

**TRANSPARENCY INTERNATIONAL E.V.**  
**FINANCIAL HIGHLIGHTS**  
FOR THE YEAR ENDED 31 DECEMBER 2017

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](http://www.transparency.org)

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# OVERVIEW

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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 disclosures. This Financial Highlights report summarises the accounts of the TI Secretariat for the year ended 31 December 2017, focusing on the indicators which are most valued by our stakeholders.

## 2017 ACHIEVEMENTS

2017 has been an important year for the fight against corruption. With vested interests increasing their efforts to fight the progress made on anti-corruption, it was more essential than ever for the TI movement to have a strong voice in the movement against corruption.

In 2017, Transparency International (TI) continued to bring its critical and constructive voice to the table wherever anti-corruption expertise, advocacy and action were needed. From global processes such as the implementation and monitoring of the Sustainable Development Goals, the G20, the follow-up on the implementation of the commitments of the 2016 UK Anti-Corruption summit, to national work on the Open Government Partnership (OGP) Action plans, guided by its Strategy 2020, TI played a key role in efforts to fight corruption around the world. Following its mission of substantially moving the needle on the global transparency, accountability and anti-corruption agenda, TI has achieved many milestones in 2017. Here are just a few:

- For our advocacy on the United Nations Convention Against Corruption (UNCAC), TI has been working with the UNCAC coalition, a network of over 350 organisations for which TI acts as the secretariat. Our work with the OECD has also shed light on how well its convention against foreign bribery is enforced. TI continues to be part of global coalitions in implementing and monitoring the anti-corruption and governance targets of SDGs. These coalitions are important channels in order to promote SDG implementation and progress monitoring. For example, the Annual Report of the SDG 16 Data Initiative was launched during the 2017 High Level Political Forum in New York to which we contributed with alternative indicators for SDG target 16.5.
- We teamed up with the Organised Crime and Corruption Reporting Project (OCCRP), a network of investigative journalists to tackle grand corruption. This partnership has led to in-depth investigation and publication of the 'Azerbaijan Laundromat' case, exposing how corruption can affect human rights and democracy. The investigations revealed that Azerbaijan's elite was buying political influence abroad in order to "launder" their image and avoid being prosecuted for human rights violations. We will continue our commitment to protect our activists and focus on achieving recognition for the need for special criminal procedures and redress and compensation for victims in the years ahead.
- We increased our prominence in regional and international policy agendas of open government and anti-corruption, with special focus on social justice concerns. In 2017, we pushed for governments and civil society organisations to actively engage at the regional and international level on advancing anti-corruption in the Open Government Partnership (OGP) as well as for humanitarian stakeholders to commit to enhancing transparency and accountability and mitigating corruption in humanitarian aid and development aid in their global policy agenda. An increased number of governments committed to adopting mechanisms, policies, and institutional changes proposed by TI relating to public demand for accountability.
- We successfully published reports on Transparency in Corporate Reporting (TRAC) in Ukraine, Vietnam, Lithuania, Russia, and Brazil and carried out Business Integrity Corporate Assessments (BICA) in Italy, Cambodia, Brazil and Mongolia. Through engagement with companies in the course of compiling the Transparency in Corporate Reporting studies, several companies have

improved the quality and extent of their anti-corruption measures as well as how they publicly report on them.

- We developed and launched the [Anti-Corruption Knowledge Hub](#), an online space where we present our research output. As the home of the Anti-Corruption Helpdesk, TI's expert network, it hosts many of the studies, tools and knowledge which lie behind what we do at TI, sharing a series of topic guides and country-specific research globally.

As of August 2017, the TI movement is active in 112 countries around the world. Our national chapters form a decentralized network of independent, locally rooted organisations, supported by an international secretariat and the expertise of individual members. While chapters bring extensive knowledge of national contexts, an indispensable resource for effective anti-corruption advocacy, the Secretariat gives a global voice to the TI movement, heard and acknowledged in the largest international fora and media. One of the main roles of the Secretariat in TI's decentralised movement is to support National Chapters in their work. We continue to strengthen our presence around the world, either by establishing new networks or by reinforcing existing ones.

## FINANCES, OVERVIEW

In 2017, the income of TI-S was €20,939,093, down by €2,227,129 or 9.6% compared to prior year. [Restricted income](#) increased by €1,262,915 compared to 2016 as the implementation of several large projects, starting in the prior year, gained momentum. Total restricted income of €17,297,139 is still lower than in 2015 and 2014, when it achieved values above €19 million.

As anticipated in 2016, availability of [unrestricted income](#) is substantively decreasing on the fundraising landscape. For TI-S, this resulted in a reduction of unrestricted income by €3,361,946 or 49%. TI-S responded to this challenge by seeking greater diversification of income and by restructuring expenditure.

With reference to income [diversification](#), the foundations and trusts keep growing at a sustained rate, while corporations are stable. The share of income acquired through institutional donors decreased this year, however the top-twenty donors still represent 91% of total income (2016: 88%, 2015: 94%).

Regarding [expenditure](#), at the end of 2016 TI-S devised a restructuring plan aimed at increasing the flexibility and focus of its expenditure structure. The process was challenging, but necessary to ensure longer term sustainability in the current financial context. As a result, staff costs decreased in 2017 by €2,844,730 or 29%. In spite of this, financial support to the movement increased by 20%, to €10,180,289.

The Board approved the, [investment](#) of additional €2,000,000 from the former 'endowment funds' in a portfolio of securities and equities, traded mostly in the Eurozone. Estimated gains at year-end are approximately 2.8% of the capital invested, above the initial expectations.

# ACCOUNTS

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The accounts presented here are the Income Statement and Balance Sheet of the TI Secretariat for the year ended 31 December 2017.

Our formal Financial Statements consolidate the below accounts of the TI Secretariat 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 website<sup>1</sup>.

## Income Statement

	2017	2016
<i>all amounts are stated in Euros</i>		
<b>Operating income</b>		
Unrestricted income	3,532,640	6,894,586
Restricted income	17,297,139	16,034,224
Other income	109,314	237,412
<b>Operating Income, total</b>	<b>20,939,093</b>	<b>23,166,222</b>
<b>Operating expenditure</b>		
Staff costs	6,853,968	9,698,698
Partner support	10,180,289	8,462,967
Other expenses	3,697,335	4,835,987
Depreciation and amortisation	76,575	111,153
<b>Operating expenditure, total</b>	<b>20,808,167</b>	<b>23,108,805</b>
<b>Result from Operating Activities</b>	<b>130,926</b>	<b>57,417</b>
<b>Financial Result, net</b>	<b>34,720</b>	<b>(40,800)</b>
<b>Surplus</b>	<b>165,646</b>	<b>16,617</b>

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<sup>1</sup> [http://www.transparency.org/whoweare/accountability/audited\\_financial\\_reports\\_with\\_independent\\_auditors\\_report/2/](http://www.transparency.org/whoweare/accountability/audited_financial_reports_with_independent_auditors_report/2/)

## Balance sheet

ASSETS	31 December 2017	31 December 2016
<i>all amounts are stated in Euros</i>		
<b>Current Assets</b>		
Cash and cash equivalents	11,730,795	10,267,090
Accounts receivable	1,300,157	2,319,366
Debtors	277,403	291,401
Accrued income	1,022,754	2,027,965
Advances to project partners	2,662,452	2,157,142
Other current assets	113,326	162,279
<b>Current Assets, total</b>	<b>15,806,730</b>	<b>14,905,877</b>
<b>Non Current Assets</b>		
Intangible assets	26,395	42,270
Tangible assets	57,789	120,275
Investments	3,745,388	1,641,991
Other financial assets	100,686	100,686
<b>Non Current Assets, total</b>	<b>3,930,258</b>	<b>1,905,222</b>
<b>Assets, total</b>	<b>19,736,988</b>	<b>16,811,099</b>

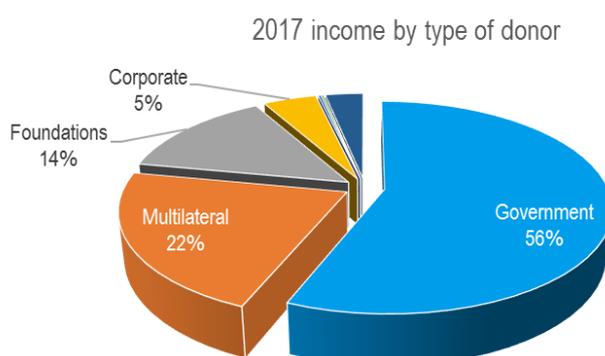
LIABILITIES AND RESERVES	31 December 2017	31 December 2016
<i>all amounts are stated in Euros</i>		
<b>Current Liabilities</b>		
Accounts payable	2,244,003	1,245,576
Liabilities to project partners	810,065	463,942
Liabilities to suppliers	598,670	493,256
Other current liabilities	835,268	288,378
Deferred income, current	9,649,396	7,189,540
<b>Current Liabilities, total</b>	<b>11,893,399</b>	<b>8,435,116</b>
<b>Non Current Liabilities</b>		
Deferred income, non current	3,717,933	3,717,933
Other non current liabilities	1,250	1,250
Provisions	37,954	735,994
<b>Non Current Liabilities, total</b>	<b>3,757,137</b>	<b>4,455,177</b>
<b>Reserves</b>	<b>4,086,452</b>	<b>3,920,806</b>
<b>Liabilities and Reserves, total</b>	<b>19,736,988</b>	<b>16,811,099</b>

# INCOME ANALYSIS

In this section, we present a brief analysis of the income recognised in 2017, 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 78% of the funds for the year. This figure has steadily decreased compared to 2016 (83%) and 2015 (88%), both as a result of decreasing contributions and of greater diversification.

Foundations and trusts are the most rapidly growing funding stream, now providing 15% of the Secretariat's income (2016: 10%, 2015: 7%). Corporate donors, which had increased significantly in 2015, have since remained stable at 5%.



Two medium-sized projects funded by other NGOs resulted in a significant increase of funding from "other" organisations.

Individual donors and coalition partners remain relatively marginal funding streams.

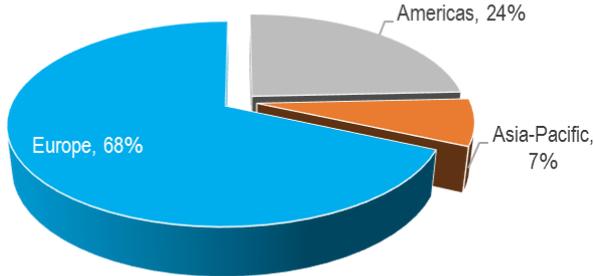
## RESTRICTED AND UNRESTRICTED INCOME BY TYPE OF DONOR

	2017	2016	2015
<i>all amounts are stated in Euros</i>			
Government agencies	11,712,001	14,819,875	18,169,086
Multilateral institutions	4,543,915	4,207,724	5,558,154
Foundations and trusts	2,878,092	2,229,465	1,753,988
Corporate donors	943,699	1,134,498	1,036,393
Individual donors	51,689	143,611	45,740
Coalition partners	42,109	104,357	34,265
Others (e.g. research institutes, NGOs)	658,274	289,280	279,438
<b>Restricted and unrestricted income, total</b>	<b>20,829,779</b>	<b>22,928,810</b>	<b>26,877,064</b>

Among government agencies, European countries provide 68% of funding, down from 81% in 2016 and 2015, largely due to the decreased contribution of the United Kingdom. American government funding increased to 24% (from 12% in 2016 and 1% in 2015).

Governments from Asia and the Pacific contribute to 7% of the income this year, in line with 2016 but down from 18% in 2015.

Government agency contributions by region, 2017



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

GOVERNMENT FUNDING BY COUNTRY			
	2017	2016	2015
<i>all amounts are stated in Euros</i>			
			<i>Millions</i>
			- 1 2 3 4 5
Germany	3,530,383	3,629,046	2,454,048
Canada	1,970,391	812,192	-
Netherlands	1,200,000	450,000	1,213,968
Sweden	1,040,957	1,083,000	2,754,441
Australia	864,657	852,431	2,674,151
Denmark	803,035	333,659	332,850
United States	763,074	516,884	134,743
United Kingdom	542,458	5,005,224	4,961,672
Ireland	350,373	390,000	370,000
Finland	200,000	78,880	971,120
Switzerland	110,000	502,558	569,855
Panama	109,134	480,375	-
France	81,416	50,684	-
Belgium	80,399	175,905	-
Norway	41,404	244,933	985,190
Estonia	19,826	70,101	30,378
China	4,494	11,019	6,697
New Zealand	-	132,984	296,053
Malaysia	-	-	325,000
Mauritania	-	-	46,868
Sint Maarten	-	-	22,052
Bhutan	-	-	20,000
<b>Gvt., total</b>	<b>11,712,001</b>	<b>14,819,875</b>	<b>18,169,086</b>

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 91% of the funding received by TI-S (2016: 88%, 2015: 94%).

#### 20 LARGEST DONORS, BY AMOUNT OF CONTRIBUTION

2017

*all amounts are stated in Euros*

1	European Commission	4,228,468
2	Department of Foreign Affairs, Trade and Development (DFATD)	1,970,391
3	Bundesministerium für wirtschaftliche Zusammenarbeit und Entwicklung (BMZ)	1,499,457
4	BHP Billiton Foundation	1,335,930
5	Ministry of Foreign Affairs	1,261,230
6	Swedish International Development Cooperation Agency (SIDA)	1,040,957
7	Auswärtiges Amt	981,502
8	Department of Foreign Affairs and Trade (DFAT)	864,657
9	Siemens AG (Siemens Integrity Initiative)	856,835
10	Bundesministerium für Umwelt, Naturschutz, Bau und Reaktorsicherheit (BMUB)	843,303
11	Ministry of Foreign Affairs of Denmark (Danida)	803,035
12	U.S. Department of State	763,074
13	Department for International Development (DfID)	542,458
14	Foundation Open Society Institute (FOSI)	469,992
15	Irish Aid	350,373
16	Friends of Transparency International	241,502
17	Open Society Institute, Development Foundation	213,225
18	Gesellschaft für internationale Zusammenarbeit (GIZ)	206,121
19	Movement Fundraising Fund (Internal Donor)	205,768
20	Ministry for Foreign Affairs of Finland	200,000
<b>Income from twenty largest donors</b>		<b>18,878,278</b>
<b>Restricted and unrestricted income, total</b>		<b>20,829,779</b>

# EXPENDITURE ANALYSIS

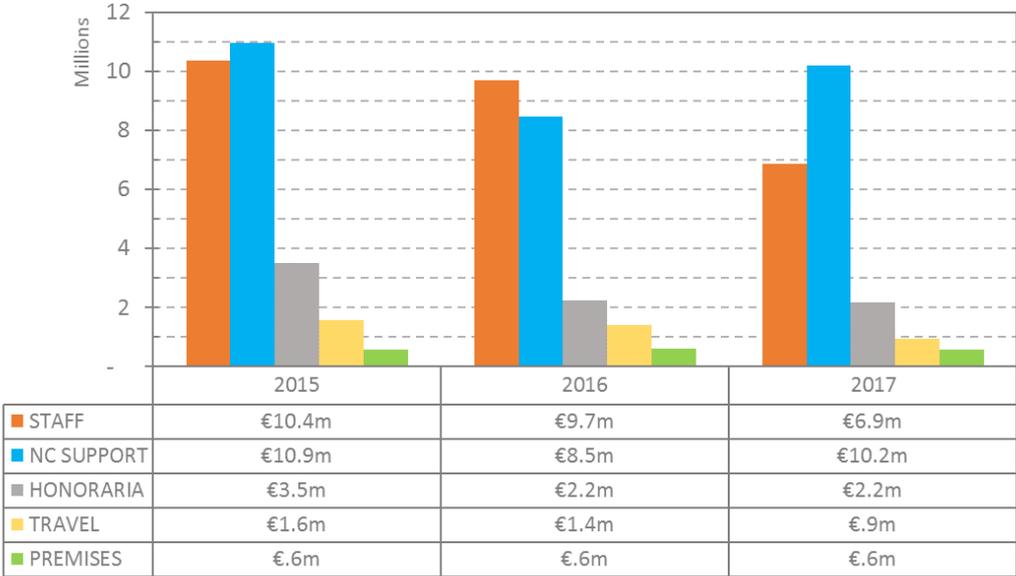
The expenditure analysis provides detail on resource utilization in terms of strategic priority, nature and regional focus.

The table below presents total expenditure by strategic priority, as defined in TI Strategy 2020:

EXPENDITURE BY STRATEGIC PRIORITY		31-Dec-17
<i>all amounts are stated in Euros</i>		
<b>People and partners</b>		
Victims of corruptions, ALACs and Whistleblowing		974,084
Public demand for accountability and SDG		6,753,379
Antic-corruption civil society space		481,707
<b>People and partners, total</b>		<b>8,209,170</b>
<b>Prevention, enforcement and justice</b>		
Business integrity		2,262,110
Grand corruption		995,872
<b>Prevention, enforcement and justice, total</b>		<b>3,257,982</b>
<b>Strong movement</b>		
Knowledge and research - What works		971,529
Organisational standards		4,275,084
Strong presence		678,484
<b>Strong movement, total</b>		<b>5,925,097</b>
<b>Essential functions</b>		<b>3,113,291</b>
Other international partnerships		229,968
Other costs		72,659
<b>Expenditure, total</b>		<b>20,808,167</b>

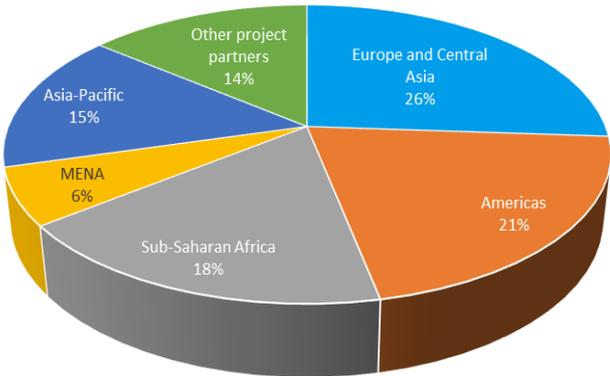
The effects of the ongoing internal restructuring of the Secretariat are apparent in its changed **expenditure structure**: compared to 2016, staff costs decreased from 42% to 33% of total expenditure, while support to project partners increased from 37% to 49% of total expenditure, becoming the most significant expenditure item. In the last two years, the Secretariat has indeed become smaller (operating expenditure decreased by €5,919,003 or 22% since 2015), but also leaner and more partner-focused.

Expenditure: 2015-2017



Consistent with this, the cost of **support teams** (including finance, human resources, information technology, institutional governance and management, as well as office running costs) decreased by €534,997 in 2017, representing 11% of total expenditure (12% in 2016 and 2015).

2017 Partner support by region

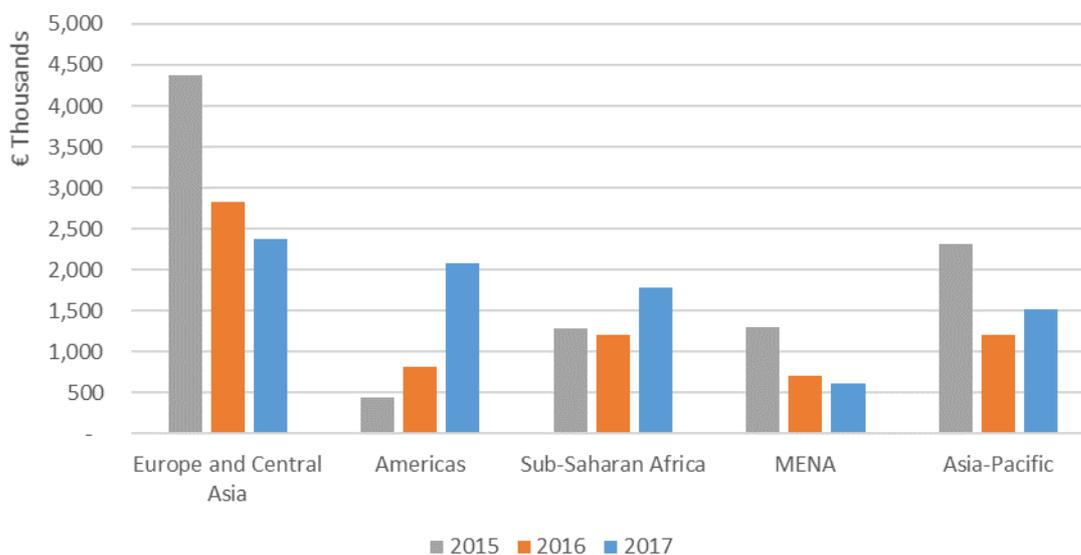


**Support to project partners** increased by €1,717,322 in 2017 in spite of the overall downsizing of the Secretariat. This is largely a result of some large projects, initiated in 2016, entering their full implementation phase.

The regional focus of project-partner support has significantly changed in the past few years: Europe and Central Asia is still receiving the highest portion of the funds, but its share decreased from 40% in 2015 to 23% in 2017, while the Americas increased from 4% in 2015 to 20% in 2017.

The chart and table below highlight the trend in partner support by region in the last three years:

Partner support by region, 2015-2017



PARTNER SUPPORT				
	2017	2016	2015	
<i>all amounts are stated in Euros</i>				
<b>Coalition partners</b>				
Europe and Central Asia	2,369,853	2,833,433	4,368,473	
Americas	2,074,298	811,114	431,172	
Sub-Saharan Africa	1,775,429	1,198,098	1,274,074	
Middle-East and North Africa	616,862	709,156	1,290,726	
Asia-Pacific	1,520,211	1,203,578	2,319,311	
<b>Coalition partners, total</b>	<b>8,356,653</b>	<b>6,755,379</b>	<b>9,683,756</b>	
<b>Other project partners</b>	<b>1,823,636</b>	<b>1,707,588</b>	<b>1,260,769</b>	
<b>Partner support, total</b>	<b>10,180,289</b>	<b>8,462,967</b>	<b>10,944,525</b>	

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