




TRANSPARENCY INTERNATIONAL E.V.

FINANCIAL HIGHLIGHTS

FOR THE YEAR ENDED 31 DECEMBER 2018

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.

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Transparency International 2019.

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Every effort has been made to verify the accuracy of the information contained in this report. All information was believed to be correct as of January 2019. Nevertheless, Transparency International cannot accept responsibility for the consequences of its use for other purposes or in other contexts.

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 disclosures. This Financial Highlights report summarises the accounts of the TI Secretariat for the year ended 31 December 2018, focusing on the indicators which are most valued by our stakeholders.



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2018 Achievements

TI has continued working on major cases of corruption in order to bring the corrupt to justice. In 2018, we called for more action in the Lava Jato investigations, and we launched the Golden Visas campaign, in collaboration with investigative journalists, which forced the European Commission to announce further scrutiny of golden visa schemes. Our long-standing advocacy on the case of Ricardo Martinelli bore fruits with the recent extradition of the former Panamanian president.

Regarding whistleblower protection, the drafting of the EU directive on this matter is progressing, taking on board many of TI's recommendations. TI's best practice guide on whistleblower legislation directly influenced the draft directive.

Partnerships with the private sector were built through assessments of business integrity in countries like Russia, Brazil, Kenya and Malaysia. These are not just research products but they integrate the engagement with companies in their methodology, with a view to change their practices

and build partnerships. In the same area of work, TI's strong engagement with the B20 is also noteworthy and led to concrete impact. The final B20 Policy Paper calls for the first time on the G20 to mandate public registers of Beneficial Ownership Transparency; in addition, the integrity of State-owned Enterprises (SOEs) has been included as a B20 policy priority, and recommendations on SOEs reflect and reference TI's 10 Anti-corruption Principles for SOEs. We have also been active in international fora by developing parallel reports on



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the Sustainable Development Goals (SDGs), pushing for the implementation of G20 commitments on beneficial ownership, and successfully promoting an UNCAC resolution on grand corruption. Twelve national chapters published shadow reports that provide an independent analysis to complement and scrutinise official government progress reports related to SDGs 16.4, 16.5 and 16.10. Chapters use it to engage with a range of officials during the research phase at the national level and then lobby their government representatives to use the findings. The International Anti-Corruption Conference, the world's largest civil society forum for tackling corruption,

took place in October 2018, in Copenhagen. The Conference brought together over 1800 anti-corruption practitioners from more than 150 countries, and featured the Films for Transparency Festival and the Fair Play Anti-Corruption Music Concert in downtown Copenhagen. A high level segment was organised with the objective to accelerate anti-corruption strategies and to propose concrete action plans. Ministers, leaders of international organisations and private companies worked together on strategies for international collaboration on anti-corruption. The high level segment resulted in a joint statement on anti-corruption, as well as commitments from 19 individual countries and 9

international organisations. Our flagship Corruption Perception Index (CPI) was launched in February, attracting broad media interest (more than 10,000 clips in print, online and broadcast outlets – 30% more than last year – and 570,000 views on the website in three days). In general, our global visibility has significantly increased in 2018. For example, we launched several events and communications campaigns that yielded coverage in grade A media, including the publication of our report “European Getaway: Inside the Murky World of Golden Visas”, or our Exporting Corruption report, which assesses the enforcement of the OECD Anti-Bribery Convention.

TI continued to operate its demand-driven research Helpdesk, which received 137 queries from national chapters and development practitioners, resulting in the production of 60 fully-developed responses. These products have had direct impact, since over a third of the responses have been used to provide input into legal or policy processes. For example, thanks to the Helpdesk support, I-Watch (TI Tunisia) commented on a draft law on asset declarations, and Poder Ciudadano (TI Argentina) advocated to include a gender perspective in the G20 Anti-Corruption Action Plan. The Anti-Corruption Knowledge Hub launched in early 2018 has quickly established itself as an important platform for disseminating corruption-related knowledge generated by TI, with 135,765 views as of 31 December 2018 (compared to 40,000 Helpdesk page views for the same period on the TI website).

Finances, overview

In 2018, the income of TI-S was €22,716,566, increased from prior year by €1,777,473 or 8.5%. Restricted income increased by €2,348,374 or 14% compared to 2017 due to better budget performance on some grants increased availability of restricted grants. Total restricted income, of €19,645,513 for the Secretariat only, is the highest in TI-S history. This resulted in a significant absorption of costs by restricted grants and a subsequent lower utilization of unrestricted income, which decreased by €820,388 or 23%. This trend is temporary, not structural and results in an increase of deferred unrestricted income, which will be necessary to ensure TI-S's impact in the mid-term.

Operating expenditure increased by €1,611,388 or 7.7%. This is predominantly a result of higher activity costs, including honoraria, workshop, travel and

premises costs. These collectively increased by €1,559,968 or 42% and reflect the efforts of the current leadership to improve budget performance on projects and to review existing processes. In this context, the investment in staff competencies is worth mentioning, with training costs increasing from €28,787 to €163,177. Focus on internally led activities did not imply a reduction of the financial support to the movement, which increased by 4% to €10,574,883, further improving 2017 results when it had grown by 20%. As such, support to partners is now 47% of the total TI-S expenditure. Staff costs decreased by €315,738 or 5%, as the downsizing implemented in the first half of 2017 was reflected for the full year 2018.

TI-S RESTRICTED INCOME in 2018

€ 22,716,566

+ 8,5% increase from 2017

TI-S OPERATING EXPENDITURE in 2018

€ 22,419,555

+ 7,7% increase from 2017

ACCOUNTS

The accounts presented here are the Income Statement and Balance Sheet of the TI Secretariat for the year ended 31 December 2018.

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 website¹.

Income statement

	2018	2017
<i>all amounts are stated in Euros</i>		
OPERATING INCOME		
Unrestricted income	2.712.252	3.532.640
Restricted income	19.645.513	17.297.139
Other income	358.801	109.314
OPERATING INCOME, TOTAL	22.716.566	20.939.093
OPERATING EXPENDITURE		
Staff costs	6.538.230	6.853.968
Partner support	10.574.883	10.180.289
Other expenses	5.257.303	3.697.335
Depreciation and amortisation	49.139	76.575
OPERATING EXPENDITURE, TOTAL	22.419.555	20.808.167
RESULT FROM OPERATING ACTIVITIES	297.011	130.926
FINANCIAL RESULT, NET	(152.884)	34.720
SURPLUS	144.127	165.646

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

Balance sheet

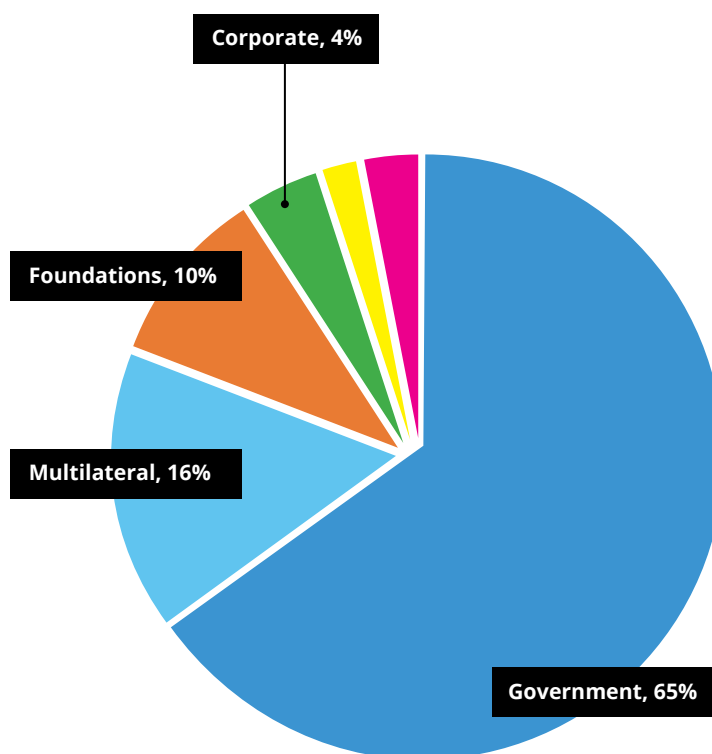
ASSETS	31 December 2018	31 December 2017
<i>all amounts are stated in Euros</i>		
CURRENT ASSETS		
Cash and Cash Equivalents	13.595.510	11.730.795
Accounts receivable	1.490.729	1.300.157
Debtors	259.811	277.403
Accrued income	1.230.918	1.022.754
Advances to project partners	2.720.082	2.662.452
Other current assets	107.886	113.326
CURRENT ASSETS, TOTAL	17.914.207	15.806.730
NON CURRENT ASSETS		
Intangible assets	22.204	26.395
Tangible assets	26.269	57.789
Investments	3.544.207	3.745.388
Other financial assets	83.542	100.686
NON CURRENT ASSETS, TOTAL	3.676.222	3.930.258
ASSETS, TOTAL	21.590.429	19.736.988
LIABILITIES AND RESERVES		
<i>all amounts are stated in Euros</i>		
CURRENT LIABILITIES		
Accounts payable	1.864.164	2.244.003
Liabilities to project partners	659.549	810.065
Liabilities to suppliers	651.769	598.670
Other current liabilities	552.846	835.268
Deferred income, current	11.722.861	9.649.396
CURRENT LIABILITIES, TOTAL	13.587.025	11.893.399
NON CURRENT LIABILITIES		
Deferred income, non current	3.717.933	3.717.933
Other non current liabilities	1.250	1.250
Provisions	53.642	37.954
NON CURRENT LIABILITIES, TOTAL	3.772.825	3.757.137
RESERVES	4.230.579	4.086.452
LIABILITIES AND RESERVES, TOTAL	21.590.429	19.736.988

INCOME ANALYSIS

In this section, we present a brief analysis of the income recognised in 2018, 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 81% of the funds for the year. This figure has increased compared to 2017 (78%), returning to 2016 levels. This is largely the effect of renewed funding from the UK government, which had decreased drastically in 2017. Foundations and trusts have decreased after 3 years of continuous growth. The funding stream now provides 10% of the Secretariat's income (2017: 15%). Corporate donors have increased by 6% vs. 2017, but remained stable at 4% of total income. Income from other organizations was consistent with 2017, driven by two medium-sized projects funded by other NGOs. Individual donors and coalition partners remain relatively marginal funding streams.

2018 income by type of donor



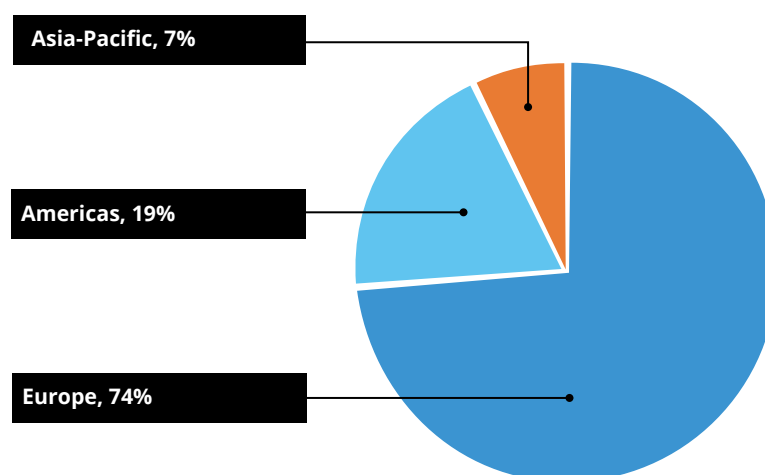
Restricted and unrestricted income by type of donor

all amounts are stated in Euros

	<u>2018</u>	<u>2017</u>	<u>2016</u>
Government agencies	14.468.400	11.712.001	14.819.875
Multilateral institutions	3.595.180	4.543.915	4.207.724
Foundations and trusts	2.200.922	2.878.092	2.229.465
Corporate donors	1.004.202	943.699	1.134.498
Individual donors	56.922	51.689	143.611
Coalition partners	340.382	42.109	104.357
Others (e.g. research institutes, NGOs)	691.757	658.274	289.280
RESTRICTED AND UNRESTRICTED INCOME, TOTAL	<u>22.357.765</u>	<u>20.829.779</u>	<u>22.928.810</u>

Among government agencies, European countries provide 74% of funding, up from 68% in 2017, largely due to the increased contribution of the United Kingdom. American government funding decreased to 19% (2017: 24%). Governments from Asia and the Pacific contribute to 7% of the income this year, in line with 2017.

Government agency contributions by region, 2018



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

Government funding by country

all amounts are stated in Euros

	<u>2018</u>	<u>2017</u>	<u>2016</u>
United Kingdom	3.504.581	542.458	5.005.224
Germany	3.098.601	3.530.383	3.629.046
Canada	2.152.246	1.970.391	812.192
Denmark	1.579.541	803.034	333.659
Australia	1.038.370	864.657	852.431
United States	602.765	763.074	516.884
Finland	600.000	200.000	78.880
Netherlands	485.000	1.200.000	450.000
Sweden	475.000	1.040.957	1.083.000
Switzerland	458.622	110.000	502.558
Ireland	300.001	350.373	390.000
Belgium	101.154	80.399	175.905
Estonia	63.468	19.826	70.101
Norway	7.261	41.404	244.933
France	1.790	81.416	50.684
China	-	4.495	11.019
Panama	-	109.134	480.375
New Zealand	-	-	132.984
GOVERNMENT FUNDING, TOTAL	<u>14.468.400</u>	<u>11.712.001</u>	<u>14.819.875</u>

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 92% of the funding received by TI-S (2017: 91%, 2016: 88%).

TOP 5 DONORS in 2018

€ 12,230,861

54,7% of total contributions

TOTAL CONTRIBUTIONS in 2018

€ 22,357,820

20 largest donors, by amount of contribution

2018

all amounts are stated in Euros

1	DfID-Department for International Development (UK)	3.504.581
2	European Commission	3.463.555
3	Global Affairs Canada	2.152.246
4	Royal Danish Ministry of Foreign Affairs (Danida)	1.579.541
5	Ministry Economic Coop. & Develop. (BMZ), Germany	1.530.938
6	BHP Foundation	1.049.313
7	DFAT Dpt. Foreign Affairs & Trade (Australia)	1.038.370
8	Fed. Ministry Environment, Nature (BMUB), Germany	799.307
9	US Department of State	602.765
10	Ministry for Foreign Affairs for Finland (MOFA)	600.000
11	Ernst & Young LLP	512.202
12	Siemens Integrity Initiative	488.001
13	Ministry of Foreign Affairs, The Netherlands	485.000
14	Swedish International Development Cooperation	475.000
15	Swiss Agency for Development and Cooperation SDC	458.622
16	Federal Foreign Office, Germany (Auswärtiges Amt)	423.969
17	Foundation Open Society Institute	422.318
18	Journalism Development Network	396.014
19	Gesellschaft für internationale Zusammenarbeit GIZ	344.387
20	Irish Aid	300.001

INCOME FROM TWENTY LARGEST DONORS

20.626.130

EXPENDITURE ANALYSIS

The expenditure analysis provides detail on resource utilization in terms of strategic priority, nature and regional focus. The following tables present comparisons between the board approved budget and actual expenditure for 2018. The first table provides the total expenditure per strategic priority, The second table disaggregates restricted and unrestricted expenditure, as defined in TI Strategy 2020:

Expenditure by Strategic Priority (Budget vs. Actual)

	<u>Total Budget</u>	<u>Total Actual</u>
<i>All amounts are stated in Euros</i>		
PEOPLE AND PARTNERS		
Victims of corruptions, ALACs and Whistleblowing	806.700	849.188
Public demand for accountability and SDG	6.653.588	6.867.578
Anticorruption civil society space	298.500	1.326.797
PEOPLE AND PARTNERS, TOTAL	<u>7.758.788</u>	<u>9.043.563</u>
PREVENTION, ENFORCEMENT AND JUSTICE		
Business integrity	569.078	1.606.193
Grand corruption	1.234.252	1.079.176
PREVENTION, ENFORCEMENT AND JUSTICE, TOTAL	<u>1.803.330</u>	<u>2.685.369</u>
STRONG MOVEMENT		
Knowledge and research - What works	884.345	942.474
Organisational standards	3.358.923	3.508.393
Strong presence	394.037	396.545
STRONG MOVEMENT, TOTAL	<u>4.637.305</u>	<u>4.847.412</u>
OTHER INTERNATIONAL PARTNERSHIPS		
External Stakeholder Engagement	1.166.225	1.731.922
Movement Partnerships	-	1.963.592
OTHER INTERNATIONAL PARTNERSHIPS, TOTAL	<u>1.166.225</u>	<u>3.695.514</u>
OTHER PROJECT COSTS		
Governance, Accountability and Learning	603.475	226.642
Specialist Advisors	684.043	500.473
Management	851.500	696.737
Other	450.000	720.962
Other costs (including reallocation of support costs)	51.087	2.883
OTHER PROJECTS, TOTAL	<u>2.640.105</u>	<u>2.147.697</u>
TOTAL	<u>18.005.753</u>	<u>22.419.555</u>

Expenditure by Strategic Priority

(Comparison between Restricted and Unrestricted Budgets and Actuals)

	RESTRICTED		UNRESTRICTED	
	Budget	Actual	Budget	Actual
<i>All amounts are stated in Euros</i>				
PEOPLE AND PARTNERS				
Victims of corruptions, ALACs and Whistleblowing	718.141	785.212	88.559	63.976
Public demand for accountability and SDG	6.329.895	6.743.163	323.693	124.415
Anticorruption civil society space	298.500	1.300.841	-	25.956
PEOPLE AND PARTNERS, TOTAL	7.346.536	8.829.216	412.252	214.347
PREVENTION, ENFORCEMENT AND JUSTICE				
Business integrity	539.888	1.570.084	29.190	36.109
Grand corruption	1.111.337	962.539	122.915	116.637
PREVENTION, ENFORCEMENT AND JUSTICE, TOTAL	1.651.225	2.532.623	152.105	152.746
STRONG MOVEMENT				
Knowledge and research - What works	854.850	937.256	29.495	5.218
Organisational standards	2.868.103	3.463.490	490.820	44.903
Strong presence	144.037	147.055	250.000	249.490
STRONG MOVEMENT, TOTAL	3.866.990	4.547.801	770.315	299.611
OTHER INTERNATIONAL PARTNERSHIPS				
External Stakeholder Engagement	738.000	1.581.258	428.225	149.630
Movement Partnerships	-	1.964.626	-	-
OTHER INTERNATIONAL PARTNERSHIPS, TOTAL	738.000	3.545.884	428.225	149.630
OTHER PROJECT COSTS				
Governance, Accountability and Learning	150.000	150.000	453.475	76.642
Specialist Advisors	200.000	202.491	484.043	297.982
Management	-	11	851.500	696.726
Other	216.000	184.540	234.000	536.422
Other costs (including reallocation of support costs)	-	359	51.087	2.524
OTHER PROJECTS, TOTAL	566.000	537.401	2.074.105	1.610.296
TOTAL	14.168.751	19.992.925	3.837.002	2.426.630

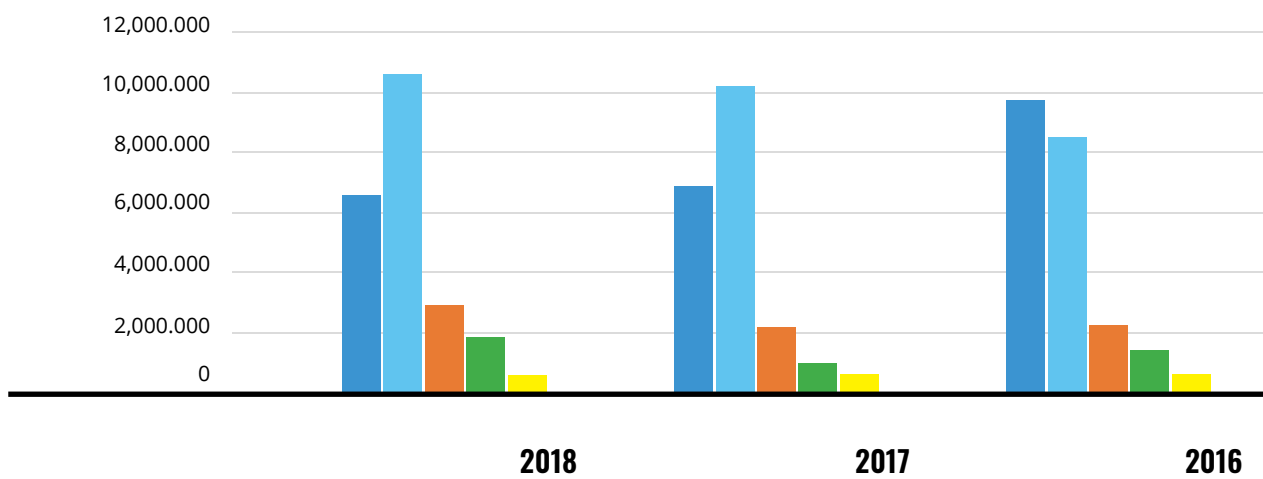
TOTAL PARTNER SUPPORT for 2018

€ 10,574,883

Operating expenditure increased by €1,611,388 or 7.7% for the Secretariat. This is predominantly a result of higher activity costs, which increased by €1,559,968 or 42% and reflect the efforts of the current leadership to improve budget performance on projects and to review existing processes. In this context, the investment in staff competencies is worth mentioning, with training costs increasing from €28,787 to €163,177. Staff costs decreased by €315,738 or 5%, as the downsizing implemented in the first half of 2017 was reflected for the full year 2018. The cost of support teams (including finance, human resources, information technology, institutional governance and management,

as well as office running costs) decreased by €82,746 in 2018, representing 10% of total expenditure (2017: 11%). Focus on internally led activities did not imply a reduction of the financial support to the movement, which increased by 4%, further improving on 2017 results, when it had grown by 20%. As such, support to partners is now 44% of the total TI-S expenditure and continues to be the most significant expenditure item. The change in the regional concentration of project-partner support was driven mainly by increased funding to Europe and Central Asia, who, with 36% in 2018 (2017: 26%), remains the largest regional recipient of partner support from TI-S.

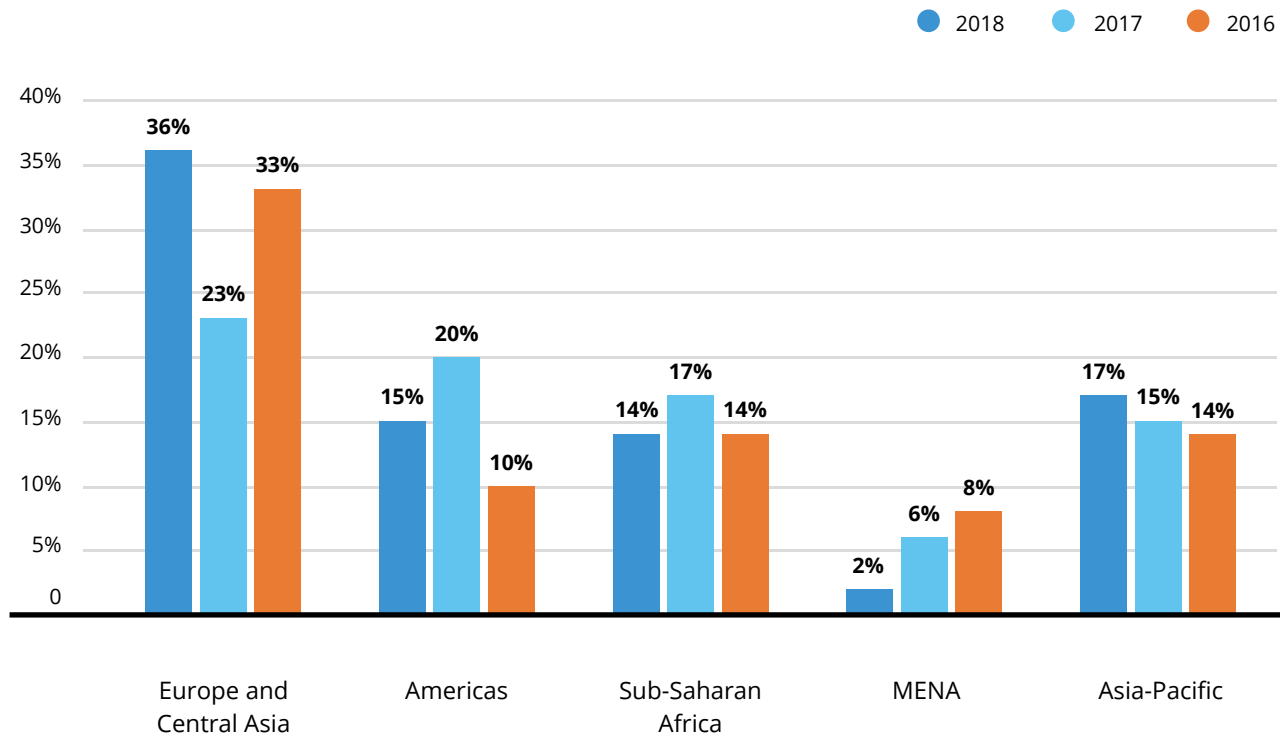
Expenditure: 2016-2018



all amounts are stated in Euros

● Staff	6.538.230	6.853.968	9.698.698
● Chapter support	10.574.883	10.180.289	8.462.967
● Honoraria	2.897.245	2.158.160	2.229.888
● Travel & training	1.826.099	949.348	1.390.626
● Premises	533.957	589.826	596.751

Partner support



Partner support by region, 2016-2018

all amounts are stated in Euros

	<u>2018</u>	<u>2017</u>	<u>2016</u>
COALITION PARTNERS			
Europe and Central Asia	3.764.798	2.369.853	2.833.433
Americas	1.617.669	2.074.298	811.114
Sub-Saharan Africa	1.514.190	1.775.429	1.198.098
Middle-East and North Africa	198.346	616.862	709.156
Asia-Pacific	1.831.728	1.520.211	1.203.578
COALITION PARTNERS, TOTAL	<u>8.926.731</u>	<u>8.356.653</u>	<u>6.755.379</u>
OTHER PROJECT PARTNERS	<u>1.648.152</u>	<u>1.823.636</u>	<u>1.707.588</u>
PARTNER SUPPORT, TOTAL	<u>10.574.883</u>	<u>10.180.289</u>	<u>8.462.967</u>

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