

Transparency International UK (TI-UK)

Annual Plan FY 2019-20

Registered Charity 1115842

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1. Introduction

1. Introduction

1.1 Overview

1.1.1 Background

Over the past decade, Transparency International UK (TI-UK) has grown from being a staff of fewer than five to a complement of around fifty, with annual income growing from £404,000 to £4.6 million. The chapter's UK Anti-Corruption Programme (UKACP) has become recognised as a leading centre of expertise in the UK; the Business Integrity Programme (BIP), building on our work around the Bribery Act, is similarly regarded; the nascent Defence & Security Programme (DSP) has developed into a substantial and successful global programme; and we have been granted the mandate by the TI movement to run a second global programme out of London, the TI Health Initiative (TI-HI). By revenue, we are one of the larger chapters within the TI movement, and our 50 staff represent the largest concentration of anti-corruption expertise in the UK, and one of the most significant globally.

After a period of growth, we expect this to be a year of stabilisation, in which we focus on delivery of our existing strategy and grants commitments and concentrate our efforts on increasing impact rather than increasing in size.

1.1.2 Outlook for FY 19/20

We enter the new financial year with a clear strategy both for the organisation as a whole and for each of our programme areas. The DSP strategy is due to be updated in the course of the year following our regular cycle.

More than 84% of our income is secured, although this paints a generous picture of our financial health as the majority is linked to large restricted government grants.

The programme plans are all ambitious but achievable. The overall budget is slightly conservative financially, reflecting the fact that we will be inducting the incoming COO, and recruiting a replacement Executive Director.

1.1.3 Mission delivery

Our mission delivery remains structured around four key teams, two of which are primarily UK-focussed, and two of which are global programmes known as Global Thematic Network Initiatives (GTNIs). All of the programmes operate in line with the mission objectives in our Strategy:

1. To achieve a significant reduction in corruption and corruption risk, especially through our global programmes and in areas influenced by the UK
2. To promote greater transparency in the public and private sectors
3. To improve accountability so that people and institutions act with integrity and there are strong defences against corruption
4. To sustain global anti-corruption standards for governments, companies and international institutions
5. To help ensure there is no impunity for corrupt individuals and institutions, through promoting enforcement and the rule of law
6. To ensure that corruption is at the heart of the national and international debate.

1.1.4 Summary of previous year FY18/19

Among the key success for the year in terms of outputs, outcomes and impact were:

- **Business Integrity (BIP)**

- *Corporate political engagement.* In November 2018, we published the Corporate Political Engagement Index (CPEI). This Index measured the quality and transparency of companies' policies surrounding various forms of political engagement in the UK. We assessed the publicly available information of 104 strategically important companies for the UK Government. Companies generally scored poorly, on average being placed in Band E. However, a key part of the project was to engage companies to improve their performance off the back of the Index results, and this proved highly successful. Through engaging with our team, 30 percent of companies improved their policies around political engagement and 17 percent of companies pledged to strengthen their practices in the coming year. We view corporate political engagement as an issue that will gain much more attention over the coming years. Companies are not performing well in transparency terms; there will be more focus on this, and the CPEI both illustrates current problems and provides a recipe for how to improve.
- *Review of the Bribery Act.* A long-running concern of TI has been that in a post-Brexit environment in which more exports are encouraged to markets where corruption is prevalent, there would be attempts to water down the Bribery Act of 2010. We supplied written and oral evidence to the review of the 2010 Bribery Act carried out by the House of Lords. When the final Bribery Act Review report was published there was no suggestion to water down the Act. Rather, the recommendations and position proposed by the House of Lords were in line with the views expressed in TI-UK's submission, which was cited quoted throughout the document. We found it particularly encouraging that many of those who submitted evidence in support of the Bribery Act were from the corporate sector; a marked contrast to the intensive industry lobbying effort of a decade ago which nearly scuppered the Bribery Bill at the last minute before it passed into law.

- **Defence & Security (DSP)**

- *Nigeria: 'Security Votes'.* In May 2018, we published *Camouflaged Cash: How 'Security Votes' Fuel Corruption in Nigeria*, a report completed in collaboration with the Civil Society Legislative Advocacy Centre (CISLAC) in Nigeria. The report investigated 'security votes' in Nigeria and the system of corruption that surrounds them. We launched the report jointly with CISLAC, the TI contact point in Nigeria, at an event which was attended by key stakeholders in civil society, media, legislature, defence institutions and diplomatic communities. Notable among the 73 participants were the Director of Plans of the Nigerian Navy and a representative of the Vice President of Nigeria. The Senate President Representative stated in his address that the Senate needed to 'end the outdated model of security vote'. As a consequence, three public commitments were made by the Senate President:
 - "I will put this on the agenda of the Senate. My aim will be to introduce legislation to this effect, and requiring greater transparency in the use of security votes as a first step.
 - "I will also support the efforts of states to establish trust funds to oversee security vote spending and ensure its accountability.
 - "I call on my colleagues to include this in their campaign agendas."

- *Ukraine: Defence Procurement.* In September 2018, we published *Six Red Flags: The Most Frequent Corruption Risks in Ukraine's Defence Procurement*, a report based on research conducted by both London-based DSP researchers and the defence-specific NGO we have set up with TI Ukraine called NAKO. The report highlighted six corruption risk "red flags" and made recommendations for each on where the Ukrainian MOD could increase transparency to mitigate corruption risk. Two days after the report was published online, President Poroshenko's spokesperson announced the selling of the "Kuznia na Rybalskomu" plant, which was the most evident conflict of interest case the report had highlighted, and which implicated the President.
- **TI Health Initiative (TI-HI, formerly PHP)**
 - *Open contracting in Uganda.* Working alongside TI Uganda (the lead country for our Open Contracting for Health – OC4H – project), we have enabled the national procurement authority (PPDA) to train a group of civil society organisations (CSOs) in open contracting. Raising civil society awareness is a key part of OC4H, which seeks to persuade governments in five pilot countries to adopt open contracting principles in health procurement, and train CSOs into how to interpret and use the resulting data to deter and detect corruption.
 - *Ground-breaking work on UHC and corruption.* The launch in March 2019 of *'The Ignored Pandemic: How Corruption in Healthcare Service Delivery Threatens Universal Health Coverage'* builds on our Health Initiative's position at the heart of a developing debate and confirms the initiative's role in supporting WHO's work to establish a Global Network on Anti-Corruption, Transparency and Accountability in Health Systems. This positions our Health Initiative strongly to capitalise on the anticipated confirmation of non-state actor status in January 2020.
- **UK Anti-Corruption (UKACP)**
 - *Beneficial Ownership Transparency.* Following persistent evidenced-based advocacy by TI-UK, MPs amended the Sanctions and Anti-Money Laundering Bill to require in law that Britain's Overseas Territories adopt public registers of the true owners of companies registered there, after which the UK Government launched its own campaign for a global standard for such public registers at the International Anti-Corruption Conference in Copenhagen. This has been a long-standing advocacy campaign from TI-UK to close a critical loophole in the global financial system that enables kleptocrats and others to launder the proceeds of corruption.
 - *Corrupt Capital.* In response to our well-established research and advocacy programme, we saw the first concrete moves to make the UK a hostile environment for dirty money: the power of the new Unexplained Wealth Order tool was proven in court in a successful test case; draft legislation was published by UK Government for a register of foreign owners of UK property; a review was announced of past recipients of the UK's Golden Visas; and authoritative political backing was evident for tougher regulation of professional enablers.

1.1.5 Financial summary FY 2019/20

Fuller details of the budget are available in Annex I.

The charity's income profile has changed substantially towards large, restricted grants from institutional donors. Last year we were more or less at break-even on our unrestricted surplus, and we need to rebuild our unrestricted reserve which we dipped into the previous year to support the global programmes when they were between large grants. Despite the high proportion of secured income, this mainly represents restricted funds, and we need to generate unrestricted funds from the Business Integrity Programme and the fundraising department, in order to ensure we have the maximum possible freedom to operate and to prioritise those areas that we think are most important.

<i>FY</i>	<i>2018/19</i>	<i>2019/20</i>
Revenue	£3.812m (forecast)	£4.610m
Surplus (unrestricted)	£10k (forecast)	£62k
Staff at year end	49.9	53.4

1.2 TI-UK's Strategy

This annual plan represents the third year of the Strategy approved by the TI-UK Board in March 2017. The Board undertook a mid-year review in November 2018, and concluded we are broadly on track, but with additional focus to be given to three key areas:

- Cross-programme coordination, to ensure that as a unit we are more than the sum of the parts
- GTNI support, to ensure that an appropriate level of institutional resource is directed towards supporting our global programmes
- Tech capabilities, to ensure that our research, advocacy and operations are fit for purpose in the digital era.

The full Strategy is available on our website www.transparency.org.uk; it is designed to operate alongside the TI global Strategy 2020. This itself has recently been re-focussed into two specific areas – Political Integrity and Dirty Money – both of which are relevant to all our areas of activity.

1.2.1 Six key themes in the TI-UK strategy are:

- A changing world – the world's small but effective anti-corruption community is needed more than ever. A flourishing Transparency International will be required to play a key role in world affairs in the coming years; we acknowledge the need and our strategy is a declaration of intent that we expect to rise to the challenge.
- Leveraging the UK's global role – we will mobilise resources and expertise from the UK to help the global fight against corruption, leveraging the UK's international role and acknowledging the UK's role in facilitating international corruption.
- Innovation – in areas such as research and advocacy, fundraising and communications, we will introduce new means of collecting, analysing and disseminating information, with a new focus on using tech-driven solutions.
- Increasing impact – we will increase the impact of our activities; we will prioritise growth in impact over growth in staff numbers, with the exception of PHP, which we expect to increase towards the size of DSP.

- Organisational strength – we will build a strong and sustainable organisation, putting in place the necessary measures to manage our growth.
- Sustainable funding – we will aim for each programme to be self-sustaining according to its needs and up our game in fundraising and communications.

1.2.2 Delivering our strategy

We have outlined strategic objectives for both our mission delivery (see 1.1.3 above) and organisationally. The organisational objectives, with examples of how they have been met, are:

1. To ensure that we are the UK's turn-to organisation for corruption information, policy and opinion.
Example: our online portal www.antibriberyguidance.org has established itself as a primary location for companies looking for guidance, and is signposted by the UK government for exporting companies.
2. To foster a world-class research, advocacy and programme capability in order to help us achieve this.
Example: we launched an online platform called OpenAccess, using an enhanced tech capability to present government lobbying data for the first time in a usable format. This will enable both our own researchers, and others in the UK and beyond, to shine a spotlight on the relationships between government, companies and, where necessary, hold them to account.
3. To develop our human capital, ensuring that TI-UK has a high-quality, sustainable and satisfied workforce
Example: we employed a Transition Manager to assist with our growth, who fully revised and updated our Staff Manual, ensuring that our policies and procedures are in line with good practice; this included a benchmarking process to ensure our salaries at all levels are in line with sector norms and a staff working group set up to propose a fair and transparent process for annual increments.
4. To develop our network capital, forming and maintaining partnerships both externally and within the TI movement, that enable us to achieve our objectives
Example: in collaboration with Wilton Park and supported by a DFID, we hosted a major conference for 56 participants from governments and civil society, representing eleven countries, to monitor progress and maintain momentum on commitments from the 2016 Anti-Corruption Summit relating to beneficial ownership, open contracting and public procurement.
5. To achieve sustainable financing: we will put our finances on a stable footing, so we are not too heavily reliant on any sector or individual donor; this will require more innovative and energetic fundraising, as well as strengthened project management.
Example: we enter the coming year with over eighty percent of our funding secured, the highest we have ever achieved; although we need to make more progress on unrestricted funding, we have re-shaped our Fundraising & Communications team under a new Deputy Director, and believe this will help to re-balance our income streams.

1.3 External environment

The wider environment in which we operate remains challenging, both in the UK and beyond, but at the same time there are still substantial opportunities for us to pursue our mission effectively. Awareness of corruption is stronger than ever before; there are always pockets of political, corporate and institutional will to support our work, notwithstanding the strong counter-vailing

forces; the transparency revolution has given us more material to work with; and after twenty-five years, our institutional expertise and brand represent considerable assets.

This annual plan is based on a number of assumptions about our operating environment:

- Within the UK, the rise in inequality, combined with the political distraction of Brexit, creates greater popular feeling against corruption and reduced political will or capacity to respond.
- Global financial centres like the UK, and its Overseas Territories and Crown Dependencies, remain a key nexus for the global proceeds of corruption.
- Globally, there is a vacuum of political leadership on anti-corruption issues; several key countries have deteriorated in both corruption scores and political will; civil society is under pressure in many areas of the world.
- The business community increasingly views anti-corruption measures as within its interest, although corruption scandals persist at major companies.
- Corruption is a transnational phenomenon, and an important way to address this is to take transnational approaches such as sectoral initiatives.
- TI's global network of National Chapters (NCs) is a significant asset to tackling corruption on a transnational basis, but some NCs remain under-resourced and as a whole TI is under-capitalised.

We are also operating in the context of a number of global trends, which include:

- **Crisis of democracy.** Trust in our democratic institutions is at a low ebb; parliament is held in low regard; across the world, there is a clear correlation between the strongman syndrome, the crisis in democracy and a rise in corruption.
- **Civil society space.** Corruption thrives when there is a lack of transparency and accountability. Those who gain power with an anti-corruption message are often swift to brand criticism as fake news; in many countries, they are quick to direct the organs of the state – security apparatus, law enforcement, judiciary – against the media and civil society. Even in the UK, there have been moves to close down free debate by charities.
- **Post-Brexit standards at a time of economic uncertainty.** The views of commentators and economists on the economic and societal health of post-Brexit Britain vary from a downturn blip to the apocalyptic. Either way, it is not hard to envisage a scenario in which a country keen for exports waters down legislation such as the Bribery Act; there is under-investment in key institutions for accountability; a polarised politics degrades the public discourse and evidence-based policy making is replaced by strongly-voiced partisan opinions; inward investment from any source is welcomed with no questions asked; the UK's standing in the world is diminished and there is a US-style withdrawal from global institutions and standards.
- **Challenges to global security.** Whether it is corrupt governments aggressively exerting regional influence; extremist groups thriving as citizens turn away from corrupt governments; mass migration and capital flight escaping from corrupt environments; or state capture enabled and perpetuated through instability, global security is increasingly linked to anti-corruption narratives.

1.4 Key risks

TI-UK's risks are assessed regularly by the Senior Management Team and board committees and mitigation measures are put into place for each risk. They are discussed regularly at the Finance & Audit Committee, and at least annually by the full Board. A rolling risk register is

maintained. Each programme's significant risks are outlined in the programme plans that follow. The following areas present key organisational risks for the delivery of this annual plan:

- High staff turnover as a result of workload, working environment or terms and conditions results in lack of expertise and continuity and threatens ability to meet contractual obligations
- Safeguarding: there is an incident that causes harm/puts at risk staff, partners or vulnerable groups and causes financial and reputational risk (low probability, high impact)
- Failure to achieve adequate cost recovery on restricted grants leads to a deficit on unrestricted funds
- Failure to achieve unrestricted income targets, including a dependency on a small number of donors
- Programmatic underspends at donor year ends lead to loss of longer term income
- Aggressive litigation ('SLAPP suits') compromise TI-UK's ability to operate or result in major legal costs
- Grant management procedures are insufficient to meet increasing donor requirements, particularly monitoring large sub-grants to chapters leading to long term loss of restricted income.

Note on the text

Each of the following sections has been written by the relevant Programme Director. This is our standard approach to such documents; it gives the document a stylistic variety, but also ensures that there is full ownership of the plan by each of the writers.

Section A: Programmes (UK)

UK Anti-Corruption Programme (UKACP)

Business Integrity Programme (BIP)

2. UK Anti-Corruption Programme (UKACP)

Programme Director: Duncan Hames

Programme goal/objectives

Our goal is to prevent corruption in the UK, and the UK from contributing to corruption elsewhere. We aim to do this by improving the resilience of public institutions, increasing accountability, and ending the UK's role in providing a safe haven to the corrupt and their illicit wealth.

2.1 Background

The Programme has sustained rapid growth since 2016, mobilising to support chapters internationally to maintain momentum from the London Anti-Corruption Summit. This year the Programme will not plan to grow turnover, but renew and replace existing grants to sustain this heightened level of capacity in order to have impact in its mission.

2.2 Focus areas

Our UK Anti-Corruption Programme will advance three themes of work:

- 1) Promote integrity standards in UK sectors and institutions, and influence public policy to secure these through system change.
- 2) Leverage UK leadership to improve the global standards on tackling corruption, by pursuing effective implementation of the commitments made at the Anti-Corruption Summit and in the UK Anti-Corruption Strategy.
- 3) Work towards ending impunity by restricting the freedom of corrupt individuals and regimes, and the means available to them to launder and shelter the proceeds of corruption in the UK.

Improving the UK's information infrastructure and the use of open data to fight corruption is now embedded within all three focus areas.

2.3 Activities and Outputs

2.3.1 Summary of outputs and impact

- 1 major research projects
- 6 smaller research projects
- Two major updates to our tech-based advocacy tool, the Global Anti-Corruption Pledge-tracker and one accompanying report
- Four updates to the Open Access lobbying transparency tool
- Regular, direct engagement with government officials
- Influence debate, and galvanise amendments for two parliamentary bills
- New advocacy and/or research partnerships with external organisations
- Briefings (oral and written): parliamentary briefings, consultation submissions, government briefings
- Reactive advocacy and media work

2.3.2 Ensure integrity in UK sectors

We will leverage the role of the UK as a global leader on anti-corruption, and encourage implementation of the Anti-Corruption Summit outcomes to substantially improve the global approach to tackling corruption. We will promote anti-corruption measures, and hold the UK Government to account on commitments made in the UK Government's Anti-Corruption Strategy.

Outputs:

- 1 x annual progress update report,
- A small research project on corruption risks relating to money in politics,
- Four updates to the Open Access lobbying transparency tool,
- Engagement with the Parliamentary Commissioner for Standards on improving the quality of MPs' financial interest data,
- Engagement with the UK Government on improving the quality and timeliness of ministerial meetings data,
- Regular engagement with the Government's Joint Anti-Corruption Unit on progress against the UK's anti-corruption commitments, including building the evidence base for corruption in UK sectors. This will be supplemented with parliamentary engagement to galvanise additional pressure, and real-time updates to the UK Anti-Corruption Pledge Tracker,
- Engagement with civil society, government departments and parliamentarians on a range of issues. Advocacy priorities for this year: local government and housing, lobbying abuses and other forms of political corruption, and enabling open data within the UK court system in order to boost transparency and build a better understanding of corruption in the UK.

2.3.3 End the UK's role as a safe haven for corrupt individuals and their assets

Since 2014, this campaign has explored the role of the UK and its network of offshore financial centres as a safe haven for corrupt money and individuals from across the world, and advocated for an end to this behaviour.

Our current work addresses: an inadequate, fragmented anti-money laundering system, lack of transparency over the true 'beneficial' owners of UK assets such as property, an ineffective asset recovery regime, golden visas, and the role of UK businesses and other organisations in 'reputation laundering'. Priority subjects for research projects include: civil recovery, the role of UK companies, golden visas, and professional enablers.

Outputs:

- A major research project examining how UK professionals help facilitate global corruption.
- Smaller research projects on the Overseas Territories' maintenance and supply of beneficial ownership information; the effectiveness of UK AML supervision; use of UK businesses and institutions for reputation laundering; ongoing money laundering risks in the UK property market; and corporate liability reform.
- Two parliamentary bills are expected in this financial year: the first to legislate for the property register, the second on reform to Companies House. TI-UK will also engage with parliamentarians on all our focus issues under this stream.
- Ongoing advocacy – leveraging influence in government, civil society, parliament and the media.

2.3.4 Leverage UK leadership to improve global standards

We will leverage the role of the UK as a global leader on anti-corruption, and encourage implementation of the Anti-Corruption Summit outcomes to substantially improve the global approach to tackling corruption. We will hold the UK Government to account on commitments made in the UK Government's 2017-2022 Anti-Corruption Strategy.

Outputs:

- 1 x annual progress update report
- 2 x updates of the global anti-corruption pledge tracker
- 8 x national pledge trackers updated and maintained
- 3 x international thematic events, drawing TI chapters together to plan joint activity strategically on three key issues featured at the Summit
- 5 x national chapters undertaking national advocacy strategies and engaging with a minimum of three stakeholder groups each
- Continued advocacy directly to the UK Government, and strategic third party pressure through avenues such as parliament, business, tech tools, and the media.

2.4 Strategic coordination

Following a year of effective collaboration within TI-UK and across the movement, UK-ACP will continue to look for collaborative opportunities within the movement and with other strategic partners:

- UK-ACP will continue to play a strategic role within key chapter-wide coalitions, such as the TI chapter network on asset recovery. Through UK-ACP's work on the 2016 Summit commitments, we will work with others in the movement to enable international events that bring together experts and advocates from multiple chapters (these will most likely be focused on issues relevant to the dirty money theme)
- Collaboration with global programmes to support work aligned to TI global advocacy priorities
- Pursuit of research council funding for academic research into the UK's national integrity system

2.5 Resource requirements

- In place throughout the year: Director of Policy, Head of Advocacy, Research Manager, Project Manager – Commitments, Grant Manager (in the TI Secretariat), Senior Research Officer, Senior Policy Officer, Project Officer (on a fixed contract for the first nine months of the year); Part-time data analyst in order to expand our data analytics capability, PHD fellow.
- Additional capacity will be added to back fill additional time from senior staff on programme MEL and chapter-wide initiatives.
- The Head of Advocacy will be absent for one period of six months during the course of the year due to parental leave. UK-ACP will hire an Advocacy Manager for this period to ensure that the duties of the role are fulfilled.

2.6 Key risks

- UK political instability – there is a possibility of a general election and therefore changed legislative priorities
- Grant renewal or replacement of key grants to the Programme which end this financial year
- Legal challenge from the targets of our anti-corruption research.

3. Business integrity Programme (BIP)

Programme Director: Kathryn Higgs

Programme goal/objectives

We believe companies can be a force for good in the fight against corruption and it is in the interests of businesses to support a corruption-free operating environment and a level playing field.

In collaboration with like-minded businesses and challenging organisations where appropriate, our goal is to improve anti-corruption standards in UK business and by extrapolation business standards globally by:

- Leading the debate on and facilitating leading edge thinking on measures to fight corruption in business;
- Raising awareness & providing guidance to the private sector on how to address corruption risk by interacting with a breadth of company types, industries and functions within those companies; and
- Advocating for change within the private sector by engaging with companies directly, influencing public opinion and driving change in the enforcement environment in which they operate.

3.1 Background

Over the last year, as a result of the Programme's new strategic plan, the Programme has emphasised increased focus on impact, ensuring excellent standards of our projects and building our public profile as an advocate for business integrity standards in the UK.

We had an ambitious programme of works in 2018/19 and have achieved some significant successes. Our most impactful project of 2018/19 was the Corporate Political Engagement Index which directly led to significant improvements in corporate political engagement standards. The Programme increased its public profile and advocacy including giving evidence at the House of Lords review of the Bribery Act. We dedicated significant time and resources to improving our Business Integrity Forum (BIF) and Corporate Anti-Corruption Benchmark (Benchmark) and are confident that these two projects are now leading in their fields.

In parallel, we found that some of our projects did not achieve the growth targets which we set for 2018/19. We perceive two primary reasons for this: firstly, in the current economic climate and with anti-bribery not perceived by as many companies as the burning platform that it was in previous years, companies are less likely to invest in a forum membership; and secondly, the Programme's staffing levels during the year were such that it was difficult to pursue increased membership of the BIF and Benchmark at the same time as progressing projects. We have factored these challenges into our plan for 2019/20 both by diversifying our fundraising focus and increasing our headcount by one for the coming year.

The Programme plays a critical role in generating surplus unrestricted revenue which is currently essential to TI-UK's ongoing sustainability. To that end the Programme will continue to maintain its BIF and Benchmark as major sources of unrestricted revenue for TI-UK. However, it is important to stay mindful that the Programme's core purpose is not solely to be a fundraising

programme, but a programme with a mission to harness corporates in the fight against corruption and hold them to account when necessary in that endeavour.

Accordingly, in 2019/20 a core driver of our strategy behind selection of our projects will be likely mission impact. BIF and the Benchmark serve both valuable mission and financial purposes. However, it was also clear from our interaction with our supporters last year that projects which are impactful and emphasise TI-UK's thought leadership in business integrity can attract significant financial support. This has been seen in the Programme securing a significantly sized strategic partnership with Grant Thornton for the next three years and the sponsorship we have obtained for our flagship thought leadership.

3.2 Focus areas

In pursuit of its programme Goal, BIP ensures that all of its work is referable to 3 core principles:

- **Thought Leadership:** Developing the policy agenda to drive business integrity standards forward, both directly and indirectly through facilitation of others' thought leadership.
- **Guidance:** Providing guidance and practical materials to businesses about achieving current thresholds and working towards best practice business integrity standards.
- **Advocacy:** Advocating for improved business integrity standards both through public commentary and direct advocacy with specific organisations and industries.

For the purpose of BIP activities, business integrity refers to activities directed towards tackling corruption and promoting transparency and, in limited circumstances, business ethics matters which arise in conjunction with corruption.

3.3 Activities and Outputs

3.3.1 Summary of outputs and impact

- Develop and launch the TI-UK Business Leaders Alliance targeting a minimum of 15 member companies.
- Grow the Corporate Anti-Corruption Benchmark participation numbers as high priority exercise, with a short term target of 9 and longer term target of 50 over 2-3 years.
- Publish the 2019 flagship thought leadership on Transparency: Principles & Practical Guidance for Companies and explore opportunities to link this project to TI-S and TI-EU work in related areas.
- Maintain the Business Integrity Forum ensuring excellent quality events and consistent membership numbers.
- Promote and drive increased traffic to the Global Anti Bribery Guidance portal.
- Develop updated e-learning for business and the third sector.
- Continue building the role that the Programme plays in public commentary on business integrity and corporate corruption.

3.3.2 Business Leaders' Alliance

As part of our strategy, we identified an opportunity to develop a collective action initiative harnessing the influence and voices of senior figures in business who lead those organisations at the forefront of driving better business integrity standards in the UK. Increasingly in society we are seeing business leaders take visible activist roles calling for better standards of corporate and government behaviour. These voices are powerful and can be impactful. Therefore, we are

establishing our Business Leaders Alliance. Rather than companies battling supply-side corruption with reactive policies, we will seek to engage and work with progressive business leaders to proactive fighting demand-side corruption. This is an opportunity to bring civil society and business together to make meaningful improvements in the operating environment. By combining Transparency International's expertise with the influence and resources of businesses, the Alliance will collaborate, challenge and exchange ideas with the purpose of transforming business integrity standards and tackling the real world challenges of corruption. The CEOs of the member companies meet once a year over a preliminary three year period to commit to key objectives and assess progress towards them. Representatives from the member companies will then come together throughout the year in working groups to progress these objectives. Transparency International UK will facilitates the Alliance's activities and support the Alliance with specialist subject matter content. Grant Thornton has provided funding to help this initiative get off the ground and will co-chair CEO events and support the initiative with their expertise both in forensics and marketing and related logistics.

3.3.3 Flagship thought leadership - Transparency: Principles & Practical Guidance for Companies (2019)

The Programme's major piece of thought leadership in 2018/19 was the Corporate Political Engagement Index. The project was highly impactful, with 50% of constituent companies either improving to their standards or committing to improve them in the coming year. As a result the Programme intends to make producing a piece of flagship thought leadership each year with a view to achieving high impact through to change to corporate standards.

In 2019/20, the Programme will focus the flagship thought leadership around the topic of corporate transparency and reporting. We will conduct a literature review and supplementary research on the business case and key issues around corporate transparency and develop a set of principles for corporate transparency standards accompanied by practical guidance for companies. We will look to have up to four corporate sponsors for this thought leadership. Of the back of the success of the Corporate Political Engagement Index in 2018, we intend to re-run the Index in 2020. We will secure funding in the second half of 2019/20 for this project and start some preliminary work during this financial year.

3.3.4 Corporate Anti-Corruption Benchmark

The Corporate Benchmark is currently offered to participants primarily as a part of a Gold BIF membership, and is also available as a standalone product. We consider the Benchmark tool combined with the quarterly Deep Dive meetings into key topics to be a hugely valuable offering for corporate stakeholders – enabling participants to benchmark their ABC programmes against both TI's recommended best practice as well as other participants' programmes.

For the Benchmark to be truly impactful, it needs to achieve a significant number of participants and in this regard we are targeting to increase participant numbers to 20 in 2019/20 and rising to 50 in the following two years. Our extensive review of the Benchmark in 2018/19 has ensured that the product is of an excellent standard. Scaling the Benchmark to 50 plus participants requires considerable additional resources which TI-UK does not currently have. Nor would we want to carry the risk of fluctuations in subscriptions at this level. Therefore, in order to achieve scale, we have developed strategic partnerships with PwC, as our lead Benchmark partner, and Grant Thornton, who are working with us on a broader strategic basis.

2019/20 will be a critical year for the Benchmark if it is to remain a viable product. We will need to bring in a significant number of new participants during the year to ensure existing participants remain committed. Additionally, we believe there is a tipping point at which participation rates will begin to climb exponentially. To date we have struggled to drive significant participation numbers for the Benchmark. In addition to the challenges identified in the background above, we believe one barrier to subscriptions is the cost. Accordingly, we intend to offer introductory rates to the Benchmark during 2019/20 to help drive increased subscription.

During 2018/19, we have had discussions with TI-S and some chapters about the potential for the Benchmark to become a global product. During 2019/20, we will further explore the possibility of expanding to other countries, either through the Secretariat or on chapter-by-chapter basis. TI-S has been shortlisted by the Siemens Integrity Initiative for funding for the global business integrity programme. Under that funding proposal a large sum has been allocated to developing the Benchmark as a global tool for the movement, which would entail a major piece of work by TI-UK BIP. A global benchmark is attractive for two key reasons. First, a global benchmark will increase overall participation numbers leading to more meaningful benchmarking data. Second, increase participation and participation by other chapters will increase the revenue generated by the programme for TI-UK. Those increases in revenue will not be realised in 2019/20 but will begin to be realised in 2020/21.

3.3.5 Business Integrity Forum

Membership of the Business Integrity Forum (BIF) has remained relatively steady, with 2-4 companies leaving and joining each year, and a core of around 15-20 long-standing members. Attempts to achieve greater growth in membership numbers has proved challenging and we are of the view that it will be difficult to grow BIF further. In 2018/19, we took steps to develop the content and format of our forum which has been positively received by members but it has not driven greater membership. Accordingly, we are of the view that BIF has achieved a natural ceiling in numbers and in 2019/20 we will focus on maintaining the quality of the content of the events and the overall membership numbers.

3.3.6 Communications & Advocacy Strategy

We aim to continue our advocacy in FY19/20, building on the track record established in FY 18/19. For example, the Programme played a role in public commentary on topics of the Bribery Act UK and business integrity standards. This included giving evidence at the House of Lords on the effectiveness of the Bribery Act and an increased media profile on a variety of topics, most notably in relation to corporate political engagement coinciding with the publication of our index on this topic. Additionally, the Programme has actively challenged members of the BIF which have been involved in corruption incidents and allegations.

In 2019/2020, we will actively seek opportunities to utilise the impact of the CPEI (Corporate Political Engagement Index). We will continue to engage with corporations to encourage them to improve the quality of reporting on their corporate political engagement and to present examples of best practice in BIF meetings and external conferences.

We will also aim to increase the usage of the Global Anti-Bribery Guidance through a marketing and advertising campaign and search engine optimization, and secure the widest possible dissemination and take-up by companies and policy makers of our thought leadership piece on "Transparency: Principles & Practical Guidance for Companies".

3.3.7 Global Anti-Bribery Guidance portal

The Global Anti-Bribery Guidance portal was launched in October 2017 and supersedes our 2010 publication 'Adequate Procedures Guidance: the UK Bribery Act'. The portal is intended to be a resource for compliance and legal professionals around the world looking for best practice. The current usage numbers, although strong compared with other TI-UK online outputs, do not however fully reflect that ambition. Therefore, our primary aim for 2019 is to create a sustained increase in the usage of the portal through marketing, advertising and search engine optimisation. We do not plan to make substantial changes to the content as we are of the view that the site is quite comprehensive and the evidence of repeat visitors is evidence that the site is proving useful to those who have seen it. We will over the course of 2019 add some content sections to keep the site current. Additions to the site will also be promoted through the marketing campaign.

3.3.8 New e-learning

We are currently refreshing our eLearning - Doing Business without Bribery (DBWB) with the new module to be ready by end of the 2018/19 financial year. Working with our e-learning provider Skillcast we will improve the interactivity, content and visuals to ensure DBWB remains relevant and valuable to the businesses community, in particular SMEs which are less likely to have the resources to provide their own online training. Once completed, the training module will be made available for a fee, via our eLearning partner Skillcast, when it is customised or tracked and free to those companies that do not wish to use a customised version. During 2019/20, we will seek funding to update Doing Good without Bribery, which is a parallel training aimed at NGOs, to align it with the DBWB module.

3.3.9 Training and speaking events

BIP has a solid reputation for training and public speaking on issues related to business integrity and anti-corruption standards for organisations. BIP will continue to present our work and our views to the business community through leading conferences and TI events. Where appropriate we ask for a speaking fee for our services at conferences. Our consultant trainer will also continue to provide ad-hoc training when we are approached by organisations.

3.4 Strategic coordination

Working on private sector integrity is common to all four of TI-UK's programmes. BIP is the centre of excellence internally, and will seek to continue providing input to the TI Defence & Security Programme and the Health Initiative to raise anti-corruption corporate standards within their respective target industries. Besides, BIP will continue to support UKACP in their efforts to extend the 'failure to prevent' criminal offence for bribery to other economic crimes, such as fraud and money laundering, and on their project on professional enablers.

BIP will actively seek opportunities for coordination with all programmes of TI-UK and the TI movement on the strategic themes of Dirty Money and Political Integrity. In particular, we have a number of banks and professional firms as BIF members, which gives us an opportunity to engage them within our Corrupt Capital discussions. Likewise, the Corporate Political Engagement Index dovetails with the UK Anti-Corruption Programme's work on lobbying and related issues. Furthermore, continuing policy debates around the Bribery Act and the incorporation of transparency measures such as open contracting into trade deals in post-Brexit Britain will draw on BIP's corporate expertise.

3.5 Resource requirements

- 5 FTE, supplemented from time to time by secondees and/or interns
- Additional resources (1.5 FTE) should we be successful in our joint bid with TI-S under the Siemens Integrity Initiative.

3.6 Key risks

The key risks associated with BIP fall into three categories: reputational risk, funding risk and staffing risk.

Reputational risks for BIP are primarily triggered if we enter into a relationship with businesses with insufficiently high standards of business integrity. This can occur with BIF members, funders of specific projects and the Business Leaders Alliance, once it commences this year. We manage this risk by conducting due diligence on all organisations with whom we enter into such relationships. We also have a procedure in place to respond to incidents arising with businesses with whom we are in existing relationships and are willing to walk away from those relationships if we consider necessary from a values and reputation perspective.

Funding risk arises primarily around our BIF memberships and Benchmark participant numbers. These programmes generate significant unrestricted revenue for TI-UK. Growth in corporate membership numbers (BIF) is not considered a strategic priority. Rather, increased funding is more likely to be provided by companies wishing to engage with BIP on more strategic initiatives. Over time, while still aiming to increase the BIP unrestricted revenue stream, TI-UK aims to move towards all programmes being self-supporting financially, with the surplus generated by BIP enabling strategic investment. 2019/20 is a critical year for the Benchmark as it will need to attract a marked increase in participants to ensure its long term sustainability.

Staffing risk arises most notably in relation to the Director of the Programme. For the first quarter and part of the second quarter, the Director will be seconded to TI-S to develop the global business integrity strategy for the movement. This is an important step for TI and a strong global strategy will deliver benefits to TI-UK. Although the Director will stay involved on strategic matters and oversight of the budget and stakeholder relationships, and senior cover will be put into place, the Director's secondment to TI-S could reduce the TI-UK team's ability to meet its targets and objectives.

Section B: TI Global Programmes

(Global Thematic Network Initiatives – GTNIs)

TI Health Initiative (TI-HI *formerly PHP*)

Defence & Security Programme (DSP)

4. TI Health Initiative (TI-HI)

Programme Director: Rachel Cooper

Programme goal/objectives

To reduce corruption in the health sector for the benefit of all people in all contexts.

4.1 Background

The Transparency International Health Initiative (TI HI) is a Global Thematic Network Initiative that was conceived in 2014. The Initiative was recredited by the TI Movement in October 2018. TI HI's core vision is '*to reduce corruption in the health sector for the benefit of all people in all contexts*'. The programme's primary beneficiaries include victims (or potential victims) of corruption in the health sector; consumers and patients – taking or seeking health products and accessing health facilities and services; and users, funders, regulators, health sector providers and administrators of health systems.

TI HI has just entered its second strategy period. The initial Strategy, launched in 2016, set out ways of approaching key anti-corruption work in health systems across the world and identified the key potential areas of activity for the programme: Research & Development, Manufacturing, Procurement, Marketing and Service Delivery.

The current strategy (approved by the TI-UK Board in January 2019) centres around three areas of activity in which TI-HI has developed expertise and networks, namely, Research & Development, Procurement and Service Delivery.

4.2 Focus areas

As outlined above, the TI HI Strategy identifies three priority focus areas, namely, Research & Development, Procurement and Service Delivery.

Research & Development deals with the non-disclosure of clinical trial data and interactions between companies, regulators and governments. TI HI's focus is on how the management of disclosure, conflicts of interest and regulatory capture can address the vulnerabilities and corruption risks within the R&D environment and thus promote transparency and accountability along the path to medical innovation and product marketization.

TI HI has established a secure foundation and strategic partnerships in this area. Building on this foundation TI HI has identified the following three provisional objectives for the R&D work stream:

1. Improve TI HI understanding, awareness and sensitivity of the presence and impact of regulatory capture in the R&D environment, especially in relation to clinical trial disclosure and R&D funding investments.
2. Develop global guidelines for transparency and accountability in R&D Regulation including processes and procedures (globally, regionally, nationally) which a 'Medical Research Transparency Initiative' might build upon.
3. Map the processes and procedures and corruption risks/vulnerabilities of R&D regulation in major global markets with a view to develop a R&D corruption risk assessment tool.

Corruption in healthcare procurement robs health systems of limited resources, with countless examples of corruption in procurement in countries of all economic development levels. In response

to this acknowledged issue, TI HI currently operates the Open Contracting for Health Initiative (OC4H), its flagship project, that aims to bring open contracting to public health procurement in up to five countries.

Building on year 1 of OC4H implementation and to increase TI-HI's profile and activity within Procurement, the following objectives have been identified:

1. Enable transparent and accountable public procurement.
2. Build capacity of private sector and procurement staff in target countries.
3. Advocate for open contracting with private sector stakeholders.
4. Explore how to learn from and build elements of civic engagement used in Integrity Pacts in to open contracting/OC4H (e.g. for large public contracts).
5. Simplification/harmonisation of health procurement processes and procedures in specific target countries.

Service delivery corruption impacts the lives of everyday people. At the core of TI-HI's mission and vision is the betterment of individuals' lives through reduced corruption, increased transparency, accountability and integrity. Corruption in service delivery leads to reduced access and health seeking behaviour and results in poor health outcomes and undermines the economic performance of nations. This injustice is felt most strongly by the vulnerable and those least able to respond, particularly the poor, women, and children.

In keeping with the programmatic pledge, the following objectives have been identified:

1. Reduce corruption experienced by ordinary patients at the service delivery level.
2. Increase health provider awareness, resilience and response to corruption vulnerabilities.
3. Advocate the need for and development of anti-corruption in health education training for health workers.
4. Gather and disseminate evidence, and advocate patients' experiences of corruption at health facilities and compare against stated health policies.

4.3 Activities and Outputs

4.3.1 Summary of outputs and impact

During 2019/20, TI-HI will concentrate efforts around research, advocacy and project implementation.

Research

A concrete, early research output for 2019 will be the report, Corruption in Healthcare Service Delivery, which will lay the foundation for TI HI's advocacy and project implementation in the area of Service Delivery.

OC4H will undertake a research piece to map and assess public health procurement methods at the sub-national levels in OC4H implementing countries in Sub-Saharan Africa in early 2019. This assignment will highlight weaknesses, strengths, opportunities and blockers, including in relation to open contracting as a way to enhance transparency and efficiency, and curb corruption. The mapping and assessment will support establishing a baseline for future and more detailed analysis of the project and its impact.

Development Gateway, a project partner on OC4H, will undertake three further technical assessments of procurement systems against the Open Contracting Data Standard in Zambia, Kenya and South Africa. This will include an analysis on potential health indicators in procurement systems, and recommendations on actions to achieve the publication of OCDS indicators that would be beneficial for health-specific analytics.

Advocacy

The overall intended impact for the 2019/20 period is an increase in TI-HI's profile among global and regional stakeholders, as well as awareness raising among global health leaders including the World Health Organization. During 2019 we will start developing opportunities for the more formal collaboration that will be possible as a result of TI-HI's anticipated confirmation as an official partner of the WHO in early 2020.

Securing funding for the development of the TI Health Showcase remains a major priority for early 2019. The Showcase will provide an archive of the TI Movement's work in fighting corruption in health; a quarry for incubator projects; an advocacy tool to raise TI HI's profile and success in this area and a thematic and expert narrative for the basis of future funding applications.

Implementation

Project Implementation will focus on:

Research and Development: development of a project with partners to strengthen clinical trial ecosystems by improving regulatory frameworks and improving the clinical trial reporting process through engagement with key stakeholder groups at all levels of the ecosystem in dialogue, global best practice exchange and by co-creation of actionable guidance.

Procurement: the overall objective for the 2019/20 period is implementation of the OC4H project in all five countries - Uganda, Zambia, Kenya, South Africa and Nepal. This includes a project officer in each country implementing the project across the three outcome areas - government, the private sector and civil society. A fully operational national advocacy plan in each country will be underway, as well as advocacy activities as part of an OC4H global advocacy plan. At the national level, this will target stakeholders from the three outcome areas, drawing on expertise from the Open Contracting Partnership, as well as private sector transparency initiatives, such as the B Team, and TI national Chapters' expertise on mobilising civil society actors on issues of transparency and accountability.

A key output for the 2019/20 period will be the OC4H Toolkit, tailored to both government and civil society stakeholders in the five project countries. The Toolkit, developed in-house using open source software, will be improved in 2019 to ensure it is fit for purpose in each context and pedagogical approach. Other communication aides will be produced, including an animation that explains open contracting to our target audiences. We will also be producing public procurement 'dashboards' with Development Gateway that utilise public procurement information in our implementing countries to draw out relevant statistics, trends, and useful comparative analysis.

Service Delivery: TI-HI is in discussions with a major foundation to clarify their interest in funding the proposed Project ALERT early in 2019. If funding is confirmed the project should move to implementation of the pilot phase in 2019-20. If not, TI-HI will focus on the development of and

sourcing funding for alternative project approaches focused on mainstreaming anti-corruption thinking in service delivery implementation.

4.3.2 Research & Development Activities

- Light-touch advocacy contributing to and amplifying campaigns for regulatory changes to be comprehensively implemented and enforced.
- Investigation and development of TI HI's potential role as a facilitator and convenor for pharmaceutical industry-related collective action.

4.3.3 Procurement/OC4H Activities

- Roll out of government toolkit including training and support services in all five countries
- Roll out of civil society toolkit and procurement monitoring framework produced in all five countries
- Health Industry & Procurement Conference (Nairobi - March 2019)
- OC4H Advocacy in at least five major global fora
- Development of national dashboard visualisations using OCDS data to illustrate procurement trends

4.3.4 Service Delivery Activities

- Advocacy for the report 'Corruption in Healthcare Service Delivery' at at least three major global fora
- Scoping study on the introduction of anti-corruption in medical education training (basic/continuing)

4.4 Strategic coordination

TI-HI will seek to strategically coordinate with other programmes within TI-UK, as well as with the wider movement, particularly other GTNIs. The 2018 governance review identified a lack of support and commitment from the Secretariat as a consistent concern from all GTNIs. Therefore, TI HI will negotiate for increased support (and the form that this should take) throughout the second stage of the TI global governance review. Alongside this, TI-HI will promote efforts to coordinate GTNI engagement and support to Chapters implementing GTNI-led projects.

TI-HI will increase engagement with the Clean Contracting Group, to share knowledge from OC4H and to gain increased understanding about Integrity Pacts, tying this to the global theme of Dirty Money.

TI-HI will also work closely with the TI-UK Business Integrity Programme to maximise and tailor thematic private sector engagement, to prevent duplication of work and to support relationship building, particularly with pharmaceutical and medical device companies. Research and advocacy around the utility and appetite for a pharmaceutical-specific benchmark and negotiation of a follow-on unrestricted funding MoU with GSK will be priorities for early 2019.

A pharmaceutical sector-specific commentary on the Corporate Political Engagement Index to be launched early in 2019 will provide a basis for broader industry engagement and TI-HI engagement in the Political Integrity global advocacy theme.

Finally, TI-HI will continue to work with the UK Anti-Corruption Programme to explore opportunities to research and advocate on corruption vulnerabilities relating to the management of conflicts of interest, revolving door and regulatory capture in the UK NHS. TI HI will also monitor and commentate on the increased corruption vulnerabilities raised by Brexit.

4.5 Resource requirements

Staff numbers plus any significant areas of expenditure.

[nb fundraising targets will be in the Fundraising section of the plan]

6 person FTE, of which, 4.7 FTEs are fully-funded under the OC4H project.

1 additional FTE research/policy officer appointed early in FY19/20

Supplemented with interns and secondments.

4.6 Key risks

Risks that could jeopardise the successful implementation of this Action Plan for the 2019/20 period centre around fundraising, limited financial resources and the Initiative's focus becoming distorted/unbalanced by OC4H. Specific risks include failing to identify/source alternative pilot funding for a service delivery project and/or sourcing unrestricted core funding for the team.

These fundraising risks will be mitigated by development and launch of a 'Case for Support' document based on the new TI-HI Strategy, close working with the Fundraising Team to identify early targets for additional funding and an increased focus on promoting the Initiative's outputs and visibility.

OC4H risks centre on reduced interest or commitment from implementing Chapters and the potential for staff gaps to impact on project delivery.

5. Defence & Security Programme (DSP)

Programme Director: Steve Francis

Programme goal

To increase transparency and reduce corruption in the defence & security sector internationally.

Detailed programme goals and objectives were set out in the Defence & Security Programme strategy of December 2015.

Goal 1: Establishing global standards, holding advanced and emerging powers to account

OUTCOME 1: Wide acceptance of global transparency and accountability standards in the defence and security sector, particularly among major, influential and emerging powers.

OUTCOME 2: Measurable reduction in corruption risk in the defence and security sectors of key states.

Goal 2: preventing conflict and supporting fragile countries

OUTCOME 1: Reduced defence and security sector corruption in fragile and conflict states which face a high risk of falling into increased conflict.

OUTCOME 2: Corruption in international interventions and operations is minimised by ensuring that armed forces, civilian practitioners and policymakers have the incentives, awareness, tools and training that they need to counter corruption.

OUTCOME 3: Major power security policy reflects the fact that corruption is a threat to stability and peace, and practical recommendations to reduce it are implemented.

Goal 3: addressing systemic risks in the arms trade (the supply side)

OUTCOME 1: Barriers to reducing corruption in the defence industry are removed

OUTCOME 2: Companies have transparent systems and high anti-corruption standards and are committed to reducing corruption risks, raising standards globally, and can be held to account.

OUTCOME 3: Underpinning all our efforts, we will expand our pool of individual experts and trainers available to defence establishments around the world who have knowledge of defence anti-corruption and who can catalyse reform and strengthen integrity in their own establishments and systems.

5.1 Background

FY18/19 was a year in which the governance of the TI Defence and Security Programme was scrutinised internally and the current strategy questioned. This has meant that the implementation of the 2018/2019 Annual Plan slowed. The year also saw a significant turnover in the senior staff and with it the loss of the strategic, intellectual and operational leadership.

Against this backdrop, and with a new DSP Programme Director now in place, the priorities for FY19/20 are as follows:

- to rebuild and restructure the DSP team;
- to deliver on existing grant commitments. This includes significantly improving our approach to grants management and putting plans in place to evaluate the current body of work;
- to review and update the Programme's strategy for the next three years (2020-2023);

- to work closely with the TI-UK Finance Team to significantly improve the management of our grants;
- to have a successful launch of the Defence & Security website linked to first wave of GDI assessments in April 2019.

5.2 Focus areas

5.2.1 Responsible Defence Governance

For the *Government Defence Anti-Corruption Index (the "GDI")*¹ we will focus on ensuring that assessments are of the highest quality possible by ensuring that appropriately qualified and experienced staff/consultants are working on the project.

The GDI has now been organised into eight waves of data collection on a regional basis, and results will be published as each wave is completed. By the end of FY19/20, we plan to have finalised and released country assessments for seven of the eight waves along with associated communications materials to support country-level advocacy.

We will partner with TI-Chile to lead on the production of six country-assessments in the G20+ wave of countries. There will also be a renewed effort to progress work aimed at establishing Global Standards for Defence Governance, hopefully by securing a commitment by the Dutch, Canadian or even Swedish government to take over the lead for this initiative.

5.2.2 Industry Integrity

Our focus on reducing corruption risks in the arms industry will continue to be underpinned by the Defence Companies Index (DCI), which will be launched in early 2020. Our work on procurement in fragile and conflict affected states (FCAS) will continue through our country programmes. Early in FY19/20 we will finalise research projects on: the 'Revolving Door' between the UK Ministry of Defence and defence industry; industry influence on US policy towards the Middle East; and defence industry influence in Germany and Italy.

5.2.3 Conflict & Insecurity

DSP's work on the link between defence corruption and insecurity will include work at country level, the regional level and with the international community. DSP will continue to work in three regions:

- **Europe:** including Ukraine and opening a new programme in Armenia in the second half of the year;
- **West Africa:** including Ghana, Nigeria and Mali;
- **Middle East & North Africa:** including Lebanon and Tunisia.

We will work with TI Chapters across all three regions to support them in identifying and addressing priorities for work in the defence and security arena. A key priority will be ensuring that NAKO-Ukraine, transitions to (sustainable) independence by the end of 2021. We will continue to disburse small grants to TI Chapters through the Defence Integrity Action Fund (DIAF).

¹. The DS Committee has asked for the initials previously used as shorthand for the Government Defence Anti-Corruption Index (GI) to be changed to avoid confusion with Global Integrity. Therefore, we are proposing that we use the acronym GDI for Government Defence Index.

5.3 Activities and Outputs

5.3.1 Responsible Defence Governance

- **The Government Defence Anti-Corruption Index (the “GDI”)**. Research will be ongoing across all eight waves 88 countries over the next period. We plan to complete waves 1-6 by the end of the FY19/20, a total of 68 country assessments. TI Chile will be sub-contracted and supported to lead on six countries in the G20+ group. The GI team will continue to support country-level advocacy.
- **Global Standards**. Work has continued behind the scenes to secure the commitment of the Dutch, Canadian, or even Swedish Governments to take the lead on the establishment of Global Defence Governance Standards. There will be a renewed effort in FY19/20 to advance this initiative.

5.3.2 Industry Integrity

- **The Defence Companies Index (DCI)**. We will recruit and train assessors and complete 140 company assessments. Outputs are the DCI itself which will be launched in January 2020 and a report setting out an analysis of the results.
- **Defence Industry Study – Germany and Italy**. Separate reports on the two countries will be finalised and follow-on advocacy planned and carried out. As well as the reports, we plan to produce a capping policy paper which will pull together the main conclusions from both.
- **Procurement Corruption Risks in Fragile States** (formally known as the Procurement Toolkit). Research will continue in Tunisia, Nigeria, Lebanon and Ukraine. In addition, we plan a comparative study of procurement transparency in Ghana, Nigeria and South Africa. South Africa will be included as the best practice comparator. Outputs on each country will lead to follow-on advocacy and training initiatives.
- **Arms Proliferation in Fragile States**. We will commission research to identify the source(s) of arms seized from rebel groups in the Democratic Republic of Congo. Outputs will include a finding report and follow-on advocacy.

5.3.2 Conflict & Insecurity

5.3.2.1 Work focussed at country-level

- **Defence Integrity Action Fund (the ‘Chapter Fund’)**. We will issue three calls for new bids (the first call was issued in Nov 18) in Apr 19, Sep 19 and Jan 20. We will aim to disburse 3-4 grants in each round. Outputs will be final country-level reports submitted by sub-grantees followed by advocacy based on research findings. We would also anticipate that an evaluation of the utility and effectiveness of the small grants programme will be included in a broader programme evaluation.
- **Europe Region including Ukraine and Armenia**: Having decided to be predominantly London-based for the first Quarter of FY 19/20 to provide senior level capacity to the wider programme, the Regional Programme Manager will focus on establishing and implementing a plan to ensure that NAKO can become a sustainable and independent organisation. A second priority will be to undertake region-wide advocacy based on the results of the GDI. To do this we will hold advocacy events in Vilnius, Belgrade or Tirana and Brussels. A second country programme will be established in Armenia in the second half of the year, following the release of the GDI.
- **Middle East & North Africa (MENA) Region including Lebanon and Tunisia**: We are currently working with TI-Chapters to define the regional advocacy focus of our MENA

work and developing the activities and outcomes for FY19/20. This is likely to involve a series of regional and country-level advocacy activities based on the results of the GDI. We are also currently developing Phase 2 of our Lebanon country programme in partnership with the Lebanese Transparency Association which is based on a scoping phase to identify how best to collaborate in order to have the biggest impact on defence corruption. In Tunisia, with I-Watch, we will establish an independent group of experts to track the defence sector's progress in implementing reform and improving transparency and accountability. The group will also advocate for reform based on research carried out by I-Watch and DSP. The intended outcomes are to raise awareness of defence corruption within: government, the defence sector, civil society, the media and wider population; and to influence reforms in two areas (to be selected).

- **West Africa Region including Ghana, Mali and Nigeria:** Work will continue with TI-Chapters and affiliates across the region to influence national and regional actors. We will continue our successful programme of work in Nigeria in concert with CISLAC, to increase accountability, transparency and integrity in the Nigerian Defence Sector. This will include an increased focus on building the effective oversight agencies. Our Ghana project, implemented in collaboration with the Ghana Integrity Initiative, will build on political momentum generated in 2018. It will include work to raise the awareness of corruption risk within the defence establishment, as well as work aimed at incorporating anti-corruption training in the Peacekeeping College and Defence Staff College training programmes. In Mali, we will continue to build civil society capability and coordination in order to support stronger engagement with defence institutions. As well as national-level activity, Chapters in the region have recently agreed to develop and implement a regional advocacy plan targeted at regional organisations (ECOWAS, the UN, African Union). Our recently recruited, Mali-based Regional Programme Coordinator is well placed to coordinate this new dimension to our work.

5.3.2.2 Work focussed on the international community

- **Interventions Toolkit:** The toolkit content will be available on the DSP website by end Q4 FY 18/19 and the project will move into an advocacy and training phase. This will include briefings, seminars and workshops with UK and NATO organisations including the UK's 77 Brigade, the UK Allied Rapid Reaction Corps, the Multinational Corps HQ in Ulm, and NATO-level certification exercises. In parallel, we will engage with UK Land Warfare Centre and other stakeholders to conduct gap-analysis and ensure that strategies within the toolkit, or even the full toolkit itself, is signposted in UK and NATO Joint Doctrine publications. There is also an opportunity to develop engagement with the EU as it increases its operational activities. This however will be decided as part of a wider DSP strategy review.
- **UN Peace Keeping Operations (PKO) Assessment.** The UN PKO corruption risks assessment will be completed in Quarter 4 of FY18/19. An advocacy and communications plan is under development including a likely launch in New York and direct follow-up with the UN and other stakeholders. The next phase of this project will be considered for FY 19/20 and may include a mission assessment and/or an assessment of another international organization.
- **Corruption as Statecraft.** The initial report will be completed in Quarter 4 of FY 18/19, providing an excellent base for further work. The extent to which this line of work will be prioritised and/or integrated with country programming and international advocacy will be considered as part of the DSP strategy review.

5.4 Strategic coordination

Programmatically the focus of our work will be on delivering commitments already made on existing grants. DSP will therefore not take on any new major pieces of work over the coming year, unless there is: (a) a compelling reason to do so; and (b) sufficient staff capacity to take the work on. DSP will collaborate across TI-UK to ensure effective and efficient running of both the Chapter and Programme and exploit synergies where they obviously exist – for example between the DCI and the expertise in the BIP team, and between the work on the revolving door and the UKACP. In Quarter 1, we will commence a review of Programme strategy aimed at defining a Programme level Theory of Change and a refreshed and updated DSP Strategy covering the period out to 2023.

5.5 Resource requirements

The programme is fully-funded with two substantial grants from DFID and the Dutch Ministry of Foreign Affairs (MFA). These two grants run until Mar 21 and Dec 20 respectively. We also have six smaller grants all of which end during this FY. FY 19/20 will therefore be an important year in terms of developing a clear fundraising strategy post-2020. This will therefore be a key factor in the forthcoming strategy review. It will also be important to ensure that the impact of the current funding is well evaluated if DSP is to secure follow-on funding.

The DSP staff complement will be:

- a minimum of 22 and maximum of 24 staff London-based staff dependent on need, including two interns on a rolling basis covering research and operations;
- 1 role in the US (employment transitioning to any new arrangements created by TI-S);
- 1 role in Europe (employed via TI-EU);
- 1 full or part-time secondee from the British Army (77 Brigade);
- NAKO's staffing requirements are under review but there will be a minimum of 5 roles and maximum of 10 roles in Ukraine.

As already stated, the DSP will take the opportunity created by recent staff turnover to restructure. While no decisions have yet been taken, this is likely to be on a functional basis with senior appointments leading on: research and policy; global advocacy & communications; and country programmes. Other new roles might follow as a result of the strategy review and dependent on funding.

5.6 Key risks

Key areas of internal or external risk that may affect the delivery of the plan: extracts from DSP section of the TI-UK Risk Register:

- **Financial Management:** Financial and budgetary procedures are not adequately managed by TI-DS or TI-UK staff, leading to poor reporting, mismanagement of grants, inadequate project delivery and significant under/over spend, damaging our relationship with donors.
- **Reputation:** Personnel employed by or representing TI-DS engage in bribery or fraudulent activity leading to reputational damage, loss of credibility and damaged relationship with donors. This includes staff of other TI Chapters or affiliates engaged in DSP related projects or using DSP sub-grant funding.
- **HR.** High staff turnover as a result of workload, working environment or terms and conditions results in lack of expertise and continuity and threatens ability to meet contractual obligations.

Section C: Support & Resources

Fundraising & Communications

Finance & Resources

6. Fundraising & Communications

Deputy Director: Naomi Neiland

6.1 Background

Last year, we combined the Fundraising & Communications functions into a new team. Staff turnover has meant that plans for building and developing synergies have not yet come to fruition, but we have made a good start, recruited a new team head, and are putting in place other staff positions. We have developed a project pipeline that brings together the fundraising plans across the organisation as part of our plan to have a better central overview and quality control of fundraising.

6.2 Fundraising

6.2.1 Fundraising Strategy

A prime focus for the first half of the year will be the development of an organisation-wide fundraising and communications strategy. This will cover unrestricted fundraising and restricted fundraising for programmes.

Key aspects of the strategy will be to develop a sustainable long-term funding base for the organisation, so that we re-balance our income from different areas, and do not suffer from sudden shocks when large grants for specific programmes come to an end.

We will explore new areas such as strategic partnerships with large donors and the options for developing regular giving among our existing supporters and wider networks.

6.2.2 Targets

The unrestricted target for the fundraising team is £235,000, a rise of 40% over the current year. This is supported by a detailed pipeline, which contains assumptions of income generated by the new strategy (see Annex I for further details). The Fundraising team will also be allocating resource to TI-HI, jointly working to achieve the target of £90,000 additional funding.

6.2.3 Fundraising procedures

We will aim to strengthen our fundraising procedures, including more consistent use of Salesforce, establishing common project/bid templates, agreeing a standard formula with finance for costing our applications and having a central database of bids.

6.3 Communications

6.3.1 External Communications

Our approach to external comms has been strongly focussed on the press and media, adding value to our advocacy by promoting specific publications and key messages, as well as raising general awareness of TI and the issue of corruption.

In the course of the year, we will focus more on building a brand strategy, as well as exploring how other programmes can build on the excellent comms-to-advocacy track record established by UKACP.

We will also liaise closely with the new comms leadership at TI-S and look at consistent messaging, promotion of the GTNIs, and how TI-UK can best act as a focal point for TI to exploit the London media hub.

6.3.2 Internal Communications

Our past focus has been on external comms, but with an increasingly large and complex organisation, it is clear that we need to pay more attention to internal comms. The comms team will be considering this as part of their remit for the coming year

6.4 Events

The Fundraising and Communications team will lead on the creation, development and delivery of TI-UK's external-facing events. We will use the development of the new strategy to review our current event output and put in place a long-term events plan for the organisation. This will include delivering a high-quality Annual Lecture and supporting the Transparency International Supporters Network (TIPS). We will also consider reviving our half-day course 'A Beginners Guide to Corruption' as well as other public events in the course of the year.

6.5 Cross-organisation synergies

- We view Fundraising and Comms as centralised functions, which provide a service to the organisation as a whole, and also specific services to each programme.
- The central Comms team has responsibility for a number of areas including sign-off of any press releases, use of social media, development and sign-off for design of websites and publications, and any other communication that uses a TI logo and has not otherwise been approved by the TI Secretariat.
- The central Fundraising team has responsibility for coordination and quality control of all bids and proposals, and allocates its time by prior agreement between the core (unrestricted) targets and programmes that need fundraising support. In the past two years, this has been principally UKACP; in the coming year, the focus will move more towards TI-HI; as a general rule large institutional (governmental) bids remain within the province of the programmes, with the Fundraising team focussing on trusts and individuals.

6.6 CRM and GDPR

We use Salesforce as our CRM system, but its use is patchy throughout the organisation. Use of one database will make for effective stakeholder interaction and will also make it much simpler to comply with the requirements of GDPR. Fundraising & Comms will take ownership of the CRM procedures with a view to re-vamping our approach, with technical support where necessary from Finance & Resources.

We implemented a new data privacy regime last year to comply with GDPR. Our focal point for data and privacy is the Deputy Director of Fundraising & Communications, as this department holds most, and most sensitive, personal data.

6.7 Resource requirements

- Deputy Director, Fundraising & Comms
- 2 x Comms staff
- 2 x Fundraising staff
- 3 x 6-month paid interns
- Temporary prospects researcher
- Subject to available funds from GTNI budgets, an additional FTE resource will be added to the Comms team to allow greater focus on GTNIs' specific Comms needs.

7. Finance & Resources

Director: Joe Gandhi (COO in recruitment)

7.1 Finance

7.1.1 Background

Over the course of the year we have faced the full challenge of on-boarding the large institutional grants secured in the previous year. This has required a greater sophistication in our finance processes, new procedures, and a close liaison between grant management functions (which we have built into the programmes) and the finance team. This remains a work in progress, and will be a key task for the incoming COO. A particular challenge has been the onerous reporting requirements for DFID grants.

7.1.2 Key objectives

The key objectives of the finance team will be to ensure that there is a framework for robust and timely financial monitoring and reporting to the Board, donors and the SMT.

We achieve this we will need to:-

1. Ensure the structure, skills and systems of the Finance team are equipped to deal with the larger scale and greater complexity of transactions
2. Support programme teams in TI-UK on the financial management of the grants
3. Ensure that there is a consistent reporting framework for chapters for grant reporting, and that chapters are aware of donor reporting requirements
4. Ensure that the financial monitoring of projects is done on a timely, accurate and consistent basis.

7.1.3 Chief Operating Officer

We have taken the decision to move the Director of Finance & Resources position to being a COO in order to emphasise the requirement for organisation-wide systems and culture in our key functions of HR, IT and operations as well as finance. As the organisation has grown over the past decade from being fewer than five to a complement of around 50, the Executive Director position, along with the Director of the largest of the programmes (DSP), has naturally assumed many of the functions of a COO-type role. Since we will be at least our current size for the foreseeable future, and are also about to recruit a new Executive Director, we are at a natural point for the organisation to appoint its first COO.

7.2 Human Resources

Our staff are our most important resource, and we need to ensure that we take all necessary measures to ensure that we give our staff the working environment, induction, skills and training they need to be effective in delivering programmes.

To ensure we meet this above objective, we intend to recruit an additional 0.6 FTE HR Manager. The key focus areas are on-going HR support to staff and managers, recruitment and training & development.

7.2.1 Training & development

We will develop a training plan at the start of the year. There is a central pool of training funds which will be used for a) any compulsory all-staff/SMT training (e.g. mental health), b) centrally-provided courses (e.g. project management) c) all-staff activities such as an off-site day. Each team will additionally provide for its specific needs, e.g. programme off-sites, personal training allowances for staff, team-specific training, etc.

7.2.2 HR systems and policies

We have introduced Cascade, a new HR management system, which will both provide better management information and be a better resource for staff. This will sit alongside our appraisals programme, Small Improvements.

All HR policies were updated in the course of the year, and the new Procedures Manual encompassing these is on our website. Training sessions have been conducted on a rolling basis for all staff into each of the new and revised policies.

7.2.3 HR for overseas partners and staff

Our London-based HR provision covers the standard HR needs of the 40-50 UK-based staff. It does not have the capacity or expertise to advise on overseas staff, MoUs with National Chapters, overseas consultant contracts, etc. However, our model is changing, such that we now have more direct contact with overseas staff employed by other national chapters and related entities, but funded by TI-UK and its GTNIs. The COO will assess how to provide for these additional needs within the parameters of the restricted project budgets.

7.2.4 Safeguarding

We set up an internal Safeguarding Working Group, initially chaired by the Executive Director, to assess our safeguarding risks and draft new policies. This resulted in the Board approving a full suite of new policies, including a new Code of Conduct which will now be rolled out to all staff, consultants and other relevant internal stakeholders.

7.2.5 Security

Personal security has become an increasingly prominent risk as we send more staff and contractors overseas, at times to FCO amber-rated countries or areas. While we seldom have more than one or two staff on such travel at any one time, we have revised our security policy and procedures, and expect the se to be further re-visited once the COO is in place.

7.3 Information Technology

We have outsourced our day-to-day IT needs to Penelope, and contractor that specialises in small and medium-sized charities. The Office 365 platform for the GTNIs (which use a .org email address) is outsourced to the TI Secretariat. The contact point internally is our Office Administrator, and this will fall within the domain of the new COO.

In the course of the year, we migrated to the cloud-based Azure platform, which allows global connectivity and removes reliance on maintaining our own physical servers. This has brought some related connectivity problems linked to broadband speeds, which we are resolving.

7.4 Office Environment

- We moved offices in October 2018, still with CAN as our landlord. This is our fourth move over the past ten years, each time with CAN as the landlord. This reflects both our growth and our budget.
- The cost of the new office space is equivalent to our former office space; the new offices have a higher spec, although we occupy a smaller floor space. We had been the anchor tenant in our previous office, and the landlord had signalled a likely significant rent rise as we approached the renewal point.
- We operate a 'warm-desking' arrangement, in which each team has a designated zone, there is a clear-desk policy at night with each staff member having a locker, and among our break-out areas and informal meeting spaces, we can accommodate all staff on the very rare occasions that they are all in the office.

7.5 Resources

The department will have a total of seven permanent staff, 6.2 FTE:

- Chief Operating Officer (interim Director of Finance & Resources prior to COO appointment)
- Three full-time finance positions (one in recruitment)
- One Office Administrator
- Two part-time HR Managers, equivalent to 1.2 FTE

These will be supplemented by:

- External IT consultancy.

Section D: Directorate & Governance

Directorate

Governance

8. Directorate

Executive Director: Robert Barrington

8.1 Key areas of focus

The ED's primary responsibility will be to oversee the delivery of all areas of this operational plan. The ED is also primarily responsible for ensuring that the five organisational objectives in the Strategy are met:

- To ensure that we are the UK's turn-to organisation for corruption information, policy and opinion
- To foster a world-class research, advocacy and programme capability in order to help us achieve this
- To develop our human capital, ensuring that TI-UK has a high-quality, sustainable and satisfied workforce
- To develop our network capital, forming and maintaining partnerships both externally and within the TI movement, that enable us to achieve our objectives
- To achieve sustainable financing: we will put our finances on a sustainable footing, so we are not too heavily reliant on any sector or individual donor; this will require more innovative and energetic fundraising, as well as strengthened project management.

The current Executive Director is due to take up a new external role in September 2019, and the Board has initiated a recruitment process for a successor.

Among the key focus areas for the current Executive Director prior to departure will be:

- Overseeing the delivery of the annual plan for H1
- Recruiting and inducting the new COO
- Providing a comprehensive handover to the incoming ED
- Revising the editorial sign-off process
- Fundraising
- In-house mentoring sessions for staff
- Liaising with the TI movement, particularly on the status of GTNIs
- Participation on the TI international Board until the Annual members Meeting of November 2019.

8.2 Areas for future development

Three important areas which need further consideration within TI-UK and will form part of the agenda for the incoming Executive Director are:

- **Monitoring and Evaluation:** our approach to M&E has been reasonably effective, but we have an opportunity with the M&E requirements of the institutional grants to take a step forward in this area and combine it with a full life-cycle planning in which we learn from successes in our projects and build in the learning to new projects to achieve maximum impact.
- **Tech:** one of our teams (UKAC) has a greater understanding than others of the impact of tech on facilitating and enabling corruption and the opportunities created by tech and open data for research, enforcement and accountability. However, we need both to increase the sophistication of our approach and to spread this across the organisation.

- New issues: one of the drawbacks of our otherwise highly effective four-programme structure is that new issues that arise – such as corruption in overseas development – have no obvious home, even though many externally will look to TI-UK for views, comment and expertise.

8.3 Resources

The Directorate consists of two staff:

- Executive Director
- Executive Assistant.

9. Governance

Chair: Fiona Thompson

9.1 Background

TI-UK often comments on the need for good governance, and therefore aims to have in place governance procedures that are both appropriate for an organisation of 50 staff, and represent best practice. This applies to the way in which we manage the Board, the formal procedures such as the AGM and transparency about areas such as donations and our own advocacy. We place an unusual amount of information on our website – including our Annual Plan – and some of our governance documents like Board committee terms of Reference are frequently downloaded. We received a 5* rating from Transparify for our website transparency, and aim to continue to operate to those levels.

9.2 Board inductions

Four new Board members have been recently recruited through an open application process. They have been co-opted as Trustees following the provisions of our Articles, and will formally stand for election at the AGM (which is expected to be held in November 2019). New Board members will take part in two formal induction days, to which existing Board members are also invited as a 'refresh'.

9.3 Membership

Membership numbers are around 85, which is below the Board's preferred threshold of a minimum of one hundred members. Members play an important role in governance, through their voting rights at the AMM. The anticipated push on membership last year was postponed, but we will promote membership this year with an online form on the website and the introduction of a new category of institutional members – like-minded organisations which will be invited to be part of our governance.

9.4 Global governance

A TI-wide Governance Review is underway; the TI-UK Board expects to play an active role in feeding into this Review, with a particular focus on the relationship, accountabilities and responsibilities for global programmes.

The Chair remains the Official Chapter Representative (OCR) and will represent TI-UK at the Annual members Meeting.

9.5 Resources

The Board is assisted by a qualified Company Secretary, who provides a greatly-valued additional resource to the Chair, and is remunerated through a small honorarium. We also have a small budget for reimbursement of Trustees' travel expenses, Board training and any away-days and expenses related to Board meetings.

Annex I Budget summary

1. Overview

Overall, we are aiming for a year of stabilisation and stability in our finances and organisational approach, as the change of ED will itself cause some natural disruption. Many of our targets are conservative, and a key focus will be delivering on our restricted grant commitments.

2. Underlying assumptions – income

UKACP: The programme has secured most of its income going into the new year, but also has a strong pipeline for renewals and new donors. It has an excellent track record.

BIP: Relatively modest targets, reflecting the proposed secondment to TI-S for six months of the programme director. Areas to monitor are the plan to increase numbers in the Corporate Benchmark, which may be addressed by increased attention to sales and re-calibrating the pricing points, the Siemens grant, and the introduction of the Business Leaders Alliance.

TI-HI: Primary focus is on delivery of the DFID OC4H grant and the first year of the new strategy. The programme has modest fundraising targets but at the upper end of what the programme has previously achieved. Renewing existing relationships remains important.

DSP: Expectation is to focus on delivery of Dutch MFA and DFID grants. Other smaller grants will be seen through to the end of grant period. Conservative estimate is no funding for the programme except the Dutch MFA, DFID and tail-end of old grants – i.e. no new funding; although a ‘balancing’ figure has been included, this is expected to be made up by the old grants. Numbers in the current plan are top-line only - reflecting overall income and per capita recoveries. A revised programme strategy will be developed and presented to Board in the course of the year.

Fundraising: This past year, we have not met the fundraising target, but the head of the team left early in the year and was not replaced until January, and the next in line left in August. The assumption is that with the new DD of Fundraising & Comms in place, we will restore the capacity of the Fundraising team to the level anticipated last year, also adding paid intern support throughout the year, and making the team's junior position permanent. We have set a target for unrestricted funding mid-way between last year's target and what we anticipate achieving this year. The majority of the target is from known donors, with about a third relating to the new strategy to be set by the incoming DD of FRC.

Support costs - recoveries towards support costs on restricted grants

The funds are available within the restricted grants to recover the c.£14k per capita of direct and indirect costs, plus team desk costs; this has been calculated to cover the support costs that are necessary for the programmes to operate - including HR, Finance, IT, Directorate and Comms. Fundraising is excluded from those costs.

3. Underlying assumptions – expenditure

Programmes: the vast majority of spend in all programmes is staff costs, followed by disbursements to overseas activities (usually via TI national chapters), payments to consultants who are necessary to deliver the contractual commitments, and travel. There are no significant changes to the assumptions from previous years. In certain programmes, expenditure appears to exceed income, due to activities carried over from prior year(s), for which the costs have been accrued.

Fundraising & Communications: there will be a marginal cost increase over the previous year, mainly in staffing; this is due to filling posts which have been budgeted but vacant or in recruitment.

Support costs (core functions): with the appointment of a COO (anticipated start in the summer), we will be making more investment in support services particularly with the doubling of our HR resource to 1.2 FTE plus admin support, as well as a full-time permanent finance manager position. In general, a clearly identified need, especially for the programmes with global operations and significant restricted funds, is to increase the capabilities and resources of our core functions. This, however, has to be undertaken organically and on the basis of guaranteed income, so that we neither build an unsustainable central infrastructure nor ask donors to contribute at a greater level than they are usually willing to pay.

4. Secured and unsecured income

We have a high proportion of income already secured to deliver our current commitments. However, each programme has a list of unfunded projects, and additional funding in the course of the year would enable these to be activated.

Overall secured: 84%

- UKACP secured: 86%
- BIP secured: 76%
- TI-HI secured: 86%
- DSP secured: 92%
- Fundraising secured: 9%

The 91% unsecured income from the Fundraising team is a critical KPI to watch. It might be met by unrestricted income or additional contributions to support costs from new restricted grants. In terms of the charity's long-term health, more unrestricted income is desirable, as it gives more freedom to allocate resources where the charity has most need, especially in responding to an unforeseen event such as publication of the Panama Papers or a change of government, where we need to be nimble in our response.

5. Financial Risks

Among the top risks in the risk register, the following relate directly to the financial plan:

- Weak management of donor funds (including separate risks relating to procedures and to underspending) leading to possible loss of future income;
- Poor cost recovery practices from donor funds resulting in either under-claiming or working on assumptions which donors retrospectively do not approve;
- Failure to achieve unrestricted income targets.

6. Cashflow

We are in a reasonably strong position with regard to cashflow due to a number of donors paying in advance. Our key cash flow exposure during the coming year would be if there were to be delays in DFID or Dutch MFA advance funding, though this is not anticipated at the time of writing this report. Although we will continue to track cash flow in the course of the year, it is no longer our single most important financial KPI.

7. Financial summary

7.1 2019-20 Budget - Summary				
		Budget 2019-20	Forecast 2018-19	% Increase / (decrease)
Income and Expenditure				
(a)	Total Income	4,610,306	3,812,767	21%
(b)	Total Expenditure	4,514,169	4,357,397	4%
(c)	Core Fundraising Income	234,825	131,185	79%
(d)	Core expenditure	607,126	630,988	(4%)
	Fundraising expenditure	135,320	109,632	23%
	Communications expense	170,354	120,641	41%
	Total Core, FR and Comms	912,800	861,261	6%
(e)	BIP Net Contribution (including overheads)	177,069	231,389	(24%)
Cash flow				
(f)	Cash balance at period end		875,817	
Reserves				
(g)	Unrestricted reserve at year end	350,446	288,243	22%
(h)	DSP Restricted reserve	396,657	396,656	0%
	UKACP restricted reserve	311,232	277,299	12%
	HI restricted reserve	57,741	57,741	0%
	Total Restricted reserve	765,630	731,696	5%
(i)	Total reserve at year end	1,116,075	1,019,939	9%
(j)	Support cost recovery from BIP	79,068	77,091	3%
Support cost recoveries from restricted programmes				
(k)	Recovery from UKACP	107,585	88,321	22%
	Recovery from DSP	282,500	253,428	11%
	Recovery from HI	98,875	83,089	19%
	Total recoveries from restricted grants	488,960	424,838	15%

7.2 Total Income & Expenditure

	Income			Expenditure		
	Budget 19-20	Forecast 18-19	Variance	Budget 19-20	Forecast 18-19	Variance
	£000	£000	%	£000	£000	%
Core , FR, Comms	235	131	79%	913	861	6%
BIP	610	605	1%	433	374	16%
DSP	1,736	1,147	51%	1,736	1,896	(8%)
UKACP	999	1,007	(1%)	965	861	12%
HI	1,030	922	12%	1,095	867	26%
Recoveries from programmes	-	-	-	(628)	(502)	25%
Total	4,610	3,812	21%	4,514	4,357	4%

7.3 Note on Unrestricted Reserves

- Unrestricted reserves at 31 March 2020 are forecast at £350,446 which is 6.9 months of budgeted core expenditure of £607,126. This is in line with our existing reserves policy to target 6 months of core expenditure for the unrestricted reserve. In our audited accounts
- last year this figure was 6.2 months.

7.4 Staff numbers

	Staff numbers		
	Budget 19-20	Actual 18-19	Variance
	Number	£000	+/-
Core	7.2	7	0.2
Fundraising	2.5	2.5	-
Communications	3.5	3.5	-
BIP	5.6	4.9	0.7
DSP	20	19	1
UKACP	7.6	7	0.6
HI	7	6	1
	-	-	-
Total	53.4	49.9	

Notes:

- Actual staff numbers above include unfilled vacant posts.
- Actual staff numbers as of 15 February 2019
- Maternity cover not included in staff numbers.

Annex II Three-year outline financial plan: progress

Extract from the TI-UK Strategic Framework (updated with latest available numbers)

Area	2017-18 3-year Strategy	2017-18 Actual	2018-19 3-year Strategy	2018-19 Forecast	2019-20 3-year Strategy	2019-20 Budget
Annual income £000s						
UKACP	442	540	500	961	500	999
BIP	508	416	600	581	700	610
DSP	1,340	2,000	1,900	2,170	1,700	1,736
TI-HI	477	167	1,200	917	1,500	1,030
Other	155	87	200	282	300	226
TI-UK total	2,922	3,210	4,400	3,813	4,700	4,601
Unrestricted reserves £000s	380	280	450	288	500	345
Staff (permanent but not all FTE)						
Dir/Finance/HR (core)	6	8 (3 p-t)	7	8 (2 p-t)	7	7
Comms/Raising/M&E	6	4 (1 p-t)	8	8 (1 p-t)	8	6
UKACP	6	6	6	7*	6	8
BIP	3	3	4	5	4	6
TI-HI	6	6	8*	6*	8*	7
DSP	15*	17*	18*	16*	18*	20
TI-UK total	42 <i>*plus staff wholly paid for by TI-UK but located in other chapters:; DSP-3</i>	44 <i>*plus staff wholly paid for by TI-UK but located in other chapters</i>	51 <i>*plus staff wholly paid for by TI-UK but located in other chapters: PHP-4, DSP-5</i>	50 <i>*plus staff wholly paid for by TI-UK but located in other chapters or with other partners: TI-HI-1, DSP-7, UKAC-4</i>	51 <i>*plus staff wholly paid for by TI-UK but located in other chapters: PHP-4, DSP-5</i>	54 <i>*plus staff wholly paid for by TI-UK but located in other chapters or with other partners</i>
TI-UK Members	120	85	145	86	170	100
Social media followers Inc. ED, DSP, TI-HI	25,000	21,000	35,000	25,534	50,000	30,000
BIP						
BIF members	40	35	40	31	40	32
Corporate benchmark	16	15	20	12	25	20

Annex III TI-UK Organisational Chart *as at 25 July 2019*

DIRECTORATE	FINANCE & RESOURCES		FUNDRAISING & COMMS	
Robert Barrington Executive Director <i>(handover in progress)</i>	Joe Ghandhi Director of Finance & Resources (June 2020)	Natasha Woodham HR Manager (job share)	Naomi Neiland Deputy Director of Comms & Fundraising	Harvey Gavin Communications Manager (27 September 2019)
Kamila Przybyszewska Management Assistant	Subajini Surendran Financial Accountant (31 Dec '19)	Gloria Youri HR Manager (job share)	Jon Le Marquand Digital Communications Officer	Joseph Moore Fundraising Executive
	Tsigie Tewabe Finance Officer	Paige Rogers Operations Officer		

Defence & Security Programme (DSP)				Health Initiative (HI)	Business Integrity Programme (BIP)	UK Anti-Corruption Programme (UKACP)	
Steve Francis Director, DSP	Natalie Hogg Interim Director			Rachel Cooper Director, HI	Director, BIP Sophie Ogilvy	Duncan Hames Acting Executive Director	
Teddy Marks Programme Intern	Kaleigh Heard Training and Military Engagement Manager (May '20)			Sebastiana Etzo Senior Project Mgr (OC4H) (31 March '21)	Rocio Paniagua Senior Programme Manager	Advocacy	Research
Sandhya Persaud Grant Manager	Henna Chauhan Training & Capacity Officer			Alice Foggitt Project Consultant OC4H	Rory Donaldson Programme Manager	Rachel Davies Head of Advocacy (maternity leave)	Steve Goodrich Research Manager
Responsible Defence Governance	Industry Integrity	Conflict & Insecurity	Conflict & Insecurity - Africa Programme	Tom Wright Senior Research and Advocacy Officer	Tilly Prior Programme Officer	Alan Lally-Francis Interim Senior Advocacy Manager (15 October '19)	Ben Cowdock Senior Research Officer
Stephanie Trapnell GI Consultant	Vacant Head of Industry Integrity	Vacant Head of Conflict & Insecurity	Julien Joly Project Manager	Mark Beagan Interim Project Manager (30 June 2019)	Bonnie Groves Programme Strategy Officer	Rose Zussman Senior Policy Officer	Gabriel Simeone Data Analyst Consultant
Michael Ofori-Mensah Research Project Manager (GI) (June '21)	Mia Paukovic Programme Manager	Najla Dowson-Zeidan Programme Manager	Camilla Zuliani Project Manager	Programme Intern Josselin Canevat (Oct '19)		Lucia Cirimello Project Manager – Commitments (Nov '20)	
Alexandru Strelet Project Officer GI (April '21)	Charlotte Linney Project Officer	Benedicte Aboul-Nasr Project Officer	Matthew Steadman Project Officer – Countries (April '20)			Rose Whiffen Project Officer (31 October 2020)	
Hannah Papachristidis Project Officer GI (April '21)		Roxana Mullafoze Project Manager (mat cover) (Jan '20)	DSP funded staff located ex-UK: Jodi Vittori (US), Karolina MacLachlan (Brussels), Olena Tregub (Ukraine), Lada Roslycky (Ukraine), Emilia Dieniezna (Ukraine), Olha Asadcha (Ukraine), Taras Yemchura (Ukraine), Dmytro Khutyy (Ukraine)				
Flora Stevens Project Officer – Global Advocacy							

Key: purple text indicates part-time role, blue text indicates temporary or fixed term positions, red text indicates secondees, orange indicates consultant