

OPEN SOCIETY FOUNDATIONS

2018 BUDGET

Overview



The *Open Society Foundations* is a network of independent legal entities that have chosen to work together towards a common mission. Each legal entity has a fiduciary board that exercises its own legal responsibilities while ensuring that the collaboration is well informed and work is not unintentionally duplicated. The main body that coordinates the global collaboration of the various legal entities is the OSF Global Board – an advisory body. Annual deliberations on strategy and budget across the network are coordinated by the president of OSF and the Global Board and result in the overarching budget presented here. The actual budgets of the various legal entities are adopted by the individual fiduciary boards guided by the deliberations and recommendations of the Global Board and respecting the limitations on the types of expenditures that each legal entity can make. The Global Board does not review the annual financial statements or audit reports of the separate entities, nor approve specific grants, investment of assets, or other transactions, as all of these functions remain the exclusive and separate responsibilities of the fiduciary boards.

Unless otherwise indicated, numbers in this document have been rounded to the nearest \$0.1 million. There may therefore be minor discrepancies between the totals of the individual amounts and the totals shown.

Overview

The Open Society Foundations is organized as a network of foundations and related entities with 49 offices in 43 countries, all dedicated to a common mission. Collectively, these foundations employ more than 1,600 staff and are guided by hundreds of individuals serving as members of advisory and governing boards. Although we are not the largest international foundation in terms of budget, no other philanthropic organization employs so many people in so many places. In the fields we work—good governance, human rights, democratic practice, education, economic advancement, public health, journalism, justice, and more—our staff colleagues and board members provide a depth of local knowledge that allows us to assess needs and opportunities with nuance and respect for context. Our large investment in staff and boards reflect our belief that the people directly engaged in a place or in a field are best positioned to guide our investments.

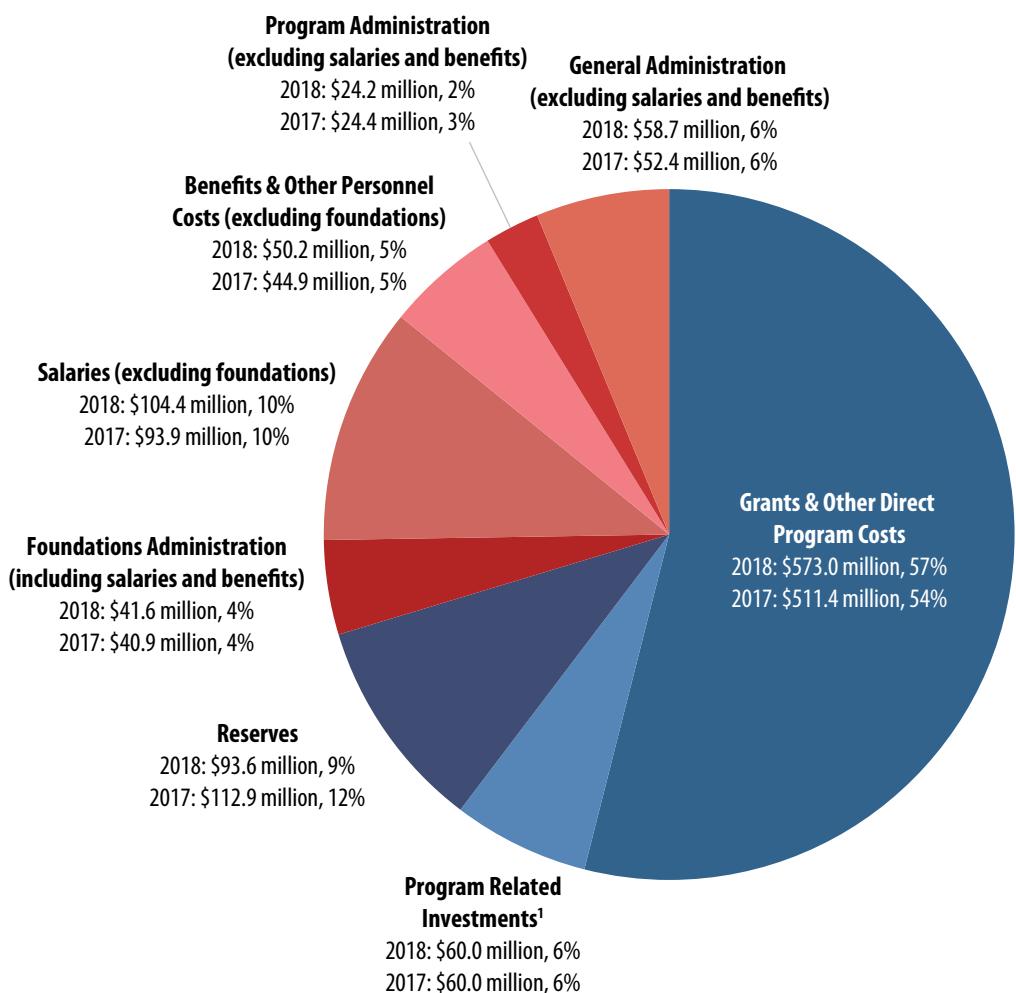
The total 2018 budget is \$1,005.7 million. This is an increase of \$65.0 million from 2017, which is wholly attributable to Chairman’s grants initiatives. In the remainder of the budget we continue to set priorities within the fixed resources that George Soros, our founder, has made available. As shown in Figure 1, the budget includes \$573.0 million for grants and other direct program costs, \$60.0 million for Program Related Investments, plus reserves of \$93.6 million, available to be allocated quickly throughout the year for unanticipated opportunities.¹ While we continue to make many large grants to some of the most dynamic organizations in the fields where we work, we remain determined to support small- and medium- sized organizations, informal associations, and individuals. Since inception, the Open Society Foundations have awarded more than 15,000 individual scholarships, and that is just a part of our larger commitment to supporting individuals and informal associations alongside formal organizations.

¹ Grants and other direct program costs include the costs of grants, professional fees, and travel and conferences. This excludes all staff costs.

FIGURE 1: TOTAL BUDGET BY COST TYPE

2018: \$1,005.7 MILLION, 2017: \$940.7 MILLION

In millions of U.S. dollars



1. New Program Related Investments budgeted at \$60.0 million for 2017, though the current estimate for new Program Related Investments in 2017 is \$37.5 million.

Our mission is to strengthen the institutions and practices that keep societies open, and by that we mean open to criticism and debate, open to correction and improvement, and open to the participation of all people.

This year will see a doubling of the funds we are devoting to work on migration. We have worked on migration for many years, supporting efforts to improve the treatment of labor migrants in Central Asia, Latin America, South Asia, and the Gulf; advocating a better, common asylum policy in Europe; challenging conditions of detention for migrants in many countries; and defending

migrant communities against a wide array of xenophobic attacks in Africa, Asia, Europe, and the United States. We started 2017 with \$30.2 million budgeted for this work, but the amount for 2018 is \$63.3 million (see Table 1). We have also invited Central European University to propose how it can lead a wider effort to provide higher education for refugees, whether those refugees are living in camps or in host communities. Finally, the amounts shown do not include the plan announced by George Soros in September 2016 to make up to \$500 million in equity investments in businesses that benefit migrants. These would be our largest set of program-related and mission-related investments ever.

TABLE 1: MIGRATION BUDGET

In millions of U.S. dollars

	2017			2018 Budget	Total 2017-2018
	Original Budget	Transfers from Reserves	Total		
Asylum & Protection	2.0	1.4	3.4	3.5	6.9
Democratic Practice	0.8	-	0.8	1.8	2.6
Economic Governance & Advancement	0.2	-	0.2	24.4	24.6
<i>Program Related Investments</i>	-	-	-	20.0	20.0
Education	6.2	-	6.2	5.7	11.9
Health & Rights	0.3	1.0	1.3	1.5	2.8
Human Rights Movements & Institutions	0.8	0.5	1.3	2.8	4.1
Inclusion & Integration	7.1	0.9	8.0	11.0	19.0
Justice Reform & the Rule of Law	0.9	-	0.9	2.1	3.0
Labor Migration	2.7	-	2.7	2.3	5.0
Migration Policy and Enforcement	8.5	0.4	8.9	7.8	16.7
Other	0.7	-	0.7	0.4	1.1
Total	30.2	4.2	34.4	63.3	97.7

In February 2016, well before he announced the planned private investments, George Soros publicly pledged \$25 million over several years to train and deploy Syrians in Lebanon and Jordan, along with members of their host communities, to provide paralegal assistance to the hundreds of thousands of refugees fleeing the war. That project alone adds \$4.3 million to the 2017 budget and \$4.2 million to the 2018 budget; eventually totaling \$25 million. We are also growing our fellowship program supporting individual migrants to participate in public policy debates in Europe, Eurasia, and the Middle East. On this and every other topic, the 2018 budget reflects a synthesis of leadership from the top with programming initiated at the local level.

Along with migration, youth participation and cyber-politics were designated as cross-cutting network priorities by the Global Board. New strategies proposed for 2018 to 2021 include significant investments in youth activism by the foundations in Myanmar and Macedonia, and the

Roma Initiatives, the Global Drug Policy Program, the Human Rights Initiative, the International Migration Initiative, and the Women's Rights Program. Commitments to youth activism are also inherent in the continuing strategies of the Open Society Initiative for Europe, the Arab Regional Office and the regional foundations in Southern and Western Africa. The OSF Youth Exchange, which responds to the priorities of network strategies, launched the first cohort of youth fellows in 2017 to support young activists that are directly affected by open society challenges, and that are initiating action to solve those problems in their communities. Thirteen fellows received support in partnership with the Soros Justice Fellowship program, the Open Places Initiative, and the Human Rights Initiative.

In the area of cyber-politics, the Information Program is planning to seed a new field that will seek to systematically document, expose and mitigate the rising manipulation of online public discourse, as demonstrated through the Brexit

referendums, the Colombian peace agreement, and the U.S. presidential election. Work in 2017 will include tracking manipulation and strengthening the accountability of online platforms in shaping the online public sphere. Our regional programs in the U.S., Eurasia, Europe, and Latin America, as well as our Brussels advocacy office and the Program on Independent Journalism, are active participants in the emerging work to address the manipulation of the public sphere.

Work Across Seven Regions and Ten Themes

We present the budget organized under seven broad geographic regions, along with work we support at the global level, as well as under one or another of ten themes, such as *Journalism* or *Justice Reform and the Rule of Law*. This matrix of geography and theme allows us to collect work on a single theme across regions, or to see how the thematic priorities differ from one region or country to another. The aggregate budgets for grants, program related

TABLE 2: BUDGET FOR GRANTS, PROGRAM RELATED INVESTMENTS & OTHER DIRECT PROGRAM COSTS BY REGION

In millions of U.S. dollars

	2017		2018		Change	
	Grants, PRIs & Other Direct Program Costs ²	% of Grants, PRIs & Other Direct Program Costs	Grants, PRIs & Other Direct Program Costs ²	% of Grants, PRIs & Other Direct Program Costs	\$	%
United States	100.4	19%	121.1	19%	20.7	21%
Africa	69.1	13%	88.0	14%	18.9	27%
Europe	63.3	12%	65.6	10%	2.3	4%
Middle East, North Africa & Southwest Asia	36.7	7%	63.5	10%	26.8	73%
Asia-Pacific	57.8	11%	56.6	9%	(1.2)	-2%
Eurasia	40.2	8%	38.1	6%	(2.1)	-5%
Latin America & the Caribbean	33.6	6%	35.7	6%	2.1	6%
Global	109.0	21%	143.0	23%	34.0	31%
To Be Allocated	21.4	4%	21.4	3%	-	0%
Total Grants, Program Related Investments & Other Direct Program Costs	531.4	100%	633.0	100%	101.6	19%
Reserves	152.9		93.6		(59.3)	-39%
Program Related Investments ¹	40.0		-		(40.0)	-100%
Total Including Reserves	684.3		726.6		42.3	6%

1. 2017 budget for Asia-Pacific includes \$20.0 million of program related investments for India. The remaining \$40.0 million of program related investments have not yet been allocated to a region and are therefore reflected in reserves. The combined 2017 total of program related investments of \$60.0 million is shown in Figure 1. The 2018 budget includes \$60.0 million for program related investments in the Middle East (\$23.0 million), Asia Pacific (\$19.0 million) and Africa (\$18.0 million).

2. Grants, PRIs & Other Direct Program Costs includes only the costs of grants, program related investments, professional fees, travel and conferences. The costs of salaries, benefits, rent and other administrative costs, as well as reserves, are not included in Grants, PRIs & Direct Program Costs and are shown separately in Figure 1.

TABLE 3: BUDGET FOR GRANTS, PROGRAM RELATED INVESTMENTS & OTHER DIRECT PROGRAM COSTS BY THEME

In millions of U.S. dollars

	2017		2018		Change	
	Grants, PRIs & Other Direct Program Costs ²	% of Grants, PRIs & Other Direct Program Costs	Grants, PRIs & Other Direct Program Costs ²	% of Grants, PRIs & Other Direct Program Costs	\$	%
Economic Governance & Advancement ¹	90.9	17%	135.4	21%	44.5	49%
Democratic Practice	75.8	14%	109.2	17%	33.4	44%
Equality & Anti-Discrimination	71.7	13%	73.8	12%	2.2	3%
Human Rights Movements & Institutions	74.4	14%	73.6	12%	(0.8)	-1%
Justice Reform & the Rule of Law	74.3	14%	66.1	10%	(8.1)	-11%
Higher Education	19.1	4%	50.8	8%	31.7	166%
Health & Rights	46.8	9%	39.1	6%	(7.7)	-16%
Journalism	22.6	4%	23.2	4%	0.6	3%
Early Childhood & Education	18.9	4%	18.1	3%	(0.8)	-4%
Information & Digital Rights	11.6	2%	13.6	2%	2.0	17%
Cross-Thematic	13.1	2%	17.0	3%	3.9	30%
Program Administration	9.8	2%	10.8	2%	1.0	11%
Foundation Administration	2.6	0%	2.3	0%	(0.3)	-10%
Total Grants & Direct Program Costs	531.4	100%	633.0	100%	101.6	19%
Reserves	152.9		93.6		(59.3)	-39%
<i>Program Related Investments¹</i>	40.0		-		(40.0)	-100%
Total Including Reserves	684.3		726.6		42.3	6%

1. 2017 budget for Economic Governance & Advancement includes \$20.0 million of program related investments. The remaining \$40.0 million of program related investments have not yet been allocated to a theme and, like other amounts yet to be allocated to a theme, are reflected in reserves. The combined 2017 total of program related investments of \$60.0 million is shown in Figure 1. The 2018 budget includes \$60.0 million for program related investments in Economic Governance & Advancement.

2. Grants, PRIs & Other Direct Program Costs includes only the costs of grants, program related investments, professional fees, travel and conferences. The costs of salaries, benefits, rent and other administrative costs, as well as reserves, are not included in Grants, PRIs & Direct Program Costs and are shown separately in Figure 1.

investments and other direct program costs for each region are shown in Table 2 and for each theme in Table 3. The matrix of total budget by geography and programmatic theme is shown in Figure 2.

OSF programs and foundations have two ways of working in a place and on a theme. We pursue our

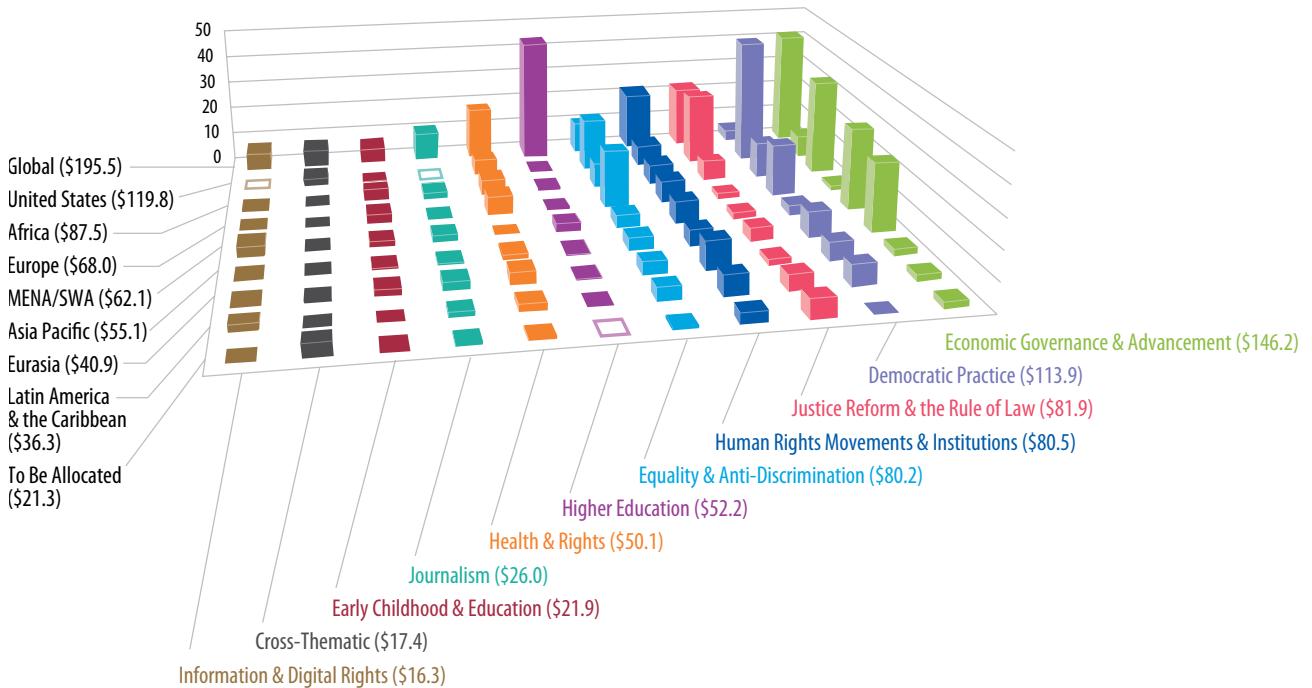
own theories for how to make change: our concepts. And we support organizations and individuals who share our goals and whom we trust to pursue their own ideas. We call this second way of working “*support-to-the-field*”.

When advancing a concept, OSF programs and

FIGURE 2: 2018 BUDGET BY REGION & PROGRAMMATIC THEME

\$686.6 MILLION¹

In millions of U.S. dollars



1. The 2018 budget by programmatic theme includes the budget for each of the ten programmatic themes, plus the cross-thematic budget (\$686.6 million). It excludes reserves (\$93.6 million), program administration not specific to any particular theme (\$64.4 million), foundation administration not specific to any particular theme (\$36.7 million) and general administration (\$124.5 million). The budget for the ten programmatic themes, plus the cross-thematic budget, includes direct program costs for those themes (\$619.9 million), as well as program and foundation administrative costs (\$13.1 million) where these have been categorized to a theme.

foundations are usually working with partners to make some specific change in the world: to change a particular government policy, to increase the power of a particular constituency in a specific context, or to change public understanding of an issue.

The budgets for concepts include only the grants, contracts, and other direct expenses that we will incur, not the staff time involved. As a result, the size of the budget for a concept can be deceptive, for a concept that relies principally on direct advocacy, our own litigation, or other involvement by OSF staff may represent a large investment by a program or foundation, but appear in the budget as a relatively modest category of work. The budget for a single year can also obscure the full resources we are devoting to a concept that we are pursuing over years or even decades.

The twenty concepts with the largest budget allocations in 2018 account for \$38.2 million of the

\$98.5 million devoted to all 198 concepts. These top twenty concepts, with their costs and the program or foundation pursuing them, are shown in Table 4.

Large Institutional Grants & Shared Frameworks

There are two ways in which OSF makes large investments in a specific effort to drive a particular change. The first, and most familiar way, is that we can make a very large, long-term grant to a single organization or initiative, whether new or previously established, able to lead that change. Examples from earlier years include our founding support for the Institute for New Economic Thinking, the Climate Policy Initiative, the Drug Policy Alliance, the European Council on Foreign Relations, *Namati*, and the Natural Resource Governance Institute

TABLE 4: LARGEST 20 CONCEPTS IN 2018

In millions of U.S. dollars

Concept	Program / Foundation	Geography	Budget
Combatting marginalizing practices	Human Rights Initiative	Africa, Asia Pacific, Latin America & the Caribbean & Global	2.9
New alternatives to punitive drug control	Public Health Program (\$2.7) & OSI-Baltimore (<\$0.05)	Africa, Asia Pacific, Eurasia, Latin America & the Caribbean, MENA/ SWA, United States & Global	2.8
Open Places Initiative	U.S. Programs	United States	2.7
Prioritizing homicide reduction	Latin America Program	Latin America and the Caribbean (7 countries & Region-Wide)	2.5
Opening up policy debates	Open Society Initiative for Europe	Europe (5 countries & Region-Wide)	2.5
Linking reproductive justice & sexual rights to closing civic space	Women's Rights Program	Asia Pacific, Eurasia, Europe, Latin America & the Caribbean & Global	2.4
Advancing drug policy and health care reform	U.S. Programs (\$2.0) & OSI-Baltimore (\$0.2)	United States	2.2
Accountability in shaping online public discourse	Information Program	Global	2.0
Effective Latin American democracies in the 21st Century	Latin America Program	Latin America & the Caribbean (7 countries & Region-Wide)	2.0
Integrate Eurasian actors into the global exchange of ideas	Eurasia Program	Eurasia	1.8
Campaign for black male achievement	U.S. Programs	United States	1.8
Eliminating barriers to access for refugees	Higher Education Support Program	Africa, Eurasia, Europe, MENA/ SWA & Global	1.6
Local policing accountability	U.S. Programs	United States	1.5
Promote arrest diversion programs	U.S. Programs	United States	1.5
New enterprise in mental health	Public Health Program	Global	1.5
Counter state capture	Open Society Initiative for Europe	Europe	1.4
Natural resource management	Open Society Initiative for Southern Africa	Southern Africa	1.4
Higher education institutions in the frontlines (refugee access)	Higher Education Support Program	MENA/SWA	1.4
Enabling childhoods	Early Childhood Program	Africa, Eurasia & Global	1.3
Early Childhood Roma Initiative	Early Childhood Program	Europe & Eurasia	1.3
TOTAL LARGEST 20 CONCEPTS			38.2
TOTAL ALL 198 CONCEPTS			98.5

(formerly Revenue Watch Institute). In the last four years, we have expanded this list to include the founding of the Fund for Constitutionalism in South Africa, the Arab Fund for Arts and Culture (Lebanon), the Civil Liberties Union for Europe, Solidarity Now (Greece), and the Campaign for Black Male Achievement (U.S.). Examples of similarly

large grants to organizations OSF did not fund include our support to Human Rights Watch, the American Civil Liberties Union, and BRAC University.

The other way in which we make a very large investment in a single strategy is to coordinate the

TABLE 5: SHARED FRAMEWORK BUDGETS*In millions of U.S. dollars*

Shared Framework	Inception through 2017 ¹	2018			Total 2016-2018
		Unit Budgets	Central Budget	Total	
Legal Empowerment	14.5	4.3	7.0	11.3	25.7
Lethal Drones and Targeted Killings	6.9	0.4	3.2	3.6	10.5
Total	21.4	4.7	10.2	14.9	36.3

1. Inception through 2017 includes expenditures for 2016 and budgets for 2017.

Major Changes from 2017

separate efforts of many programs and foundations across our network in a “shared framework.” It is this second approach that takes greatest advantage of the distinctive strengths of the Open Society Foundations—its geographic reach, its ability to identify small- and medium-sized organizations (both formal and informal), its ability to bring many tools in addition to grants to bear on a problem, and the creative collaboration among separate programs.

Two previously authorized shared frameworks continue in 2018: (1) our efforts to shape national and international policies limiting the use of lethal drones, and (2) the shared framework on legal empowerment. Three earlier shared frameworks have now concluded: our effort on Africa food security in the face of climate change, an effort to secure a goal on justice as part of the Sustainable Development Goals, and our mobilization around the U.N. General Assembly’s 2016 Special Session on drug policy. Table 5 shows the 2018 budget for the two continuing shared frameworks, including the amounts budgeted by programs and foundations as well as the additional funds we are making available centrally. The blend of central funds and program/foundation funds varies from one framework to another.

As part of the substantial increase in funds devoted to migration, the International Migration Initiative will grow by \$2.5 million, and \$1.0 million of a \$2.0 million increase in the Public Health Program’s budget is for work on migrant health in Europe, with other increases for work on prescription drug prices and opioid overdose in the U.S. Our increasing focus on cyber-politics includes a \$1.2 million increase to the Information Program to address the manipulation of public discourse. Our Program on Independent Journalism will grow by \$1.0 million to support experimentation in finding new ways of earning wider public trust in journalism. Other adjustments include a \$0.5 million increase to our Scholarship Programs to support an additional 10 Master’s students through its Civil Society Leadership Awards program.

This is the first year in which the Economic Advancement Program is fully allocating its Program Related Investments to particular regions.¹ Because these capital investments in companies are substantially larger than most grants, they can easily

¹ The 2018 budget of the Economic Advancement Program is around \$85 million. This includes a capital allocation of \$60 million for the estimated amount of new program related investments to be made in 2018. These new investments will form part of the Program’s overall investment portfolio, which is expected to total around \$194 million by December 2018.

create the appearance of great change in a budget. For example, this budget includes a \$20 million allocation to the Middle East for advancing economic agency for migrants, refugees and host communities.

We continue to expand our work in Asia and Latin America. This is the first full year of operations for the new regional office in Singapore, and offices will be launched in both Colombo and Seoul. And staff colleagues working in Latin America continue to move into the region, with the first full year of operations of the new regional office in Mexico City in 2018, following the launch of our offices in Rio de Janeiro and Bogotá in 2016.

The 2018 budget at the regional level shows significant increases in the Middle East and Africa, and a modest increase in Asia Pacific, due to program related investments and grants by the Economic Advancement Program. The increase in the Global budget is largely due to Chairman's initiative grants, and increases in the management and operations budget, as well as increased allocations at the Global level by the Fiscal Governance Program, the Washington, D.C. Advocacy Program, the Economic Advancement Program, the International Migration Initiative, the Information Program, the Public Health Program and the Program on Independent Journalism. The increase in the United States is due to projected new work in the Chairman's grants initiatives, offset to some extent by the completion or reduction of large institutional grants to a few organizations based in the U.S., with the budget of U.S. Programs remaining stable. The increase in Latin America and the Caribbean and the decrease in Eurasia indicate the shifting priorities of thematic programs, and the increase in Europe is for the Open Society Initiative for Europe's expanded work on migration and work in Hungary.

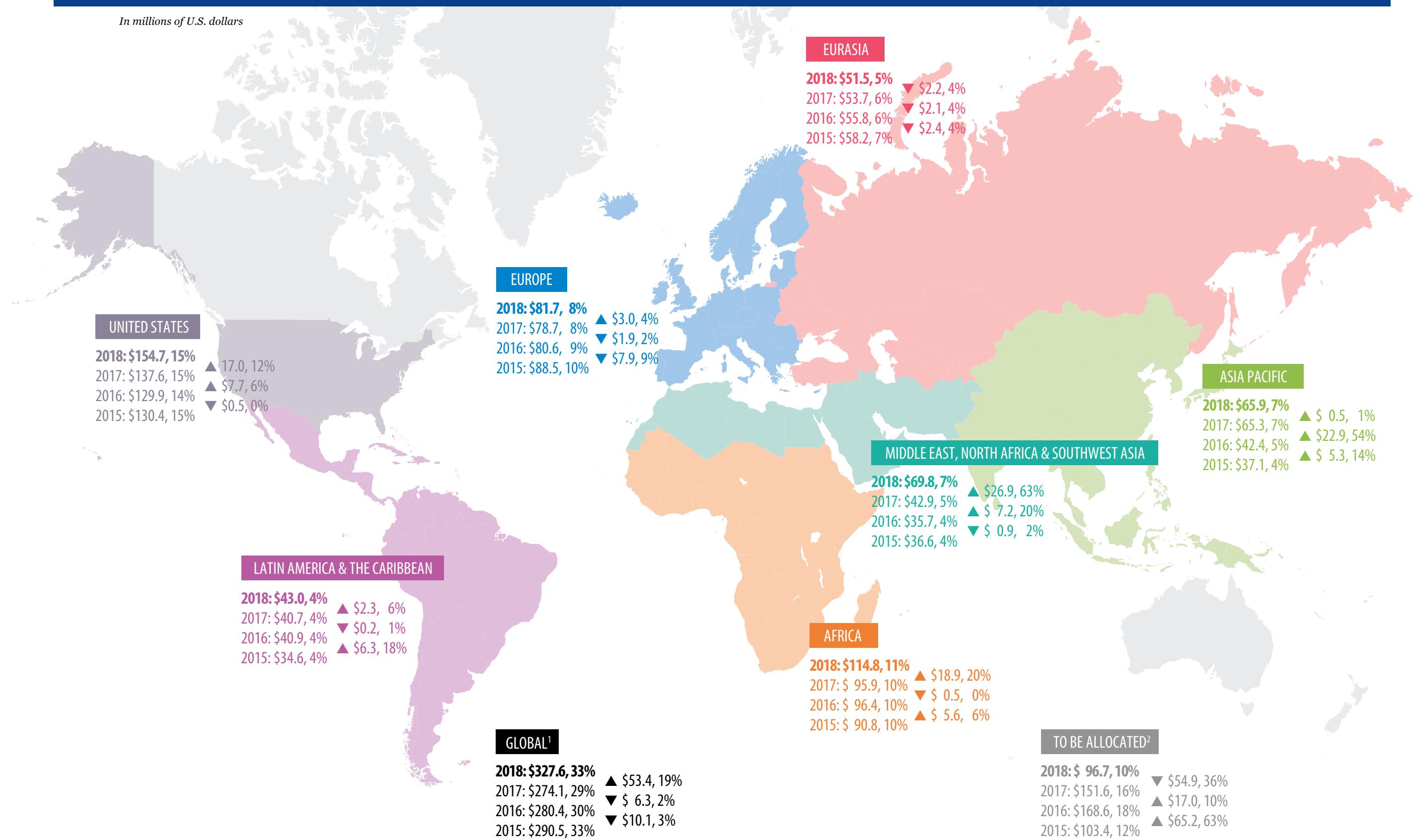
Even with these adjustments, our largest regional investments remain in the United States, Africa, and Europe, with the Middle East, Asia and Latin America continuing to close the gap. In interpreting these distributions, it is important to bear in mind that staff costs in the thematic and advocacy programs are not allocated to regions, so all appear in the global category.

The 2018 budget for management and global operations is \$119.5 million. Management has committed to carefully review and contain the growth of this budget for 2019.

FIGURE 3: 2015, 2016, 2017 & 2018 BUDGET BY REGION

2015: \$870.1 MILLION, 2016: \$930.7 MILLION, 2017: \$940.7 MILLION, 2018: \$1,005.7 MILLION

In millions of U.S. dollars



1. "Global" indicates activities that are of global benefit, rather than of benefit to a specific country or region. "Global" also includes the costs of all central administrative departments.

2. "To be allocated" indicates activities where the specific country or region of benefit is not yet known.

