



**TRANSPARENCY  
INTERNATIONAL**  
LUXEMBOURG

**Activity Report 2015**

**Financial Information 2015**



A PROPOS

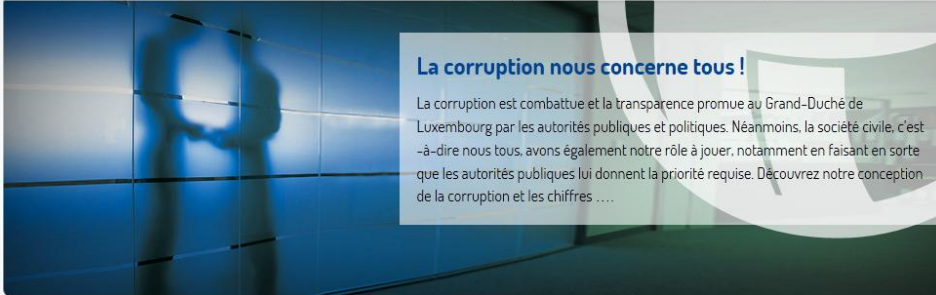
ACTUALITÉ

LA CORRUPTION

HOTLINE

PRESSE

DOCUMENTATION



**La corruption nous concerne tous !**

La corruption est combattue et la transparence promue au Grand-Duché de Luxembourg par les autorités publiques et politiques. Néanmoins, la société civile, c'est-à-dire nous tous, avons également notre rôle à jouer, notamment en faisant en sorte que les autorités publiques lui donnent la priorité requise. Découvrez notre conception de la corruption et les chiffres ....



**Venez découvrir qui nous sommes et ce que nous faisons**

Transparency International Luxembourg est le Chapitre luxembourgeois de Transparency International, mouvement mondial de lutte contre la corruption. Nous sommes une asbl de droit luxembourgeois indépendante et avons comme objectif de promouvoir la transparence, de lutter contre la corruption et de promouvoir les acquis et les atouts du Grand-Duché de Luxembourg au plan international. Venez découvrir qui nous sommes, ce que nous faisons et ce que proposons à nos membres.



**L'actualité va vite, prenons le temps de revenir sur l'essentiel qui touche à la corruption**

Nous éditons une revue de presse dans le but de ne pas laisser passer les événements importants qui touchent de près ou de loin la corruption. Nous vous invitons à la consulter, tout comme nos prises de positions officielles et autres communiqués de

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# Introduction

Yann Baden  
President of TI Luxembourg

# **I. Activities during the year 2015**

## **1. Meetings of the Board of Directors**

During the year 2015 eight formal Board meetings were held. The dates of the meetings were as follows:

6 January 2015  
22 January 2015  
16 April 2015  
21 May 2015  
16 June 2015  
30 July 2015  
14 October 2015  
17 December 2015

Further informal meetings and discussions were held. The members of the Board of Directors were:

Mr Yann Baden	Chair
Mrs Marguerite Ries	Vice-chair
Mr Pascal Espen	Secretary
Mr Stephen Nye	Treasurer
Mr. Claude Schomer	Board member
Mr. Alexandre Chateau-Ducos	Board member

## **2. Executive Director and staffing**

The Executive Director (Jean-Jacques Bernard) has been joined by a part time Legal Counsel (Ms. Alice Guidal) in April 2013. She was originally part of the “Speak Up” EU Program (see relevant section 14 below) but was kept as permanent staff at the end of the Program in March 2015.

Together with the other permanent staff (under ATI Government Program) the whole team of TI Luxembourg counts 4 permanent people (not all full time) in 2015.

### 3. Annual General Meeting and Extraordinary General Meetings

The ordinary Annual General Meeting of TI Luxembourg relating to the year 2014 was held on 16 June 2015 at “NH Hotel” in Luxembourg (Route de Treves, 1019 Luxembourg).

The activity report 2014 and the financial statements for the year ending 31 December 2014 were both unanimously approved by the meeting. The meeting also appointed Mr. Christian Steichen as the internal auditor for the year ending 31 December 2015. All members of the Board of Directors of TI Luxembourg (Mrs. Marguerite Ries, Mr. Stephen Nye, Mr. Yann Baden, Mr. Pascal Espen and Mr. Claude Schomer) were reelected unanimously for the year 2015.

Additionally to the Annual General Meeting, TI Luxembourg held two Extraordinary General Meetings (“EGM”) on 16 June 2015 at “NH Hotel” in Luxembourg.

The agenda for these EGM included changes in the Articles of Association of the Association Pour la Promotion de la Transparence a.s.b.l. (“APPT asbl”). In that respect, a specific quorum was required and as it was not met for the first EGM, we had to convene another one with the same agenda for the purpose of being able to go through the agenda and to be able to vote.

The agenda, originated by the governance requirements of the Transparency International Standards in line with the re-accreditation process of TI Luxembourg (see section 5), read as follows :

#### 1. Modification de l'article 6 des statuts afin qu'il prenne la teneur suivante :

**Art. 6.** *L'Association comprend deux catégories de membres :*

- a) les membres – personnes physiques, désignés membres actifs, et*
- b) les membres – personnes morales, désignés membres passifs.*

*Seuls les membres actifs ont voix délibérative.*

#### 2. Modification de l'article 7 des statuts afin qu'il prenne la teneur suivante :

**Art. 7.** *Peut devenir ou rester membre actif toute personne physique qui :*

- s'intéresse à l'objet de l'association,*
- est agréée par le conseil d'administration,*
- verse la cotisation annuelle,*
- se conforme aux présents statuts.*

### **3. Modification de l'article 8 des statuts afin qu'il prenne la teneur suivante :**

**Art. 8.** *Peut devenir membre passif toute personne morale qui soutient financièrement l'association ou qui contribue de façon signalée à la réalisation des buts de l'association.*

### **4. Modification de l'article 10 des statuts afin qu'il prenne la teneur suivante :**

**Art. 10.** *L'assemblée générale seule peut, à la majorité des voix des membres actifs requise pour une modification statutaire, prononcer l'exclusion d'un membre soit lorsque celui-ci contrevient aux dispositions statutaires soit lorsque, par son comportement, il compromet intentionnellement les intérêts de l'association. Il en sera ainsi notamment du membre qui, de la conviction de l'assemblée générale de l'association, a commis un fait de corruption ou un fait similaire. Avant de proposer à l'assemblée générale l'exclusion, le conseil d'administration entendra la défense personnelle du membre en question.*

### **5. Modification de l'article 15 des statuts afin qu'il prenne la teneur suivante :**

**Art. 15.** *Les membres du conseil d'administration sont élus par l'assemblée générale au vote secret et à la majorité absolue des voix exprimées des membres actifs.  
Les membres du conseil d'administration doivent être membres actifs de l'association et ne peuvent exercer de mandat public au Luxembourg.*

### **6. Modification de l'article 17 des statuts afin qu'il prenne la teneur suivante :**

**Art. 17.** *La durée du mandat des membres du conseil d'administration est fixée à un (1) an. Les membres du conseil d'administration sont rééligibles pendant une durée maximale de 9 ans.*

### **7. Modification de l'article 25 des statuts afin qu'il prenne la teneur suivante :**

**Art. 25.** *Une délibération de l'assemblée générale est nécessaire pour les objets suivants :*

- *la modification des statuts ;*
- *l'approbation du rapport d'activité;*
- *l'approbation des comptes écoulés après avoir entendu le rapport des réviseurs de caisse ;*
- *l'élection et la révocation du conseil d'administration ;*
- *la désignation des réviseurs de caisse ;*
- *la dissolution de l'association ;*
- *l'exclusion des membres.*

### **8. Divers**

All resolutions were passed unanimously and the Articles of Association of the APPT asbl were updated accordingly and filed with the Trade Register.

## 4. Luxembourg public authorities

### 1. Ongoing relationship with the Luxembourg government and other administrations

As previously reported, the relationship with the Luxembourg government normalized over the year 2012 and became a good working relationship over 2013. Contacts were made with the new Luxembourg government as a result of the October 2013 election and the good working relationship seems to be ongoing. In 2014 indeed, the Luxembourg government proved to be an interested partner and 2015 showed continuity.

TI Luxembourg met with the Minister of Justice on 30<sup>th</sup> March 2015, to present its advocacy more specifically in the field of whistleblowers' protection. The meeting followed the end of the "Speak Up" project (see relevant section 14) and allowed TI Luxembourg to present its findings, conclusions and proposals. All these will be developed in the "Speak Up" section but we were pleased to see positive attitude expressed by the Minister of Justice who, soon after our meeting (on 29<sup>th</sup> April 2015), expressed during an interview with "L'Essentiel" that the whistleblowers' protection could easily be increased in Luxembourg<sup>1</sup>.

This commitment has still not been enacted but the Minister reiterated his position so that we are inclined to believe that our advocacy on that point will come to fruition although we remain vigilant and continue our advocacy work.

The grant of an annual subsidy of 15.000,00 € to TI Luxembourg from the Government was not put into question during 2015.

TI Luxembourg also met with the IGP (Inspection Générale de la Police) on 21 January 2015. The Inspecteur général, the designated Inspecteur général as well as most of the IGP staff were then presented to members of the Board of Directors of TI Luxembourg with the aim to start a new cooperation should the opportunity arise.

### 2. Codes of Conducts

Codes of conduct have been a long advocated-for topic since the beginnings of TI Luxembourg's activities.

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<sup>1</sup> <http://www.lessentiel.lu/fr/news/luxembourg/story/22068220>



As already reported, progress had been made in 2014, following the GRECO report of 2013, with the implementation of a “Code of Ethics” (“Code de Déontologie”) for Members of the Parliament effective since October, 29<sup>th</sup> 2014<sup>2</sup>. This Code is part of and has modified the internal rules of procedures of the Parliament. It was followed by "Ethical rules for government members and their duties in the exercise of their functions" (“Règles déontologiques des membres du gouvernement et leurs devoirs dans l’exercice de leurs fonctions”) which originated in 2014 and were updated late 2015<sup>3</sup>.

The last opus was the adoption of a Code of Conduct for members of the Conseil d’Etat (the second chamber of Parliament)<sup>4</sup> on 2<sup>nd</sup> February 2015.

This Code of conduct contains articles about confidentiality, impartiality and integrity (explicitly quoting “article 246 of the criminal code” that criminalises corruption in its article 11, “conflict of interests” in its article 13 and “gifts received in a counsellor’s duties” in article 14).

TI Luxembourg welcomes the new Code enacted in 2015 and developments for the members of Government. Nevertheless, progress still needs to be achieved by extending these codes of conduct to every local elected official, civil servants and public institutions (“établissements publics”). We will not stop advocating on these issues until all public institutions in the country adopt such rules as principles of deontology.

### **3. Legislation on transparency**

Last year, TI Luxembourg welcomed various laws in the field of transparency: bearer shares registration, automatic exchange of information between administration and a new regime for Tax rulings. All these increased the tools available in the fight against corruption and similar crimes / wrongdoings.

As for the year 2015, transparency has improved in Luxembourg in tax matters mainly.

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<sup>2</sup> <http://www.legilux.public.lu/leg/a/archives/2014/0201/a201.pdf>

<sup>3</sup> Mémorial A n° 259 of 28 December 2015 : Arrêté grand-ducal du 28 décembre 2015 portant modification de l’Arrêté grand-ducal du 14 novembre 2014 fixant les règles déontologiques des membres du gouvernement et leurs devoirs et droits dans l’exercice de leurs fonctions in <http://www.legilux.public.lu/leg/a/archives/2015/0259/a259.pdf#page=2#page=2>

<sup>4</sup> Mémorial A n°18 of 6 February 2015: Règlement grand-ducal du 2 février 2015 portant approbation de l’Annexe au règlement d’ordre intérieur du Conseil d’État relative aux règles déontologiques pour les membres du Conseil d’État in <http://www.legilux.public.lu/leg/a/archives/2015/0018/a018.pdf> . Last accessed on the 28<sup>th</sup> of June 2016.

Indeed, a law on tax information procedures was passed on 18<sup>th</sup> December 2015<sup>5</sup>.

Following the introduction of automatic exchange of tax information (FATCA and CRS agreements) we reported last year, it implemented two kinds of obligations:

- declaration obligations, including date of birth, tax identification number –NIF- and the account's balance,
- due Diligence obligations that provide a roadmap for customer identification procedures, which are more thorough and comprehensive for high value accounts.

Progress has thus been accomplished on tax transparency and followed international agreements.

There was no other significant improvement in Luxembourg's policy against corruption.

## **5. Accreditation – an ongoing process**

The relevant committees of TI-S have accredited TI Luxembourg as full National Chapter on 4 November 2012 for a 3 years period. The accreditation lasted until the end of 2015 and certified TI Luxembourg is complying with the high standards set by TI-S.

TI-S updated the re-accreditation process during the AMM held in Berlin on October 2013. In that respect, TI Luxembourg had to renew its accreditation in December 2015 under the new regime.

The new regime is more demanding and required a very intensive effort from the staff and the Executive Director for the second half of 2015. It was completed by TI Luxembourg on January 20<sup>th</sup>, 2016 when the file was sent to Transparency International Secretariat. The MAC (Members accreditation Committee) of TI-S' Board of Directors was to convene in the course of February 2016. TI Luxembourg was officially notified in April 2016 that its accreditation was renewed but some recommendation are to be addressed and will be reviewed in April 2017.

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<sup>5</sup> Memorial A n°244 of the 24th december 2015, Loi du 18 décembre 2015 concernant l'échange automatique de renseignements relatifs aux comptes financiers en matière fiscale et portant [...]. modification de la loi modifiée du 29 mars 2013 relative à la coopération administrative dans le domaine fiscal [http://www.impotsdirects.public.lu/legislation/legi15/Memorial-A---N\\_-244-du-24-decembre-2015.pdf](http://www.impotsdirects.public.lu/legislation/legi15/Memorial-A---N_-244-du-24-decembre-2015.pdf) . Last accessed on the 28th of June, 2016.

## **6. Fundraising and office**

TI Luxembourg is renting a small office space in 11C, Bd. Joseph II, Luxembourg. The office is open to the public at large during business hours (8.30 am – 12.30 and 13.30 – 17.30 generally) but mostly with an appointment to guarantee confidentiality of our visitors.

The Board of Directors decided during its meeting held on 21 May 2015 to transfer the registered office of the APPT asbl to the office location. 11C, Boulevard Joseph II, L-1840 Luxembourg is now the only official address and office of TI Luxembourg.

The income realized by TI Luxembourg has grown from a mere 2.250,00 € in 2010 to approx. 140.000€ in 2014 after a high of 150.000€ in 2013, thanks to private donations, government support and subsidies and more importantly EU Programs such as “Speak Up” that made up more than half of these amounts. However, TI Luxembourg experienced a loss for 2014 and is also experiencing a new one for 2015. This must lead to painful decisions unless solutions and new resources are found. The losses incurred in 2014 and 2015 are critical and may jeopardize TI Luxembourg’s existence and scope of activities.

TI Luxembourg undertakes continuous efforts to raise funds and donations in order to become more productive and more professional in its operations. An important effort targeting the private sector under an initiative termed “Business Integrity Forums” has not come to fruition.

TI Luxembourg applied for two new EU Programs. One of them has been accepted in late 2015. It is called “Enhancing Beneficial Ownership Transparency”. Thanks to that Program which is to start on March 2016, the survival of TI Luxembourg in its current perimeter is confirmed for the duration of that project. Decisions will have to be taken in 2016 at the latest.

## **7. Communication with its members**

TI Luxembourg has started in 2012 to publish a corruption related press review. This review has originally been disseminated to its members via e-mail. It is now both published on TI Luxembourg’s Internet website ([www.transparency.lu](http://www.transparency.lu)) and sent to its members via e-mail. It is generally sent twice a month and focuses on the Corruption related press articles both in

Luxembourg and internationally. Feedbacks from our members are quite positive so we will continue delivering that service which falls in the philosophy of TI Luxembourg.

TI Luxembourg has shared in March 2015 a new issue of its non-periodical “Corruption Newsletter” informing its members of its activities and updates. The aim is to use the newsletter as a general information document and to print a new issue as often as required especially to present ourselves and to promote our work / association. This newsletter was also disseminated (together with other documents and flyers) during the Festival des Migrations at LuxExpo (see below).

## **8. Communication with the public**

In order to promote its cause and familiarize the public with its activities, TI Luxembourg continued to meet with external stakeholders/partners, met with members and gave some interviews as follows:

### **Attendance of the 32<sup>nd</sup> Festival des Migrations, de la Culture et de la Citoyenneté at LuxExpo 13/15 March 2015:**

For the second time in 2015, TI Luxembourg was present at the 32<sup>nd</sup> “Festival des Migrations, de la Culture et de la Citoyenneté” (organized by CLAE Services – [www.clae.lu](http://www.clae.lu)) and could meet with the public during these 3 days. The discussions were intense and very interesting, comforting us in our work and existence. We used that opportunity to disseminate our Newsletter and some flyers to the public and to rally people to our cause. Some new members enrolled after the event. This was a confirmation of the necessity of our presence.

### **TI Luxembourg in the Media and Interviews (printed press, radio and television) :**

- 9 March 2015 : Luxemburger Wort : Yann Baden’s interview about the “Panama connection” (Panama Trade Register made public which revealed Luxembourg attorneys’ names) ;
- 11 March 2015 : Speak Up Report – Press Conference at « NH Hotel » which lead to the following articles :
  - Wort : ["Kampf gegen Korruption ist eine Bürgerpflicht"](#)

- Tageblatt : [Korruption betrifft auch Luxemburg](#)
  - Le Quotidien : [Corruption: les lanceurs d’alerte mal protégés](#)
  - L’Essentiel : [25 cas de corruption par an au Luxembourg](#)
  - Paperjam : [TI fait le bilan des lanceurs d’alerte](#)
  - RTL.LU : [Iwwer 50 Hiweiser vu Korruptioun an de leschten zwee Joer](#)
  - Tele.rtl.Lu : [Korruptioun zu Lëtzebuerg ... éischer Favoritismus](#)
- 12 March 2015 : Wort : [Affaire Luxleaks](#) ;
  - 16 March 2015 : radio 100.7 : Yann Baden’s Interview about the “Speak Up” report;
  - 13 April 2015 : Paperjam : [Le SOS de Transparency International](#) (La branche luxembourgeoise de l’organisation de lutte contre la corruption en appelle au soutien de tous et à un renforcement de la protection des lanceurs d’alerte) ;
  - 29 June 2015 : Paperjam : [Les risques du métier](#) (Le blanchiment d’argent, les directives européennes) ;
  - 26 August 2015 : Tageblatt : Jean-Jacques Bernard’s interview about the OECD Progress Report ;
  - 31 August 2015 : Tageblatt : OECD Progress Report ;
  - 9 December 2015 : Lëtzebuerger Journal : Yann Baden’s interview about Anti-Corruption Day.

### **Press releases :**

- 7 January 2015 : Entry into force of the Law dated 25 November 2014 on automatic exchange of information in tax matters ;
- 8 January 2015 : Solidarity with Charlie Hebdo and for a free press and the freedom of expression ;
- 2 February 2015 : Code of Conduct for members of Conseil d’Etat ;
- 21 April 2015 : Speak Up Report publication ;
- 29 May 2015 : Support to the claim for more Transparency in FIFA and the need for actions;
- 9 July 2015 : Vote of the EU Parliament in favor of a “country by country report” for multinational companies ;
- 7 October 2015 : Vote of the European Council in favor of Transparency for the Tax Rulings within Europe ;

- 14 November 2015 : Solidarity with France after the terrorists' attacks in Paris ;
- 19 November 2015 : Report on National Federation members of FIFA ;
- 9 December 2015 : Anti-corruption Day.

#### **Meeting with stakeholders / partners:**

- 11 May 2015 : Meeting with the IGP (Inspection Générale de la Police) <http://www.gouvernement.lu/igp> ;
- 14 October 2015 : Meeting with IMS Luxembourg ([www.ims.lu](http://www.ims.lu)) ;
- 22 October 2015 : Conference attendance on the theme : “whistleblowing”. Conference organized by ELSA ([www.elsa.lu](http://www.elsa.lu)) ;
- 29 October 2015 : TI Luxembourg is attending the ING Solidarity Awards 2015 ([www.ing.lu/solidarityawards](http://www.ing.lu/solidarityawards)) ;
- 27 November 2015 : FGFC's invitation (section d'Esch) for Transparency International Luxembourg ([www.fgfc.lu](http://www.fgfc.lu)).

## **9. OECD Progress Report**

As in the past, TI Luxembourg has been cooperating with TI-S on its OECD Progress Report. TI Luxembourg is of the opinion that the report is seriously flawed conceptually and also in its details.

TI Luxembourg has raised these concerns in 2012 and renewed them since then with TI-S, to no avail. TI Luxembourg then informed the Luxembourg government of its concerns.

While the methodology has slightly changed in 2013, the most conceptual flaws remain. TI Luxembourg has again raised its concerns with TI-S in 2013 and in 2014.

TI Luxembourg is however still participating in the report but is not promoting it.

## **10. LuxLeaks scandal**

The so-called “LuxLeaks” scandal arose on 6 November 2014 when revelations were made by the ICIJ ([www.icij.org](http://www.icij.org)) in regards of Tax Rulings signed by the Luxembourg authorities. As the

case is still ongoing and of major importance, we believe it is important to include it in the 2015 report.

TI Luxembourg issued a first press release on 6 November 2014 calling for a national investigation that would include and reveal all aspects extensively and identify all stakeholders to ascertain no undue advantage were at stake in the granting of such Tax rulings. TI Secretariat relayed the call for a thorough investigation on 7 November 2014. However, such an investigation was never conducted.

TI Luxembourg is a law abiding organization and remained voluntarily silent on that specific case as a judicial process was ongoing. No communication occurred from TI Luxembourg on the matter during 2015 for that specific reason.

In that respect, although most international NGOs were not silent and started to advocate in favor of the plaintiffs, TI Luxembourg decided to focus on advocating for a systemic change leading to an increase of the whistleblowers' protection in the Luxembourg legislation.

## **11. Cooperation with TI-S and the Network**

We have a permanent connection with TI-S. This includes regular conference calls, emails and several international meetings which were attended by a representative of TI Luxembourg. Some meetings involved limited numbers of Chapters as they were linked with specific activities.

Jean-Jacques Bernard attended a “Business Integrity Meeting” in Berlin from 24 March 2015 until 26 March 2015, followed by a “Financial Integrity Meeting” on 27 March 2015. This meeting was the starting point of the “Business Integrity Forum” initiative for TI Luxembourg and gave us a fairly good overview of what added value the network could offer to the Private Sector.

Cobus de Swardt, managing director of Transparency International Secretariat visited TI Luxembourg on 10 June 2015, supporting our efforts for the Business Sector by meeting with some stakeholders / potential partners.

Jean-Jacques Bernard attended the Annual Membership Meeting (AMM) of TI held on 31<sup>st</sup> August and 1<sup>st</sup> September 2015 in Putrajaya (Malaysia). He could then vote in the name of TI

Luxembourg as Official Chapter Representative. He also participated in different workshops and conferences held during these events. This annual meeting is of prime importance for all Chapters since it is the only place where representatives from all countries can meet and exchange.

At this specific AMM, the movement voted in favour of the new Strategy (TI Strategy 2020). This Strategy is going to monitor the whole movement and the central secretariat for years and will imply changes in the tone and actions. TI is now willing to be active in corruption cases although it was always led by the principle “no naming, no shaming”. TI Luxembourg is quite puzzled about that new activism attitude of the movement. However, TI Luxembourg is supporting as best it can all requests from different Chapters that are investigating transnational cases.

## **12. Corruption Perceptions Index 2015**

Transparency International has released on 27 January 2016 the new version of its "Corruption Perception Index 2015 "(ICC 2015) worldwide. Although it was postponed to the year 2016, we decided to include it to the annual report 2015 as it is referring to that specific year.

This index is the result of the score awarded by independent bodies in each of 168 countries (down from 175 countries in 2014). Over two thirds of the 168 countries studied in the 2015 index score below 50, on a scale from 0 (perceived to countries highly corrupt) to 100 (the country perceived as very little corrupt). Denmark is for the second year in a row ranking at the first place.

Concerning our country, the results are not as good as last year as Luxembourg is losing 1 point and 1 rank, down from 9<sup>th</sup> to 10<sup>th</sup> *ex aequo*. In terms of Western Europe, Luxembourg remains at the 7<sup>th</sup> place *ex aequo*. The results are still good but they should not make us forget that Denmark who ranks 1<sup>st</sup> gets a score of 91 (as opposed to a score of 81 for Luxembourg). Luxembourg can and should make some progress.



Transparency International Luxembourg welcomes this good result that still places Luxembourg in the "top ten" of the top ranked countries but insists that this classification on the one hand must be widely nuanced and secondly is not a blank check for the future.

The result of the 2015 CPI must be moderated for several reasons:

- As the name suggests, the CPI is an index of perception by the professional sector. It is therefore not measuring a definite result but the academic perception of such a result by independent bodies. There can therefore be significant differences between the perception of the result and the result itself. This divergence can be exacerbated in a small country where the phenomenon of corruption, influence peddling and conflict of interest may be more subtle and less visible, or even less noticeable from abroad.
- The CPI is focusing on the perception of corruption in the public sector and is not to be seen as apprehending the whole corruption phenomenon for a specific country. All other aspects of corruption are voluntarily set aside and not part of the results.

### **13. Advocacy and Legal Advice Center (ALAC) / Hotline**

TI Luxembourg has opened in December 2011 an ALAC in the form of an anti-corruption hotline.

While TI Luxembourg didn't expect too many calls to its hotline, TI Luxembourg was still surprised by the steady number of quality cases that have been referred.

Thanks to the EU financed project "Speak Up", TI Luxembourg hired a part-time legal advisor for the hotline in early 2013. The legal advisor is still member of the staff although the "Speak Up" program has ended.

However, TI Luxembourg has to report that since the beginning of the LuxLeaks scandal in 2014, calls to the hotline have essentially disappeared.

## 14. Speak Up Project : Replicating and Strengthening ALACs in Europe

TI Luxembourg participated, together with the Czech Republic, Greece, Hungary, Ireland, Latvia, Lithuania, Luxembourg in a EU funded program that ran from the end of 2012 until the end of March 2015. We will not replicate what was reported in last year report concerning this program and will focus on the 2015 final activities.

TI Luxembourg held a Press Conference on 11 March 2015 to present the Luxembourg national report<sup>6</sup>. This Press Conference received a fairly good coverage in the Luxembourg media<sup>7</sup> and showed TI Luxembourg's professionalism.

In the wake of our National Report, the "Speak Up Global Report" compiling all participating countries was released on 21 April 2015<sup>8</sup>.

TI Luxembourg came to the conclusion that, like Ireland or the United Kingdom, Luxembourg needs to update its legislation to accompany the European movement and support the fight against corruption. The law of 13 February 2011 on whistleblower protection was a fundamental and important step that in its time has allowed Luxembourg to be at the forefront of whistleblower protection. This is no longer the case and we must improve the current legislation.

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<sup>6</sup> The extensive version of the report / Press Conference can be found here : <http://www.transparency.lu/wp-content/uploads/2015/03/Conférence-de-presse-du-11-mars-2015-Rapport-Speak-Up.pdf>

<sup>7</sup> <http://www.transparency.lu/wp-content/uploads/2015/03/Revue-de-presse-édition-spéciale-couvrant-la-Conférence-de-Press-Speak-UP-de-TI-Lux-du-11-mars-2015.pdf>

<sup>8</sup> A dedicated internet page for the project was created : [https://www.transparency.org/news/feature/speaking\\_up\\_safely\\_against\\_corruption\\_in\\_europe](https://www.transparency.org/news/feature/speaking_up_safely_against_corruption_in_europe) and the global report of the project is to be found here : [http://www.transparency.org/whatwedo/publication/speak\\_up\\_empowering\\_citizens\\_against\\_corruption](http://www.transparency.org/whatwedo/publication/speak_up_empowering_citizens_against_corruption)

In that respect, TI Luxembourg is calling for these minimum changes in the current legislation:

- a clear and wider definition of a « whistleblower »,
- the possibility for a « whistleblower » to be assisted by one or several approved organization(s) leading to the extension of the « whistleblower » protection acting through these organizations,
- an extension of the « whistleblower » protection beyond the mere area of labour law and,
- the implementation of a progressive reporting channel.

## **15. Internet presence / Social media**

TI Luxembourg's website is accessible through the following addresses: [www.transparency.lu](http://www.transparency.lu), [www.transparence.lu](http://www.transparence.lu), [www.corruption.lu](http://www.corruption.lu), [www.korruption.lu](http://www.korruption.lu) and [www.korruptioun.lu](http://www.korruptioun.lu).

In 2015, TI Luxembourg decided to use social media to reach out to more people. A Facebook account has been created (<https://www.facebook.com/transparencyluxembourg/>) together with a « MyWort » account. They are all being constantly updated in order to deliver the best apprehension of TI Luxembourg.

## **16. Members**

TI Luxembourg is continuously seeking popular support. Corruption being a difficult and technical issue, TI Luxembourg will never attract a very large popular support basis. Nevertheless, its membership basis has been increasing slowly but steadily. Further efforts are however necessary to reach further popular support.

TI Luxembourg is also seeking private sector support and adhesion.

## **17. Post Closure Events and current situation**

The Board of Directors of APPT wishes to add a few more elements to this report in order to deliver a faithful image of the current situation of the association and seek the members' and other stakeholders' opinion. These events are the reason for the late date for the 2015 Annual Meeting.

TI Luxembourg's affiliation with Transparency International comes at a cost to our organization. The cost involved with the network is of three different kinds:

- There is of course a direct cost as for instance TI-S' requirement to have external audits done by its national chapters although the legal provisions applicable to these national entities might not require so. These direct costs, while not negligible, are small.
- There is more importantly an indirect cost factor involved in that the affiliation requires a substantial amount of the national chapter's resources to be used of the purposes of the affiliation with the movement. This most often applies to human resources and it is obvious from the work performed by TI Luxembourg during its re-accreditation process as well as from other events discussed in this report that a substantial amount of the chapter's human resources are being used for the exclusive use of the movement to the detriment of the national chapter.
- Finally the "LuxLeaks" scandal and more importantly the criminal prosecution of the people responsible for the leak have shown that TI-S and TI Luxembourg not always share the same approach. This has led to a reputational loss for both TI Luxembourg and its work conducted over the last years.

Compounded by TI's strategy 2020 and its recent organizational restructuring, the cost of a small national chapter like TI Luxembourg has grown to be very important and make the chapters' core activity come to a virtual standstill.

It is also obvious from a number of last and this year's world events and election results that populist ideas are on the ascent. This tendency has unfortunately not spared the movement of Transparency International, whether at the level of some national chapters or even at the level of the top management of TI-S. The current board of TI Luxembourg has firmly positioned itself against these populist trends and does not wish to further short sighted and ill reflected ideas.

Based on these elements and in line with last year warning, the activity of the Association was reduced and support became rare, especially financial support. TI Luxembourg's Board already expressed concerns for the financial sustainability of the Association during its 2015 Annual Meeting and the recent developments have worsened the financial situation. The Association is

incurring a loss for the second year in a row and the 2016 financial year is in line with the past situation. TI Luxembourg has not yet found its sustainable *modus operandi*.

TI Luxembourg is currently operating on the EBOT Project funds (an EU funded project which started in March 2016 for a 12 months period aiming at “Enhancing Beneficial Ownership Transparency”) with no full time staff since we had to let go all of our people.

At the time of this report, the cash flow situation allows this limited operation to continue until the end of the EBOT project but does not allow any other activity or development.

Based on these recent elements, the Board of Directors of TI Luxembourg is seeking for a constructive discussion with the members of the Association in order to apprehend the future of our asbl if and once the EBOT project has come to an end.

\*

Transparency International is a non-governmental organization (NGO) created in 1993 with the aim to fight corruption. For further information please refer to Transparency International’s website at [www.transparency.org](http://www.transparency.org).

Our organization, Transparency International Luxembourg<sup>9</sup>, can be reached by e-mail at [info@transparency.lu](mailto:info@transparency.lu) and through its web-site at [www.transparency.lu](http://www.transparency.lu). TI Luxembourg’s offices are located at 11C, Bd. Joseph II, Luxembourg. Persons interested in joining our organization can do so by filling out the membership form available on our website.

TI Luxembourg has been recognized by grand-ducal decree of 12 Mai 2011 as being of public interest and it is listed, under its official denomination of Association pour la Promotion de la Transparence a.s.b.l., among the entities whose donations can be deducted from taxable income within the scope of articles 109 and 112 L.I.R..

Transparency International Luxembourg is dependent on private donations to maintain its activities and its independence. We thank you for your interest and your support.

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<sup>9</sup> The organization is doing business as Transparency International Luxembourg, its legal name is Association Pour la Promotion de la Transparence a.s.b.l.

## II. Financial Information

### FINANCIAL INFORMATION

at

31 December 2015

of

Association pour la Promotion de la Transparence Asbl  
exerçant sous Transparency International Luxembourg

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## Balance Sheet

	31/12/15 Euro	31/12/14 Euro
<b>Assets</b>		
<u>Fixed assets</u>		
Internet website	3.780,74 €	5.671,11 €
<b>Total fixed assets</b>	<b>3.780,74 €</b>	<b>5.671,11 €</b>
<u>Current assets</u>		
Cash and cash equivalents	907,14 €	15.641,20 €
Subsidy receivable	15.000,00 €	15.000,00 €
<b>Total current assets</b>	<b>15.907,14 €</b>	<b>30.641,20 €</b>
<b>Total assets</b>	<b>19.687,88 €</b>	<b>36.312,31 €</b>
<b>Liabilities</b>		
<u>Reserves</u>	<b>19.687,88 €</b>	<b>35.662,31 €</b>
<u>Creditors</u>		
Invoices to be received	0,00 €	575,00 €
<b>Total liabilities</b>	<b>19.687,88 €</b>	<b>36.237,31 €</b>



# Income Statement

	<b>2015 Euro</b>	<b>2014 Euro</b>
<b>Income</b>		
Membership fees	3.530,00 €	5.161,32 €
Donor contributions in cash	43.100,00 €	21.210,00 €
Donor contributions in kind	46.127,68 €	42.718,39 €
Government subsidy	15.000,00 €	15.000,00 €
EU Project "An Alternative to Silence"	0,00 €	0,00 €
EU Project "Speak Up"	3.674,84 €	58.139,25 €
<b>Total Income</b>	<b>111.432,52 €</b>	<b>142.228,96 €</b>
Administrative expenses	1.502,71 €	1.616,30 €
Travel and representation	58,00 €	0,00 €
Rent	9.423,00 €	9.399,53 €
Salaries and wages	79.844,13 €	66.164,80 €
PR expenses	130,00 €	130,00 €
Salary costs	16.343,19 €	21.695,85 €
Internet website	2.047,84 €	889,99 €
Research costs	0,00 €	0,00 €
Amortisation	1.890,37 €	1.890,37 €
IT Equipment	0,00 €	0,00 €
EU Project "An Alternative to Silence"	1.003,45 €	1.679,53 €
EU Project "Speak Up"	15.164,26 €	53.440,80 €
<b>Total Expenditure</b>	<b>127.406,95 €</b>	<b>156.907,17 €</b>
<b>Result from operating activities</b>	<b>-15.974,43 €</b>	<b>-14.678,21 €</b>
<b>Net surplus</b>	<b>-15.974,43 €</b>	<b>-14.678,21 €</b>

## Statement of Changes in Reserves

	<b>Special Fund Euro</b>
Opening balance at 1 January 2015	€50.340,52
Appropriation from net surplus for 2014	€(14.678,21)
Balance at 31 December 2014	€35.662,31
Appropriation from net surplus for 2015	€(15.974,43)
<b>Balance at 31 December 2015</b>	<b>€19.687,88</b>

## Cash Flow Statement

	<b>2015</b> <b>Euro</b>	<b>2014</b> <b>Euro</b>
<b>Net surplus of the year</b>	(15.974,43)	(14.678,21)
<b>Movement in receivables</b>	-	-
<b>Movement in payables</b>	(650,00)	75,00
<b>Amortisation</b>	1.890,37 €	1.890,37 €
<b>Net cash flow from operating activities</b>	<b>(14.734,06)</b>	<b>(12.712,84)</b>
<b>Increase in cash and cash equivalents</b>	<b>(14.734,06)</b>	<b>(12.712,84)</b>
Cash paid for purchase fixed assets	-	-
Opening cash and cash equivalents	15.641,20	28.354,04
<b>Cash and cash equivalents at 31 December</b>	<b>907,14</b>	<b>15.641,20</b>

## Notes to the financial statements

### 1) Reporting entity

The Association pour la Promotion de la Transparence a.s.b.l (hereafter “APPT” or the “Association”) was established on 9 June 2009 as an *Association sans but lucratif* (non-profit association) in Accordance with Luxembourg Law. The Association was established for an indefinite period and has its registered address at:

11C, Boulevard Joseph II, L-1840 Luxembourg.

The principal object of APPT is to promote transparency and integrity in public life.

The financial statements were set-up by the Board of Directors of APPT on 25 May 2016.

### 2) Basis of preparation

#### (a) **Statement of compliance**

The Association is not in scope of the Luxembourg Law of December 2010 with regard to the Preparation of annual accounts. The annual accounts have been set up with the objective to present a true and fair view of the assets, liabilities, charges and revenues of the Association as at 31.12.2015. Without respecting formally the International Financial Reporting Standards (IFRS) as adopted by the European Union, the annual accounts have been set-up in accordance with the main Standards of IFRS representing the main frame although the Association has no specific legal requirement.

Currently, the IFRS do not contain specific guidelines for non-profit and non-governmental organisations concerning the accounting treatment and the presentation of the financial statements. Where the IFRS are silent or do not give guidance on how to treat transactions specific to the not-for-profit sector, accounting policies have been defined in a sense to respect as much as possible the general IFRS principles, as detailed in the IASB Framework for the Preparation and Presentation of Financial Statements.

#### (b) **Basis of measurement**

The financial statements have been prepared on the historical cost basis.

#### (c) **Functional and presentation currency**

The financial statements are presented in Euro, which is the Association’s functional currency.

#### **(d) Use of estimates and judgements**

The preparation of financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

The principal accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented.

### **3) Summary of significant accounting policies**

#### **(a) Adoption of new and revised International Financial Reporting Standards (IFRS)**

There are no new or revised standards to be adopted in future periods that are likely to have a significant impact on the financial statements of the Association.

#### **(b) Income**

Membership fees are recognised as unrestricted funds in the year in which the subscription is paid.

Donor contributions are recognised in the year of the donation and allocated to general funds unless the donor specifies a particular project.

Subsidies are recognised on an accruals basis in the year to which they relate.

#### **(c) Cash and cash equivalents**

Cash and cash equivalents consist only in cash at bank.

#### **(d) Taxation**

No income tax or VAT taxation has been provided in these financial statements as the Association does not carry out any commercial activity and was not in receipt of any taxable income.

#### **(e) Amortisation of website asset**

Cost related to the development of the Association's website have been capitalised and are amortised over the estimated useful life of the site of 5 years.

#### **(f) Financial assets**

The Association has only cash at bank and short-term receivables as at 31 December 2012 and 2011 for which the carrying values are equal to the fair value due to their liquid and short-term nature.

#### **(g) Finance income**

Finance income comprises interest on bank accounts.

#### **(h) Reserves**

The Reserves of APPT consist of retained earnings.

### **4) Financial Instruments**

The Association has only cash at bank and short-term receivables as at 31 December 2015 and 2014. Cash at bank funds is held at a bank in Luxembourg with a good credit rating. The Association faced no currency or liquidity risk in 2015 and 2014. The receivables are due from the Luxembourg government which enjoys a triple A rating.

### **5) Related Parties**

Neither the members of the Board of Directors nor any other related parties have received any remuneration from the Association. The subscriptions received by the Association have been paid by members of the Board of Directors.

### **6) Internet website**

Movements in respect of the capitalised costs of development of the Associations internet website are as follows:

Capitalised in 2012	5.043,90
Capitalised in 2013	<u>4.407,95</u>
Total costs	9.451,85
Amortisation in 2013	<u>1.890,37</u>
Amortisation in 2014	1890,37
<u>Amortisation in 2015</u>	<u>1890,37</u>
Net book value at 31.12.15	<u>3780.74</u>



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APPT A.S.B.L.  
11C, Boulevard Joseph II  
L-1840 Luxembourg

### **Report from the Supervisory Auditor Concerning the balance sheet at 31.12.2015**

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To the shareholders,

We are pleased to report on the implementation of the auditing assignment which you have entrusted us with.

We have performed our task based on Article 62 of the law which was modified on August 10, 1915 relative to commercial companies and we have proceeded to verify the accounting and the annual accounts at December 31, 2015.

Our examinations have not been performed according to international standards of auditing but have been done according to normal diligence in the matter and have included the inspections and appraisals appropriate to the given circumstances.

The closing balance on 31 December, 2015 amounted to EUR 19.687,88 and the loss for the year was EUR 15.974,43.

Our verifications allowed us to ascertain that the accounting was made in a correct manner and that the amounts mentioned in the financial statements were in accordance with the books and the accounting documents submitted to us.

Luxembourg, September 23th 2016.

  
Fiduc-Concept Sàrl

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Conditions de paiement: application de la loi du 29.03.2013 concernant la lutte contre le retard de paiement.