
OPEN SOCIETY FOUNDATIONS 2016 BUDGET

Overview



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FOUNDATIONS

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The Open Society Foundations are organized as a network of foundations and related entities with 44 offices in 41 countries. Collectively, these foundations employ approximately 1,800 staff and are guided by more than 500 members of advisory and governing boards. Although we are not the largest international foundation in terms of budget, no other philanthropic organization maintains this level of human capacity on the ground in so many places. In part, the size of our staff and salary budget reflect our commitment to be operational and conduct some of our own advocacy and other work directly, such as the litigation pursued by the Justice Initiative. Our large investment in staff and boards also reflects two other commitments: our belief that the people directly engaged in a place or in a field are best positioned to guide our investments, and our determination to support small- and medium-sized organizations, informal associations, and individuals along with larger, formal organizations.

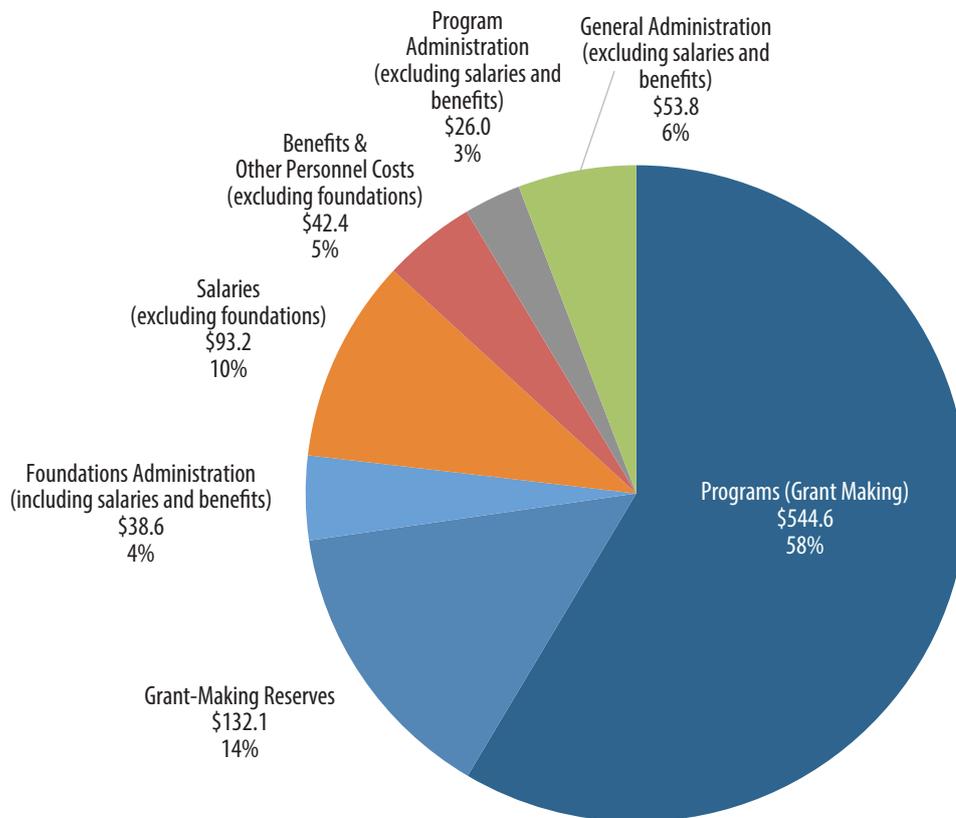
The total 2016 budget set out here is \$930.7 million. For the fourth year in a row, OSF will maintain a flat budget, setting priorities within the fixed resources that our founder has made available. The apparent increase of \$60.6 million on the 2015 budget of \$870.1 million is entirely due to the inclusion of the Soros Economic Development Fund (\$57.8 million) and the Open Society Policy Center (\$2.8 million) for the first time. With these entities included in the overall budget, we are able to present the first unified expense budget for the Open Society Foundations as a whole, now including all of the entities.

The budget of the Open Society Foundations is both a top-down and bottom-up composition. It has been created by literally hundreds of colleagues around the world. The initial drafts were refined in conversations throughout 2015 with the five members of the Global Board's Committee on Strategy, Budget, and Performance. The Committee discussed its recommendations with our chairman, George Soros, before the budget was reviewed and approved by OSF's Global Board in December 2015.

As shown in Figure 1, the budget includes \$544.6 million for grants and other direct program expenditures, plus reserves of \$132.1 million, available to be allocated quickly for unanticipated opportunities. Unlike

FIGURE 1: TOTAL 2016 BUDGET BY COST TYPE (\$930.7 MILLION)

In millions of U.S. dollars



reserves in other institutions, these are meant to be spent on grants in the calendar year. Other than a small portion of the reserves allocated by program and foundation directors, each use of reserves during the year is approved by the chairman, by the chair of the Global Board’s budget committee, by the president, or by the chair of the board of U.S. Programs. All allocations of reserves are reported to the full Global Board at its regular meetings.

THEMES AND SUB-THEMES

The 2016 budget is organized under 13 themes. In most cases, these themes align with a particular thematic program that operates across many countries and regions. For example, the *Health and Rights* theme aligns closely with most of the work of our Public Health Program, and our *Journalism*

theme aligns closely with the work of our Program on Independent Journalism. The thematic presentation, however, allows us to collect the work on each theme pursued by the geographic programs and by our national and regional foundations, as well as work on that theme that is undertaken centrally or in other thematic programs. Again for example, the Public Health Program accounts for about 75 percent of the \$35.7 million of direct program expenditures for our work on *Health and Rights*, but the other 25 percent is found in the budgets of 12 national or regional foundations, two geographic programs, one advocacy office, and one other thematic program. The thematic presentation allows us to see the full budget for *Health and Rights* across the network for the first time, and the same is true for each of the other themes. The aggregate direct program cost budgets for each theme are shown in Table 1.

TABLE 1: 2016 BUDGET FOR DIRECT PROGRAM EXPENDITURES BY THEME*In millions of U.S. dollars*

Theme	Grants and Other Direct Program Expenditures ¹	% of Total Direct Program Expenditures
Human Rights & Democratic Practice	142.1	26.1%
Economic Governance & Advancement	125.0	22.9%
Justice Reform & The Rule Of Law	41.7	7.7%
Equality & Anti-Discrimination	53.3	9.8%
Health and Rights	35.7	6.6%
Higher Education	29.6	5.4%
Journalism	21.3	3.9%
Drug Policy	21.2	3.9%
Information & Digital Rights	17.2	3.2%
Migration	12.5	2.3%
Primary & Secondary Education	11.3	2.1%
Early Childhood Development	7.2	1.3%
Arts	6.8	1.2%
Cross-Thematic	7.1	1.3%
Program Administration ²	9.9	1.8%
Foundation Administration ²	2.7	0.5%
Total 2016 Budget for Grants and Other Direct Program Expenditures	544.6	100.0%

1. Grants and Other Direct Program Expenditures include the costs of grants, professional fees, and travel and conferences.

2. A relatively small amount of professional fees and travel and conference costs are classified under Program Administration or Foundation Administration. These amounts are comprised of minor costs across most programs and foundations that cannot easily be classified to a single theme.

The boundaries between themes are not always precise, so it would be possible to classify some work in any of two or more themes. Each program and foundation has been encouraged to classify its work under whichever theme best captures its own ultimate ambition in pursuing the work. In some cases, this may result in work shared by different programs classified under different themes. In addition, some work will only be associated with a theme after the focus of the work becomes clear during implementation, and these are grouped in a “cross-thematic” category. For example, around a third of the budget for the Open Society Fellowship is shown as cross-thematic, because we will not know which theme is most appropriate to each fellow until each fellowship is awarded.

Each theme also contains one or more sub-themes, describing a more specific focus of work for one or more programs and foundations. For example, the *Information and Digital Rights* theme includes a sub-theme for support to “free, quality, and independent media,” a sub-theme used by four national and regional foundations and two geographic programs. The introduction of sub-themes this year allows us to bring together related work across the network, not only for the budget presentation but also for the benefit of program officers who are pursuing similar work in different parts of the world.

TABLE 2: SHARED FRAMEWORK BUDGETS*In millions of U.S. dollars*

Shared Framework	Inception through 2015 ¹			2016			Total 2013-2016		
	Unit Budgets	Central Budget	Total	Unit Budgets	Central Budget	Total	Unit Budgets	Central Budget	Total
Food Security in Africa	5.3	2.9	8.2	2.2	2.0	4.2	7.5	4.9	12.4
Lethal Drones and Targeted Killings	-	2.5	2.5	0.7	2.6	3.3	0.7	5.1	5.8
Fostering a New Era in Global Drug Policy	0.5	3.7	4.2	1.3	2.0	3.3	1.8	5.7	7.5
TOTAL	5.8	9.1	14.9	4.2	6.6	10.8	10.0	15.7	25.7

1. Inception through 2015 includes expenditures for 2014 and budgets for 2015.

SHARED FRAMEWORKS

In 2013, we introduced the “shared framework” as a device to mobilize many programs, foundations, and partners in a single strategic effort. These shared frameworks require authorization from the Global Board, whose members help shape the idea. From 2013 through 2015, we have budgeted shared frameworks year-to-year, and this 2016 budget continues to do so for the three shared frameworks approved in prior years. Starting this year, however, we will budget new shared frameworks on a multi-year basis, allowing OSF to signal its dedication of substantial resources over a period of up to four years.

Table 2 shows the continuation of the three previously authorized shared frameworks in 2016: (1) our effort on Africa food security in the face of climate change, (2) our mobilization around the UN General Assembly’s 2016 Special Session on drug policy, and (3) our efforts to shape national and international policies limiting the use of lethal drones.

MAJOR CHANGES FROM 2015

Although our total spending remains unchanged from 2015, we have made several adjustments in the 2016 budget.

This is the first year in which the Soros Economic Development Fund (SEDF) is fully integrated with OSF, and will begin to bring definition to our widespread work on Economic Advancement. Over the last several years, many programs have put new emphasis on economic justice, development, and equity. The creation of the Fiscal Governance Program, new work on land rights in Africa, a new focus on economic policy in U.S. Programs, and exploration of economic justice within the Open Society Justice Initiative are just a few of the signs that the network is eager to expand this work, and the full integration of SEDF with the network will provide a boost to those ambitions in 2016.

This will also be the first full year of the Arts Exchange—our incentive mechanism to encourage all national and regional foundations as well as OSF programs to expand their work in the visual, performing, and literary arts. Like the Youth Exchange, which provides support and incentives for foundations and programs to invest in youth-led organizations and young leaders, the Arts Exchange is budgeted within the Office of the President and is managed by specialist staff in the Strategy Unit.

Finally, this is the first full year for the Asia-Pacific Regional Office, a new structure to oversee and enhance our work in Burma, Cambodia, China, India, Indonesia, Malaysia, Mongolia, Nepal, Sri Lanka, Thailand, and elsewhere in the region. We are increasing investments in Cambodia, India, and Sri Lanka, while we are reducing our funding in Bhutan, Indonesia, and Thailand.

2016 BUDGET BY REGION AND THEME

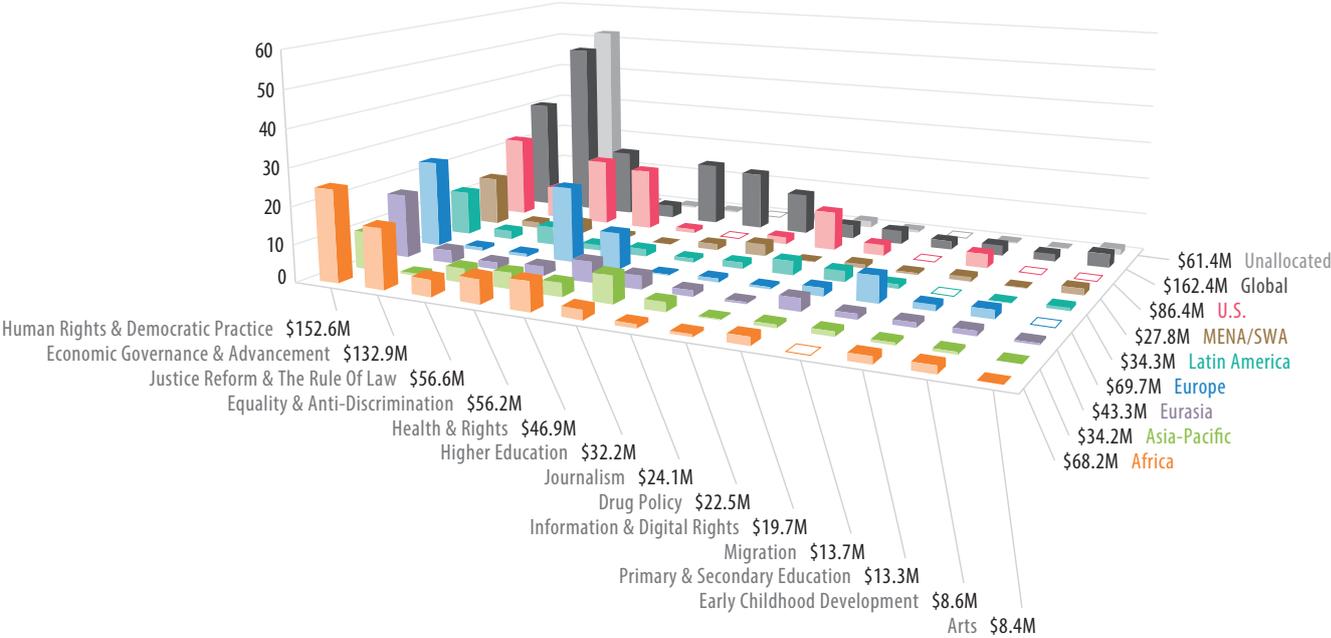
The 2016 budget continues the gradual adjustment of geographic priorities begun two years ago. In 2016, we have increases in Latin America, Africa, and Asia-Pacific of six, six, and five million dollars respectively, with the expectation that increases in Asia-Pacific will continue for at least another year. These are offset by reductions in overall spending in Europe; Eurasia; and the Middle East, North Africa, and Southwest Asia. Even with these adjustments,

our largest investments remain in the United States, Europe, and Africa.

The three largest regional budgets show contrasting thematic priorities. As Figure 2 illustrates, all three regions devote substantial resources to *Human Rights and Democratic Practice* and to *Equality and Anti-Discrimination*, but other commitments vary. Africa is the only region of the three with a priority on *Economic Governance and Advancement*; Europe is the only region of the three with a focus on *Migration*; and the United States is the only of the three to focus on *Drug Policy*. The United States and to a lesser extent Africa show a focus on *Justice Reform and the Rule of Law*, but not Europe. *Health and Rights* is a priority in Africa and Europe, but not in the United States. These differences not only signal contrasting priorities, but demonstrate the combination of bottom-up and top-down budgeting within the network as a whole.

FIGURE 2: 2016 PROGRAM BUDGET BY THEME AND REGION (\$587.7 MILLION)¹

In millions of U.S. dollars



1. 2016 Program Budget includes total budget for each of the 13 themes (\$587.7 million), excluding cross-thematic budget (\$7.4 million), reserves (\$132.1 million), program administration (\$62.1 million), foundation administration (\$36.4 million) and general administration (\$105.0 million). The budget for the 13 themes includes direct program expenditures for those themes (\$524.9 million), as well as personnel costs (\$48.0 million) and program and foundation administrative costs (\$14.8 million) where these have been categorized to a theme.