

TRANSPARENCY INTERNATIONAL E.V.
FINANCIAL HIGHLIGHTS
FOR THE YEAR ENDED 31 DECEMBER 2016

Transparency International is a global movement with one vision: a world in which government, business, civil society and the daily lives of people are free of corruption. With more than 100 chapters worldwide and an international secretariat in Berlin, we are leading the fight against corruption to turn this vision into reality.

www.transparency.org

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OVERVIEW

In our effort to maximise compliance with accounting standards and completeness of disclosure, Transparency International's Secretariat (TI-S) produce a detailed and comprehensive set of financial statements. Transparency, however, is also achieved by spotlighting key information and providing specific disclosure. This Financial Highlights report summarises the accounts of the TI Secretariat for the year ended 31 December 2016, focusing on the indicators which are most valued by our stakeholders.

2016 ACHIEVEMENTS

The harder Transparency International fights against corruption, the more we raise awareness of how widespread corruption is and how much it threatens the rights and livelihoods of millions of human beings. 2016 has been a year of important success in our mission to combat corruption, promote transparency, and support the TI movement. There have been many highlights; these are just a few:

- We have seen significant achievements from our chapters in Ukraine, Bangladesh, Honduras, Kenya, and many, many others. TI UK played a key role in the organisation of the Anti-Corruption Summit in London in May. The Unmask the Corrupt campaign reached millions of people, exposing the stories of the worst cases of corruption worldwide. We are actively engaged in bringing the former president of Panama to justice, to end impunity. Our team in Brazil has done a tremendous job supporting the Lava Jato case and promoting institutional reform.
- We ended 2016 with a successful International Anti-Corruption Conference in Panama with more than 1,600 participants. We made strong contributions at the Open Governance Partnership meeting, a week later in Paris. We have started a dialogue with the International Monetary Fund to strengthen the inclusion of corruption in its programming. We have launched TI's legal definition of Grand Corruption, and the anti-corruption community has started to use it.
- Our reports on lobbying and whistleblowing in Europe have had real impact both in media coverage and results. In the Maldives, we supported a whistleblower, Gasim Abdul Kareem, who was jailed for exposing the transfer of public money into private bank accounts. He featured on the 2016 Anti-Corruption Award shortlist and, through our efforts and those of the TI Maldives chapter, was released from prison with a minimal sentence.

TI is the most relevant and important international anti-corruption coalition: the go-to organisation for research and solutions. In our visits to chapters, we have witnessed how visible and impactful TI is at the country level. At the international level, our views garner respect in all key fora. Our focus on high-profile corrupt individuals and impunity is now creating a sense of fear among the corrupt. We will not let them get away with corruption.

FINANCIAL REVIEW

In 2016, TI-S continued to seek further funding [diversification](#), which has shown promising signs in the case of foundations and trusts. This funding stream generated 48% more resources than in 2015 and now represent 12% of total income. The share of income acquired through institutional donors decreased to 75% of restricted (2015: 84%), and 81% of total income (2015: 88%).

Overall income, however, decreased compared to the prior reporting period by €3,847,884, or 14%, in part due to a different phase in the lifecycle of TI-S's main projects: in 2015 several large projects ended, with related higher levels of income and costs in their final phases. This year's programme activities are mostly at the start of the implementation phase. The increase in advances to project partners (€750,320

or 47%) and accrued income (€947,369 or 87%) highlights the extent to which TI-S has started the implementation of new projects.

The reduction in unrestricted income expected in 2017 required a [restructuring plan](#) to ensure the Secretariat would remain financially sustainable.

The Board approved the, [investment](#) of €1,600,000 from the former 'endowment funds' in a portfolio of securities and equities, traded mostly in the Eurozone, in accordance with our investment guidelines. The value of the portfolio at year-end increased by approximately 2.5%, above the initial expectations.

ACCOUNTS

The accounts presented here are the Income Statement and Balance Sheet of the TI Secretariat for the year ended 31 December 2016.

Our full formal Financial Statements consolidate the below accounts of the TI Secretariat only with those of Transparency International Liaison Office to the European Union, based in Brussels, and Friends of Transparency International, based in New York. The Financial Statements are prepared in compliance with IFRS and have been audited by Mazars GmbH & Co. KG, receiving a clean audit opinion; they are published on our website¹.

Income Statement

	2016	2015
<i>all amounts are stated in Euros</i>		
Operating income		
Unrestricted income	6,894,586	7,771,703
Restricted income	16,034,224	19,098,929
Other income	237,412	220,935
Operating Income, total	23,166,222	27,091,567
Expenditure		
Staff costs	9,698,698	10,011,855
Partner support	8,462,967	10,944,525
Other expenses	4,835,987	5,647,424
Depreciation and amortisation	111,153	123,366
Expenditure, total	23,108,805	26,727,170
Result from Operating Activities	57,417	364,397
Financial Result, net	(40,800)	(81,951)
Surplus/(Deficit)	16,617	282,446

¹ http://www.transparency.org/whoweare/accountability/audited_financial_reports_with_independent_auditors_report/2/

Balance sheet

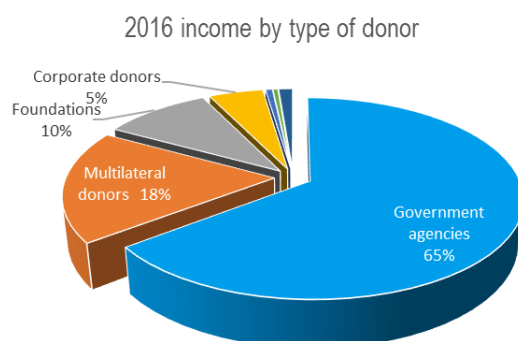
ASSETS	31 December 2016	31 December 2015
<i>all amounts are stated in Euros</i>		
Current Assets		
Cash and cash equivalents	10,267,090	13,689,648
Accounts receivable	2,319,366	1,267,745
Debtors	291,401	187,149
Accrued income	2,027,965	1,080,596
Advances to project partners	2,157,142	1,609,285
Other current assets	162,279	228,549
Current Assets, total	14,905,877	16,795,227
Non Current Assets		
Intangible assets	42,270	27,909
Tangible assets	120,274	218,094
Investments	1,641,991	2,500
Other financial assets	100,686	100,686
Non Current Assets, total	1,905,221	349,189
Assets, total	16,811,098	17,144,416

LIABILITIES AND RESERVES	31 December 2016	31 December 2015
<i>all amounts are stated in Euros</i>		
Current Liabilities		
Accounts payable	1,245,576	1,311,693
Liabilities to project partners	463,942	422,912
Liabilities to suppliers	493,256	545,747
Other current liabilities	288,378	343,034
Deferred income, current	7,189,540	7,017,660
Current Liabilities, total	8,435,116	8,329,353
Non Current Liabilities		
Deferred income, non current	3,717,933	4,077,933
Other non current liabilities	1,250	1,250
Provisions	735,994	831,691
Non Current Liabilities, total	4,455,177	4,910,874
Reserves	3,920,805	3,904,189
Liabilities and Reserves, total	16,811,098	17,144,416

INCOME ANALYSIS

In this section, we present a brief analysis of the income recognised in 2016, highlighting some key information on its composition.

The income of the Secretariat is predominantly provided by institutional donors, with Government Agencies and Multilateral Donors contributing 83% of the funds for the year. This figure has however decreased compared to 2015, when it was 88%.

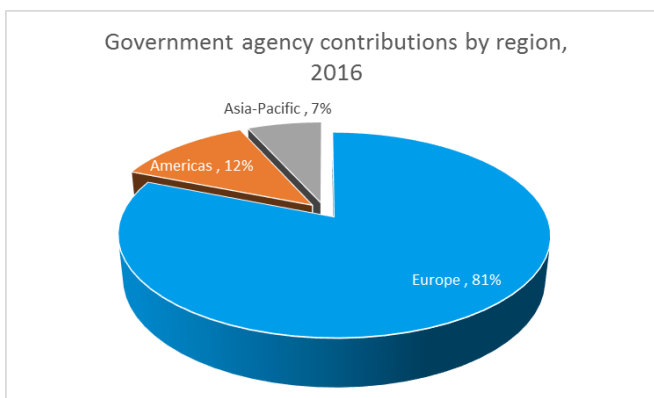


Foundations and trusts are the most rapidly growing funding streams, now providing 12% of the Secretariat's income compared to prior year's 7%. Corporate donors, which had increased significantly in 2015, are overall stable this year. All other funding streams are increasing, although by relatively small amounts.

RESTRICTED AND UNRESTRICTED INCOME BY TYPE OF DONOR

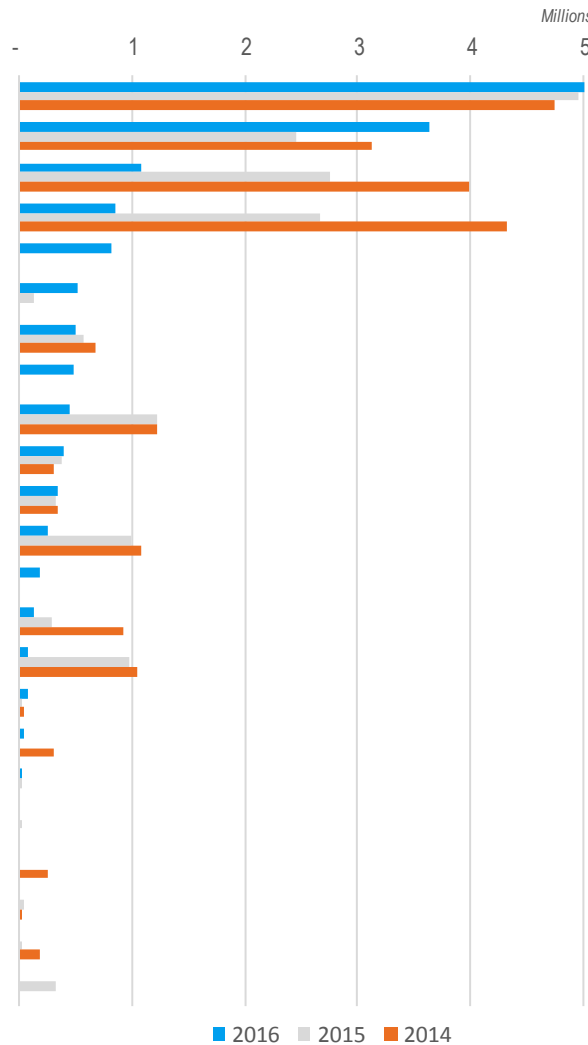
	31-Dec-16	31-Dec-15	31-Dec-14
<i>all amounts are stated in Euro s</i>			
Government agencies	14,819,875	18,169,086	22,562,191
Multilateral institutions	4,207,724	5,558,154	1,787,426
Foundations and trusts	2,229,465	1,753,988	1,134,546
Corporate donors	1,134,498	1,036,393	585,033
Individual donors	143,611	45,740	351,631
Coalition partners	104,357	34,265	22,363
Others (e.g. research institutes, NGOs)	289,281	279,438	264,563
Restricted and unrestricted income, total	22,928,811	26,877,064	26,707,753

Among government agencies, European countries provide 81% of funding, like in 2015. American government funding increased from 1% to 12% mostly as a result of programs financed by Canada and Panama. The reduced size of the Asia-Pacific Regional Programme results in the decrease of funding from Asian governments from 18% in 2015 to 7% this year.



The table below summarises the funding by country, irrespective of the specific agency providing support:

GOVERNMENT FUNDING BY COUNTRY			
	31-Dec-16	31-Dec-15	31-Dec-14
<i>all amounts are stated in Euros</i>			
			Millions
			- 1 2 3 4 5
United Kindgom	5,005,224	4,961,672	4,752,659
Germany	3,629,046	2,454,048	3,127,476
Sw eden	1,083,000	2,754,441	3,985,050
Australia	852,431	2,674,151	4,332,245
Canada	812,192	-	-
United States	516,884	134,743	-
Sw itzerland	502,558	569,855	680,441
Panama	480,375	-	-
Netherlands	450,000	1,213,968	1,218,112
Ireland	390,000	370,000	300,000
Denmark	333,659	332,850	333,027
Norw ay	244,933	985,190	1,083,037
Belgium	175,905	-	-
New Zealand	132,984	296,053	916,189
Finland	78,880	971,120	1,050,000
Estonia	70,101	30,378	41,064
France	50,684	-	300,000
China	11,019	6,697	-
Bhutan	-	20,000	-
Tunisia	-	-	253,878
Mauritania	-	46,868	94
Sint Maarten	-	22,052	188,919
Malaysia	-	325,000	-
Government, total	14,819,875	17,844,086	22,562,191



Looking at specific donors, the twenty largest contributors to the Secretariat's income (restricted and unrestricted) are listed below. The sum of their contributions totals 88% of the funding received by TI-S.

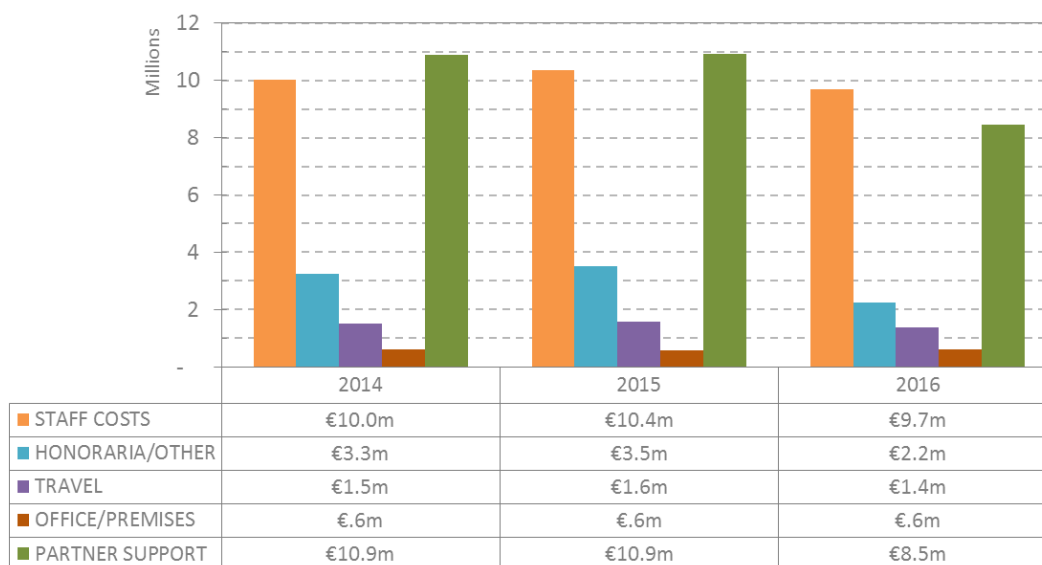
20 LARGEST DONORS, BY AMOUNT OF CONTRIBUTION			
	31-Dec-16	31-Dec-15	31-Dec-14
<i>all amounts are stated in Euros</i>			
1 Department for International Development (DfID)	5,002,135	4,908,496	4,108,433
2 European Commission	3,813,776	5,075,454	1,387,022
3 Bundesministerium für wirtschaftliche Zusammenarbeit und Entwicklung (BMZ)	1,490,427	1,240,867	1,714,455
4 Swedish International Development Cooperation Agency (SIDA)	1,083,000	2,754,441	3,985,050
5 Auswärtiges Amt	902,006	428,986	170,359
6 Department of Foreign Affairs and Trade (DFAT)	852,431	2,674,151	4,332,245
7 Department of Foreign Affairs, Trade and Development (DFATD)	812,192	-	-
8 Siemens AG (Siemens' Integrity Fund)	754,747	623,498	-
9 Bundesministerium für Umwelt, Naturschutz, Bau und Reaktorsicherheit (BMUB)	734,356	339,013	1,106,546
10 Ministry of Foreign Affairs	673,428	1,244,346	2,342,213
11 BHP Billiton Foundation	631,165	-	-
12 U.S. Department of State	516,884	134,743	-
13 Swiss Agency for Development and Cooperation (SDC)	502,558	569,855	680,441
14 Gesellschaft für internationale Zusammenarbeit (GIZ)	502,257	445,182	136,116
15 Government of Panama	480,375	-	-
16 Irish Aid	390,000	370,000	300,000
17 William and Flora Hewlett Foundation	370,588	591,865	137,427
18 Stichting Adessium	346,705	141,664	11,026
19 Omidyar Network Fund, Inc.	337,910	172,164	-
20 EYGS LLP	333,851	228,232	264,676
Income from twenty largest donors	20,530,791	21,942,957	20,676,009
Restricted and unrestricted income, total	22,928,811	26,877,064	26,707,753

EXPENDITURE ANALYSIS

The expenditure analysis provides detail on resource utilization in terms of nature and regional focus.

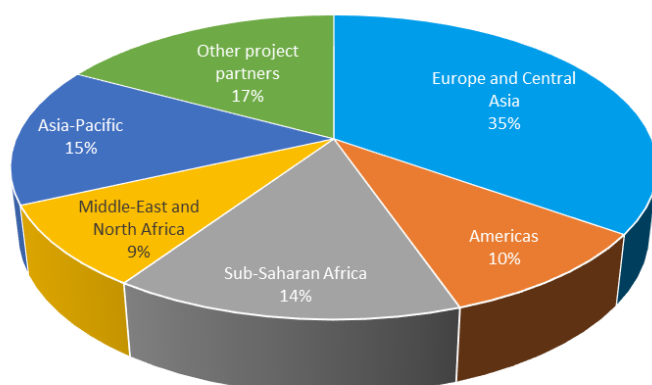
Expenditure in 2015 decreased compared to prior years but its structure did not change substantially, with labour costs and transfers to Chapters being the most significant areas of expenditure.

Expenditure: 2014-2016



Support costs (including expenditure related to finance, human resources, information technology, institutional governance and management, as well as office running costs) decreased by €379,772, and remained stable at 12% of total organisational expenditure.

2016 Partner support by region



A key element of TI-S expenditure is the direct support given to project partners. Partner support has been very high in 2014 and 2015 as a result of several significant programs (e.g. the regional programmes in the Middle East and in Asia) reaching their completion stage. In 2016, as TI's new large projects are at the start of their implementation phase, accounting for direct funding decreased by 25%, back to the levels of 2013.

The regional distribution to the movement entities is detailed in

the pie-chart and in the table below:

PARTNER SUPPORT				
	31-Dec-16	31-Dec-15	31-Dec-14	
<i>all amounts are stated in Euros</i>				
Coalition partners				
Europe and Central Asia	2,836,395	4,368,473	2,755,821	
Americas	799,937	431,172	1,202,460	
Sub-Saharan Africa	1,197,178	1,274,074	679,865	
Middle-East and North Africa	709,156	1,290,726	1,414,706	
Asia-Pacific	1,203,578	2,319,311	4,290,683	
Coalition partners, total	6,398,261	9,683,757	10,343,535	
Other project partners	1,735,976	1,260,768	543,864	
Partner support, total	8,134,237	10,944,525	10,887,399	

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