

Annual Report 2004 / 2005

- For the period: 1.1.2004 – 30.6.2005 -



**TRANSPARENCY
INTERNATIONAL**
Deutschland e.V.

Annual Report 2004/2005
For the period: 01.01.2004 – 30.06.2005

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Dear Members, Donors and Friends of Transparency International,

Shortly before this report was written, the Bundestag passed the Freedom of Information Act demanded by society for many years. It was an important step on the road towards transparent and people-friendly governance made possible by the concerted efforts of Transparency International (TI) Germany and four other non-governmental organisations. There are already freedom of information acts in over fifty countries of the world which guarantee their citizens access to documentation. Now Germany's citizens also have access to documentary sources held by the federal administration that were previously restricted, even if that access is limited by numerous exceptions. Transparency is a major tool against corruption for TI. Regarding the right of access to documentation across the federal states, however, our fight must go on. So far, there are only freedom of information acts in Berlin, Brandenburg, North Rhine-Westphalia and Schleswig-Holstein.

With the report before you, our Managing Director, Dagmar Schröder, outlines the highlights of TI Germany's work in the year 2004 and the first half of 2005. My sincere thanks to her and her very small team for their outstanding work!

You can find more information about our activities beyond those mentioned in this report on our website: www.transparency.de. We are also happy to answer your enquiries or accept suggestions by email, at office@transparency.de, or by phone, on +49-30-5498980.

Sincerely,



(Dr. Hansjörg Elshorst)
(Chairman)

1. Key Issues and Activities

The subject working groups and regional working groups have spent the time covered by this report in conceptual work and the development of organisational structures. Not least because these groups are exclusively voluntary, a considerable amount of time is still needed before a widespread impact can be achieved in all important areas. Of note is the fact that TI Germany has increasingly worked in coalition with other non-governmental organisations (NGOs) since 2004, achieving by this means important synergy effects and the ability to promote issues more effectively. Examples of these initiatives are TI Germany's membership of the international NGO Network **OECD Watch**, since April 2004, and its joining of the **Verbraucherzentrale Bundesverband** (head office of the national federation of consumers), as member, in October 2004. All this institutional groundwork also serves to optimise TI Germany's central strategy to counter corruption, which we believe can be encountered at all levels of society. For the same reason it is important to remain open to using opportunities, such as scandals, in a flexible manner. We will be able to react to such opportunities – which are predictable from existing trends - with increasing competence if we are involved in a broad palette of issues in a more systematic way, and if we also broaden our contact base. Prepared in this way, TI Germany can succeed in achieving the necessary standing in the public eye and have long-lasting influence despite limited resources.

Although Germany continued to improve its score and ranking in the annually published TI Corruption Perceptions Index (CPI), in 2004, it was still possible to detect serious areas of weakness in the prevention and prosecution of corruption in all sectors of society.

Thus, despite promises in the Coalition Agreement of the Government for the development of a Freedom of Information Act, neither the Ministry of the Interior nor the parliamentary parties came up with a draft proposal, even though the introduction of such an act had been officially planned for years by the parliamentary parties of government. It was intended to give citizens the right of access to bureaucratic documentation without having to give an explanation; thereby ensuring corruption could not flourish. But Germany was one of the last countries in Europe to introduce such a law and thus, at the beginning of 2004, TI Germany joined forces with the Humanist Union, *Netzwerk Recherche*, the German Federation of Journalists, and the German Union of Journalists, to develop their own proposal for a nationwide **Freedom of Information Act**, and to launch a campaign in support of the passing of this act.

On April 2, 2004, the organisations presented their proposal to the public and officially handed it to the President of the Bundestag, Wolfgang Thierse. Subsequently, with the help of the Bertelsmann Foundation and the organisation *Politik Digital*, the group also launched a website, www.pro-information.de, to gather signatures for the passing of a Freedom of Information Act, and also

started a poster campaign in Berlin in support of the right to see official documentation. In parallel, the campaign also received impetus from numerous press conferences and subject-specific statements, as well as many conversations with members of parliament from the coalition party groups SPD and *Bündnis 90/The Greens*: For example, with Jörg Tauss from the SPD, and Silke Stokar von Neuforn, and Grietje Bettin from *Bündnis 90/The Greens*.

In June 2005, the German Bundestag passed the proposal for a Freedom of Information Act put before it by the parliamentary party groups, despite dissenting votes from the CDU/CSU MPs and the abstention by FDP MPs. The passing of the act was endangered right to the end, however, by the ambiguous attitude of the FDP. It was finally passed by the Upper House of German Parliament as well, on July 8, 2005, and can therefore become law on January 1, 2006.

For their high level of commitment and organisational skill in working with the other non-governmental organisations in the Freedom of Information Act Coalition, we must thank the two members of TI Germany with responsibility in this area, Reinold E. Thiel and Dieter Hüsgen.

At regional state level, thanks to the commitment of our member Dr. Heike Mayer, a programme of activities in support of a **Freedom of Information Act** could also be developed in **Bavaria**. The initiative to introduce a Freedom of Information Act in Bavaria was developed by TI Germany, *Mehr Demokratie e.V.*, and the Humanist Union. These organisations together produced an informational brochure on the subject of access to information, and also prepared their own proposal which serves as the basis for discussions with representatives of the Bavarian State Government and members of parliament. In tandem Bavarian municipalities are also to be persuaded to introduce and use regulations to enable free access to information at community level. Several municipalities have already indicated their co-operation. Heike Mayer and Dieter Hüsgen have taken over joint responsibility for the project management of the **Subject Working Group for Transparency in Administration/Freedom of Information Act**, since January 2005, dividing the work between them.

The introduction of a **central register** of companies, who have been detected committing bribery offences during public contracting, is also long overdue. The duration for which a company should be excluded from bidding for further public contracts should, in the opinion of TI Germany, be dependent on the gravity of the crime, and also on the measures taken by the company to eradicate their irregular practices. Such a register is of great relevance, especially in Germany, where companies cannot be prosecuted in the criminal courts. TI Germany has publicly committed itself to such a register, and has also pursued the subject with relevant individuals. The register finally became part of a package intended to reform public procurement legislation, with which the federal Ministry for Economy and Work (*Bundesministerium für Wirtschaft und Arbeit, BMWA*) wants

to fall in line with European guidelines for public procurement. The ministry intended to use this opportunity to reduce the over-regulation and bureaucratic burden of existing public procurement legislation, and reduce its administration to a more practical and efficient level for the economy.

Into this highly controversial discussion TI Germany has introduced the idea that a high level of transparency in the usual working processes and targeted sanctions for offences against legal guidelines can make the reduction of bureaucracy and the increase in integrity entirely compatible. During the course of their work for the **TI Subject Working Group for a Central Register and Public Procurement**, Dr. Justus Woydt, Dr. Michael Wiehen, Thomas Maibaum and Dr. Hansjörg Elshorst presented a schedule of key points for the introduction of a central register, as well as suggestions for a new regulation of public contracting. In addition, they also had conversations with civil servants from the BMWA ministry, with members of parliament, and representatives of industrial organisations, and wrote public statements. The BMWA ministry took up our focus on transparency; however, their working proposal for a new law on public procurement, published in October 2004, did not go far enough for us in the end. Nevertheless, we did welcome the fact that the government has put forward a proposed law for discussion which will introduce a central register, even if this has become obsolete for the time being, due to the premature calling of national elections in 2005.

In addition to lobby work, there was a continual press relations campaign. Lately, TI Germany took the opportunity to highlight corruption risk factors in public procurement with the publication of the **TI Global Corruption Report 2005**.

At a regional state level, **new public contracting legislation** was passed in **Hamburg**, in March 2004, which excludes 'unreliable' firms from bidding for public works. This was the first time in Germany that sanctions against corrupt company practices were officially embedded in the law, excluding corrupt companies from bidding for public works for limited periods. In December 2004, the state of North Rhine-Westphalia followed suit with an anti-corruption law which also provides for the exclusion of firms from public procurement contracts.

The Integrity Pact (IP), a tool developed by Transparency International, is intended to avoid corruption during the award of contracts in the area of major investment projects. The pact obliges both contract suppliers and contract bidders to forgo corrupt practices. Contrary actions will be penalised with punitive fines as well as exclusion from future contract bidding. In addition, adherence to the pact will be monitored by representatives of non-governmental organisations.

After numerous successful experiences of using this tool abroad, this type of integrity pact was used in Germany for the first time in June 2004. In conjunction with TI Germany, the **Rhein-Sieg-Abfallwirtschaftsgesellschaft mbH (RSAG)** developed an Integrity Pact which has since become a firm part of contract bids

for the RSAG from now on. Independent observers were, however, excluded from this contractual development. Nevertheless, a firm of solicitors had earlier confirmed in a written statement that there are no legal obstacles for the use of the Integrity Pact in Germany.

In mid 2004, representatives of **Berlin-Schönefeld airport** contacted TI Germany with a view to exploring ways of using the Integrity Pact during the expansion of the airport, and it is thanks to the great commitment of Michael Wiehen that we could present the public with the integrity contract for the future contracting process for the airport, at the beginning of February, 2005. The Berlin specialist in contract law, Prof. Peter Oettel, was won for the role of independent observer. Thus in this project the Integrity Pact was applied for the first time in its full form within a legal contract in Germany.

At the same time, Michael Wiehen succeeded in building up an **Integrity Pact Subject Working Group** whose members were first given the opportunity to familiarise themselves with the legal details of the Integrity Pact during a training session, and were then able to support the negotiation of the contract for Berlin-Schönefeld airport effectively.

The **Corruption Prevention at Local Authority Level Working Group** laid an important foundation stone for future activities in this crucial area of work in the year 2004. During three conferences and under the auspices of Prof. Dr. Dieter Biallas and Justus Woydt, the roles of administrative management, municipal deputies and civil society, and especially of local media, were researched. Furthermore, delegates discussed the question as to what extent privatisation fosters corruption at local level, and with what measures this could be avoided. The conferences were made possible by a successful partnership between the subject working group and the Federal Centre for Political Education, the *Netzwerk Recherche*, and the Protestant Academy of Berlin/Brandenburg.

The results of these conferences were collated in a working paper at the beginning of the year 2005, which is intended to serve as a guideline for future activities. On the basis of this paper, our work was also expanded to include a broader set of people. An initial meeting of twenty interested TI Germany members, held at the beginning of June 2005, led to the foundation of the **Corruption Prevention at Local Authority Level Working Group** – a very successful meeting.

During the period this report refers to, members of the subject working group were also invited to give presentations to local authorities and politicians, and they presented papers at conferences on various aspects of corruption prevention at local authority level.

As 2004 turned to 2005, TI Germany's expertise was in great demand on the topic of corruption in politics due to a number of scandals resulting from the

undeclared work and income of a number of politicians. The subject topped the headlines in the press for several weeks and TI Germany was incessantly asked for assessments and commentary on the cases discovered during this time. In tandem, a subject working group that was only founded in November 2004, under the leadership of Dagmar Schröder, developed a policy paper including suggestions for **new regulations governing the Code of Conduct for parliamentary members as well as the parliamentary act**. In this paper, TI Germany calls for a much clearer formulation of the transparency rules, while still permitting extra-parliamentary work by politicians. However, information on the employers of politicians and the size of their fees must be openly available to the electorate. In this way it ought to be easier to recognise possible dependencies and conflicts of interest.

At the end of January 2005, the subject working group presented its detailed suggestions for the new regulations governing the Code of Conduct for parliamentary members and the parliamentary act to government executives and leaders of all the parliamentary parties represented in the Bundestag. The paper called on its recipients to respond swiftly to restore the lost confidence of the electorate.

As a result of a schedule of key points developed by the SPD, *Bündnis 90/The Greens* and the Commission of the Council of Elders for the Legal Status of MPs began developing a new act. However, when agreement could not be reached, the parliamentary party groups brought their own blueprint to the Bundestag and on June 30, 2005, the Bundestag passed both their draft proposal for a new parliamentary act and their proposal for a new formulation of the regulations governing the Code of Conduct for parliamentary members. The CDU/CSU parliamentary groups withheld their votes, while the FDP parliamentary group rejected both draft proposals. Nevertheless, both regulations will become binding from the next legislative period onwards. The new Code of Conduct requires that in future parliamentary members must declare their supplementary income in income brackets and publish them on the Bundestag website.

During the period of January to June, 2005, representatives of TI Germany initiated a number of exchanges with parliamentary members and functionaries of all the factions represented in the Bundestag. (SPD: Wilhelm Schmidt and Klaus-Uwe Benneter; Bündnis 90/The Greens: members of the federal executive committee; FDP: Max Stadler; CDU/CSU: Peter Altmaier) In addition, they also mounted an online campaign in association with the campaign network, **Campact e.V.**, entitled "Supplementary Income must be declared: Limit Lobbies". This campaign enabled supporters, for example, to send emails to their constituency representatives, or to members of the Commission of the Council of Elders for the Legal Status of MPs, demanding more transparency regarding MP's supplementary income, as well as for legal steps to be taken. This joint initiative with *Campact e.V.* proved to be very successful and added weight to our demands of parliamentary groups.

On the occasion of Anti-corruption Day on December 9, 2004, TI Germany held a press conference demanding new regulations regarding facts constituting an offence under the **law governing bribing of members of parliament (108e StGB)**. However, in this area of its anti-corruption in politics work, TI Germany was less successful. Germany must considerably tighten up its regulations on bribes to MPs before it is in line with the requirements of the **UN Convention against Corruption**, to which Germany is a signatory. TI Germany presented a schedule of key points with suggestions for a new phrasing of the *108e StGB* law and also contacted the Ministry of Justice to discuss them but, despite these efforts, neither the federal government nor any of the Bundestag factions came up with a draft law before the parliamentary summer recess of 2005. TI Germany will in future redouble its efforts regarding reform of the regulations governing bribes in parliament, not least in order to pave the way for the UN Convention against Corruption to be ratified in Germany. In order for the Convention to have relevance in those countries where our sister organisations are fighting massive corruption, it must also become recognised and applied in the industrial nations.

The **TI Subject Working Group for Corruption in Politics**, founded in November 2004, enjoys a steady flow of interested TI members. With the help of regional media, this group planned a campaign for the prematurely called national elections, during which it put pressure on potential candidates to declare their supplementary work and income to the electorate, assuming they were going to be elected.

At the beginning of August, 2004, in the context of monitoring of the **OECD Convention on Combating Bribery of Foreign Public Officials**, TI Germany challenged industrial associations in the country to advertise more forcefully the new legal framework in force since the passing of the international law on bribery. In the same year, the International TI Secretariat initiated a reporting system (Report Cards), which is designed to give information regarding improvements made in the application of the OECD Convention in the signatory states. The **Subject Working Group for Monitoring the OECD Convention**, led by Jan Richter and board member Michael Wiehen, participated in this new initiative, so that information about the situation in Germany could be included in the global report delivered to the OECD by Transparency International. In future, this subject working group will concentrate on, among other things, the improvement in transmitting information about international bribery cases to the German prosecution services.

In order to reduce reliance solely on the judiciary and prosecution services which, due to a lack of political will and often insufficient resources regularly fail to make use of the legal possibilities offered by the OECD Convention, TI Germany – in conjunction with the Corporate Social Responsibility and Accountability movement – is increasingly campaigning for a more effective use of so-called international *soft laws*, or *hybrid laws*, which are a mixture of voluntary and

compulsory codes. At the beginning of 2004, a **TI Subject Working Group for Corporate Accountability: Monitoring the OECD Guidelines for Multinational Enterprises** was founded under the leadership of Shirley van Buiren. In co-operation with NGOs and unions, this group campaigns for a more effective use of the OECD Guidelines by civil society, to use as a tool for exercising constructive influence on company behaviour.

Even though the OECD Guidelines, which also cover the subject of anti-corruption, are not legally binding for companies, the signatory states have all agreed to foster a global adherence to and application of those principles via monitoring procedures. National contact points have the duty, among other things, to publicise the OECD Guidelines and their application in industry, to resolve difficulties in application, and to mediate between parties where violations of the Guidelines have been reported. During the period covered in this report, targeted co-operation with the three other NGOs represented at the German national contact point has resulted in the TI subject working group successfully transforming an initial reluctant tolerance of NGO input into respect, even if participation is not always welcome.

Since the German contact point's commitment to effective implementation of the OECD Guiding Principles still does not come close to realising the potential offered by them, nor does it make full use of its opportunities for influence, the TI Germany subject working group is renewing its efforts to co-ordinate its activities more closely with other international NGOs in order to increase TI Germany's influence on the contact point, and thereby also improve the effectiveness of the OECD Guidelines.

Shortly after the foundation of **OECD Watch** – the international NGO network that promotes the best possible application of the OECD Principles worldwide – TI Germany became an official member. OECD has, meanwhile, become a very effective NGO association which is also recognised by the OECD Investment Committee in Paris.

Under instruction from this organisation, Shirley van Buiren has used lectures and publications to present suggestions for improving the effectiveness of national contact centres and to outline the impact of the Principles.

In December 2004, a team from the **Group of States Against Corruption (GRECO)** reviewed the effectiveness of anti corruption work in Germany for the second time and, as the leading organisation in the fight against corruption, TI Germany was invited to a hearing, in which Chairman Hansjörg Elshorst and Managing Director Dagmar Schröder took part. At the heart of this hearing were the difficulties associated with granting international legal aid, and the skimming off of excess profits in relation to corruption proceedings. The GRECO team's published recommendations contain a number of suggestions for German law makers, by which they could improve the fight against corruption.

In November 2004, under the auspices of Dr. Anke Martiny, the **Subject Working Group for Fighting Corruption in the Health Service** published a study entitled: *Failures of transparency, fraud and corruption in the German health service*, which summarises the conclusions this group has reached after many years of work. The publication provoked major media interest and the study has since been in such demand by representatives of health services and other interested parties that a second edition is in preparation. Furthermore, representatives of this subject working group attended a number of subject-specific conferences, such as the *European Healthcare Fraud & Corruption Conference* in London, and *Medica* in Düsseldorf.

At the beginning of 2005, areas of responsibility within the subject working group for health services were restructured and new sub-committees were founded, covering among other subjects, fraudulent billing, the pharmaceutical industry, pharmacies, and self-help groups.

Activities in the area of **corruption prevention in the private sector** during 2004 concentrated on the Global Compact issued by UN Secretary-General Kofi Annan. In June 2004, the companies and organisations associated with it took a majority decision to accept a tenth principle into the catalogue of principles, namely: *“Businesses should work against all forms of corruption, including extortion and bribery”*. On the occasion of the acceptance of this anti-corruption catalogue, GTZ (working in international cooperation for sustainable development), SAP (an international software provider) and TI Germany organised a workshop in November, 2004, to discuss ways and means of putting the principles into practice. A further workshop on fighting corruption, supported by TI Germany, was offered at a meeting of German Global Compact members, in April 2005.

In addition, TI Germany was represented at numerous events targeting corruption in the private sector, throughout 2004, by the board member responsible for this area: Dr. Peter von Blomberg. Development of the **TI Subject Working Group on Anti-corruption Measures in the Private Sector** was begun in June 2005.

In September 2004, the board decided that TI Germany should participate in a steering group with an advisory role for a feasibility study investigating the development of an on-line data bank about the non-profit making sector, which is intended to make information about German NGOs and trusts more easily accessible. This project was initiated by **Guidestar International**, a US-British organisation that promotes transparency and efficiency in the non-profit making sector by publishing regularly up-dated, detailed information on the staffing and financial positions of charitable organisations, as well as on their work. The Guidestar sections in the USA and UK receive this information directly from the charities themselves according to existing legal requirements. In return, these

organisations can optimise their donation acquisition programmes and advertise for staff and voluntary workers.

The initial phase of this feasibility study looked into whether the necessary conditions for introducing such a data bank in Germany are in place. The results showed that a data bank covering the non-profit sector in Germany would certainly be desirable. However, the long-term financing and credible data for it are probably not available without changes being made in the law. A decision will soon be taken on the study's next focus of research, and TI Germany will be represented on the steering group by TI member Folkard Wohlgemuth.

2. Strategic Goals Achieved

Emphasis during the continued strategic development of the organisation in 2004 was on realising the suggestions made during the strategy meeting held in Fulda, in November 2003. To develop a detailed plan, a **strategy working group** was founded, which consists of the Chairman, Hansjörg Elshorst, the board member responsible for strategy, Karenina Schröder, and the Managing Director, Dagmar Schröder.

A first step was to develop criteria that would allow TI Germany to set priorities within the broad range of its work areas. The aim was to strengthen a clear organisation profile and to concentrate the limited resources on a few key topics to increase effectiveness in these areas. In accordance with these agreed criteria, key topics must have the best possible chance of impacting on the fight against corruption and must contain a high potential for actual influence. They must be topics that the public expects TI Germany to act on, but they must not be issues that another organisation could deal with more effectively. Furthermore, key topics should offer realistic participation opportunities for TI members. Issues that do not fall into the category of key topics can still be pursued, as long as members take independent responsibility for them. However, the small resources of our organisation can only be applied to a limited degree to these additional subject working groups.

The application of our agreed criteria on existing areas of work means that TI Germany is now concentrating its efforts on nine key subject areas and nine further associated topics. The nine key subject areas comprise: **Corruption in the Health Services; Anti-corruption Measures at Local Level; Transparency in Administration and the Freedom of Information Act; Central Register; Anti-corruption measures in Business; Corruption in Politics; Public Contracting and the Integrity Pact; Monitoring of the OECD Convention; and Whistle-blowing**. Organisational duties within TI Germany are in addition to these, which are often also carried out by volunteers.

Another recommendation from the strategy meeting was to extend **TI Germany's** organisational leadership to include those responsible for subject and regional working groups. The thinking behind this was that by including the most active members in organisational responsibilities, the board as a whole would have more freedom to deal with overall strategic issues. TI Germany's increased recognition is best served by these measures and they also address the additional requirements arising out of our new structures and campaign focus. In regard to this, the strategy meeting made a further recommendation which was accepted at the board meeting held in Kassel, in April, 2004, and which has been in force since elections for the new board. Under the new organisational structure, the board is now limited to ten members, who are less than in the past personally responsible for subject or regional working groups. Though in order to guarantee cohesion, each member of the board has an **area of responsibility** so that all subject areas and regions are covered. Board members are expected to use this freed time to flexibly react to unplanned eventualities or opportunities and deal with overall strategic issues. They must have a good overview of TI Germany's work so that they can best represent the organisation in public.

Step by step the **leaders of subject and regional working groups** take on complete responsibility for specific subject areas, as well as for the development and care of their group. Regular communication between these subject and regional working group leaders and their responsible board members is key. Also, once a year, subject working group leaders and regional working group leaders are to present their work, their successes and their problems, to the board as a whole.

Furthermore, the board, management, subject and regional working group leaders will meet once a year to discuss fundamental issues in greater detail and to foster a good working relationship with the extended leadership. An initial meeting of the board, management and subject working group leaders took place in **Eisenach, in April, 2005**, intended to identify recurring structural problems within the subject working groups and discuss solutions. In advance of this meeting, the current organisational structures and medium term objectives of all subject working groups were gathered in a systematic overview. One of the key solution proposals generated in the meeting was that subject working group leaders need to concentrate much more on people development. For there was an impressive knowledge in most of the subject areas, but the development of an efficient working group to diffuse this knowledge were often lacking. A significant responsibility of any subject working group leader must therefore be to develop a subject working group that can rise to the challenge presented by increased expectations from the general public and the growing membership, and provide sustained and appropriate service representing TI Germany. For this to occur, new members must be directly encouraged to contribute their expertise to the group, a communal store of knowledge must be secured, more responsibilities delegated and voluntary members of subject working groups must be motivated to contribute.

The meeting in Eisenach was also successful in developing a unity and strength of purpose within the newly extended leadership, and for this we must also thank Karenina Schröder, for organisational preparations, and Dr. Ameli Lüders' excellent chairing – a significant contribution.

A meeting of the board, management and regional working group leaders took place **in Munich, on June 26, 2005**. An important topic for discussion was the coordination between subject and regional working group leaders, when the latter wish to work on regional aspects of a national subject working group. Communication needs to be intensified in order to avoid overlaps and increase synergy. The next meeting of the extended leadership of TI Germany in Eisenach was therefore already scheduled, in favour of a meeting of all leaders of the subject and regional working groups. Once again, we must thank Karenina Schröder for the preparatory work and for chairing the meeting in Munich.

At both gatherings and subsequent board meetings it was, however, agreed, that despite the positive changes to our organisational structure, TI Germany must maintain its flexibility.

A further need that became clear during the strategy meeting in Fulda was for the **restructuring of the advisory council**. In accordance with its constitution, TI Germany has had an advisory council since its inception which, particularly during the initial phases, helped the organisation gain access in important places. In recent years, however, as TI Germany has consolidated and become firmly established in the public eye, this council has moved into the background. Thus, during the course of a lengthy discussion process throughout 2004, it became clear to the board that a new advisory council with a new remit was needed. Business is now represented elsewhere within TI Germany and need not also be the focus of the advisory council. Rather, the membership should come from the non-profit making sector and other areas of civil society focusing, at least in part, on the public good. In this way, TI Germany's ability to understand the bigger picture represented by both traditional and contemporary organisations, including the media, should be improved, as well as its access to the academic world. The new advisory council is also intended to support increased efforts to build coalitions with other non-governmental organisations and to improve our contact base.

By the beginning of 2005, eighteen personalities had been won for work on the advisory council including, for example, the political scientist, Prof. Ulrich von Alemann, the commissioner for the records of the state security service of the former DDR, Marianne Birthler, and the journalist and author, Hans Leyendecker. The former commissioner for press freedom of the Organisation for Security and co-operation in Europe (OSCE), Freimut Duve, declared himself willing to chair the advisory council for the first year. After that, the advisory council is to be responsible for nominating its own chair. TI Germany member Lene Møller-

Jensen, took over the organisational co-ordination of the new advisory council on a voluntary basis.

Members of the board and the new advisory council came together for an initial informal meeting in Berlin, in April 2005. In addition to an early exchange of ideas and goals, it was also possible to prepare a meeting of the new advisory council as a whole. This will take place within the framework set for the membership conference for the entire Transparency International movement, scheduled for November, 2005, in Berlin.

3. Press and Public Relations

Leading on from initiatives in the year 2003, additional measures were taken in 2004 and 2005 to further improve TI Germany's press and public relations work. Transparency International's enhanced presence in Germany increasingly requires a professional approach to relations with the media and the general public. With this in mind, we welcomed and supported the idea put forward by our member Christian Wehrmann, to conduct an evaluation of TI Germany's PR work, together with suggestions for improvements. The 64-page study received in August 2004 analysed the strengths and weaknesses of TI Germany's press and public relations work to date and recommended measures for continued professionalisation. Since, for reasons of cost and capacity, we are unable to follow up all the recommendations mentioned in the report immediately, they will continue to be a valuable source of ideas for some time. Beyond this, on the basis of his experience of many years as a television journalist, Jochen Bäumel has increasingly supported the public relations work of TI Germany, thereby making a significant contribution towards our professionalisation since 2004.

a) Evaluation of Press Work

It has been possible to assess more accurately than previously the level of interest in corruption and related topics in the media via daily on-line media research and a twice-weekly electronic press review, although it must be borne in mind that due to budget constraints, only freely available online articles will be accessed and archived in the press review for the foreseeable future. Within the confines of this limited analysis, we can report that the German media covered TI Germany and Transparency International 880 times in 2004 – as compared with 234 times in the previous year, from July to December, 2003. Coverage of Transparency International in Germany has therefore more than doubled from the previous year, and the number of members that use our free electronic press service has also continued to rise in 2004/2005, and now lies at close to 150 subscribers. (100 in 2003). In addition, since December 2004, articles from our press review have also been archived under subject headings on the **homepage of our website**. In this way the service can also be accessed by interested non-members. This additional service was made possible through the work of

honorary members in our organisation, whom we wish to thank wholeheartedly. In this context, a particular word of thanks must go to our member Lorenz Kummert, for his sustained support.

In 2004, TI Germany issued **19 press releases** (15 in 2003) and organised **10 press conferences** (3 in 2003), which also underscores our significantly increased PR work. The key issue was the **campaign for a Freedom of Information Act** at national level and to this end five press releases were issued in 2004 and two press conferences were organised. (For more on this subject see 'Key Issues and Activities'). Ten of the nineteen press releases issued in 2004 (just one in 2003), were put out in association with other organisations, and TI Germany has increasingly taken the opportunity to address issues **together with other partners**, thereby significantly increasing the impact of its campaigns.

Considering **the number of participants at the press conferences**, and the subsequent **media impact**, it is clear that with **over one hundred features in the press, on radio and on TV**, our press conference on the publication of the Corruption Perceptions Index (CPI) lay at the heart of bringing it to public notice. Over seventy media reports resulted from our press conference on the publication of the study on corruption, fraud, and the lack of transparency in German health services. An equally extensive coverage (over 60 media reports) was achieved by the press conference on the occasion of Anti-Corruption Day, on 9. December, 2004. At that event no less than three issues were highlighted: prosecution of corruption, bribes to MPs, and the publication of the TI Corruption Barometer.

A good, mostly regional press response was achieved by our two press conferences on the announcement and publication of the benchmarking on corruption, on the occasion of the local government elections in North Rhine-Westphalia; and also after the press conference for the Integrity Prize awarded to Lothar Hermes, from Dresden.

Beyond this, TI representatives were increasingly in demand for **comments on corruption scandals**. Thus, in 2004, experts from TI Germany were interviewed among other things on: the corruption scandal around the stadium building in Munich; the Adlon Affair connected to the former president of the *Bundesbank*, Ernst Weltecke; the property scandal in Frankfurt am Main; the report issued by the internal audit of the Ministry of Transport on corruption in transport; and also, of course, on the revelations regarding illegal supplementary income accepted by MPs. Good use was made of these opportunities to substantially increase the presence of TI Germany in the media.

b) The Website: www.transparency.de

As already mentioned in the annual report for 2003, TI Germany has presented its campaigns on a new website since the beginning of 2004. In addition to modernising the design, the content has also been restructured and considerably extended. TI Germany's accessibility and professional image on its internet site has thereby been significantly improved. On average, our website pages were accessed almost 2000 times daily in 2004, and from January to December 2004 the number of hits increased steadily. Subsequent to our press conferences on the Corruption Perceptions Index (CPI), in October 2004, and the publication of our study on corruption in the health service, in November 2004, the TI Germany website received an especially high number of visits.

The website offers a dedicated space for journalists to access press releases, invitations to press conferences, and so on, where they can also register for the electronic news services run by the organisation. These new tools, along with the opportunity for on-line research in our press archive, represent a significant expansion of our services to the media, and have also resulted in increased media reach for TI Germany.

On the occasion of Anti-Corruption Day, on December 9, 2004, called by the United Nations, we extended our web page to include a campaigns page with a special logo, where we have outlined TI Germany's ten central demands. Photos and quotations from prominent supporters, among them, Prof. Jutta Limbach and Prof. Hans-Olaf Henkel, were also included. In addition, the campaigns page listed detailed information on TI Germany events planned for December 9, 2004, as well as a donation portal.

The initiation of this new web page has created a secure on-line portal for TI Germany to receive future donations (see also 'Finances'). Furthermore, interested parties have been able to apply for membership on-line since last year.

c) Publications

Christian Wehrmann's analysis showed, among other things, that TI Germany – in contrast to other non-governmental organisations – publishes relatively few printed materials. This can no doubt mainly be attributed to the limited financial resources. Nonetheless, printed materials are important tools for internal communication, and even more so for the promotion of external publicity.

The quantity of printed materials in 2004 was significantly increased. The **draft for a Freedom of Information Act**, co-authored by TI Germany, *Netzwerk Recherche*, the German Federation of Journalists, the German Union of Journalists, and the Humanist Union, was published as a printed brochure in

April 2004. In November 2004, TI Germany published its study on **failures of transparency, corruption and fraud in the German health service** and. With the generous support of our corporate members, SAP and GTZ, the organisation was also able to publish a German translation of the **TI Business Principles for Countering Bribery**. Due to the high number of requests, a second edition of the brochure, **ABC of Corruption Prevention**, was printed towards the end of 2004. Also, at the beginning of 2005, we reworked the content of TI Germany's **Introductory Flyer**, and gave it a new design.

The ever-popular **TI Newsletter** appears three to four times a year as a PDF document, since it is sent to most subscribers via email. A new innovation is that one can also subscribe to the newsletter for free with a click of the mouse on our website. We express our sincere thanks at this point to the editor of the newsletter, Carsten Kremer, for his consistently excellent work.

d) Events

As every year, TI Germany organised a thematic conference in Berlin, in 2004, to take place on the day before the Annual General Meeting. The title of the conference was **“In the shadow of the public – the media and corruption”**. Along with the Federal Centre for Political Education, TI Germany invited journalists, PR experts, academics, politicians and interested members of the public to the *Haus der Deutschen Wirtschaft* on October 28, 2004. Specialist lectures by renowned journalists, publishers and academics ensured high numbers in the audience and lively discussions. In the evening, the award-winning documentary, *Power Trip*, was shown in the Berlin cinema, *Arsenal*, with a post-show review by, among others, the specially invited director, Paul Devlin. Responsibility for concept and content of the entire conference for TI Germany was carried by board member Anke Martiny. Organisational help for the event was given by our member Wolfgang J. Fischer, and for financial assistance for the conference we would like to thank the Federal Centre for Political Education, as well as the Apfelbaum Trust and the American Embassy.

During the UN Global Compact Leaders' Summit, in June 2004, the members agreed to a ten-point principle of commitment to the Global Compact against Corruption. Since the Chairman of Transparency International, Prof. Dr. Peter Eigen had suggested such a commitment at the founding event of the Global Compact, and had campaigned for it tirelessly ever since, the acceptance of this ten-point principle was largely credited as a TI success. TI Germany, in association with SAP and GTZ, therefore took this occasion to mount a two-day event, entitled **“The 10th Principle in Practice”** in Berlin, in November, 2004. Participants discussed tools against corruption in the private sector, and their use in practice, in concurrent workshops.

Again and again we hear that an important factor in the improved detection of corruption crimes lies with increased exchange of information between federal state prosecution offices and others involved in the pursuit of corruption. As such an exchange is not facilitated by the state; TI Germany offered all federal state prosecution offices working in the area of corruption the opportunity to gain this information during a two-day conference. The conference, entitled “**The Prosecution of Corruption: Possibilities and Limitations – Sharing Experience**”, took place in Berlin in conjunction with the first global Anti-Corruption Day, on December 8 and 9, 2004. On the first day of the event around forty public prosecutors met for a closed session on sharing experience. The second day was aimed at a wider audience, and about 200 people responded to our invitation. During a press conference, TI Germany presented a catalogue of suggestions for law makers and administrators, based on the public prosecutors’ discussions. Post-event feedback from the public prosecutors was entirely positive. The discussions and conclusions reached during the conference are to be published in a brochure in 2005 and the information exchange is scheduled to continue in 2006. Responsibility for content and concept of the event was carried by Reinold E. Thiel, Peter Fries and Michael Wiehen.

Within the context of a press conference, TI Germany presented a **National Integrity Prize** for particular services in the fight against corruption for the first time, in December 2004. The winner was the **lawyer, Lothar Hermes**, from Dresden, who uncovered corrupt practices in the building of rubbish incineration plants and sewage works, as well as on a road-building project, in Saxony. He thereby brought to light an entire network of agreements and back-room contracts that have caused considerable financial damage to local authorities in Saxony. This prize is worth € 1000, which the recipient can use in the prevention of corruption campaign.

To celebrate the ten-year existence of the **TI Corruption Perceptions Index (CPI)**, TI Germany and the University of Passau mounted a joint conference in June 2005. The Corruption Perceptions Index was developed by Prof. Johann Graf Lambsdorff at the University of Göttingen ten years ago and both there, and since his acceptance of a professorship at the University of Passau, he has been assembling the index ever since. Both universities have given him considerable support in the statistical preparations for the index. TI Germany also chose to propose and mount this conference in Passau to honour Prof. Johann Graf Lambsdorff and the two universities for their contribution towards one of the most important social science projects in the world. Consequently, the two-day conference focused on the application of the CPI in research, and numerous social scientists from the most diverse backgrounds reported on studies mounted with the CPI as their starting-point. For their generous financial support for this conference we would here like to thank our corporate members, SAP, Robert Bosch, and the Apfelbaum Trust.

In addition to these conferences organised by TI Germany, TI representatives very often chaired other events, podium discussions or meetings of experts. In 2004, TI Germany speakers were requested via the organisation's office on around one hundred different occasions. The numerous public appearances and media contributions made by our international founder and Chairman of TI, Peter Eigen, also ensure that attention to the subject of corruption in Germany does not slacken. Thus, for example, his nomination as "European of the Year" by Reader's Digest, in January 2004, led to widespread coverage of the subject of corruption in the German media.

At international level TI Germany was represented at the Transparency International Annual Membership Meeting (AMM) in Nairobi, in October 2004, as well as at the regional Meeting of European and Central Asian TI organisations in Yerevan/Armenia, in June 2004. We wish to thank our corporate member Lufthansa, at this point for donating a free flight to Nairobi in support of TI Germany's participation in the international AMM. In Yerevan, representatives of TI Germany also contributed to the workshops held on the subject of corruption in politics. Furthermore, it is not uncommon for visitors to Transparency International to contact TI Germany for additional information about its work.

4. Membership Development and Service

It is pleasing to note that the rising membership trend continued in 2004. 93 new individual memberships were registered with TI Germany in 2004, 30 members cancelled their membership in the same year, and eight members were dropped from the membership list. At the end of 2004 the total number of individual members was 450. The number of corporate members rose from 29 to 31, whereby we recorded three resignations (*BDO Deutsche Warentreuhand AG*; *Skill Portal AG*; and the Regional Chamber of Pharmacists for Hessen) and five newcomers (*akzente Kommunikationsberatung GBR*; the city of Halle/Saale; *GTECH GmbH*; *Wirtschaftsgilde e.V.*; and *Control Risks Deutschland GmbH*). Halle/Saale was the second local authority that was won for corporate membership in 2004, in addition to Hilden. The number of reciprocal memberships between TI Germany and other organisations remained unchanged at five.

Prompted by continuing high demand for **seminars for new members**, we have continued to improve the design for these seminars with the help of our member Ameli Lüders. In addition to introducing the goals and working methods of TI Germany, we also wish to use these seminars to offer an initial overview of types of corruption and the options for prevention. At the heart of these seminars lies information about concrete opportunities for new members to get involved in regional and specific subject working groups or in specific jobs, and options for gathering information and documentation about these. As before, the two

seminars offered annually are held in one of the new and one of the old federal states.

In addition to the four established **regional working groups** in Berlin/Brandenburg, Bavaria, Hamburg and North Rhine-Westphalia, an additional regional working group was founded in Hessen on the initiative of TI Germany member Adelheid Tröscher, at the end of 2004. Furthermore, under the leadership of TI Germany member Uwe Henrich, work has recently begun on the development of a regional group for Lower Saxony. The role of regional working groups in the broader picture that is TI Germany has won increasing importance. They provide an access point for members at regional level, offer key information about TI Germany, represent the organisation at local level, and contribute to the furtherance of subject-specific aims.

Focal themes with which regional working groups are occupied in the context of a variety of activities is very variable. For example, in co-operation with other organisations, **the regional working group for Bavaria** mounted three seminars on corruption prevention at local level in 2004 and 2005. At the end of 2004, Raimund Röhrich was elected as successor to leader Dr. Arne Schäffler. **The regional working group for Cologne** used the opportunity presented by the local elections in North Rhine-Westphalia to present candidates and parties in the elections with benchmarking on corruption. The group presented the results of this campaign within the context of a press conference under the leadership of Peter von Blomberg and Ameli Lüders, thus ensuring maximum coverage in the local media. **The regional working group for Hamburg** chose at the beginning of 2005, among other things, to concentrate on developing a draft for a freedom of information act in Hamburg, under the leadership of Jan Richter. **The regional working group for Berlin/Brandenburg** transmits key information about TI Germany's work at regular intervals via introductory lectures. In addition, the Berlin regional working group organised a discussion forum on the role of the Corruption Perceptions Index (CPI) in January 2005, attended at the office of TI Germany by an audience of more than thirty. In January 2005, the Potsdam TI Germany member Martin Eggers, was voted in as the new leader of this regional working group. In addition, on the initiative of Jochen Bäuml, a **Subject Working Group Berlin/Brandenburg** was founded at the beginning of 2005 to work in conjunction with the regional working group, focusing exclusively on the state of the anti-corruption campaign in Berlin and Brandenburg. **The regional working group in Frankfurt/Main** organised a discussion forum on corruption in the health services under the leadership of Adelheid Tröscher and with the support of Anke Martiny and pharmacist Dr. Gabriele Bojunga, in March 2005. The group intends to offer further discussion forums on a variety of topics in future.

An electronic data bank of competencies was established at the end of 2004 as a technical aid facilitating integration of members. This permits the organisation to research the competencies and professional experience of members and to

make targeted information available to the regional and subject working groups. In this way, group queries regarding specific expertise can be serviced more efficiently, and members with particular skills can more easily be deployed to the relevant regional or subject working group.

Furthermore, TI Germany has considerably extended the **extranet page** for TI members only on its website. Using their personal password, members can now access their details, fill in the competency form, or subscribe to the press review. In addition, they can also find the minutes from the board meetings and their most up-to-date communications, as well as dates for corporate members and regional and subject working group meetings. Under "Documentation" (*Materialien*), members can download the latest introductory lecture for TI Germany, a statistical overview on corruption in Germany, or the latest travel cost guidelines and relevant claim forms. Thus a number of internal communications for members can be downloaded at any time now. This encourages the initiative of existing members and also facilitates the inclusion of new members. At the same time we can avoid burdening those members with less interest in receiving information with unwanted emails.

Under the leadership of Peter von Blomberg and Anke Martiny, two forums for corporate members were again organised in 2004. The first meeting occurred in March, at the head office of our member DaimlerChrysler AG in Berlin, where the company's Code of Conduct was used to introduce sample tools for the prevention of corruption, and Hansjörg Elshorst gave a talk on the fundamental views on future co-operation between the organisation and its corporate members held by the board of TI Germany. In October 2004, corporate members met at the head office of Schering AG, where representatives of the company introduced the Code of Conduct for their staff, and afterwards a representative of the GTZ reported on developments in applying the UN Global Compact in Germany.

Bosch GmbH invited the circle of corporate members to Stuttgart in March 2005 where, after a detailed presentation on the guidelines for the prevention of corruption in force at Bosch GmbH, a representative of Hochtief AG reported on anti-corruption initiatives in his company and in the large-scale building trade generally. The lively and interesting discussions during these meetings confirm the value of forming this forum. In particular, the positive feedback received from corporate members shows that with this forum we have found the appropriate setting for sharing experience, for learning from each other, and for discussing concrete measures that can be taken in the prevention of corruption and their uses in companies.

5. Constitutional Issues

Transparency International Deutschland e.V. (TI Germany) is listed in the register of societies under number 16181 Nz at the magistrates' court, Berlin/Charlottenburg. The organisation has its head office in Berlin, but is not to be confused with the secretariat for the international headquarters of the Transparency International movement, which is also in Berlin.

The organisation has individual members, corporate members and corporate members with reciprocal membership. All have the right to vote, whereby corporate members nominate one person each to represent them for voting purposes. According to the most recent rules on membership fees, agreed at the AGM held in Cologne in October 2003, individual members pay an annual fee of €80 since January 2004. Pupils, students, the unemployed and others on a low income pay a reduced contribution of no less than €20 annually, a reduction that is only permitted if communication by email is possible. The annual fee for businesses is on a sliding scale dependent on annual turnover, with a maximum payment of €5,000 due. Corporate members with reciprocal membership continue to be exempt from membership fees.

A new board for TI Germany was elected during the Annual General Meeting (AGM), held October 29 2004. It had previously been agreed by the membership that the number of board members should be limited to ten. Members elected the following individuals to serve in the new board for a period of three years: Jochen Bäumel (Berlin); Dr. Hansjörg Elshorst (Potsdam); Dr. Anke Martiny (Berlin); Dr. Arne Schäffler (Munich); Karenina Schröder (Berlin); Dr. Peter von Blomberg (Cologne); Caspar von Hauenschild (Munich); Dr. Michael Wiehen (Munich); Dr. Justus Woydt (Hamburg); and Jürgen Zerull (Erfurt). In the subsequent meeting of the board, Hansjörg Elshorst was elected as Chairman, and Peter von Blomberg and Justus Woydt were confirmed as the new Vice-Chairs. The board meets four times a year in different locations around Germany, and TI Germany members are entitled to attend.

Almost sixty members and guests took part in the **2004 Annual General Meeting in Berlin**. This increase in participants reflects the increase in membership numbers, but it also shows that TI Germany's work has become even more relevant for many members. In his inaugural speech, the Chairman noted the numerous advances that have been made in the development of internal structures and emphasised the resulting key foundations for the organisation's ability to act effectively. He closed by offering thanks to the outgoing members of the board - Prof. Dr. Jürgen Marten; Reinold E. Thiel; Prof. Dr. Dieter Biallas; Dr. Ameli Lüders; and Susanne Nöcker – for their commitment over many years, and their work for TI Germany, as well as for the international movement.

The **Code of Conduct** for TI Germany staff and members, already discussed the previous year, was implemented this year. It applies to individual members as well as corporate members, whereby the latter are also bound by a signed commitment. The code makes provision for a **Code of Conduct advisor** to step in where offences against it are suspected, such an advisor to be elected from the membership. The membership elected Jürgen Marten as ethical advisor.

Furthermore, the members attending the AGM on October 29, 2004, agreed a **new phrasing for the constitution**. At the founding of TI Germany, in 1993, development work was named as the organisation's key purpose, since societies had no recognised role in crime prevention at that time. In the meantime, the Ministry of Finance with responsibility for charities and societies has incorporated anti-corruption work in its catalogue of permitted work, and our constitution has therefore been changed accordingly. In addition, the name of our organisation was changed and it is now listed as *Transparency International Deutschland e. V.* The change made to our constitution was registered at the magistrates' court on July 19, 2005.

6. Finances/Fundraising

In the context of the change to our constitution, the AGM held on October 29, 2004, decided that our accounts should no longer be audited by the two TI Germany members, Gottfried Hohlfeldt and Hans Weidner, but should be examined by external auditors. This became necessary when the external auditing of our finances became one of the conditions for the regular accreditation of TI Germany as a Chapter of TI, which was established in 2003. After comparing contract offers, the board chose the accountancy firm Deloitte & Touche, and the audit of accounts took place at TI Germany's head office, May 2-4, 2005. In their subsequent report, Deloitte & Touche confirmed their audit had not uncovered any problems, and that the society's book-keeping was being undertaken in a full and diligent manner. Our member Folkard Wohlgemuth was retrospectively hired in 2004 to prepare the books and end of year accounts, for the year ending 2004.

The financial position of the organisation developed positively during the course of 2004. **Income** rose to € 179,788 (€ 169,817 in 2003). As a result of the new membership fee structure and newly acquired corporate members, income from corporate membership and donations increased to € 90,834 (€ 77,882 in 2003) which, as in the previous year, represents around 50% of our total income. As a result of the joint project, "In the shadow of the public – the Media and Corruption", mounted with the Federal Centre for Political Education, TI Germany's income from project bound funds rose considerably in comparison with the year before, reaching a total of € 12,607, compared to € 5,734 in 2003. The sum of € 4,620 was earned by lectures given by our members, also slightly higher than in the previous year (€ 4,099 in 2003). Since 2004, donations to TI

Germany can be given via a secure on-line portal on our website, where donors can choose between monthly, annual or one-off contributions. This new fundraising tool allowed us to gather a respectable €2,335 in 2004.

As we did not ask our members for an additional donation, as in the previous year, because of the positive development of our finances in 2004, our income from fees and donations from individual members, at a total of € 42,432, was a little lower than in 2003 (€ 46,224). This was despite the 2004 increase in individual membership fees. At this point, we would like to offer heartfelt thanks to those members who chose to support TI Germany's work by boosting their annual membership fees with additional donations, even in this past year.

Regarding income from fines, 2004 continued the negative trend of previous years. Court fines were only € 15,050 in 2004, compared to € 17,550 in 2003. Pleasingly, however, a look at figures for the first half of 2005 shows that income from fines in the present year is due to be substantially higher than in previous ones.

As a result of the new **TI Donations Policy, Procedure and Guidelines**, an appendix to the annual report will, from 2004, name all those individuals or organisations which gave TI Germany a total of at least € 1000 in the form of donations, membership fees or project bound funds.

Outgoings in 2004 rose to a total of € 143,686 (€ 134,982 in 2003), whereby it has to be pointed out that the cost of administration sank, in comparison to the previous year, and lay at only € 49,993 (€ 54,430 in 2003). On the other hand, the cost of staff, events, and the activities of regional and subject working groups increased. As a result of financial shortfalls at our mother institution, Transparency International, TI Germany's annual donation to the international secretariat was higher than in previous years, at € 10,000.

The surplus of income over expenses registered at € 36,102, at the end of 2004, means the organisation's total capital has increased to € 122,360. This sum represents more than 50% of our annual budget and thereby ensures the independence of our organisation. Should it become necessary, in order to guarantee the organisation's independence, to dispense with the membership of members who have hitherto made a significant contribution to our income, our retained capital could give us the time necessary to look for alternative financial sources. A reduction in our activities or other crisis measures could be avoided for some time. To increase income from interest payments on this capital, € 80,000 was invested at the *Bank für Sozialwirtschaft*, at the beginning of 2005, with half going into a savings account and half into fixed interest securities.

Our **fundraising strategies** were further professionalized by a number of measures taken in 2004. Thus contact was made with specialists from the non-profit fundraising sector which resulted in extremely enlightening discussions.

The fundraising methods and tools discussed in those conversations have been summarised in a concept paper and will now be tested and adopted step-by-step.

A first step in the implementation of these concepts was taken with the institution of the on-line donations portal. It is our goal, among other things, to significantly increase donations from non-members. With the help of our member Gerd Leilich, we are presently also working on a direct marketing concept to increase our membership, but also to increase the number of non-member donors. It is envisaged that this campaign will start in the present year.

Furthermore it is planned that the collection of fine monies is to be done in a more professional way. This began in 2004. The pleasing developments in collecting income from fines in the first half of 2005 show that the new strategies have already resulted in successes.

Beyond this, the new fundraising ideas from our membership are of course also welcome. For example, on the initiative of our members Dr. Michael Heisel and Ute Lehmann, antique books were sold for the benefit of TI Germany at a stand in the Munich pedestrian zone, in October 2004. Not only was money raised for TI Germany in this way, but many people also learnt about the goals and work of the organisation.

7. Staff and Office Management

In 2004, TI Germany's office was staffed by one full-time worker, the Managing Director, Dagmar Schröder, and a part-time member of staff, Claudia Eilts. Claudia Eilts is mostly responsible for membership administration, groundwork for the society's book-keeping, information management, and organisational support for the regional and subject working groups.

In addition, since 2004 TI Germany's work has been supported by two interns. Since interns are hired for at least six months and work full-time, they are considered full members of TI Germany's team, both internally and by those external to the organisation, and their presence has also lightened the day-to-day work load for our permanent staff. In view of this, the time allocated to inducting interns was significantly increased in 2004, an investment that has paid off for TI Germany, as well as for the interns, who have gained a profound insight into the working methodology of the organisation, and have been able to gather extensive experience for their future careers. At this point we would like to offer heartfelt thanks to our former and present interns for their great commitment: Jean Gillen, Sebastian Horndasch, Sandra Khusrawi, Philip Martel, and Anja Schöne.

TI Germany's Head Office has also continued to benefit from the support of our **volunteer member Friedrich Heim**. Thanks to his involvement, it was possible

to complete the restructuring of our archive and documentation records in mid-2005, after a period of almost two years of work. Since then, he has supported the office in a number of different tasks, such as translations, donation management, and the development of our library. A special thank you is due to Mr. Heim for his tireless commitment and his reliability.

The huge advances in the further development of our website would not have been possible without the committed input of our **webmaster, Oliver Weiss**. Furthermore, he also supports the office by inducting members and interns into the editorial system used on our website. We sincerely thank him for his work.

During the course of 2004, the **trainees receiving practical training in legal work**, Monika Beissel-Pilzecker and Konstantin Römer, chose TI Germany for their time in traineeship and were trained by our then-member of the board Björn Rohde-Liebenau. After the elections to the board, in October 2004, their training was continued by the Vize-Chair, Justus Woydt. Two more legal trainees are due to complete their training with TI Germany in the year 2005.

In view of the positive developments in our income during recent years, and in the course of developing our internal structures, we considered to what extent these could be strengthened by an **additional permanent member of staff**. After discussions at board level it was decided that TI Germany should hire a further, part-time member of staff. His or her main responsibility will be to provide a supporting role in supporting the regional and subject working groups and, by introducing new tools, to improve the flow of internal information, as well as TI Germany's links to external information sources. This extension of our staff base is also intended to free the organisation's management from some of their continually increasing work load. The additional member of staff will begin work at TI Germany in September 2005.

8. Prospects

In November 2005, TI Germany will host the international Annual Membership Meeting of Transparency International, which is being held in Berlin, for the first time in TI's history. It is traditional for the office of the national TI Chapter, in whose country this central meeting of the international organisation takes place, to act as host, and we expect guests from over one hundred countries. However, since the international secretariat of Transparency International is also based in Berlin, we enjoy the considerable benefit of their experience and resources. The event is planned to take place over two days, with a festive opening planned for the preceding evening. A number of workshops and regional conferences will take place in the run-up to the Annual Membership Meeting.

After twelve years, the founder and Chairman of Transparency International, Peter Eigen, will not put himself forward for re-election. The drive to transfer

those parts of responsibility for TI which still rest with the founders and personalities of our early days to a younger generation already began three years ago. This difficult and momentous transition that comes in the life of every organisation will be completed at the meeting in November. As German hosts, we wish to ensure that our three hundred plus colleagues and guests from around the world continue to see Berlin as the undisputed home of the global anti-corruption movement, even after Peter Eigen has stepped down. This cannot be taken for granted, since Transparency International is the only globally recognised NGO that has its head office in Germany. However, Berlin proves – as can scarcely any other capital city – that resurgence can follow catastrophes and crises and, in the short time available, we wish to impress this on our guests, the majority of whom come from countries suffering from corruption and other ills. In addition, of course, the German Chapter of TI is responsible for the organisational support of the meeting. Additionally, TI Germany will be helping to prepare arrangements and agenda for the TI Europe and Central Asia meeting.

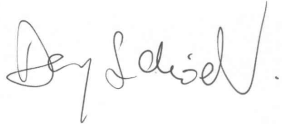
In addition to this challenge, which will presumably tie up a large part of TI Germany's resources, the organisation must use the opportunities presented by the German national elections, in September 2005, to make the new government aware of the demands in our anti-corruption campaign.

In 2006 a number of TI Germany's regional and subject working groups will concentrate their activities on the practical implementation of Acts passed in 2005, particularly the Freedom of Information Act and the Parliamentary Members Act. The unsatisfactory implementation of already existing Freedom of Information laws in four federal states, as well as the failure to apply the 1999 Law on International Bribery (*IntBestG*), shows the challenge TI Germany faces to achieve its goals.

Regarding our internal structures, our ground rules have been reformulated over the past year-and-a-half, in line with the needs of a small organisation. Of prime importance now is the application of the new procedures. We must continue to develop the resources our head office in Berlin can offer to our volunteers throughout the country, while also ensuring that they are better used. The firming up of our internal structures and the improvement of our efficiency are fundamental to our ability to fight corruption successfully in Germany and bring our concerns before the public more effectively. Part of this initiative also includes the continued development of our membership and donor base, and a publicity campaign already planned for this year is intended to be a first step in that direction.

We offer sincere thanks to all those who have so far supported TI Germany with their work in particular spheres and groups, through lectures and donations, and through promoting our work in their personal and professional lives. Together we have made limited resources go far. That there is still much to do is not just a

turn of phrase: we can see the reasons why we are needed daily in our newspapers.

A handwritten signature in cursive script, appearing to read 'Dagmar Schröder'.

Sincerely,
(Dagmar Schröder)

9. Appendix

Names of individuals or organisations which **during 2004** gave TI Germany a total of **at least € 1000** in the form of donations, membership fees, or special event promotions.

I. Individuals

Peter Keltenich	€4,000 (Donation)
Dr. Anke Martiny	€3,100 (Donation and Membership Fee)

II. Unternehmen, Organisationen, Kommunen

ABB AG	€5,000 (Membership Fee)
Allianz AG	€5,000 (Membership Fee)
BASF AG	€5,000 (Membership Fee)
BDO Deutsche Warentreuhand AG	€1,000 (Membership Fee)
Berliner Volksbank e.G.	€1,000 (Membership Fee)
Embassy of the United States of America	€1,351 (Donation for Conference „In the Shadow of the Public – The Media and Corruption“)
Federal Centre for Political Education	€7,471 (Donation for Conference „In the Shadow of the Public – The Media and Corruption“)
Business Keeper AG	€1,000 (Membership Fee)
Control Risks Deutschland GmbH	€1,000 (Membership Fee)
DaimlerChrysler AG	€5,113 (Membership Fee)
Deutsche Bahn AG	€5,113 (Membership Fee)
Deutsche Lufthansa AG	€5,000 (Membership Fee)
Deutsche Investitions- und Entwicklungsgesellschaft	€1,000 (Membership Fee)
Dexia Hypothekenbank Berlin AG	€3,000 (Donation on occasion of Anti-corruption Day)
Drägerwerke AG	€1,000 (Donation)
Fraport AG	€5,000 (Membership Fee)
GFA Holding AG	€1,000 (Membership Fee)

GOPA Consultants	€ 1,000 (Membership Fee)
GTECH GmbH	€ 1,000 (Membership Fee)
GTZ GmbH	€ 2,607 (Membership Fee)
Hochtief AG	€ 5,000 (Membership Fee)
Kreditanstalt für Wiederaufbau (KfW)	€ 2,750 (Membership Fee and Donation)
PwC Deutsche Revision AG	€ 5,000 (Membership Fee)
Robert Bosch GmbH	€ 5,000 (Membership Fee)
Rodeco Consulting GmbH	€ 1,000 (Membership Fee)
SAP AG	€ 5,000 (Membership Fee)
SAP AG und GTZ GmbH	Donation for Layout und Printing Costs for the German Translation of Brochure “Business Principles for Countering Bribery“ (1,500 copies)
Schering AG	€ 5,000 (Membership Fee)
Siemens AG	€ 5,000 (Membership Fee)
Skill Portal AG	€ 1,000 (Membership Fee)
Stadt Halle (Saale)	€ 1,000 (Membership Fee)
Stadt Hilden	€ 1,000 (Membership Fee)
Stadtwerke Bonn GmbH	€ 1,500 (Membership Fee)
Stiftung Apfelbaum	€ 3,500 (Membership Fee and Donation for Conference „In the Shadow of the Public – The Media and Corruption“)
Vivico Real Estate GmbH	€ 1,000 (Membership Fee)
Volkswagen AutoUniversität	€ 2,000 (Charge for Speech)

Cash Receipts and Disbursements in EU

	2004	2003
A. Income		
Membership fees and Donations	147.440,27	142.406,82
04010 Membership fees Individual Members	32.315,00	46.223,91
04020 Membership fees Corporate Members	86.083,59	77.882,38
04110 Donations Individual Members	10.116,68	
04120 Donations Corporate Members	4.750,00	
04150 Donations Non-members	14.175,00	18.300,53
Honoraria, Fines and Events	32.277,14	27.383,24
0420 00 honoraria (received)	4.620,43	4.099,29
0430 00 Fines	15.050,00	17.550,00
04400 Income from Events	12.606,71	5.733,95
Interest Yield	58,58	27,25
0710 00 Interest and similar income	58,58	27,25
Othe and extraordinary Income	11,96	0,00
04060 Reminder Charges for Membership fees	5,00	
04830 Other operating income	6,96	
Total A. Income	179.787,95	169.817,31
B. Expenses		
Staff Salaries & Fees	-64.063,12	-57.944,23
04890 Income from LZFG	82,32	0,00
06020 Salaries	-49.294,59	-47.117,51
0605 50 Fees	-3.688,77	-885,00
0611 10 Social Security Contributions	-10.773,62	-9.357,99
0612 20 Professional Association Fees	-388,46	-583,73
Administration Costs	-49.992,59	-54.430,30
Premises	-11.309,42	
06310 Rent	-9.254,00	
06325 Gas, Electricity, Water	-726,92	
06330 Cleaning	-72,86	
06: 6335 Maintenance	-1.039,14	
06345 Additional Facility Costs	-216,50	
Financial Contributions and Insurance	-346,42	
06400 Insurance	-346,42	
Publicity Costs	-1.051,60	
06600 Publicity Costs	-131,68	
06610 Presents up to Euro 40.00	-66,50	
06630 Costs for Representation and Entertainment	-16,00	
06640 Hospitality	-873,42	
Travel Expenses	-12.211,53	
06650 Travel Expenses	-12.211,53	
Maintenance	-750,00	
06495 Maintenance for hard- and software	-750,00	
Journals and Books	-372,51	
06820 Journals, Books	-372,51	
Office Supplies, Postage, Telephone	-8.844,77	
06800 Communication	-4.562,15	
06810 Copies/Prints	-2.128,06	
06815 Office Supplies	-1.812,60	
06840 Office Equipment	-341,96	
Further Expenses	-15.106,34	
06300 Operating Costs/IT	-2.043,46	
06826 Calculation of Salaries	-1.398,54	
06830 Accounts and Audit	-847,70	
06855 Banking Fees	-366,64	
06878 Donations/Membership Fees (paid)	-10.450,00	
Events	-24.493,76	-17.822,68
Honoraria	-2.124,00	
06050 Honoraria	-2.124,00	
Facility Costs	-5.084,89	
06310 Rent	-5.084,89	
Publicity Costs	-5.768,42	
06640 Hospitality	-5.768,42	
Travel Expenses	-6.403,24	
06650 Travel Expenses	-6.403,24	
Office Supplies, Postage, Telephone	-5.113,21	
06800 Communication	-417,57	
06810 Copies/Prints	-4.695,64	
Depreciation	-1.626,00	-4.784,58
0620 00 Depreciation	-1.626,00	
Unplanned Expenditure	-3.474,07	0,00
06960 Expenses in Other Accounting Periods	-3.474,07	
Total B. Expenses	-143.649,54	-134.981,79
Surplus	36.138,41	34.835,52
Use of Surplus		
Free Reserves § 58 Nr. 7a AO	11.594,37	4.592,00
Dissolution of Working Capital Reserve	-79.841,32	-49.597,80
Addition to Working Capital Reserve	104.349,36	79.841,32
Total	36.102,41	34.835,52