



Solving Global Issues

the
Lugar
Center

2013-2014 ANNUAL REPORT

the **Lugar** *Center*



**Dedicated to Making a Difference
and Solving Global Issues**

- WMD Non-Proliferation
- Global Food Security
- Foreign Aid Effectiveness
- Bipartisan Governance

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President's Message

In January 2013 it was my pleasure to launch The Lugar Center—a non-profit organization devoted to finding solutions and proposing policies on issues that I have worked on for decades—nuclear and WMD threat reduction, global food security, and foreign aid effectiveness. The Center builds partnerships with likeminded individuals and organizations to educate the public, create a new cadre of leaders, and develop effective policy options for solutions to some of our greatest challenges.

With much of 2013 devoted to establishing our organization, developing our programs, and qualifying for 501(c)(3) status by the Internal Revenue Service in the third quarter, we have incorporated a combined annual report for 2013-2014. It has been tremendously rewarding to carry out a host of programs in our initial three policy areas over these first two years and to add a fourth, Bipartisan Governance, in April 2014. From the platform of our organization we have been privileged to engage with leaders both in Washington and across the globe—in government, academia, the NGO, think tank, and business communities—to establish open dialogues for ideas to improve our world and its future and to work together to achieve these goals.

As you review our progress in this work, we hope you will share in our enthusiasm for these endeavors, and we invite you to join us in them.

Sincerely,



Sen. Richard G. Lugar (Ret.)
President and Chairman of the Board



The Lugar Center Overview

The Lugar Center (TLC) was established in 2013 to work on issues that have defined Senator Lugar's career — nuclear and WMD threat reduction; global food security; foreign assistance effectiveness; and bipartisan governance. We received our 501(c)(3) status in August 2013. We seek to maintain a highly effective operation based on the stature of Senator Lugar and the decades of government and foreign policy experience of TLC staff. Beyond our staff, we are able to call upon the expertise of numerous "affiliated experts" and former congressional staff with whom we maintain close relationships, many of whom are positioned across the international policy community.

We believe our strengths lie with building champions among policy makers and the foreign policy and development communities; convening leaders for bipartisan explorations of policy issues; advocating bipartisan solutions through op-eds, speeches, blog posts, social media, and other outlets; and conducting research that more pragmatically defines issues that have been muddled by partisan debate. We are committed to evidence-based analysis and civil dialogue that advance bipartisan governance.



In early 2014, staff of The Lugar Center hosted the Minister of Agriculture of Zambia for a discussion of the role that Zambia can play in bringing greater food security to the southern Africa region.

TLC is not a lobbying organization. However, because of TLC's long experience on Capitol Hill, we are often called upon for policy and technical advice and to facilitate policy discussions. For example, TLC has helped organize a series of bipartisan congressional staff briefings on non-proliferation issues.

We have pursued many alliances with organizations devoted to problem solving, and we have functioned as a Republican leader and participant in issue areas where Republican interest and participation has been less robust.



The Lugar Center hosted multiple interns from the University of Indianapolis in 2013-2014. Sen. Lugar met with these UIndy students every other week at The Lugar Center offices during their semesters of study and work in Washington.

Institutional Progress

The Lugar Center established itself as a respected voice on its core issues. It did this in a variety of ways:

- TLC partnered with a number of respected institutions, such as the Center for Strategic and International Studies, the German Marshall Fund of the United States, Georgetown University, Indiana University's School of Global and International Studies, the University of Indianapolis, the Nuclear Threat Initiative, the Center for Nonproliferation Studies, and the Arms Control Association. Some of these partnerships were used to co-convene public events, while others were long-term partnerships around specific programs. These types of partnerships have helped to publicize the existence of The Lugar Center and have broadened interest in our work among policy makers and influencers.
- TLC invited a group of noted scholars and practitioners to serve as affiliated experts. Our partnership with these experts has deepened our knowledge base and credibility on issues such as foreign assistance effectiveness, global food security, and agriculture.
- TLC began sending regular e-newsletters informing supporters and the policy community of our work. About 8,500 people now receive TLC newsletters.
- TLC developed its first and second generation website. The second includes better functionality, especially for mobile devices, and with broader and more sophisticated content. In fact, our website has received two design awards for excellence among U.S. non-profit organizations.
- TLC produced a comprehensive bibliography as an education tool on the complex topic of global food insecurity — Resources for Researchers.
- TLC maintains a blog that has been used by the Senator and staff to comment on current issues and to provoke discussion or encourage bipartisan dialogue. We also maintain social media platforms (Facebook, Twitter, LinkedIn, YouTube, Instagram, and Flickr) and have developed a second-generation social media plan.

- TLC and Senator Lugar hosted numerous meetings with foreign officials to discuss issues of relevance to our priorities. These included meetings with officials from Afghanistan, Angola, Azerbaijan, Bulgaria, the European Union, Gabon, Germany, Japan, Korea, Macedonia, Niger, the Philippines, Romania, Thailand, Ukraine, and Zambia.
- Last, but not least, TLC supported the speaking engagements of Senator Lugar as he spoke on core TLC issues. Senator Lugar gave a dozen speeches to various groups in which he focused on the importance of global agriculture, food aid reform, and more effective foreign assistance approaches (Stanley Foundation for Peace, the Lugar Symposium – Indianapolis, the American Farm Bureau, CARE’s Annual Conference, USAID’s Feed the Future Global Forum, Purdue University, and a side event during the U.S.-Africa Leaders Summit co-hosted with the German Marshall Fund). The Senator also blogged on food aid reform, aid effectiveness, and offered a tribute to Norman Borlaug and his leadership of the Green Revolution. He has also maintained a full schedule of press interviews on a wide range of domestic and foreign policy challenges.



Senator Lugar discussed food security challenges in Africa during his remarks and introduction of President Issoufou of Niger. The Lugar Center and The German Marshall Fund co-hosted an event on food security in Niger during the U.S. – Africa Leaders Summit in Washington in August 2014. (Photo credit: GMF)

Major Projects

Nuclear and WMD Threat Reduction

Bipartisan Nuclear and WMD Policy Dialogue Project (with ACA)

The Arms Control Association (ACA) and The Lugar Center partnered to establish the Bipartisan Nuclear and WMD Policy Dialogue Project to help foster bipartisan discussion on security issues. The aim of the project is to provide a recurring forum where senior Congressional national security staff across committee jurisdictions and party affiliations can establish relationships and a basis for working together more effectively, as well as increase the overall awareness of WMD risk reduction strategies. Topics have included U.S. missile defense, U.S. nuclear weapons spending, WMD removal from Syria, and multiple issues related to the nuclear negotiations with Iran. The project is slated to continue until at least 2017.

Military Materials Security Study Group (with NTI)

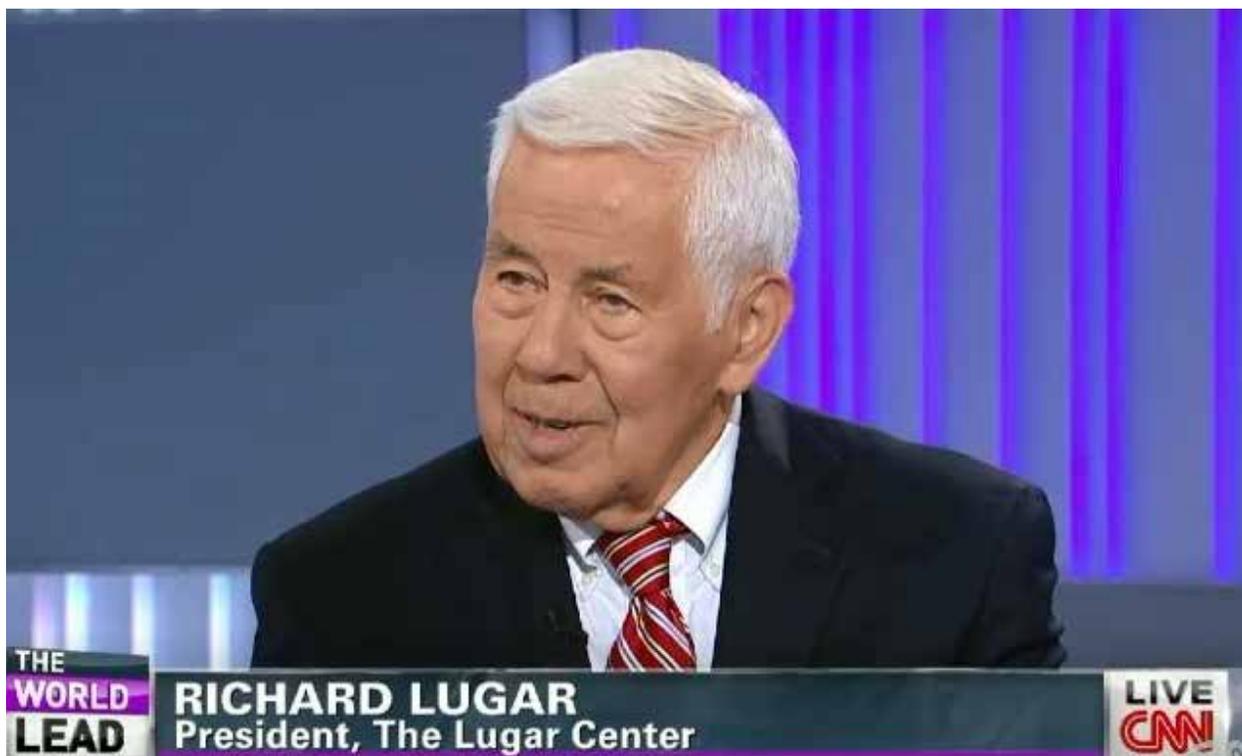
In 2014, The Lugar Center worked with the Nuclear Threat Initiative (NTI) on the launch of a high-level study group of political and military leaders from nuclear weapons states. The “Military Materials Security Study Group” is an effort to develop recommendations about how to bolster the security of the nuclear materials under the control of militaries worldwide. Senator Lugar is a co-chair of the Group along with Senator Nunn and former U.K. Defense Secretary, Des Browne. Existing international security standards covering weapons-usable nuclear materials apply only to the 15 percent of materials classified as civilian. The 85 percent under the control of militaries exist outside international controls. Common perceptions are that military nuclear materials are more secure than those under civilian control. But troubling security lapses at military facilities, as well as the vast quantity and diversity of military nuclear materials, underscore that a coordinated effort to establish international standards and improve the security of these materials is urgently needed. The Study Group is developing recommendations regarding how nuclear weapons states can cooperate to improve controls on these materials and to build confidence in their security. A goal is to influence the Nuclear Security Summit process.

Middle East Non-Proliferation Programs (With CNS)

In October 2014, The Lugar Center concluded an agreement with the Center for Nuclear Security (CNS) to be a partner in their Middle East Programs. Among other elements, this will include a workshop in 2015 that will review major WMD elimination cases (Nunn Lugar in FSU, South Africa, Libya, Syria, Albania, etc.). The workshop will attempt to offer recommendations for improving our capacity for this Nunn-Lugar work (especially in the Middle East).

The Middle East Next Generation of Arms Control Specialists Network (MENACS)

TLC is a supporting partner of MENACS (The Middle East Next Generation of Arms Control Specialists Network). MENACS is a group of young scholars from Egypt, Iran, Iraq, Israel, Jordan, Lebanon, Saudi Arabia, and Turkey who are working collaboratively to build knowledge of arms control issues in their home region. They connect research, operate a website, organize training seminars on WMD for journalists, offer course outlines on WMD to universities in the region, and provide pro-arms control commentary. Members of MENACS try to function as an “advance guard” on WMD issues in the Middle East through blogging and op-eds. Such a program is needed because, outside of Israel, the Middle East is almost bereft of independent scholars and experts with experience managing nuclear and other dangerous materials. The region has imported much of its nuclear power expertise, and there are no courses that train scientists or members of civil society to be watchdogs, diplomats, journalists, or government officials with knowledge of WMD issues.



Senator Lugar discussed Syrian chemical weapons during CNN's The Lead with Jake Tapper, September 2013 (Photo credit: CNN)

Major Projects

Global Food Security: 2050 Challenge

With approximately 800 million people currently defined as chronically hungry and the world’s population expected to top 9 billion by 2050, hunger and the potential instability it brings to society threaten the globe. Farmers will be challenged to meet demand, and this challenge will be heightened by the changing demands of consumers as societies become wealthier and more urbanized. Natural resource (soil, water, biodiversity) depletion and the effects of climate change will undermine productivity at a time when we need to be our most productive.

The Lugar Center received a two year grant to influence policy makers on the benefits of U.S. leadership in food security and global agriculture. TLC adheres to an evidence-based strategy that supports the role of science to support farmers of all sizes and farming approaches. Under the 2050 Challenge, it manages a number of projects relating to educating Congress and the public. These include our popular Resources for Researchers; commentary in the form of blogs, op-eds, and policy briefs; and FAQs on genetic engineering.

Foreign Aid Effectiveness

The Lugar Center is one of the few organizations with a dedicated work stream relating to improving the effectiveness of U.S. foreign assistance. Under a two-year institutional support grant from the William and Flora Hewlett Foundation, TLC plays



Senator Lugar participated in the May 2013 JoongAng Ilbo – CSIS Forum on Korean security in Seoul. (Photo credit: CSIS)

a leadership role in the Modernizing Foreign Assistance Network. Senator Lugar serves as honorary co-chair, and TLC staff carry senior leadership positions. Our mission is to drive greater effectiveness through accountability in order to hold U.S. government agencies accountable and to support the foreign assistance budget. Done well, aid can be an effective tool for U.S. leadership in achieving a more peaceful and prosperous world.

Bipartisan Governance

Established in April 2014, our newest focus area is driven by our belief that the performance of the United States Government and the security and economic wellbeing of the American people have suffered because of the intensifying partisanship that has afflicted political processes and societal debates in recent years. We devoted the year to building this new program area and partnerships to implement it.

A key product of our bipartisan governance work is the Bipartisan Index that ranks all members of Congress according to their bill sponsorship and co-sponsorship activity. There are innumerable rating systems generated by interest groups that attempt to judge and classify members of Congress according to their support for the group's positions. Unlike existing indexes, the Bipartisan Index measures the degree to which a member acts in a bipartisan manner. We created this unique index, in association with McCourt School of Public Policy at Georgetown University, and subjected it to numerous tests and evaluations in 2014 in preparation for a 2015 launch.

Trans-Atlantic Energy Action Project

The Lugar Center is one of 18 U.S.-based think tanks and public policy institutions that received a Transatlantic Research and Debate Grant from the Delegation of the European Union to the U.S for 2014-2015. Through its Trans-Atlantic Energy Action Project, TLC and the German Marshall Fund of the United States (GMF) are working to improve understanding of transatlantic opportunities for energy security and economic cooperation, particularly in relation to the Trans-Atlantic Trade and Investment Partnership (TTIP). In 2014, grant activity focused on building awareness of TTIP energy issues with key stakeholders in an environment of slow progress on TTIP negotiations and the emergence of conflict between Ukraine and Russia. TLC and GMF held multiple roundtable discussions and congressional briefings, commissioned a policy paper on energy considerations in TTIP, and published multiple op-eds and statements on these issues.

Financial Report



Independent Auditors' Report

May 14, 2015

We have audited the accompanying financial statements of The Lugar Center which comprise the statements of financial position as of December 31, 2014 and 2013, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

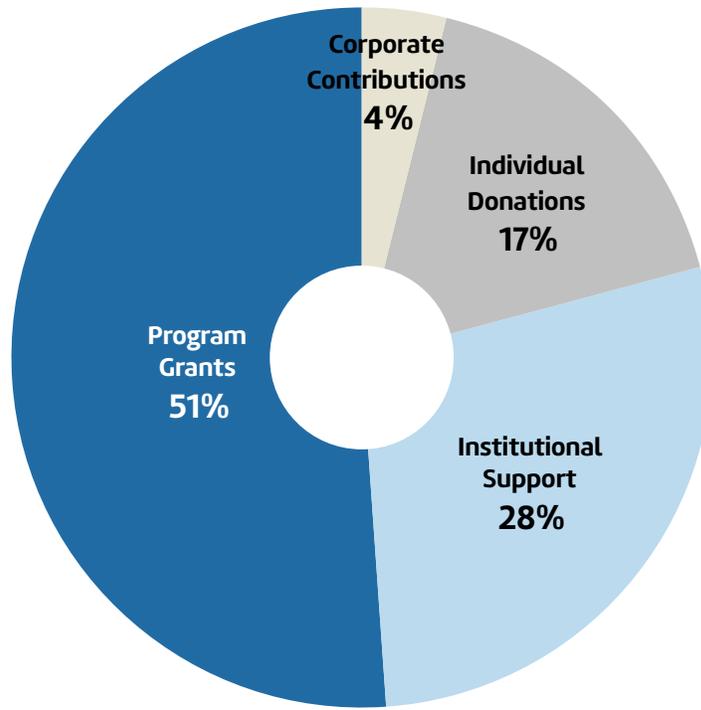
Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of The Lugar Center's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Lugar Center as of December 31, 2014 and 2013, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Squire, Lemkin + Co., LLP



Corporate Contributions	\$44,000
Individual Donations	\$208,255
Institutional Support	\$350,150
Program Grants	\$629,844

2013-2014 Financials

The Lugar Center is pleased to report generous financial contributions in 2013 and 2014 from 210 individual donors. In addition, we have received general institutional support grants from foundations including Christel DeHaan Family Foundation; The Dayton Foundation; East Tennessee Foundation; Efroymsen Family Fund, a Central Indiana Community Foundation Fund; Glades Foundation; Ploughshares Fund; and The William and Flora Hewlett Foundation. We are especially grateful to the University of Indianapolis for their early support of The Lugar Center and to the New Venture Fund which seeded our work on global food security. This broad and diverse support and confidence in our work have enabled Senator Lugar and his staff to continue the work he began during his tenure in the United States Senate on critical issues facing our 21st century world. We are grateful to each of our supporters.

Board of Directors

Sen. Richard G. Lugar (Ret.)

President and Chairman of the Board

Senator Richard Lugar founded and leads The Lugar Center after retiring from the U.S. Senate as the longest serving member of Congress in Indiana history. During his six terms in the Senate, he served as Chairman of both the Senate Committee on Agriculture, Nutrition, and Forestry and the Senate Committee on Foreign Relations where he exercised leadership on critical issues such as food security, nuclear non-proliferation, energy independence, and free trade. In 1991, he forged a bipartisan partnership with Senator Sam Nunn (D-Ga.) to destroy weapons of mass destruction in the former Soviet Union. To date, the Nunn-Lugar program has deactivated more than 7,600 nuclear warheads that were once aimed at the United States. Senator Lugar also was central to U.S. efforts to improve global food security and domestic nutrition, and he was a champion for effective foreign assistance programs. Senator Lugar continues to manage his family's 604 acre farm in Indiana.



Sen. Richard G. Lugar
(Ret.)

John Lugar

John serves as Executive Director of The Lugar Center. He brings 25 years of commercial real estate, government and international business experience to The Lugar Center. Mr. Lugar was the founder and partner of an international private equity firm focused on South America and has significant business development experience, including assignments and new ventures in the then Newly Independent States of the former Soviet Union, Hungary, Mexico and South Africa. Lugar is a licensed, practicing commercial realtor in Metropolitan Washington, D.C., as well as a Certified Commercial Investment Member (CCIM).



John Lugar

Marty Morris

Marty served as Chief of Staff to Senator Richard Lugar for 23 years. When he retired at the beginning of 2013, he was the longest serving chief of staff in the Senate. He provided strategic direction to Lugar's leadership of the Agriculture and Foreign Relations Committees and played a role in all of his major initiatives, including the Nunn-Lugar program, global food security, and Farm Bill reforms. He is well known in Washington as a political strategist and managed Senator Lugar's successful campaigns in 1988, 1994, 2000, and 2006. In addition to serving as Counsel to the President of The Lugar Center, Marty is a Professor of the Practice at Duke University.



Marty Morris

Dan Diller

In his position as Director of Policy, Dan brings extensive Capitol Hill policy and communications experience to The Lugar Center, having served ten years as Legislative Director to Senator Richard Lugar and another ten years as Deputy Staff Director of the Senate Foreign Relations Committee (SFRC). In these capacities he oversaw foreign and domestic policy development and drafted more than a thousand speeches and statements for Senator Lugar. He was heavily involved in a wide range of policy initiatives, including the Nunn-Lugar Program, arms control agreements, the Lugar-Casey Global Food Security bill, State Department oversight, foreign assistance reform, several farm bills, and domestic hunger legislation. Before coming to the Senate he worked for seven years as a writer and book editor at Congressional Quarterly, specializing in U.S. foreign policy, the Presidency, the former Soviet Union, and the Middle East.

Neil Brown

Neil Robert Brown is a founding member of The Lugar Center's board of directors and oversees the Trans-Atlantic Energy Action Project. Neil also serves as a fellow at TLC's partner organization, the Lugar Diplomacy Institute of the German Marshall Fund of the United States. Neil is a principal at KKR, a leading global investment firm, where he is director of policy and research at the KKR Global Institute. Previously, Neil served on the senior staff of the U.S. Senate Foreign Relations Committee and of Senator Richard Lugar, and he was a senior advisor at Goldwyn Global Strategies. Mr. Brown graduated with a BA from Harvard University and MSc and MPhil from Oxford University, which he attended as a Rhodes Scholar. Neil is from Iowa, where his family farm is located.



Neil Brown

the Lugar Center

Dedicated to Making a Difference

*The Lugar Center is a 501(c)(3) tax-exempt nonprofit organization.
To learn how you can support our work, please visit
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Affiliations

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www.uindy.edu/lugar

Indiana University School of
Global and International Studies
www.sgis.indiana.edu

Georgetown University
www.mspp.georgetown.edu

German Marshall Fund
www.gmfus.org

Center for Strategic and
International Studies
www.csis.org

Modernizing Foreign
Assistance Network
www.modernizeaid.net

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