

# SPECIAL REPORT

National Legal and Policy Center

## Soros Groups Receive Taxpayer Funds

### *State Department Collaborates in Skirting of U.S. Law Against Promoting Drug Use and Prostitution*

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AP/Wide World



Billionaire activist George Soros runs an international network of nonprofit foundations to advance his radical political agenda.

George Soros is probably the nation's most well-known and controversial philanthropist. Soros, 77, made his \$8.5 billion fortune primarily through currency speculation. In 1984, he began devoting significant amounts of his wealth to establishing nonprofit foundations in Central and Eastern European nations to assist in a transition from communism to democracy. He created the Open Society Institute (OSI) in 1993 to support these foundations as well as new ones in the former Soviet Union.

In addition to supporting overseas projects, Soros gives large amounts of money to numerous nonprofit groups in the U.S. dedicated to advancing a liberal political and social agenda. According to OSI's 2005 Internal Revenue Service Form 990, the group reported revenue of \$380,304,738. Soros personally con-



**Open Society Institute/Alliance for Open Society International  
Federal Grants: 2001–2005**

	<b>Open Society Institute</b>	<b>Alliance for Open Society International</b>	
2001	\$5,869,809	NA	
2002	\$6,138,125	NA	
2003	\$8,899,802	NA	
2004	\$5,812,288	\$4,247,144	
2005	\$1,678,206	\$3,138,307	
	OSI Total \$28,398,230	AOSI Total \$7,385,851	
Aggregate OSI/AOSI \$35,783,681			
<b>Open Society Institute Income and Expenditures</b>			
	<b>Revenue</b>	<b>Expenses</b>	<b>Soros Contribution</b>
2003	\$203,117,247	\$125,672,460	\$191,819,959
2004	\$73,863,651	\$126,024,479	\$60,000,000
2005	\$380,304,738	\$113,704,430	\$340,000,000

tributed \$340 million to the foundation. That year, OSI distributed \$65,934,588 in grants.

Some prominent grantees include the Alliance for Justice (\$600,000), the American Civil Liberties Union Foundation (\$1,100,000), Planned Parenthood Federation of America (\$400,000), the Lambda Legal Defense and Education Fund (\$300,000), the National Council of La Raza

(\$200,000), and the Leadership Conference on Civil Rights (\$1,229,400).

But Soros' ability to generate controversy became overwhelmingly clear in 2004 when he invested \$25 million of his personal wealth to stop the re-election of President Bush through huge grants to groups such as MoveOn.org and America Coming Together. In addition, he spent considerable sums on a media and speaking tour through swing states during which he called for John Kerry's election.<sup>1</sup>

It is certainly Soros' right to use his wealth and network of grant-making foundations to pursue his ideological agenda. But what arouses special anger among taxpayers and Members of Congress is that Soros also receives millions of dollars in U.S. government funds to support his overseas foundations.

The National Legal and Policy Center (NLPC) conducted an extensive investigation of this federal support for Soros' nonprofits by filing several Freedom of Information Act (FOIA) requests with U.S. government agen-

cies. NLPC found that several organizations linked to Soros, including the OSI-affiliated Soros Foundation Kazakhstan (SFK) and the Alliance for Open Society International (AOSI), a spin-off of OSI, received at least \$25.6 million from the United States Agency for International Development (USAID) and the U.S. State Department between 2001 and 2007.

There is no justification for government bureaucrats giving millions of taxpayer dollars to a billionaire. What adds insult to injury, however, is that much of this money is supporting organizations engaged in activities many people would find immoral. SFK and AOSI operate programs that attempt to discourage the spread of HIV/AIDS in Central Asian nations by distributing needles to drug addicts, prostitutes, and other groups prone to drug abuse.

Federal law prohibits government funds from being used to provide individuals with needles or syringes so that they may use illegal drugs. USAID insists that its grants to SFK and AOSI do not violate the law because the money is not used to purchase needles. However, Congress has accused USAID of evading the law. NLPC obtained important documents that, at the very least, raise troubling questions about the relationship between USAID and the Soros foundations. It is imperative that Congress exercise its oversight responsibilities and conduct a thorough investigation. Whatever the results of such an investigation, the time is long overdue for the federal government to stop funding the George Soros nonprofit network.

### **Federal Funding of Open Society Institute Draws Scrutiny Following 2004 Election**

The media and Congress began taking a closer look at OSI's longstanding

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funding relationship with federal agencies given Soros' sharply higher profile following his unsuccessful campaign against President Bush in 2004.

On April 26, 2005, Cybercast News Service (CNS) published a story by reporter Jeff Johnson which disclosed that OSI had received \$30,454,031 between 1998 and 2003. OSI, like all nonprofits, must disclose the amount of contributions from "Federal Government Agencies." The CNS story showed that the federal government gave OSI annual grants and contracts ranging between \$4.6 million and \$8.9 million over a six-year period:

- \*1998—\$4,611,617
- \*1999—NA
- \*2000—\$4,934,678
- \*2001—\$5,869,809
- \*2002—\$6,138,125
- \*2003—\$8,889,802

The article reported that records could not be located at the time for 1999 and 2004.<sup>2</sup>

NLPC subsequently found that OSI received \$5,812,288 in 2004 and \$1,678,206 in 2005. The 2005 figure is considerably lower than the previous years. But that is not because of a drop-off in federal funding. As will be discussed in detail later, Soros created AOSI in 2003 to administer USAID grants for his overseas nonprofit foundations. However, some of OSI's federal contributions still include USAID grants.

In 2005, AOSI reported federal contributions of \$3,138,307. Presumably, all of this is from USAID. Its total revenue was \$3,751,070. In 2004, AOSI received \$4,247,144 in federal money for a total revenue of \$4,869,625. It did not receive any federal money in 2003.

Thus, in 2005 OSI and AOSI received \$4,816,513 in federal funding and \$10,059,432 in 2004.



AP/Wide World

A Kyrgyz drug addict receives a heroin injection. The Soros nonprofit groups in Central Asia receive millions of dollars in taxpayer funding to operate needle exchange programs for drug addicts.

For the period between 2001 and 2005, OSI and AOSI received \$35,783,681.

### **Congress Accuses USAID and Soros of Evading Needle Exchange Laws**

The amount of federal funding for the Soros nonprofits is controversial enough. Adding fuel

to the fire is the mission of those nonprofits. The CNS story cited a State Department Fact Sheet which described "an HIV/AIDS prevention program carried out jointly with the Open Society Institute and the Soros Foundation Kazakhstan." The State Department also reported that OSI had received "funding from the United States and has spent close to \$22 million



A prostitute in Turkmenistan injects heroin. The Soros Foundation Kazakhstan makes a special effort to educate “Sex Workers” on safe drug use.

in Uzbekistan in order to help build a vibrant civil society.”

CNS made several calls to the State Department and USAID seeking comment on their financial relationship to the Soros groups. None of the calls were returned.

The refusal of USAID officials to respond to media requests about grants to the Soros groups is probably not surprising given that, at the time, a congressional committee was investigating the agency for possible misuse of those funds to support needle exchange programs for drug addicts.

On February 16, 2005, the U.S. House Government Reform Subcommittee on Criminal Justice, Drug Policy and Human Resources held a hearing, “Harm Reduction or Harm Maintenance—Is There Such a Thing as Safe Drug Abuse?”<sup>3</sup>

Harm Reduction is a theory, popular with Soros and proponents of drug legalization, which holds that the most destructive results of illegal drug use are not so much the effects of the drugs but the criminalization of the drug user. Dr. Ernest Drucker of the Albert Einstein College of Medicine writes that “it has been well documented that individuals in existing addiction treatment programs rarely achieve total abstinence” and that “safer drug use is possible” through education, drug substitution, and other ameliorating policies.<sup>4</sup>

Harm Reduction proponents are essentially calling for an end to the “Drug War,” a distinctly minority viewpoint that is not widely accepted—especially by Congress.

At the hearing, Rep. Mark Souder (R-IN), chairman of the subcom-

mittee, sharply criticized Harm Reduction because it “assumes certain individuals are incapable of making healthy decisions [and] should be enabled to continue these behaviors in a manner less ‘harmful’ to others.” Souder said the policy should not be to enable addicts, such as giving them clean needles and “telling them how to shoot up without blowing a vein,” but to “break the bonds of their addiction and make them free from needles and pushers and pimps once and for all.”<sup>5</sup>

Souder accused USAID of possibly violating federal law by financing overseas Harm Reduction programs. Quoted in a May 12, 2005 CNS article, Souder stated, “Not only is USAID exercising bad judgment by supporting the facilitation of so-called ‘clean-needle programs,’ but

the agency may be violating U.S. Government policy, which prohibits the purchase of materials used in conjunction with a needle exchange program.”<sup>6</sup>

The USAID Mission to the Central Asia Republics denied Souder’s charge that taxpayer dollars were being misused. USAID maintains that it is legal to give funds to organizations such as AOSI that provide needles to drug users as long as USAID money doesn’t actually pay for the needles.

A USAID document entitled, “Guidance on the Definition and Use of the Child Survival and Health Programs Fund and the Global HIV/AIDS Initiative Account” explains that USAID can give grants to groups involved in needle exchange programs as long as the grants are not used to “purchase the commodities to be used in either a needle/syringe exchange program or research programs on needle/syringe exchange.”

Soros lashed out at his critics as bigots when asked about Souder’s allegations that his foundations were using taxpayer dollars for prohibited needle exchanges. “I really have to question the motives of people who are arguing that the federal government should not support or not use organizations like ours on tasks where we are very well-qualified,” said Soros. “It is this kind of bigotry and carrying politics to extremes that is endangering our country.”

Soros repeated the USAID justification, saying, “We are not using any government monies for needle exchange. We are using our own funds for needle exchange. And our ‘harm reduction’ program in Central Asia, I think, has made a significant contribution.”<sup>7</sup>

## **USAID Interpretation of Federal Ban on Funding Needle Exchanges**

Needle exchange programs began in the Netherlands in 1983 in an attempt to reduce the spread of HIV and Hepatitis B among injection drug users. In the United States, there are needle exchange programs in more than 80 cities in 38 states. According to AIDS Action, a nonprofit advocacy group, there are at least 113 needle exchange programs throughout the nation.<sup>8</sup>

In 1989, Congress restricted the use of federal funds for exchange programs based on the fear that it would encourage substance abuse. Since then, all appropriations bills passed by Congress for public health purposes have included the prohibition language as set forth in the U.S. Code, Title 42, Section 300ee-5:

None of the funds provided under this Act or an amendment made by this Act shall be used to provide individuals with hypodermic needles or syringes so that such individuals may use illegal drugs, unless the Surgeon General of the Public Health Service determines that a demonstration needle exchange program would be effective in reducing drug abuse and the risk that the public will become infected with the etiologic agent for acquired immune deficiency syndrome.<sup>9</sup>

Apparently, USAID reasons that since the law specifically bans the provision of funds “to provide individuals with hypodermic needles,” it is still permissible to provide funds to organizations that administer needle exchanges as long as the federal money isn’t used to purchase the needles.

This is a very narrow interpretation of the law that may be technically legal. However, as Congressman Souder and other critics have noted, it violates the congressional intent to bar funds to groups such as Soros’ AOSI and SFK which operate needle exchange programs.

## **USAID Stonewalls Congressional Requests for Information on Funding of Soros Nonprofits**

In February 2005, Souder’s subcommittee sent memos to the USAID staff requesting detailed information on the agency’s support for “harm reduction” activities as part of its “on-going investigation of the international harm reduction/drug legalization movement.” The subcommittee was especially interested in USAID grants to the nonprofit organizations controlled by Soros.

A letter signed by Souder and Rep. Tom Davis (R-VA), Chairman of the House Government Reform Committee, was also sent to Secretary of State Condoleezza Rice “requesting documents relating to State Department’s support for the Soros Foundation, Open Society Institute, Open Health Institute, International Harm Reduction Association, Asian Harm Reduction Network, Centre for Harm Reduction, Harm Reduction Coalition, and any other ‘harm reduction’/drug legalization organization known to the Department of State.”<sup>10</sup>

USAID was extremely dilatory in responding to this request, taking more than 14 months. In a second letter to Secretary Rice on April 11, 2006, Rep. Souder complained that “some 2,000 documents relating to this year-old request have not been turned over to the Subcommittee.” Souder complained that it took until December 2005—10 months after the initial request—just to get “one piece of paper” from an assistant secretary.

Souder concluded, “The lack of cooperation by your Department on this oversight matter is disturbing, and invites more inquiry.”<sup>11</sup>



USAID stonewalled the National Legal and Policy Center in responding to Freedom of Information Act requests for information on its grants to the Soros nonprofit network.

Shortly thereafter, congressional sources reported that USAID turned over 3,000 pages of materials to the subcommittee. It is not known what the subcommittee staff discovered.

USAID may argue that it is not violating the federal ban on funding needle exchanges. However, its arrogant disregard of the subcommittee certainly raises suspicion that the agency may have something to hide about its financial relationship to the Soros nonprofits in Central Asia.

## **Soros Nonprofits Sue USAID Over Anti-Prostitution Pledge**

The concern that USAID had a longstanding policy of funding the controversial agenda of Soros' foundations was only heightened when the agency started to impose some restrictions on the kinds of activities those groups could engage in with federal money.

In 2003, Congress mandated that nonprofit organizations pledge their "opposition to prostitution" as a precondition to receive funds for HIV prevention work. The U.S. Justice Department originally told USAID, which administers much of

the U.S. government's AIDS contracts, the prohibition was unconstitutional, and so the agency didn't enforce the provision.<sup>12</sup>

However, in June 2005 the Justice Department reversed itself and began to require groups to state their opposition to prostitution and sign a form to receive funds.

Soros-funded groups, as well as other organizations, believe that it is essential to distribute condoms and clean needles to prostitutes to control the AIDS epidemic. Thus, in September 2005 OSI and AOSI filed a lawsuit against USAID challenging the constitutionality of the anti-prostitution pledge on the grounds it violated the First Amendment right to free speech.<sup>13</sup>

The fact that OSI got locked in a legal dispute with USAID over how it can spend its grants can hardly be seen as an example of the agency vigilantly trying to prevent the misuse of taxpayer money. The agency was ordered to enforce the anti-prostitution pledge.

During the 17-month legal battle, OSI and AOSI were represented by the William J. Brennan Center for Justice, a prominent liberal advocacy group. Through its Non-Profit Rights Project, the Brennan Center says it works to protect the rights of nonprofits when they partner with government.

The Brennan Center is also a major recipient of Soros donations, having gotten \$1.8 million from OSI in 2005.

The National Legal and Policy Center, which had just initiated an investigation of USAID funding of Soros' nonprofits, issued a press release criticizing OSI for resorting to litigation to avoid signing an anti-prostitution pledge. NLPC stated that the lawsuit demonstrated why Soros' private foundations should not

be receiving taxpayer money in the first place.<sup>14</sup>

Other groups not related to Soros also filed lawsuits challenging the USAID policy.

Soros won the first round in May 2006 when U.S. District Judge Victor Marrero of the Southern District of New York ruled that the anti-prostitution pledge was unconstitutional. Judge Marrero said that the Bush Administration had altered its stance on the constitutionality of the pledge in response to political pressure. He cited a May 19, 2005 letter from Senator Tom Coburn (R-OK) to President Bush blasting USAID for funding programs for prostitutes to attend "parties and games."<sup>15</sup>

Rebekah Diller, who argued the case for the Brennan Center, said the pledge made it very difficult to use even private money to teach prostitutes AIDS prevention methods.<sup>16</sup>

However, on February 27, 2007, the United States Court of Appeals for the District of Columbia upheld the pledge. The Appeals Court ruled that Congress authorized the Bush Administration to provide assistance to groups like AOSI "on such terms and conditions as the president may determine." The court said the anti-prostitution restriction does not violate the First Amendment. Private nonprofit organizations are not compelled "to advocate the government's position on prostitution and sex trafficking." But if they want to get federal money, they "must communicate the message the government chooses to fund."<sup>17</sup>

Clearly, the decision was a setback for Soros. However, as will be discussed later, USAID documents obtained through the Freedom of Information Act show that the Soros nonprofit groups are still

heavily involved in outreach activities to prostitutes.

## **USAID Stonewalls the National Legal and Policy Center**

In the midst of these congressional and legal battles over government funding of the Soros nonprofits, the National Legal and Policy Center entered the dispute.

In August 2005, NLPC filed two Freedom of Information Act (FOIA) requests, one with the U.S. State Department and the other with USAID, seeking “any documents detailing grants [and] contracts” those entities made with the Open Society Institute. (Although USAID is part of the State Department, a separate FOIA must be filed to get information on its activities)

NLPC made the request at the same time that the House Subcommittee on Criminal Justice, Drug Policy, and Human Resources was seeking similar information. And, as with congressional investigators, NLPC experienced the same level of dilatory responses and lack of cooperation.

Under FOIA law, government agencies must respond within 20 business days, about one month, following the submission of the request. The State Department acknowledged receipt of the request in late September, which presumably meant they were initiating a search for the documents. USAID, on the other hand, failed to respond within the time period. NLPC interpreted this as a denial of its request and filed an official appeal.

The USAID FOIA officer contacted NLPC in November to say the original FOIA simply got “lost through the cracks,” and promised that a FOIA specialist was now working on the case.

It was not until March 14, 2006 that USAID finally delivered the first document. However, the document was hardly responsive to the FOIA request. It described a \$1,990,960 grant to the Open Society Institute Macedonia to educate Roma (Gypsy) children.<sup>18</sup>

There was nothing concerning the well-known USAID grants to Soros foundations in Central Asia engaged in needle exchange activities. Likewise, there were no documents about the grants to Soros entities engaged in civil society development in the former Soviet Union.

NLPC filed a second FOIA, carefully outlining USAID’s extensive grants to OSI and other Soros-related entities involved in HIV prevention. For instance, NLPC sought information on a \$1,950,000 grant in 2004 to prevent HIV in Tajikistan, in which OSI/Kazakhstan was listed as one of the grantees. All of this information was obtained from USAID’s own web site so there was no reason why the agency could not promptly respond with the necessary information.

In response to the second FOIA, USAID officials claimed that they could not find any information on agency grants to Soros nonprofits involved in HIV prevention activities.

NLPC filed an appeal pointing out the glaring instances of USAID grants to Soros nonprofits in Central Asia for HIV/AIDS prevention. The appeal read in part:

In 2004, USAID reported that it budgeted at least \$4,484,966 for HIV prevention—\$1,000,000 to establish HIV surveillance sites, \$1,534,966 to target high-risk groups in Uzbekistan, \$1,950,000 to target high-risk groups in Tajikistan—in which the Open Society Institute was officially listed as a “contractor” or a “grantee.”

Again, this information was easily obtained from the USAID web site.

The same inaccessibility also plagued the staff of the House Subcommittee on Criminal Justice, Drug Policy, and Human Resources. In October 2005, Chairman Souder sent a letter to USAID requesting information on a nonprofit organization in India that he said was promoting prostitution while receiving USAID money.

But in a December 13, 2005 meeting with subcommittee staff, the USAID briefing team said they did not know of any such group. In an April 7, 2006 letter to Randall Tobias, U.S. Director of Foreign Assistance and Administrator, USAID, Souder complained, “To my dismay and astonishment, the briefers were not prepared to discuss (and exhibited little knowledge of)” the pro-prostitution groups in question. Souder added, “Subcommittee staff knew more than the State/USAID briefing team about the matter thanks to Google searches on the web for critical documents that had not been provided to the Subcommittee by the Administration.”<sup>19</sup>

The NLPC requests thus are part of a larger pattern of USAID stonewalling. The only reasonable conclusion to draw is that USAID did not want to disclose information about its funding relationship to Soros’ groups. Not surprisingly, USAID did not respond to the appeal.

In a July 25, 2006 letter to USAID, NLPC announced that it “is prepared to go to federal court to contest USAID’s refusal to respond to our FOIA request.”

In September 2006, the USAID FOIA officer finally contacted NLPC and apologized for the failure to respond to the appeal, claiming there was a backlog of cases. From

that point onward, USAID worked with the counsel NLPC retained to maintain pressure on USAID and, if necessary, file a lawsuit.

In May 2007—21 months after NLPC launched the investigation—USAID finally responded with the documents detailing its grants to Soros nonprofits including the controversial groups operating needle exchange and prostitution “education” programs.

### **U.S. State Department Belatedly Responds to FOIA Request**

The U.S. State Department was just as slow as USAID in responding to the NLPC FOIA. Unlike USAID, there wasn't any evidence of extensive State Department funding of OSI or other Soros nonprofits for activities that could be considered controversial.

Nevertheless, NLPC threatened litigation in June 2006. In November 2006—15 months after filing the original FOIA—the State Department sent NLPC documents describing a \$500,000 grant to OSI to fund a July 2005 Youth Leadership Institute that provided civic education and training to students and adults from Balkan nations.<sup>20</sup>

The only explanation for the State Department's belated response is gross incompetence.

### **Central Asia HIV Programs: Enabling Addicts and Prostitutes**

The USAID materials obtained through the FOIA include 168 pages detailing two major grants made to the Soros Foundation Kazakhstan (SFK) and the Alliance for Open Society International (AOSI) for the express purpose of supporting HIV-prevention programs in Central Asia.



Rep. Mark Souder (R-IN), former chairman of the U.S. House Government Reform Subcommittee on Criminal Justice, Drug Policy and Human Resources, accused USAID of possibly violating federal law by financing Soros' needle exchange programs.

SFK received a \$1,800,607 two-year grant in 2001. In September 2002, SFK was awarded a five-year grant totaling \$16,507,402. On January 1, 2004, AOSI took over the administration of this grant. The grant ends on September 30, 2007.

The USAID grants to the two nonprofits for HIV prevention efforts between 2001 and 2007 total \$18,308,009.

SFK is one of the 32 national foundations established by Soros to promote his agenda for governance and social reform in a designated nation or region. OSI provides financial, administrative and technical support to SFK.<sup>21</sup>

AOSI is a nonprofit organization based at the offices of OSI in New York City. It was created in July 2003 as a 501(c)3 nonprofit to obtain funding and manage support for the activities of the national foundations. It also oversees administration of all

USAID funds to the Soros nonprofit network. According to its website, AOSI's largest project is the “Drug Demand Reduction Program in Uzbekistan, Tajikistan and the Fergana Valley of Kyrgyzstan funded by the United States Agency for International Development.”<sup>22</sup>

AOSI says the mission of its “Drug Demand Reduction Program” is to “change attitudes towards drugs among vulnerable sectors of the population.” The close but controversial relationship between the AOSI drug program and its USAID funders is illustrated by a disclaimer concerning its official website—[www.ddrprogram.org](http://www.ddrprogram.org):

This web-site is made possible by the generous support of the American people through the United States Agency for International Development (USAID). The contents are the responsibility of the Alliance for Open Society International and do not necessarily reflect the views of USAID or the United States Government.<sup>23</sup>

One of the sub-grantees of the AOSI drug program operates a program that provides “Trainings for law enforcement staff on decreasing stigma and discrimination towards drug users.” Another sub-grantee runs a “Drop-in center for heroin/opiates users at early stages of behavior change.” Several subgrantees are involved in programs to protect “vulnerable women from drug involvement through education of life skills.”<sup>24</sup>

## Expanding and Enhancing HIV Prevention in Central Asia

The \$1.8 million grant USAID gave to SFK was to support a program called “Expanding and Enhancing HIV Prevention in Central Asia.” The grant became effective on December 12, 2001 and ended on December 11, 2003.

This grant’s “Program Description” is especially explicit in describing the Soros nonprofit network’s extensive needle exchange programs. USAID notes how important the Soros groups are to implementing its HIV prevention strategy in Central Asia:

The International Harm Reduction Development Program (IHRD) of the Open Society Institute (OSI) proposes a two-year program, on behalf of the Soros Foundation-Kazakhstan, designed to meet USAID’s objective of comprehensive intervention to prevent the spread of HIV/AIDS in the Central Asian Republics.<sup>25</sup>

A key objective of the program is to increase the number of projects working with “vulnerable populations,” such as prostitutes, from 18 to 34. USAID recognizes that “The majority of projects will include a needle exchange component.” Given the prohibition on federal funding of needle exchange, USAID insists that

none of its grant money be used by the Soros Network for such activities:

Recognizing USAID’s position on federal funding for needle exchange, support for this component will be provided by the Soros Network and will not be requested by USAID.<sup>26</sup> (See Figure 1)

Nevertheless, USAID believes that needle exchange “has proven effective in decreasing needle sharing among users, getting dirty needles off the streets and reducing the incidence of HIV.” It approvingly notes how the Soros nonprofits aggressively distribute needles and condoms to vulnerable groups such as prostitutes and prisoners. “The Soros network has supported 148 needle and syringe exchange programs” that distributed approximately 30 million needles by 2001. It is estimated that Soros nonprofits assist more than 50,000 intravenous drug users each month.<sup>27</sup>

In regards to prostitutes or “commercial sex workers,” the grant states that OSI “has funded a total of 32 projects...to provide sex workers with information and services relating to safer sex, HIV infection and sexually transmitted diseases.” By 2001, the Soros Network had worked with at least 6,000 prostitutes.<sup>28</sup>

OSI believes that the first step in dealing with HIV infection in the prison population is to reduce arrests for drug-related offenses. According to the USAID grant award, “Broad advocacy efforts at the policy-making level are needed to decrease the number of arrests for drug possession and address draconian sentencing practices.”

At the time of the grant’s approval in 2001, the Soros National Foundations were operating 10 pilot programs to prevent HIV in prisons. Some of the projects distributed condoms to inmates.

**Figure 1**

**Recognizing USAID’s position on federal funding for needle exchange, support for this component will be provided by the Soros Network and will not be requested of USAID.**

From USAID cooperative agreement with Soros Foundation Kazakhstan. USAID uses Soros nonprofits to skirt the federal ban on funding needle exchange programs.

USAID’s disclaimer about not funding the purchase of needles for these many projects does not change the fundamental fact that agency grant money plays an important role in supporting the programs:

USAID funds will significantly enhance 17 of the 18 existing programs that [the International Harm Reduction Development Program of the Open Society Institute] currently funds.<sup>29</sup>

This includes six needle exchange programs in Kazakhstan, three needle exchange projects in Tajikistan, and three needle exchange projects in Kyrgyzstan. USAID is also supporting a “commercial sex worker” project in Uzbekistan and another in Turkmenistan.

## Drug Demand Reduction in Uzbekistan and Tajikistan—2002–2007

The \$16.5 million grant was formally approved in September 2002 and initially administered by SFK.

For its first year of operation, fiscal year 2003 (October 1, 2002–September 30, 2003), SFK was given \$3,500,000. Apparently, USAID had considerable discretion over how to parcel out the grant over the ensuing five years. It seems to have distributed the grant in one-year increments of \$3,500,000. USAID told the

nonprofits that it could change the annual award amount if they could provide a sound rationale.<sup>30</sup>

On January 1, 2004, AOSI took over administration of the grant from SFK. According to the “Modification of Assistance” agreement authorizing the change in grantees, SFK had spent \$4,818,200—\$3,500,000 between 2002–September 2003 and \$1,318,200 during September 2003 through December 31, 2003.<sup>31</sup>

In 2005, AOSI reported \$3,138,307 in federal contributions, a figure consistent with the typical annual award for the “Drug Demand Reduction Program.” The latest information about the status of the grant is provided by a “Modification of Assistance” agreement in July 2006 which appropriated an additional \$619,000 to AOSI.<sup>32</sup> By then, both SFK and AOSI had spent \$14,572,796. The remaining \$1,934,606 is set to be spent by September 30, 2007.

## Focus on Prostitutes and Prisoners

A particularly controversial aspect of this program is its outreach to prostitutes, or as the Soros entities call them—“sex workers.” The Soros nonprofits make a special effort to assist and “educate” prostitutes because of their propensity for drug abuse. These activities include establishing self-help groups for prostitutes and training workshops.<sup>33</sup>

The USAID official “Program Description” outlines the principles that should guide the Soros nonprofits in administering the award. It notes the difficulty of providing “preventative health services” to “sex workers” given that they are “socially marginalized” and suffer from discrimination.<sup>34</sup> Thus, one of the objectives of the “Drug Demand

Reduction Program” should be to break the isolation of the “sex workers by establishing self-help groups and stimulating co-operation with the respective municipal health institutions (Narcological Centers, AIDS centers) and NGOs.”

AOSI also targets prisoners, young people, and other groups prone to drug abuse. To curb the spread of HIV in the prison population, for instance, AOSI distributes disinfectants to inmates so they can shoot drugs with clean needles.<sup>35</sup>

Reflecting George Soros’ philosophy, his nonprofits believe that treatment and prevention should be emphasized over punitive law enforcement methods. As a result, they view “stigmatization of current and former heroin addicts” as a barrier to effective drug treatment. The USAID “Program Description” claims:

Articles and programs have mostly been aimed at scaring people away from drugs, but such coverage usually ends up being counter-productive. As seen with HIV/AIDS prevention, when the message is too “scary,” or too generalized (all drugs are harmful, produce birth defects, etc.), people cease paying attention and stop believing. This is particularly true of youth, who may be more skeptical and even titillated by the exaggerated dangers.<sup>36</sup>

## USAID Grants for Civic Education and Other Projects

In addition to the \$18.3 million in HIV-related grants, in 2004 USAID gave the Open Society Institute Macedonia a three-year grant of \$1,990,960 to support educating Roma children in Macedonia. In 2005, the U.S. State Department gave \$500,000 to the Open Society Institute to operate a Youth Leadership Institute in the U.S. for students and adults from Balkan nations.

Other USAID grants to Soros nonprofits include:

- \*\$1,500,000 to educate Burmese university students in Thailand (2001–2005)

- \*\$1,478,036 to support the education of high school students in Macedonia

- \*\$1,300,000 for a fiscal decentralization initiative in Central and Southeastern European nations that were part of the former Soviet Union

- \*\$520,000 to build civil society in Tajikistan

## Conclusion

The U.S. government’s financial support for George Soros’ overseas nonprofits is indefensible and wasteful.

USAID funds Soros’ HIV prevention programs in Central Asia because it sees their Harm Reduction tactics as preventing the spread of the disease. But this support contradicts federal law which explicitly bars taxpayer money from being used for such activities. USAID and Soros, relying on a very narrow and questionable interpretation of the law, insist they are doing nothing wrong. But USAID spent more than a year refusing to cooperate with a congressional investigation of its relationship with Soros. Likewise, it refused to respond to NLPC’s Freedom of Information Act requests until legal action was threatened. USAID gives every impression that it has something to hide.

The billionaire Soros dismisses criticism of government subsidies of his nonprofits as politically motivated. However, Soros chose to accept public financing for his overseas projects knowing full well that their ideological mission was

highly controversial. The United States government should not be in the business of funding private nonprofits, especially the kind run by activists like Soros. George Soros may have the right to personally finance his political agenda, but he does not have the right to insist that the American taxpayer should fund that agenda as well. ■

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## NOTES

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<sup>2</sup> Jeff Johnson, "George Soros' \$30 million Welfare Check," *Cybercast News Service*, April 26, 2005.

<sup>3</sup> Statement by Rep. Mark Souder, Hearing on "Harm Reduction or Harm Maintenance—Is There Such a Thing as Safe Drug Abuse," House Government Reform Subcommittee on Criminal Justice, Drug Policy, and Human Resources, February 16, 2005.

<sup>4</sup> Ernest Drucker, "Harm Reduction: A Public Health Strategy," *Current Issues in Public Health*, 1995; 1: pp. 64–70.

<sup>5</sup> *Ibid.*

<sup>6</sup> Jeff Johnson, "USAID, Soros Accused of Skirting Needle Exchange Laws," *Cybercast News Service*, May 12, 2005.

<sup>7</sup> Jeff Johnson, "Soros Assails Critics for 'Endangering Our Country,'" *Cybercast News Service*, May 12, 2005.

<sup>8</sup> "Needle Exchange Facts," *AIDS Action*, June 2001.

<sup>9</sup> <http://caselaw.lp.findlaw.com/casecode/uscodes/42/chapters/6a/subchapters/xxiii/sections>.

<sup>10</sup> Letter from Rep. Mark Souder and Rep. Tom Davis to Secretary of State Rice Regarding State Department's Support for the Soros Foundation, February 11, 2005.

<sup>11</sup> Letter from Rep. Mark Souder to Secretary of State Rice Regarding the State Department's Support for the Soros Foundation, April 11, 2006.

<sup>12</sup> Glenn Kessler, "Prostitution Clause in AIDS Policy Ruled Illegal," *The Washington Post*, May 19, 2006.

<sup>13</sup> "Federal Court Holds 'Anti-Prostitution Pledge Requirement' Violates First Amendment," Press Release, PR Newswire, May 10, 2006.

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<sup>15</sup> Michael Kranish, "Religious Right Wields Clout, Secular Groups Losing Funding Amid Pressure," *The Boston Globe*, October 9, 2006.

<sup>16</sup> Kessler.

<sup>17</sup> Ian Wilhelm, "'Antiprostitution' Ruling Is a Defeat for Aid Charity," *The Chronicle of Higher Education*, March 8, 2007.

<sup>18</sup> Roma Education Program, "Program Description," Cooperative Agreement No. 165-A-00-04-00101-00, United States Agency for International Development, Regional Services Center—Budapest, June 28, 2004.

<sup>19</sup> Letter From Rep. Mark Souder to USAID to Request the Creation of an NGO Database, April 7, 2006.

<sup>20</sup> Southeast Europe Youth Leadership Institute, Office of Citizen Exchanges, Bureau of Educational and Cultural Affairs, U.S. State Department, July 2005.

<sup>21</sup> [www.soros.org/about/foundations](http://www.soros.org/about/foundations).

<sup>22</sup> [www.aosi.kz/index\\_eng.htm](http://www.aosi.kz/index_eng.htm).

<sup>23</sup> [www.ddrprogram.org](http://www.ddrprogram.org).

<sup>24</sup> *Ibid.*

<sup>25</sup> Expanding and Enhancing HIV Prevention in Central Asia, "Program Description," Cooperative Agreement No. 115-A-00-02-00002-00, United States Agency for International Development, Regional Mission for the Central Asian Republics, December 2001.

<sup>26</sup> Expanding and Enhancing HIV Prevention, p. B-8.

<sup>27</sup> Expanding and Enhancing HIV Prevention, p. B-15.

<sup>28</sup> Expanding and Enhancing HIV Prevention, p. B-14.

<sup>29</sup> Expanding and Enhancing HIV Prevention, p. B-16.

<sup>30</sup> Drug Demand Reduction in Uzbekistan and Tajikistan, "Program Description," Cooperative Agreement No. 122-A-00-02-00042-00, United States Agency for International Development, Regional Mission for the Central Asian Republics, September 28, 2002.

<sup>31</sup> Modification of Assistance, January 1, 2004.

<sup>32</sup> Modification of Assistance, July 21, 2006.

<sup>33</sup> Drug Demand Reduction, p. 28.

<sup>34</sup> Drug Demand Reduction, p. 27.

<sup>35</sup> Drug Demand Reduction, p. 32.

<sup>36</sup> Drug Demand Reduction, p. 16.

