Burundians to flee their homes and seek sanctuary in camps across the border in neighbouring Zaire, adding to the region's already severe refugee crisis.*





# Nigeria

## Case Study

Nigeria is a country exhibiting numerous signs of impending crisis. These include potentially explosive tensions between various ethnic groups; economic decline leading to soaring inequality and poverty; an authoritarian and deeply repressive military regime; widespread human rights abuses; and rampant and systemic corruption.

At the present time, the military regime in Abuja is able to maintain order only by using harsh and brutal measures to stamp out potential challenges to its authority and quash dissent. Without some let up, however, in the climate of economic hardship, favouritism, corruption and repression, there is a real risk that public unrest could spark increased civil disturbance leading to a complete breakdown in order, massive refugee flows and, in the worst case, civil war on a scale unseen since the Biafra war of 1968.

Civil war or even unrest within Nigeria would have a far-reaching, destabilising effect on the rest of the west African region. Nigeria itself is a giant among African states. Its population is roughly equal to that of its 15 west African neighbours combined and accounts for one quarter of Africa's total population. Its military might and economic power far outstrip those of any other country in the region. It is closely enmeshed in regional economic and security frameworks (ECOWAS and ECOMOG). Nigeria's fate therefore is of enormous importance both to neighbouring countries and to Africa as a whole. Its collapse could well spill across national boundaries sparking political, economic, ethnic and humanitarian crises throughout west Africa.

ICG has been monitoring events in Nigeria since early 1996. In August 1996 the organisation published a report containing the findings of a survey of international opinion on Nigeria. The survey encompassed all the major stakeholders in the Nigeria crisis, including the governments of the United Kingdom, the United States and South Africa; the Commonwealth; the United Nations; the European Union; the oil industry; opposition groups in Nigeria; and Nigeria experts, academics and campaigners based outside Nigeria. The results exposed a basic lack of any coherent, co-ordinated international response to events in Nigeria.

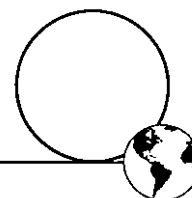
ICG believes that key to moving Nigeria out of crisis is a stepping up of pressure on the regime in Abuja from both within and without Nigeria. Increasing pressure from within Nigeria requires the strengthening of the pro-democracy movement, opposition groups, local NGOs and the media. ICG will encourage and support existing initiatives, both governmental and non-governmental, designed to achieve that end. However, ICG believes it equally important that pressure from beyond Nigeria is increased and it is in this area that the organisation feels it has most to offer. Accordingly ICG is currently developing a project designed to stiffen international resolve to increase pressure on the Nigerian regime through a series of limited, targeted but potentially highly effective measures. In pursuing this course of action, ICG will seek to build a broad, robust and united international front capable of arresting Nigeria's slide into crisis and moving the country on to more stable ground.



*Nigerian citizens protesting at the execution of the author Ken Saro-Wiwa, Lagos, November 1995.*

photo: Associated Press

# Financial Statements



## Report of Independent Public Accountants

*To the Board of Directors of  
International Crisis Group*

We have audited the accompanying statement of financial position of International Crisis Group ('ICG', a District of Columbia not-for-profit corporation) as of June 30, 1996 and the related statements of activities and cash flows for the year then ended. These financial statements are the responsibility of ICG's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of International Crisis Group as of June 30, 1996 and the change in its net assets and its cash flows for the year then ended, in conformity with generally accepted accounting principles.

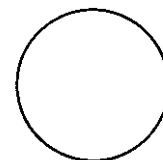
*Arthur Andersen LLP*

Washington, D.C.  
18 November 1996

## International Crisis Group Statement of Financial Position as of June 30, 1996

Assets	1996
Current assets:	
Cash and cash equivalents (Note 3)	\$605,102
Contributions receivable (Note 4)	<u>233,000</u>
Total current assets	<u>838,102</u>
Non-current assets:	
Vehicles and office equipment, at cost, less accumulated depreciation of \$15,879	<u>141,405</u>
Total assets	<u>\$979,507</u>
Liabilities and Net Assets	
Current liabilities:	
Accounts payable and accrued liabilities	<u>\$137,768</u>
Total current liabilities	<u>137,768</u>
Net assets:	
Unrestricted	230,709
Temporarily restricted (Note 5)	<u>611,030</u>
Total net assets	<u>841,739</u>
Total liabilities and net assets	<u>\$979,507</u>

*The accompanying notes are an integral part of this statement.*



## Financial Statements

### International Crisis Group Statement of Activities for the year ended June 30, 1996

	Unrestricted	Temporarily Restricted	Total
<b>Revenues and other support:</b>			
Contributions	\$1,059,504	\$1,141,354	\$2,200,858
Investment income	17,300	8,668	25,968
Net assets released from restrictions:			
Satisfaction of program restrictions	538,992	(538,992)	-
Total revenues and other support	<u>1,615,796</u>	<u>611,030</u>	<u>2,226,826</u>
<b>Expenses:</b>			
<b>Program services:</b>			
Bosnia program	453,826	-	453,826
Sierra Leone program	86,772	-	86,772
Supporting services	277,390	-	277,390
Fund raising costs	272,001	-	272,001
Management and general costs	295,098	-	295,098
Total expenses	<u>1,385,087</u>	<u>-</u>	<u>1,385,087</u>
Change in net assets	230,709	611,030	841,739
Net assets at beginning of year	-	-	-
Net assets at end of year	<u>\$230,709</u>	<u>\$611,030</u>	<u>\$841,739</u>

*The accompanying notes are an integral part of this statement.*



## Financial Statements & Notes

### International Crisis Group Statement of Cash Flows as of June 30, 1996

#### Cash flows from operating activities:

Changes in net assets	\$841,739
Depreciation	15,879
Change in assets and liabilities:	
(Increase) in contributions receivable	(233,000)
Increase in accounts payable and accrued liabilities	<u>137,768</u>
Net cash provided by operating activities	<u>762,386</u>

#### Cash flow from investing activities:

Additions to fixed assets	<u>(157,284)</u>
Net cash used in investing	<u>(157,284)</u>
Increase in cash equivalents	605,102
Cash and cash equivalents, beginning of year	<u>—</u>
Cash and cash equivalents, end of year	<u>\$605,102</u>

*The accompanying notes are an integral part of this statement.*

### International Crisis Group Notes to Financial Statement as of June 30, 1996

#### 1. Organisation

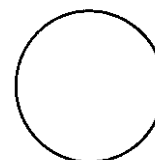
International Crisis Group ('ICG') is a Not-for-Profit corporation committed to reinforcing the capacity of the international community to understand, anticipate and prevent crisis arising from human causes. It was incorporated in the District of Columbia on February 28, 1995 and commenced operations on July 1 of that year.

ICG's goals are to:

- engender support among officials and the general public for concerted international, national and private response efforts at times of impending or erupted crisis;
- promote strategies aimed at assisting governments and international organisations to translate early warning signs of impending disaster into early action in order to avert crisis; and
- foster a heightened sense of awareness and obligation among governments to deal with the problems posed by large-scale emergencies.

ICG has at present one physical location in London but operates temporary sites in Bosnia and Sierra Leone.

The concept for ICG was created and developed under the auspices of Carnegie Endowment for International Peace ('Carnegie') during the periods both prior to and following ICG's incorporation until July 1, 1995. During this period, Carnegie received contributions from donors of \$540,700 towards establishing ICG, of which \$179,500 was remitted to ICG to fund its operations from commencement on July 1, 1995. The balance of the \$540,700 had been spent on ICG's behalf by Carnegie prior to July 1, 1995. The financial statements report as contributions only the \$179,500.



## Notes

### 2. Significant Accounting Policies

The Financial Statements have been prepared in conformity with Statement of Financial Accounting Standards ('SFAS') No.116, 'Accounting for Contributions Received and Contributions Made' and No. 117, 'Financial Statements of Not-for-Profit Organisations', issued by the United States Financial Accounting Standards Board.

#### Basis of preparation

ICG maintains its accounts on the accrual basis of accounting.

#### Net Assets

ICG classifies net assets in two categories: unrestricted and temporarily restricted. All contributions are considered to be available for unrestricted use unless specifically restricted by the donor.

Temporarily restricted net assets are contributions with temporary, donor-imposed time and/or program restrictions. These temporary restrictions require that resources be used for specific purposes or in a later period. Temporarily restricted net assets become unrestricted when any time restrictions expire or the funds are used for their restricted purpose. At this time they are reported in the statement of activities as net assets released from restrictions.

#### Taxes

ICG is exempt from Federal income taxes under Section 501(c)(3) of the Internal Revenue Code.

#### Cash and cash equivalents

Cash and cash equivalents are considered to be all cash and temporary investments with original maturities of three months or less.

#### Contributions

ICG recognizes contribution revenue in the year the money is received or the unconditional pledge is made.

ICG receives donations from foundations, governments and individuals. For the year ended June 30, 1996, 34% of its donations were received from one foundation.

#### Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at June 30, 1996 and the reported amounts of revenues and expenses during the year then ended. Actual results could differ from those estimates.

#### Fixed assets

Depreciation is calculated utilizing the straight line method over three years based on the estimated useful life of the assets. Depreciation expense for the year ended June 30, 1996 was \$15,879.

### 3. Cash and Cash Equivalents

Cash and cash equivalents were composed of the following at June 30:

Money market	\$313,288
Cash at bank, including deposit	279,650
Other cash	<u>12,164</u>
	<u>\$605,102</u>

The cost basis of cash and cash equivalents is equal to market value at year end.

### 4. Contributions receivable

The contribution receivable of \$233,000 represents money promised to ICG in the year ended June 30, 1996.

The money is receivable within one year.

### 5. Temporarily restricted net assets

Temporarily restricted net assets at June 30, 1996 are available for the following purposes or periods:

	1996
Bosnia program	\$307,011
Research and analysis program	46,019
Human rights assistance program	25,000
For periods after June 30, 1996	<u>233,000</u>
	<u>\$611,030</u>

# Press Quotes

Selected press quotes from around the world

"An eminent citizens' organisation"

*New York Times, 18 November 1996*

"The International Crisis group earned widespread respect when it helped unveil mass scale manipulation in refugee voter registration (in Bosnia) in August."

*Reuters, 14 November, 1996*

"A respected independent think-tank."

*The Daily Telegraph, 21 September, 1996*

"An influential pressure group."

*The Australian, 17 August, 1996*

"An independent and influential group."

*NRC Handelsblad, 16 August 1996*

"An leading independent think-tank."

*The European, 15 August, 1996*

"The International Crisis Group, an influential monitoring body, was right yesterday to call for elections to be postponed (in Bosnia)."

*The Financial Times, 15 August, 1996*

"A potent collection of business, political and media leaders from around the globe whose aim is to prevent world crises through early intervention."

*The Washington Times, 5 May, 1996*

"A project worthy of support."

*The Boston Globe, 27 February 1996*

“A  
project  
worthy  
of  
support.”

# ICG Staff

## December 1996

### UNITED KINGDOM

Nicholas Hinton  
*President*

Charles Radcliffe  
*Director of Policy and Communications*

Paul Manning  
*Assistant to President*

Martin Gairdner  
*Financial Controller*

Simon Sheehan  
*Assistant to Director of Policy and Communications*

Sue Blackmore  
*Executive Secretary*

### SIERRA LEONE

Simon Clarke  
*Field Officer*

### BOSNIA-HERZEGOVINA

Hrair Balian  
*Director*

Natasha Nadazdin  
*Deputy Director*

Sandra Coliver  
*Legal Advisor*

Chris Bennett  
*Senior Political Analyst*

Laurence Berg  
*Refugees/Repatriation Officer*

Anna Husarska  
*Media Relations*

Senad Lulo  
*Logistics Officer*

Alma Hadzic  
*Receptionist*

Sead Hodjic  
*Driver*

## ACKNOWLEDGMENTS

The International Crisis Group would like to thank the following for their contribution to the organisation's work during 1996: Sir Terence Clark (Director ICG Bosnia February to October 1996), John Fawcett, and John Arch MacInnis; Chris Fay, Ryan Grist, Danielle de Knocke van de Meulen, Zlatko Kovach, Samantha Power, Amira Sadikovic, Brian Steers, Chuck Sudetic, Victor Tanner, and Kurt Tjossem; David Shearer and Alice Jay.

International Crisis Group is a private non-profit corporation.

Cri'sis n. turning point or decisive moment, esp.  
time of acute danger or difficulty (pl. cri'ses [-sez])



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