

INTERNATIONAL INSTITUTE FOR EDUCATIONAL PLANNING (IIEP)

FINANCIAL REPORT AND AUDITED FINANCIAL STATEMENTS 2018



United Nations
Educational, Scientific and
Cultural Organization



International Institute
for Educational Planning

Published by:
International Institute for Educational Planning
7-9 rue Eugène Delacroix
75116 Paris, France
info@iiep.unesco.org
www.iiep.unesco.org

Photos: © IIEP, © Martin Mugniot, and © Shutterstock
Cover design: IIEP
Printed in IIEP's printshop
© UNESCO 2019

CONTENTS

Introduction	5
Overview of the financial statements	7
Strategy, objectives, and programme implementation highlights	11
Financial statements highlights	21
Opinion of the external auditor	29
Approval of the financial statements	35
Audited financial statements 2018	39
I. Statement of Financial Position	41
II. Statement of Financial Performance	42
III. Statement of Changes in Net Assets	43
IV. Statement of Cash Flow	44
V. Statement of Comparison of Budget and Actual Amounts	45
VI. Notes to the financial statements	47
Note 1: Reporting entity and statutory powers	47
Note 2: Significant accounting policies	47
Note 3: Significant accounting estimates, assumptions, and judgements	55
Note 4: Accounting standards issued	57
Note 5: Adjustments to the presentation of the financial statements and notes to the financial statements for the prior period	57
Note 6: Cash	59
Note 7: Investments	59
Note 8: Inventories	59
Note 9: Accounts receivable (non-exchange transactions)	60
Note 10: Accounts receivable from exchange transactions	60
Note 11: Advance payments	61
Note 12: Other receivables	61
Note 13: Inter-company balances	61
Note 14: Property, plant and equipment	62
Note 15: Intangible assets	63
Note 16: Accounts payable (exchange transactions) and accruals	63
Note 17: Employee benefits	64
Note 18: Conditions on voluntary contributions - extrabudgetary contracts	68
Note 19: Advance receipts	68
Note 20: Other current liabilities	68
Note 21: Net assets	69
Note 22: Revenue	70
Note 23: Expenses	71
Note 24: Contractual rights	73
Note 25: Budget	73
Note 26: Financial risk management	76
Note 27: Capital management	78
Note 28: Related party disclosures	78
Note 29: Segment information	79

INTRODUCTION

The International Institute for Educational Planning (IIEP or 'the Institute') is an integral part of the United Nations Educational, Scientific and Cultural Organization (UNESCO). UNESCO is considered to be the controlling entity of IIEP. These financial statements are included in the UNESCO consolidated financial statements.

IIEP was established in 1963 within the framework of UNESCO with the purpose of promoting instruction and research on educational planning in relation to economic and social development.

IIEP is one of seven UNESCO Category 1 institutes and falls under the Education Sector.

The Statutes of IIEP were approved and adopted at the 12th session of the UNESCO General Conference held in 1962 through Resolution 1.213. The Director-General, in accordance with the decisions of the General Conference, authorized IIEP to operate under a Special Account. The Institute enjoys functional autonomy in matters related to administration, finance, and human resources.

The Auditor-General of Canada has been appointed External Auditor to UNESCO and its Institutes by the General Conference, at its 39th session, for the financial periods 2018–2023, by 39C/Resolution 12.

The External Auditor has expressed an unqualified (clean) opinion on the financial statements. The financial statements of the Institute, which constitute an integral part of the consolidated financial statements of UNESCO, together with any report of the External Auditor of UNESCO on the Institute, are submitted to the Board for approval.

More detailed reports on IIEP's programme activities can be found in the 'Report of the Director on the activities carried out by IIEP in 2018 and operational plan for 2019' (GB/4 Part 1), available online at www.iiep.unesco.org/sites/default/files/58_gb_4_part_i_e_app_rev.pdf.

OVERVIEW OF THE FINANCIAL STATEMENTS



The IIEP accounts and the financial statements are maintained and prepared in accordance with the Financial Regulations of the IIEP Special Account as approved by the Executive Board of UNESCO and the rules formulated by the Director of the Institute as reported to the Governing Board.

The accounting policies conform to the International Public Sector Accounting Standards (IPSAS).

The financial statements have been prepared on an accrual and going concern basis and comply with the IPSAS requirements. Where IPSAS is silent concerning any specific standard, the appropriate International Financial Reporting Standards (IFRS) are applied.

The Institute's main office is located in Paris, with two other offices situated in Pôle de Dakar and Buenos Aires. IIEP strengthens the capacities of UNESCO's Member States to plan and manage their education systems serving UNESCO's Medium-Term Strategy.

The IIEP financial statements cover the following business segments:

IIEP Paris

The Regular and the Extrabudgetary programmes respond to the strategic objectives and outputs as outlined in IIEP's Medium-Term Strategy. Programme operations are carried out at country, regional, inter-regional, and global levels.

IIEP Buenos Aires

Programme operations are similar to the IIEP Paris Office. The Office responds primarily, but not exclusively, to requests from Member States within the Latin America region.

IIEP Pôle de Dakar

Pôle de Dakar has been a platform of expertise for education sector analysis and monitoring global education goals in Africa since November 2001. It was initially hosted by UNESCO's Regional Bureau of Education in Africa (UNESCO-BREDA). In October 2013, Pôle de Dakar was officially attached to IIEP and this integration within IIEP was supported by the Agence Française de Développement (AFD).

The financial statements consist of:

[A statement of financial position \(page 41\)](#)

This provides information about the accumulated surplus/deficit at the reporting year-end date, the difference between IIEP's total assets and liabilities. It gives information about the extent to which resources are available to support future operations and the unfunded liabilities.

[A statement of financial performance \(page 42\)](#)

This measures the net surplus/deficit of the reporting year – the difference between revenues and expenses. It provides information about the Institute's cost of programme delivery and the amounts and sources of revenue.

[A statement of changes in net assets \(page 43\)](#)

This highlights the sources of changes in the overall financial position.

[A statement of cash flow \(page 44\)](#)

This provides information about IIEP's liquidity and solvency, including how the organization raised and used cash during the period and the repayment of borrowing. It measures the difference between the actual cash coming in and cash going out.

[A comparison of budget and actual amounts \(page 45-46\)](#)

This highlights whether resources were used in accordance with the approved budget. It shows differences between the actual expenditure and the approved budget appropriation.

STRATEGY, OBJECTIVES, AND PROGRAMME IMPLEMENTATION HIGHLIGHTS



IIEP's Medium-Term Strategy (MTS) presents its vision and strategic priorities for 2018–2021 to support the continued fulfilment of the Institute's mission: *To strengthen the capacities of UNESCO Member States to plan and manage their education systems.*

This has indeed always been IIEP's mission. During this 10th MTS, for the period 2018–2021, IIEP will further pursue its role of assisting UNESCO Member States in achieving their educational goals in the context of the Sustainable Development Goals (SDGs) and the new Education 2030 agenda. From its unique position within UNESCO, and the United Nations system as a whole, IIEP is the sole agency exclusively dedicated to educational planning and management, offering countries the requisite knowledge and expertise to develop solutions to the challenges arising from their particular context. The Institute also plays a normative role in its field, helping to identify and develop current best practices and standards.

IIEP's previous MTS, covering the period 2014–2017, was designed amid consultations and debates on the future SDGs. Readers familiar with the 9th MTS will note a continuity between its thematic priorities (TPs) and those of this 10th MTS. It was already clear in 2013 that these areas – social inequalities, learning outcomes, governance and accountability, and education system resilience – would remain challenges in the post-Education For All era. These priorities are reframed in this new Strategy, with a fifth TP on education financing added, in recognition of the more complex financing scene and the need – and ability – to better cost and track educational investments.

Building on the accomplishments of the previous Strategy, the 10th MTS continues what is considered to be essential, core work, while adding responses to new and emerging challenges.

The Institute has made considerable progress in measuring its results. After four years of experience, the new Results Framework encompasses a wider set of indicators to be tracked. Together with more ambitious monitoring and evaluation, this new Results Framework is further proof of IIEP's commitment to being held accountable for its results.

The 10th MTS also has five transversal TPs that cut across two strategic objectives (SOs).

Five thematic priorities:

TP1 Reduced educational disparities, particularly gender inequalities

TP2 Improved cognitive and non-cognitive education outcomes

TP3 Enhanced resilience of education systems through crisis-sensitive planning

TP4 Improved governance, transparency, and accountability

TP5 Equitable and sustainable financing of education

Two strategic objectives:

- 1 Member States plan effectively for education sector development and evaluate system performances
- 2 Applied knowledge on educational planning and management is made accessible to policy-makers and stakeholders

IIEP's programme integrates technical cooperation, training, knowledge generation, and outreach and advocacy, resulting in productive interactions between its two SOs. SO2 – in investigating the implementation of policies, testing theories of change, and drawing lessons for improved policy design and implementation – contributes to the evidence base for training and policy advice pursued in SO1.

As a global institute, IIEP must strive for geographical balance in its engagement. Africa remains a UNESCO Global Priority, and the Institute will pursue both SOs in the service of the region. The five TPs will relate to different regions at different times. Historically, IIEP's work in eastern and central Europe has focused on governance, transparency, and accountability. In the 10th MTS, work on TP3 will increase the Institute's engagement in the Middle East. The goal is to shape a more pro-active portfolio, reaching a good balance between both geographic and thematic priorities and a more demand-driven approach.

Because such ambitions are not without their risks, IIEP has developed a new risk matrix, with two goals in mind: (1) to share with stakeholders and partners a measure of risk acceptance of its portfolio, in view of the most challenging contexts of intervention, and (2) to systematically identify and mitigate the range of risks associated with its operations.

PROGRAMME IMPLEMENTATION HIGHLIGHTS

IIEP continues to be guided by its mission of over 50 years to support UNESCO Member States in effectively planning and managing their education systems. In 2018, the Institute's mission took on new breadth and depth as it embarked on its 10th MTS, which is grounded in UNESCO's strategy and the Education 2030 agenda.

Five TPs now undergird all of IIEP's work, including addressing social inequalities, improving learning outcomes, enhancing the resilience of education systems, improving governance, transparency, and accountability, and securing equitable and sustainable financing of education. This also includes a stronger focus on vocational training and early childhood education, which are considered as transversal issues across these themes.

Training portfolio overview – 2018

\$9,102,498

Total financial volume of ongoing projects as of November 2018¹

\$3,248,147

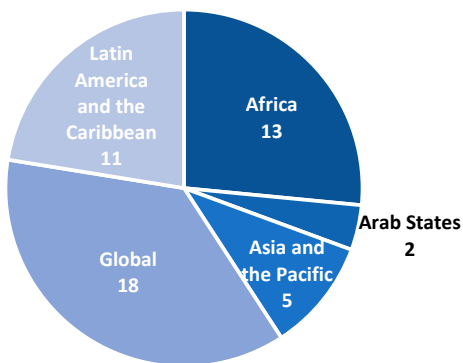
Total planned budget for 2018, *without* staff cost

\$4,230,410

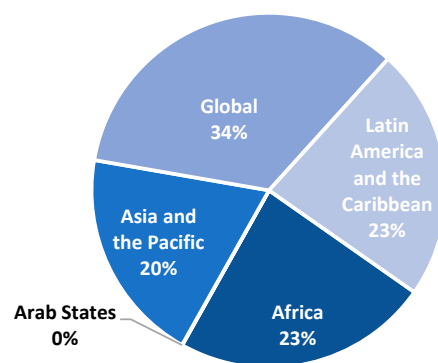
Total planned budget for 2018, *with* staff cost

49 projects²

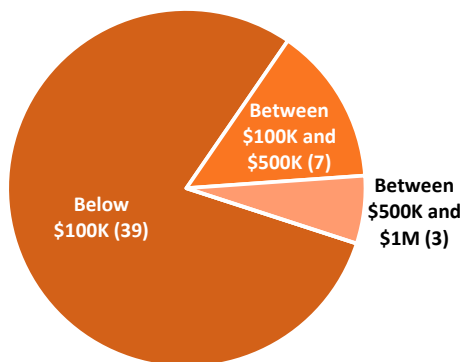
Number of ongoing projects, by region



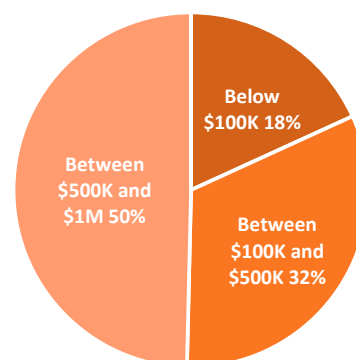
Distribution of total planned envelope, ongoing, by region



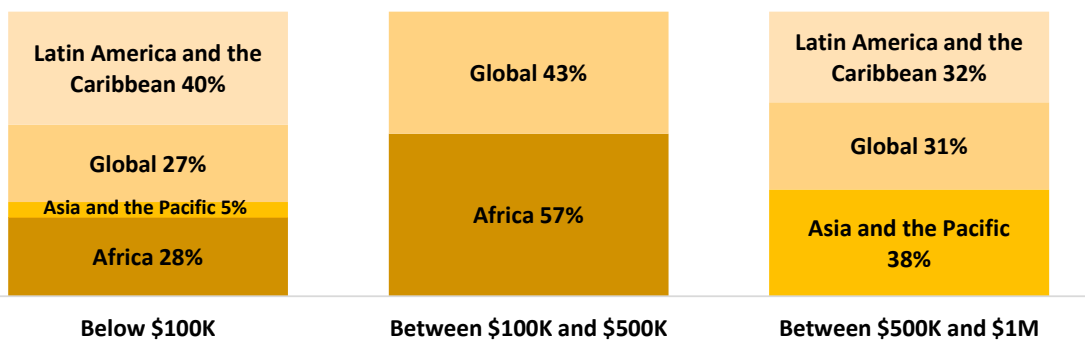
Number of ongoing projects by budget brackets - planned



Distribution of the ongoing portfolio by budget brackets - planned



Distribution of the ongoing portfolio by budget brackets and region – planned



¹ Full budget envelopes, involves multi-year budget.

² Includes pipeline projects.

Technical Cooperation portfolio overview – 2018

\$23,556,759

Total financial volume of ongoing projects as of November 2018³

\$6,017,005

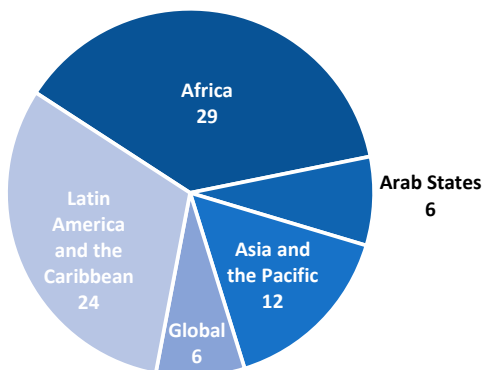
Total planned budget for 2018, *without* staff cost

\$7,148,238

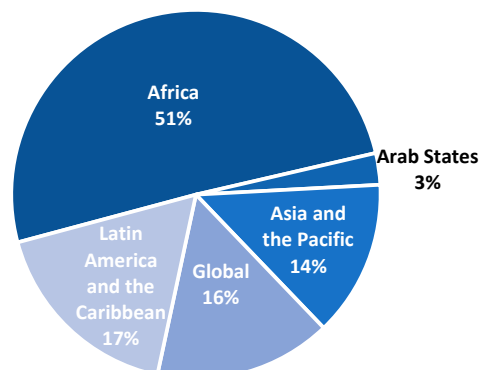
Total planned budget for 2018, *with* staff cost

86 projects⁴ in 37 countries

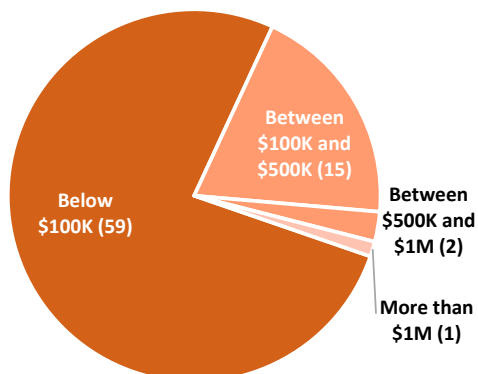
Number of ongoing projects, by region



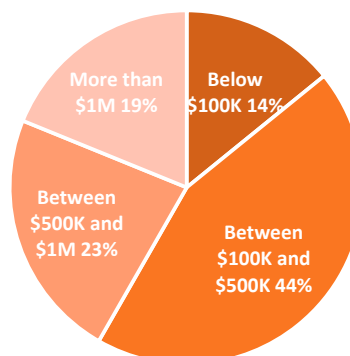
Distribution of total planned envelope, ongoing, by region



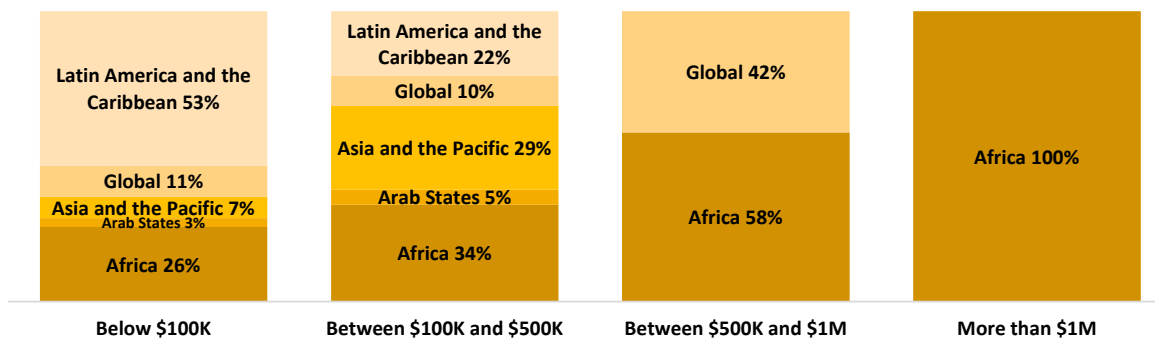
Number of ongoing projects by budget brackets – planned



Distribution of the ongoing portfolio by budget brackets - planned



Distribution of the ongoing portfolio by budget brackets and region – planned



³ Full budget envelopes, involves multi-year budget.

⁴ Includes pipeline projects.

Research & Development portfolio overview – 2018

\$5,297,948

Total financial volume of ongoing projects as of November 2018⁵

\$1,766,342

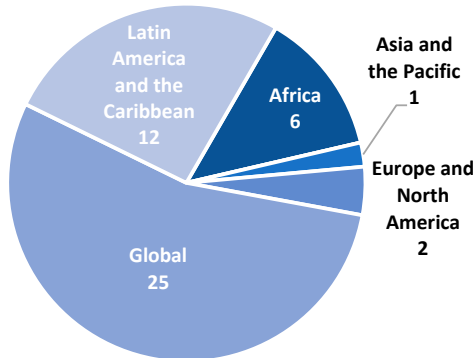
Total planned budget for 2018, *without* staff cost

\$2,446,368

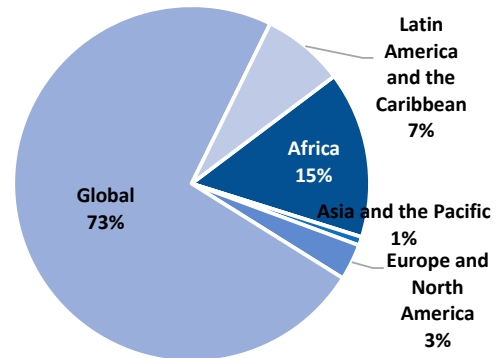
Total planned budget for 2018, *with* staff cost

49 projects⁶

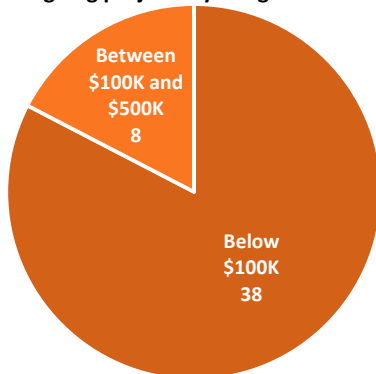
Number of ongoing projects, by region



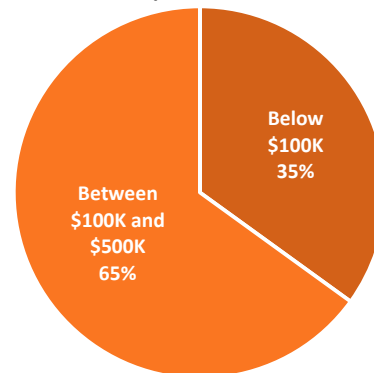
Distribution of total planned envelope, ongoing, by region



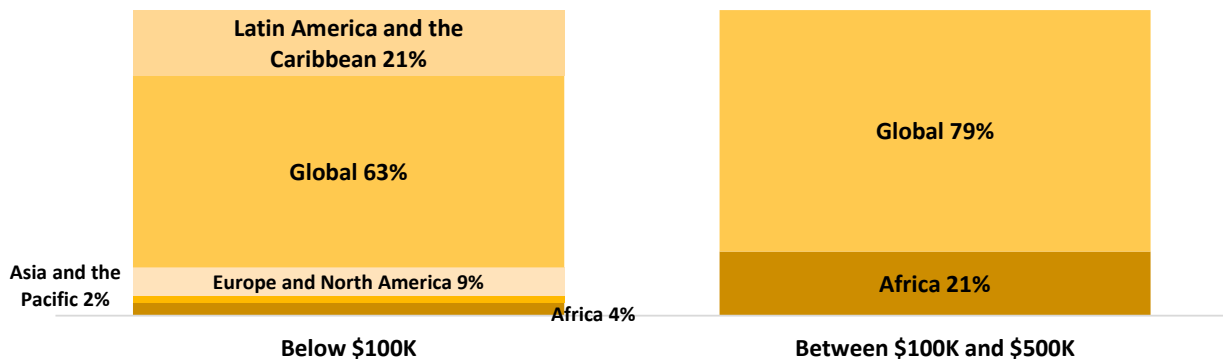
Number of ongoing projects by budget brackets – planned



Distribution of the ongoing portfolio by budget brackets – planned



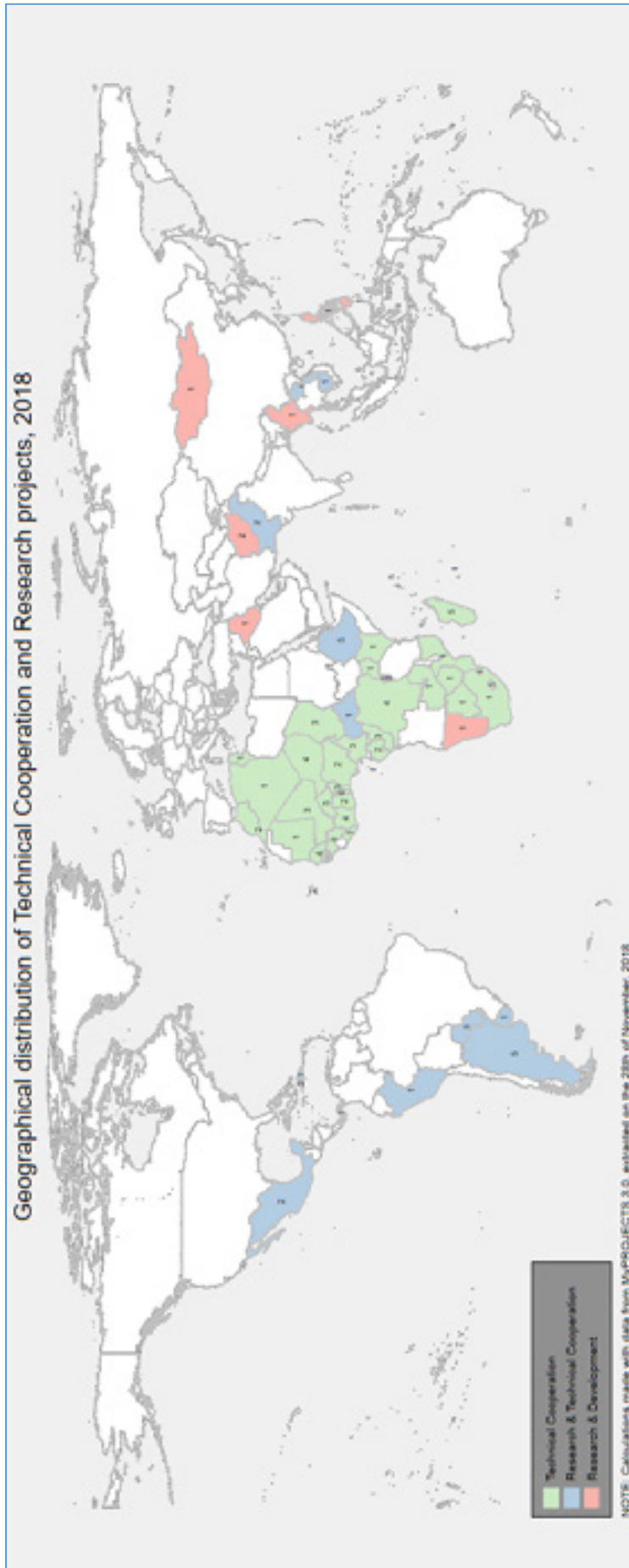
Distribution of the ongoing portfolio by budget brackets and region – planned



⁵ Full budget envelopes, involves multi-year budget.

⁶ Includes pipeline projects.

Geographical distribution of Technical Cooperation and Research projects, 2018



FINANCIAL STATEMENTS HIGHLIGHTS



GENERAL

IIEP continues to be dependent on non-earmarked voluntary contributions to achieve its programme objectives. During 2018, Switzerland doubled its contribution to USD 3.0M, Sweden renewed its contributions of USD 2.2M, and Norway decreased its contribution to USD 2.0M (-38%).

Other institutions and donors like the European Union (EU), the Agence Française de Développement (AFD), the Department for International Development of the Government of the UK (DFID), Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ), and UNICEF have signed new agreements.

IIEP Pôle de Dakar is 100% funded by extrabudgetary activities. It is mainly financed by AFD and is hosted by the UNESCO office in Dakar. In addition, it attracts funds from other donors.

IIEP Buenos Aires continues to increase its activity in the Latin America region. In 2018, new agreements with the Government of Argentina, the Government of Uruguay, and the Instituto Nacional para la Evaluación de la Educación (INEE) of Mexico, amongst others, have been signed.

The year ended with a deficit. IIEP continues to seek new agreements and donors to strengthen the capacity of countries to plan and manage their education systems in line with its new 10th MTS 2018–2021.

STATEMENT OF FINANCIAL POSITION

Assets

In 2018, IIEP's total assets of USD 23.2M decreased by USD 3.4M (12.7%) compared to the previous year.

The decrease of USD 4M in current assets is mainly explained by the reduction of the amount due from UNESCO Headquarters (USD 1.8M) which is now payable by IIEP (USD 0.068M), the decrease of cash USD 1.3M (11%), and short-term investments including revaluation USD 1.2M (19%).

Receivables increased by USD 0.3M as per the voluntary contribution instalments due.

Non-current assets increased by 9% (USD 0.577M), mainly due to the capitalization of the works for improving the energy efficiency of the building (USD 0.6M; leasehold improvements) and new software acquisitions (USD 0.2M; intangible assets): customer relationship management (CRM) and project portfolio management (MyProjects3.0) systems. A term deposit has been reclassified from current to non-current. Compared to the restated comparative this term deposit has decreased in value in USD by USD 0.265M.

Liabilities

Total liabilities of USD 8.7M increased by USD 1.03M (13.4%) compared to the previous year.

The increase of USD 0.97M (14.6%) in current liabilities was essentially due to the increase in accounts payable and accruals (USD 0.26M, including USD 0.14M of auditors' fees), increase in advance receipts (USD 0.28M), and the increase of 'Conditions on voluntary contributions' for an amount of USD 0.55M.

Other current liabilities and employee benefits decreased by USD 0.13M and USD 0.06M respectively. There was a slight increase of non-current liabilities (USD 0.06M) by 6%.

Net / Asset

The net assets position decreased by USD 4.4M (23%) from USD 18.9M as at 31 December 2017 (restated) to USD 14.5M as at 31 December 2018.

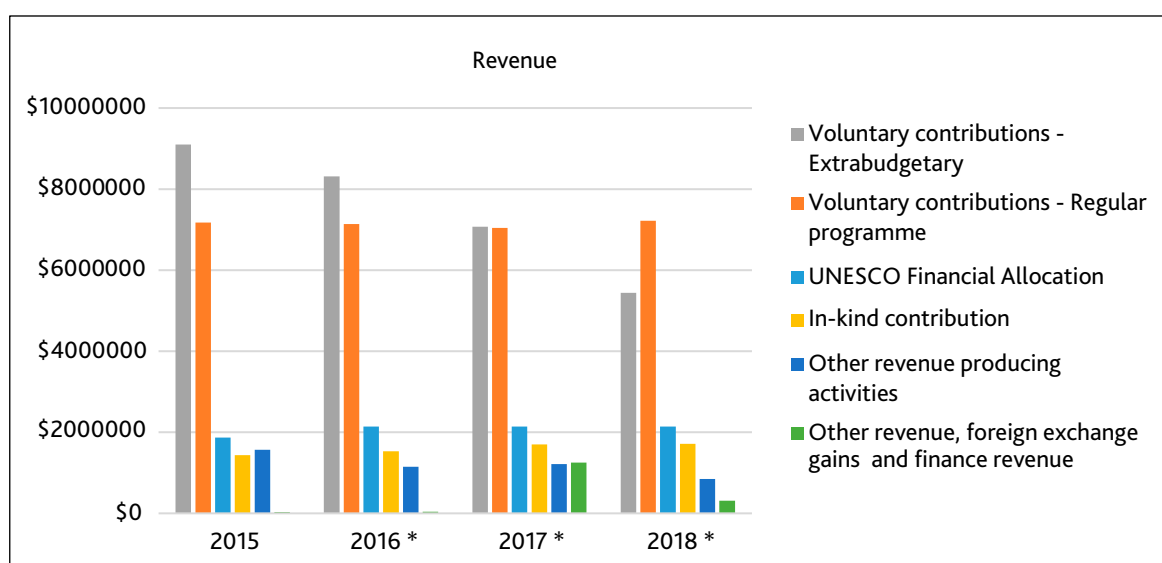
This variance is mainly attributed to the year's deficit (USD 4.4M).

A net amount of USD 0.67M was transferred to the stabilization reserve, reaching a total amount of USD 9.7M at the end of 2018.

STATEMENT OF FINANCIAL PERFORMANCE

Income

Total revenue of USD 17.7M decreased compared with the previous year.



*Agreements with conditions

Figure 1. IIEP four-year revenue trend

UNESCO's financial allocation of USD 2.1M was in line with previous years.

Regular programme voluntary contributions increased, the increase in Switzerland's contribution (USD 1.5M) compensates for the reduction in Norway's contribution (USD 1.2M). Sweden's contribution remained at the same level as previous years.

The decrease of USD 1.6M (-23%) in extrabudgetary voluntary contributions was mainly due to the decrease in amounts received from governments with a slight increase in amounts received from other donors and UN agencies, and the contributions under conditions requiring approval by the donor.

In-kind contributions related to the rental value of the three offices' premises remain at the same level as the previous year (USD 1.7M).

The other main variation in revenue of USD 1M was due to foreign exchange; a net gain of USD 1.029M in 2017 compared to zero in 2018. The foreign exchange impact for the year 2018 was a net loss of USD 0.284M.

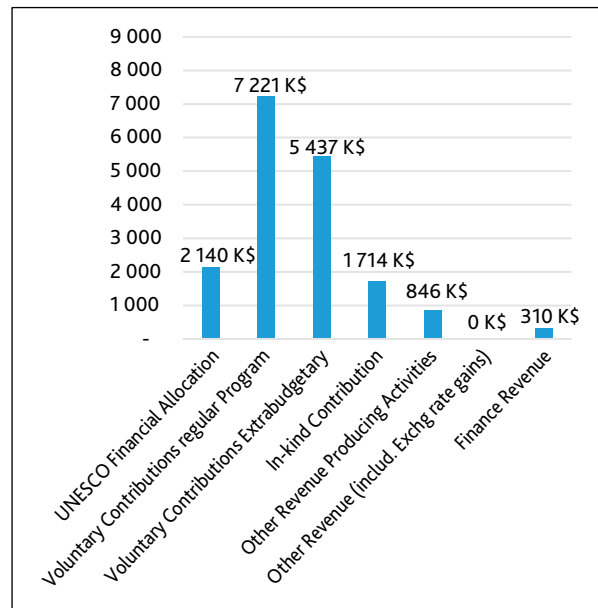
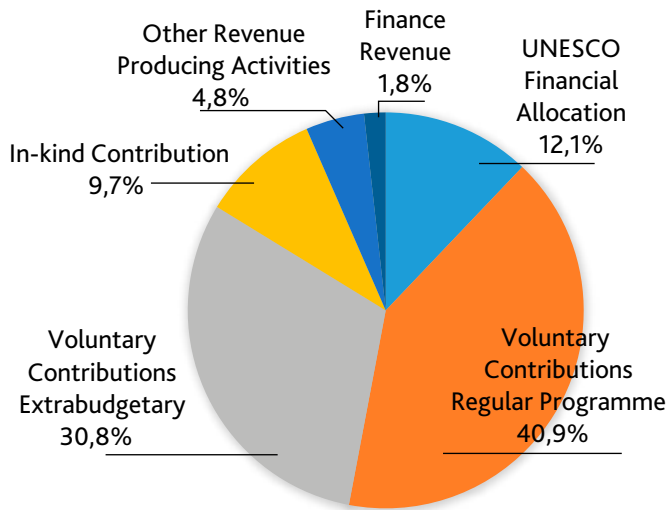


Figure 2. IIEP 2018 revenue by source (USD)

Expenditure

Total expenditure of USD 22.1M increased by USD 2.4M (12%) compared to 2017.

Employee benefits expenses increased by 14% (USD 1.6M) due to the full payroll increase as part of the human resources hiring growth strategy and the separation cost. Consultants, external experts, and mission costs increased by 20% (USD 0.5M).

External training, grants, and other transfers decreased by 39% (USD 0.46M) due to the reduction of seminars and trainings organized in Afghanistan compared to 2017.

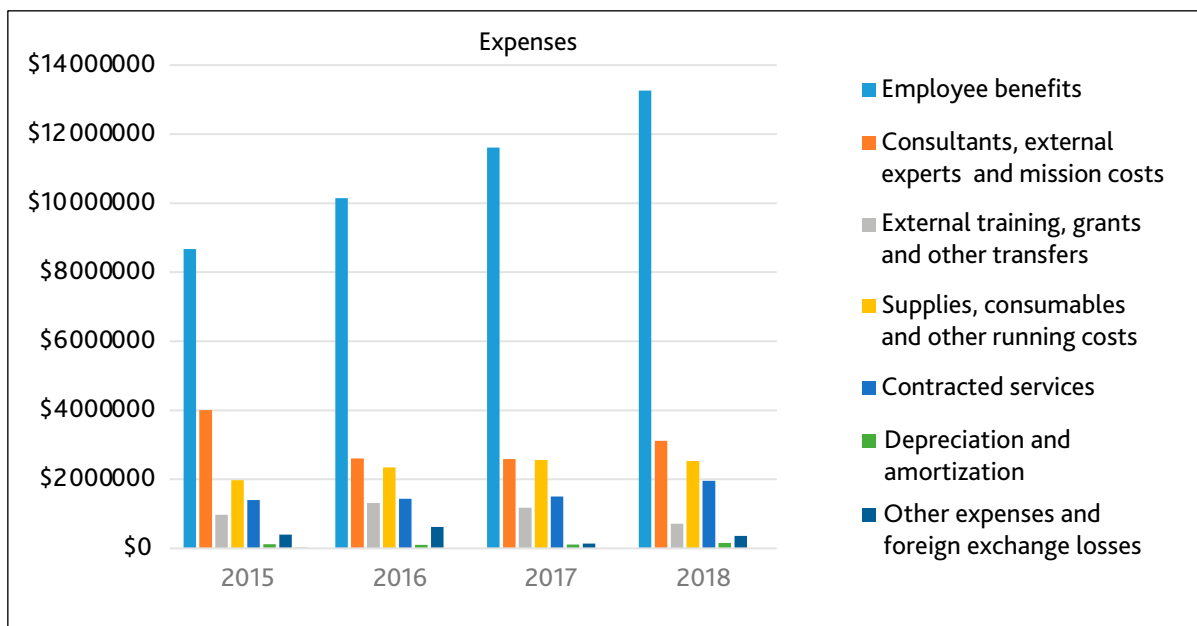


Figure 3. IIEP four-year expenses trend (USD)

Result for the year 2018

The 2018 deficit was USD 4.43M, a decrease of USD 5.13M decrease compared to the surplus of USD 0.7M in 2017 (restated).

The decrease was due to several factors. IIEP's projects continue to be funded by agreements that contain conditions, mainly the projects financed by AFD and the EU. Another factor was the increase of expenditure on staff cost to reinforce IIEP's expertise and programme activities.

Contract rights

Contract rights amounted to USD 32.9M in 2018, an increase of USD 21.2M compared to 2017. The increase is mainly due to the addition of non-earmarked regular programme agreements 2018–2021 (Sweden and Switzerland), and of new agreements signed with Burkina Faso (financed by AFD) and the project for Haiti (financed by the European Commission).

Budgetary performance

The budget expenditure for 2018 amounted to USD 20.5M. *Figure 4* shows the expenditure on programmes.

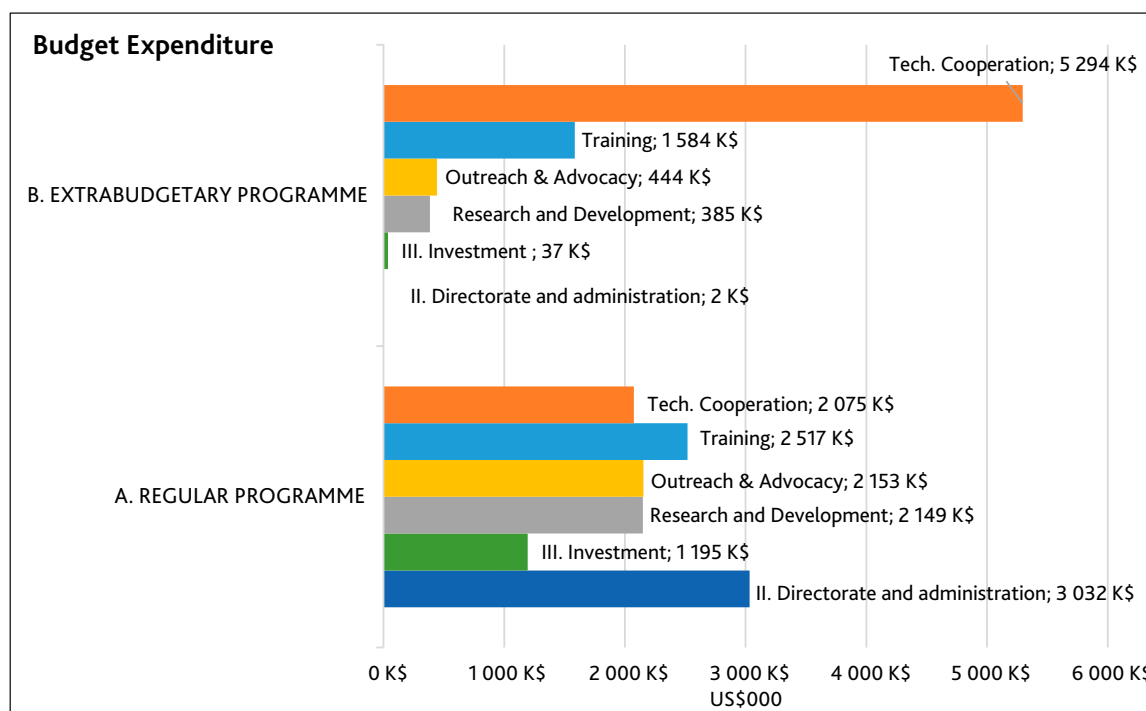


Figure 4. IIEP 2018 budget expenditure by appropriation line

REVENUE FOR THE IIEP SPECIAL ACCOUNT (UNAUDITED)

(Expressed in US dollars)	31 DECEMBER 2018				2017
	PARIS	IBA	PDK	GRAND TOTAL 31/12/2018	GRAND TOTAL 31/12/2017
REVENUE FOR THE IIEP SPECIAL ACCOUNT					
UNESCO financial allocation	2 140 100	-	-	2 140 100	2 140 101
UNESCO financial allocation	2 140 100			2 140 100	2 140 101
Voluntary contributions (regular programme)					
Governments					
Norway	2 001 859	-	-	2 001 859	3 234 191
Sweden	2 200 072	-	-	2 200 072	2 301 984
Switzerland	3 019 324	-	-	3 019 324	1 507 864
Total vol. contrib. (regular programme)	7 221 255	-	-	7 221 255	7 044 039
Voluntary contributions (extrabudgetary prog.)					
Governments					
Argentina	-	282 719	-	282 719	641 825
Bénin	-	-	-	-	14 215
Cambodia	-	-	-	-	281 091
Central African Republic	-	-	-	-	182 041
France (AFD)	-	-	830 786	830 786	1 796 819
France (AFD for Burkina Faso)	405 205	-	-	405 205	-
France (IIEP building maintenance)	115 998	-	-	115 998	114 934
France (other projects)	19 574	-	-	19 574	-
Germany	213 328	-	-	213 328	1 207
Guinée	-	-	226 469	226 469	-
Mali	-	-	24 921	24 921	-
Mexico	-	107 370	-	107 370	139 280
Namibia	-	-	-	-	18 622
Niger	-	-	-	-	295 311
Sweden (SIDA Swedish International Development Cooperation Agency)	168 948	-	-	168 948	1 041 440
Uruguay	-	89 960	-	89 960	-
Total Government contributions	923 053	480 049	1 082 176	2 485 278	4 526 785
UN Agencies					
UNICEF	979 198	188 350	21 396	1 188 944	638 365
UNESCO	186 131	-	-	186 131	360 066
ILO	-	-	-	-	10 000
UNDP	-	46 798	-	46 798	28 023
Total UN agency contributions	1 165 329	235 148	21 396	1 421 873	1 036 454
<i>continues</i>					

Financial statements highlights

continues REVENUE FOR THE IIEP SPECIAL ACCOUNT (UNAUDITED)

	PARIS	IBA	PDK	GRAND TOTAL 31/12/2018	GRAND TOTAL 31/12/2017
Other donors					
Agence Universitaire de la Francophonie (AUF)	9 112	-	-	9 112	-
Agua y Saneamientos Argentinos S.A (AYSA)	-	23 959	-	23 959	-
CECC - Coordinación Educativa y Cultural Centroamericana	-	49 980	-	49 980	24 980
Department for International Development UK (DFID)	159 708	-	-	159 708	-
Education Development Trust (EDT)	38 534	-	-	38 534	-
ETIS (Equipo de trabajo e investigación social)	-	2 382	-	2 382	4 083
European Union (EU)	942 697	-	-	942 697	1 274 399
Fundacion ARCOR	-	5 587	-	5 587	8 978
Fundacion Santa Maria	-	-	-	-	35 000
GPE (World Bank)	371 463	-	174 964	546 427	284 588
PEIC (Protect Education in Insecurity and Conflict)	-	-	-	-	24 037
UFAR (Université française en Arménie)	-	-	-	-	14 484
Total other donors	1 521 514	81 908	174 964	1 778 386	1 670 549
Total vol. contrib. (extrabudget. prog.)	3 609 896	797 105	1 278 536	5 685 537	7 233 788
Total voluntary contributions	12 971 251	797 105	1 278 536	15 046 892	16 417 928
Other in-kind voluntary contributions	1 529 290	126 000	59 024	1 714 314	1 700 362
In-kind contribution	1 529 290	126 000	59 024	1 714 314	1 700 362
Revenue from subscriptions (fellowships)	578 835	-	-	578 835	409 875
Revenue from subscriptions (others)	91 485	44 146	240 879	376 510	622 340
Rec. staff costs & reimbt of other services	143 157	-	14 001	157 158	185 255
Sale of publications and printshop reimbursement	54	-	-	54	101
Staff service account	8 612	-	-	8 612	7 987
Support costs from fiduciary funds (UNES)	-	-	-	-	-
Other revenue-producing activities	822 143	44 146	254 880	1 121 169	1 225 558
Foreign exchange (gain/loss)	-	-	-	-	1 029 068
Other operating revenue	1	148	-	149	1 870
Other revenue	1	148	-	149	1 030 938
Other financial incomes	14 127	-	3 310	17 437	18 084
Bank interest	293 029	-	-	293 029	202 682
Finance revenue	307 156	-	3 310	310 466	220 766
SUB TOTAL REVENUES	15 629 841	967 399	1 595 750	18 192 990	20 595 552
Accounting adjustments					
Accounts receivable	110 523	56 194	170 272	336 989	(23 385)
Conditions on donor agreements	(979 259)	-	432 339	(546 920)	(336 156)
Advance receipts	(390 163)	12 590	63 431	(314 142)	189 350
Total accounting adjustments	(1 258 900)	68 784	666 042	(524 074)	(170 191)
SUB TOTAL REVENUES (Stat II)	14 370 942	1 036 183	2 261 792	17 668 917	20 425 361

OPINION OF THE EXTERNAL AUDITOR





Office of the
Auditor General
of Canada

Bureau du
vérificateur général
du Canada

INDEPENDENT AUDITOR'S REPORT

To the Governing Board of the International Institute for Educational Planning

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of the International Institute for Educational Planning (the Institute), which comprise the statement of financial position as at 31 December 2018, and the statement of financial performance, statement of changes in net assets, statement of cash flow, and statement of comparison of budget and actual amounts for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Institute as at 31 December 2018, and its financial performance and its cash flows for the year then ended in accordance with International Public Sector Accounting Standards (IPSASs).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Institute in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Matter

The financial statements of the Institute for the year ended 31 December 2017 were audited by another auditor who expressed an unmodified opinion on those financial statements on 10 July 2018.

Other Information

Management is responsible for the other information. The other information comprises the information included in the Financial Report and Audited Financial Statements, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

- 2 -

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IPSASs, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Institute's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Institute or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Institute's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Institute's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Institute's

- 3 -

ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Institute to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on Compliance with Specified Authorities

Opinion

In conjunction with the audit of the financial statements, we have audited transactions of the International Institute for Educational Planning coming to our notice for compliance with specified authorities. The specified authorities against which compliance was audited are the Financial Regulations and Rules of the IIEP Special Accounts.

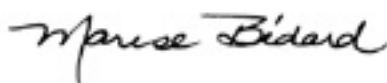
In our opinion, the transactions of the International Institute for Educational Planning that came to our notice during the audit of the financial statements have complied, in all material respects, with the specified authorities referred to above.

Responsibilities of Management for Compliance with Specified Authorities

Management is responsible for the International Institute for Educational Planning's compliance with the specified authorities named above, and for such internal control as management determines is necessary to enable the International Institute for Educational Planning to comply with the specified authorities.

Auditor's Responsibilities for the Audit of Compliance with Specified Authorities

Our audit responsibilities include planning and performing procedures to provide an audit opinion and reporting on whether the transactions coming to our notice during the audit of the financial statements are in compliance with the specified authorities referred to above.



Marise Bédard, CPA, CA
Principal
for the Interim Auditor General of Canada

Ottawa, Canada
18 June 2019

APPROVAL OF THE FINANCIAL STATEMENTS



**APPROVAL OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR
ENDED 31 DECEMBER 2018**

In accordance with the Financial Rules (article 10.1) of the International Institute for Educational Planning (IIEP) attached are the financial statements and accompanying notes for the year ended 31 December 2018. The financial statements are the responsibility of Management, and they have been prepared in accordance with the International Public Sector Accounting Standards, and comply with the Financial Regulations of the United Nations Educational, Scientific and Cultural Organization (UNESCO). They include certain amounts that are based on Management's best estimates and judgements.

Accounting procedures and related systems of internal control, developed by Management, provide reasonable assurance that assets are safeguarded, that the books and records properly reflect all transactions. The External Auditor, in line with Article 12 of the Financial Regulations, also provides an opinion on the financial statements.

The financial statements numbered I to V and the accompanying notes are hereby approved and submitted to the Governing Board of the International Institute for Educational Planning.

Suzanne Grant Lewis

Director

International Institute for Educational Planning



18 June 2019

Nutan Wozencroft

UNESCO Chief Financial Officer



AUDITED FINANCIAL STATEMENTS 2018



I. STATEMENT OF FINANCIAL POSITION

INTERNATIONAL INSTITUTE FOR EDUCATIONAL PLANNING (IIEP)
AS AT 31 DECEMBER
(Expressed in US dollars)

	Note	2018	2017 as restated (Note 5)
ASSETS			
Current assets			
Cash	6	10 360 100	11 627 806
Investments	7	5 000 000	6 194 714
Inventories	8	21 177	20 689
Accounts receivable (non-exchange transactions)	9	446 000	132 399
Accounts receivable (exchange transactions)	10	8 360	25 609
Advance payments	11	225 696	320 843
Other receivables	12	287 482	161 202
Inter-company balances	13	-	1 827 430
Total current assets		16 348 815	20 310 692
Non-current assets			
Investments	7	5 707 754	5 973 730
Property, plant and equipment	14	1 030 738	330 372
Intangible assets	15	142 330	-
Total non-current assets		6 880 822	6 304 102
TOTAL ASSETS		23 229 637	26 614 794
LIABILITIES			
Current liabilities			
Accounts payable (exchange transactions) and accruals	16	554 004	295 859
Employee benefits	17	682 282	741 792
Conditions on voluntary contributions - extrabudgetary	18	5 225 291	4 678 371
Advance receipts	19	364 017	84 397
Other current liabilities	20	724 413	850 084
Inter-company balances	13	68 334	-
Total current liabilities		7 618 341	6 650 503
Non-current liabilities			
Employee benefits	17	1 075 143	1 016 375
Total non-current liabilities		1 075 143	1 016 375
TOTAL LIABILITIES		8 693 484	7 666 878
NET ASSETS	21	14 536 153	18 947 916

Contractual rights (Note 24)

The accompanying notes form an integral part of these financial statements

II. STATEMENT OF FINANCIAL PERFORMANCE

INTERNATIONAL INSTITUTE FOR EDUCATIONAL PLANNING (IIEP)
FOR THE YEAR ENDED 31 DECEMBER
(Expressed in US dollars)

	Note	2018	2017 as restated (Note 5)
REVENUE			
Voluntary contributions - regular programme		7 221 255	7 044 039
Voluntary contributions - extrabudgetary		5 436 994	7 071 378
UNESCO financial allocation		2 140 100	2 140 101
In-kind contribution		1 714 314	1 700 362
Other revenue producing activities		845 638	1 214 534
Finance revenue		310 466	224 010
Other revenue		150	1 870
Foreign exchange gains		-	1 029 067
TOTAL REVENUE	22	17 668 917	20 425 361
EXPENSES			
Employee benefits expenses		13 261 809	11 614 121
Consultants, external experts, and mission costs		3 112 140	2 591 307
Supplies, consumables, and other running costs		2 535 614	2 555 282
Contracted services		1 957 424	1 504 083
External training, grants, and other transfers		713 575	1 176 175
Foreign exchange losses		284 078	-
Depreciation and amortization		153 626	112 488
Other expenses		74 838	141 400
Finance costs		7 995	12 977
TOTAL EXPENSES	23	22 101 099	19 707 833
SURPLUS / (DEFICIT) FOR THE YEAR		(4 432 182)	717 528

The accompanying notes form an integral part of these financial statements

III. STATEMENT OF CHANGES IN NET ASSETS

INTERNATIONAL INSTITUTE FOR EDUCATIONAL PLANNING (IIEP)
FOR THE YEAR ENDED 31 DECEMBER
(Expressed in US dollars)

	Note	2018	2017 as restated (Note 5)
BALANCE AT THE BEGINNING OF THE YEAR		18 947 916	18 217 157
Movements from stabilization reserve and other adjustments		(636 534)	(369 252)
Stabilization reserve movements		662 916	458 518
Return of funds to donors		(5 963)	(76 034)
Total of items recognized directly in Net Assets		20 419	13 231
Surplus/(Deficit) for the year		(4 432 182)	717 528
Total recognized revenue and expenses for the year		(4 411 763)	730 759
NET ASSETS AT THE END OF THE YEAR	21	14 536 153	18 947 916

The accompanying notes form an integral part of these financial statements

IV. STATEMENT OF CASH FLOW

INTERNATIONAL INSTITUTE FOR EDUCATIONAL PLANNING (IIEP)
FOR THE YEAR ENDED 31 DECEMBER
(Expressed in US dollars)

	Note	2018	2017 as restated (Note 5)
Cash flows from operating activities:			
(Deficit) Surplus for the year		(4 432 182)	717 528
Depreciation and amortization		155 246	112 488
Disposals		1 264	296
(Increase) Decrease in inventories	8	(488)	15 263
(Increase) in accounts receivable (non-exchange transactions)	9	(313 601)	78 862
Decrease in accounts receivable (exchange transactions)	10	15 377	36 876
Decrease (Increase) in advance payments	11	95 147	(165 496)
(Increase) in other receivables	12	(126 280)	(22 350)
Decrease (Increase) inter-company balances	13	1 895 764	(205 603)
Increase (Decrease) in accounts payable (exchange transactions) and accruals	16	258 153	(66 487)
(Decrease) Increase in current employee benefits	17	(59 511)	636 232
Increase in conditions on voluntary contributions - extrabudgetary	18	546 920	654 503
Increase (Decrease) in advance receipts	19	279 620	(819 584)
(Decrease) Increase in other current liabilities	20	(125 671)	69 274
Increase (Decrease) in non-current employee benefits	17	171 836	(594 484)
Effect of exchange rates on operating activities		54 194	(324 952)
Net cash flows from operating activities		(1 584 212)	122 366
Cash flows from investing activities:			
Purchase of property, plant and equipment (PP&E)	14	(847 505)	(211 330)
PP&E adjustments	14	(9 370)	-
Purchase of intangibles	15	(142 330)	-
Acquisitions of investments	7	(5 707 754)	(6 194 714)
Redemptions of investments	7	7 168 444	5 302 454
Net cash flows from investing activities		461 485	(1 103 590)
Cash flows from financing activities:			
Transfers to/from surpluses		12 576	13 630
Transfers to/from the stabilization reserve and surplus		7 843	(400)
Net cash flows from financing activities		20 419	13 231
Net (decrease) increase in cash		(1 102 308)	(967 993)
Cash, beginning of the year		11 627 806	12 274 017
Effect of exchange rates on cash		(165 398)	321 782
Cash, end of the year	6	10 360 100	11 627 806

The accompanying notes form an integral part of these financial statements

V. STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS

INTERNATIONAL INSTITUTE FOR EDUCATIONAL PLANNING (IIEP)
FOR THE YEAR ENDED 31 DECEMBER 2018
 (Expressed in US dollars)

	APPROPRIATIONS				EXPENDITURE			UNOBLIGATED BALANCE
	Governing Board original Resolution 545	Supplementary/ other adjustments*	Governing Board approved Resolution 553	Disbursements	Unliquidated obligations	Inter-fund eliminations	Total	
A. REGULAR PROGRAMME								
I. Programme operations								
<u>Technical cooperation and capacity development</u>								
Training	2 831 383	(282 005)	2 549 378	2 438 739	96 643	(17 950)	2 517 432	31 946
Tech. Cooperation	1 940 687	105 930	2 046 617	2 074 924	255	-	2 075 179	(28 562)
<u>Knowledge production and knowledge sharing</u>								
Research & Development	2 642 964	(449 265)	2 193 699	1 900 609	247 967	-	2 148 576	45 124
Outreach & Advocacy	2 568 254	(292 038)	2 276 216	2 069 370	83 875	-	2 153 245	122 971
Sub-total	9 983 289	(917 378)	9 065 911	8 483 642	428 739	(17 950)	8 894 431	171 480
II. Directorate and administration								
Governing Board	535 096	(50 373)	484 723	469 568	19 903	-	489 471	(4 748)
Directorate	933 303	(119 042)	814 261	810 249	3 237	-	813 486	774
General administration	1 604 364	(214 723)	1 389 640	1 146 781	163 708	-	1 310 489	79 151
Stabilization indemnity	-	-	-	418 717	-	-	418 717	(418 717)
Sub-total	3 072 762	(384 138)	2 688 624	2 845 315	186 848	-	3 032 163	(343 540)
III. Investment								
Staff development	60 000	13 488	73 488	68 513	4 198	-	72 711	777
Renovation of building	450 000	(141 288)	308 712	276 975	-	-	276 975	31 737
Information technology	161 000	674 428	835 428	845 762	-	-	845 762	(10 333)
Sub-total	671 000	546 628	1 217 628	1 191 250	4 198	-	1 195 448	22 180

The accompanying notes form an integral part of these financial statements

continues

		APPROPRIATIONS				EXPENDITURE			UNOBLIGATED BALANCE
		Governing Board original Resolution 545	Supplementary/ other adjustments*	Governing Board approved Resolution 553	Disbursements	Unliquidated obligations	Inter-fund eliminations	Total	
B. EXTRABUDGETARY PROGRAMME									
I. Programme operations									
<u>Technical cooperation and capacity development</u>									
Training	2 692 570	(20 872)	2 671 698	2 176 091	82 337	(674 317)	1 584 111	1 087 587	
Tech. Cooperation	7 874 059	(1 357 727)	6 516 332	5 773 618	861 479	(1 340 651)	5 294 446	1 221 886	
Sub-total	10 566 629	(1 378 599)	9 188 030	7 949 708	943 816	(2 014 968)	6 878 556	2 309 473	
<u>Knowledge production and knowledge sharing</u>									
Research & Development	629 224	33 499	662 723	418 379	14 201	(47 353)	385 228	277 495	
Outreach & Advocacy	1 656 718	(214 285)	1 442 433	469 529	19 428	(44 910)	444 047	998 386	
Sub-total	2 285 942	(180 786)	2 105 156	887 909	33 629	(92 263)	829 275	1 275 881	
II. Directorate and administration									
Governing Board	-	-	-	-	-	-	-	-	
Directorate	-	-	-	-	-	-	-	-	
General administration	-	-	-	1 526	-	-	1 526	(1 526)	
Sub-total	-	-	-	1 526	-	-	1 526	(1 526)	
III. Investment									
Staff development	-	-	-	-	-	-	-	-	
Renovation of building	450 000	110 183	560 183	37 157	-	-	37 157	523 026	
Information technology	-	-	-	-	-	-	-	-	
Sub-total	450 000	110 183	560 183	37 157	-	-	37 157	523 026	
SUB-TOTAL, B extra-budgetary programme									
	13 302 571	(1 449 202)	11 853 369	8 876 300	977 446	(2 107 231)	7 746 514	4 106 854	
III. Programme support funds									
Inter-fund eliminations	(3 581 799)	927 609	(2 654 190)	-	-	-	-	(2 654 190)	
GRAND TOTAL	25	23 447 822	(1 276 481)	21 396 507	1 597 231	(2 125 181)	20 868 557	1 302 785	

*Represent dollar fluctuations, additional activities, deficit (savings) on activities as approved by the Governing Board. Note: the budget and accounting basis is different. This Statement of Comparison of Budget and Actual amounts is prepared on the budget basis.

VI. NOTES TO THE FINANCIAL STATEMENTS

Note 1: Reporting entity and statutory powers

The International Institute for Educational Planning (IIEP or 'the Institute') is an integral part of the United Nations Educational, Scientific and Cultural Organization (UNESCO). UNESCO is considered the controlling entity of IIEP. These financial statements are included in the UNESCO consolidated financial statements.

IIEP was established in 1963 within the framework of UNESCO with the purpose of promoting instruction and research on educational planning in relation to economic and social development.

The Statutes of IIEP were approved and adopted at the 12th session of the UNESCO General Conference held in 1962 through Resolution 1.213. The Director General, in accordance with the decisions of the General Conference, authorized IIEP to operate under a Special Account.

The Institute enjoys functional autonomy in matters related to administration, finance, and human resources. The Governing Board ('the Board') of IIEP is composed of 12 members including the Chairperson and an Executive Committee of four members, which acts on behalf of the Board. The members are chosen for their competence and sit in a personal capacity. The Board approves the Institute's annual programme and budget. It also approves the annual report of the implementation of the programme presented to it by the Director.

The Institute has its Headquarters located in Paris, France (7-9 rue Eugène Delacroix). It is also composed of two offices located in Buenos Aires (Argentina) and Pôle de Dakar (Senegal).

Note 2: Significant accounting policies

Basis of preparation and presentation

Basis of preparation

The financial statements have been prepared on an accrual and going concern basis in accordance with the requirements of International Public Sector Accounting Standards (IPSAS) and comply with the Financial Regulations of the IIEP Special Account as approved by the Executive Board of UNESCO and the rules formulated by the Director of the Institute as reported to the Governing Board.

The accounting policies set out below have been applied consistently in the preparation and presentation of these financial statements.

Financial period

In accordance with Article 2 of the Financial Regulations of the IIEP Special Account, the financial period shall begin on the first day of January and end on the thirty-first day of December each year. The financial statements are prepared on an annual basis.

Presentation and functional currency

The presentation currency of the financial statements is in United States dollars (USD) which is also its functional currency.

Foreign currency transactions

Foreign currency transactions carried out during the financial year are converted into US dollars using the United Nations Operational Rate of Exchange (UNORE) prevailing at the date of the transaction. The UNORE approximates market rates. Non-monetary items that are measured in terms of historical cost or fair value in a foreign currency are translated using the UNORE prevailing at the date of the initial transaction or when the fair value was determined. Monetary assets and liabilities that are denominated in foreign currencies are translated into US dollars at the exchange rate prevailing on the date of the statement of financial position. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the Statement of Financial Performance.

Segment reporting

A segment is a distinguishable activity or group of activities for which it is appropriate to separately report financial information.

IIEP segments are presented by geographical operation or by programme specificity. They form a group of assets and operations and are clearly identified and defined by their areas of operation, and they contribute to the programmes and activities of the Institute (see Note 29).

Financial assets

IIEP's financial assets include: cash, investments, accounts receivable from exchange and non-exchange transactions, advance payments, and other receivables.

Financial assets within the scope of IPSAS 29 - Financial Instruments: Recognition and Measurement are classified as financial assets at fair value through surplus or deficit, loans and receivables (L&R), held-to-maturity investments, or available-for-sale financial assets, as appropriate. IIEP determined the classification of its financial assets at initial recognition.

The subsequent measurement of financial assets depends on their classification. The classification depends on the purpose for which the financial assets are acquired, and is determined at initial recognition and re-evaluated at each reporting date.

Financial assets classified as L&R are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market, including term deposits with an initial maturity of more than three months from the date of acquisition, and term accounts. They are initially measured at fair value plus transaction costs and subsequently recorded at amortized cost using the effective interest rate method.

The following table presents the classification and measurement of IIEP's financial assets:

Financial assets	Classification	Subsequent measurement
Cash	L&R	Amortized cost
Short-term investments	L&R	Amortized cost
Accounts receivable from exchange transactions	L&R	Amortized cost
Accounts receivable from non-exchange transactions	L&R	Amortized cost

Impairment of financial assets

IIEP assesses at each reporting date whether there is objective evidence that a financial asset is impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if,

there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred 'loss event') and that loss event has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include the following indicators:

- The debtors or a group of debtors are experiencing significant financial difficulty.
- Default or delinquency in interest or principal payments.
- The probability that debtors will enter bankruptcy or other financial reorganization.
- Observable data indicates a measurable decrease in estimated future cash flows (e.g. presence of arrears, economic conditions that correlate with defaults).

Financial assets carried at amortized cost

For financial assets carried at amortized cost, IIEP first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If IIEP determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognized are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not yet been incurred). The present value of the estimated future cash flows is discounted at the financial asset's original effective interest rate. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the original effective interest rate.

The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognized in surplus or deficit. Loans together with the associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realized or transferred to IIEP. If, in a subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognized, the previously recognized impairment loss is increased or reduced by adjusting the allowance account. If a write-off is later recovered, the recovery is credited to finance revenue in surplus or deficit.

Financial liabilities

IIEP's financial liabilities include accounts payable.

All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings, plus directly attributable transaction costs.

Cash

Cash includes cash in hand and short-term, highly liquid investments that are readily convertible to known amounts of cash and subject to an insignificant risk of changes in value. Cash held in a fiduciary capacity (Programme Fiduciary Funds and Staff Fiduciary Funds) that can only be used for a specific purpose are considered as restricted.

Investments

IIEP classifies its investments as L&R (see Note 7). The classification depends on the purpose for which the financial assets are acquired, and is determined at initial recognition and re-evaluated at each reporting date.

Financial assets with maturities in excess of 12 months or not expected to be realized within 12 months at the reporting date are categorized as non-current assets. Other financial assets are classified as current assets.

Investments classified as L&R are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market, including term deposits with an initial maturity of more than three months from the date of acquisition, and term accounts. They are initially measured at fair value plus transaction costs and subsequently recorded at amortized cost using the effective interest rate method.

At each reporting date the Institute assesses whether there is any objective evidence that an investment or group of investments is impaired. Any impairment losses are recognized in the Statement of Financial Performance.

Inventories

Inventories held for distribution at no-cost or nominal charge, consumption in the production of goods, or the provision of services at no-cost or nominal charge are valued at the lower of cost and current replacement cost.

Inventories held for sale are valued at the lower of cost and net realizable value.

Write-downs from cost to current replacement cost or net realizable value are recognized in the Statement of Financial Performance. Cost is determined using the first-in, first-out method.

Accounts receivable from non-exchange transactions, receivables from exchange transactions, and other receivables

Receivables are initially measured at fair value and then their carrying value is adjusted for any allowance for estimated irrecoverable amounts. An allowance is established when there is objective evidence, based on a review of outstanding amounts at the reporting date, that IIEP will not be able to collect all amounts due according to the original terms of the receivables. In establishing the allowance for assessed contributions, the fair value of receivables is calculated as the estimated discounted cash flows arising from receivables to be collected in the future. The level of accounts receivable related to voluntary contributions does not require discounting.

Contributions received prior to the commencement of the relevant specified budget year are recorded as an asset (cash) and a corresponding liability is recognized.

Advance payments and advance receipts

Advance payments

IIEP advances funds to third parties under non-exchange contracts for the delivery of IIEP's programmes and activities. Such transfers to third parties are treated as advance payments if the conditions on the transferred assets are not fulfilled at the reporting date.

Advance receipts

A liability is recognized for amounts received from donors where no binding agreement is in place at the time of the receipt of the asset from the donor. This is mainly common under framework agreements and other voluntary contributions where funds can be received before agreement is reached on the allocation of the contribution received from the donor. Assessed contributions received prior to the commencement of the relevant specified budget year are recorded as an asset and a corresponding advance receipt liability is recognized.

Property, plant and equipment

Property, plant and equipment (PP&E) is carried at cost less accumulated depreciation.

Heritage assets are not recognized in the financial statements, but appropriate disclosure is made in the notes to the accounts.

Additions

The cost of an item of PP&E is recognized as an asset if it is probable that future economic benefits or service potential associated with the item will flow to the Institute and the cost of the item can be measured reliably.

In most instances, an item of PP&E is recognized at its cost. When an asset is donated, it is recognized at fair value as at the date of acquisition.

Leasehold improvements are recorded at historical cost and presented at depreciated cost.

Disposals

Gains and losses on disposal are determined by comparing the proceeds with the carrying amount of the asset. Gains and losses on disposal are included in the Statement of Financial Performance.

Subsequent costs

Costs incurred subsequent to initial acquisition are capitalized only when it is probable that future economic benefits or service potential associated with the item will flow to the Institute and the cost of the item can be measured reliably.

Depreciation

Depreciation is provided on a straight-line basis on all PP&E other than land, at rates that will recognize the cost of the assets to their estimated residual values over their useful lives. The useful lives of major classes of assets have been estimated as follows:

Type of asset	Useful life (in years)
Leasehold improvement	15-50 years (or the shorter of lease term and useful life)
Communication and IT equipment	4
Vehicles	5
Furniture and fixtures	5
Other equipment	5

The residual values and useful lives of assets are reviewed and adjusted, if applicable, at each financial year-end.

Impairment

The carrying values of fixed assets are reviewed for impairment if events or changes in circumstances indicate that the book value of the asset may not be recoverable. If such an indication exists, the recoverable amount of the asset is estimated in order to determine the extent of impairment loss if any. Any provision for impairment is included in the Statement of Financial Performance.

Intangible assets

Intangible assets are carried at cost less accumulated amortization and impairment. Intangible assets are capitalized in the financial statements.

Software acquisition and development

Acquired computer software licences are capitalized based on costs incurred to acquire and bring to use the specific software. Costs that are directly associated with the development of software for use by IIEP are capitalized as an intangible asset. Direct costs include the software development employee costs and overheads which can be directly attributed to preparing the asset for use.

Amortization

Amortization is provided on a straight-line basis on all intangible assets of finite life, at rates that will write off the cost or value of the assets over their useful lives. The useful lives of major classes of intangible assets have been estimated as follows:

Class of intangible asset	Useful life (in years)
Software acquired separately	5
Software internally developed	5
Licences and rights	2-6 years (or period of licence or right if shorter)

Accounts payable and accrued liabilities

Accounts payable are financial liabilities for goods and services that have been received by IIEP and invoiced but not yet paid by the reporting date.

Accrued liabilities are financial liabilities for goods and services that have been received by IIEP and which have neither been paid by nor invoiced to IIEP at the reporting date.

Provisions and contingent liabilities

Provisions are recognized for future expenditure of uncertain amount or timing when there is a present obligation (either legal or constructive) as a result of a past event; it is probable that expenditure will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are not made for future operating losses. Provisions are measured at the present value of the expenditures expected to be required to settle the obligation. The increase in the provision due to the passage of time is recognized as interest expense.

Contingent liabilities are disclosed where a possible obligation is uncertain but can be measured, or where IIEP has a present obligation but cannot reliably measure the possible outflow of resources.

Employee benefits

The Institute recognizes the following categories of employee benefits:

- Short-term employee benefits;
- post-employment benefits;
- other long-term employee benefits; and
- termination benefits.

Short-term employee benefits

Short-term employee benefits are expected to be settled within 12 months of the reporting date and are measured at their nominal values based on accrued entitlements at current rates of pay. Short-term employee benefits comprise first-time employment benefits (assignment grants), regular monthly benefits (wages, salaries, allowances) compensated absences, and other short-term benefits (education grants, home leave, etc.).

An expense is recognized when employees render service to the Organization and a liability is recognized for any entitlement that has not been settled at the reporting date.

After-service health insurance

The Institute participates in the UNESCO after-service health insurance (ASHI) programme. Under this programme, staff retiring, who have reached their fifty-fifth birthday and who have completed at least ten years' of participation in the Medical Benefits Fund as at the date of their separation, may opt to remain (indefinitely) in that Fund as an associate participant with UNESCO continuing to participate in the funding of their contributions. The ASHI programme at UNESCO is a defined benefit plan for entities under common control.

UNESCO performs annually both a long-term projection and an actuarial valuation of the ASHI scheme to measure its employee benefits obligation. The plan exposes participating organizations to actuarial risks associated with the current and former employees of other group entities, with the result that there is no consistent and reliable basis for allocating the obligation, plan assets, and costs to individual entities participating in the plan. The Institute, as well as other participating group entities, is not in a position to identify its share of the underlying financial position and performance of the plan on an IPSAS 39 - Employee Benefits basis with sufficient reliability for accounting purposes, and hence has recorded this plan as if it were a defined contribution plan.

The contributions of the Institute to the UNESCO ASHI programme consists of contributions to the UNESCO Medical Benefits Fund assessed in accordance with the Rules of the UNESCO Medical Benefits Fund.

United Nations Joint Staff Pension Fund

The Institute, being an integral part of UNESCO, participates in the United Nations Joint Staff Pension Fund (UNJSPF or 'the Fund'), which was established by the United Nations General Assembly to provide retirement, death, disability, and related benefits to employees. The Fund is a funded, multi-employer defined benefit plan. As specified in Article 3(b) of the Regulations of the Fund, membership in the Fund shall be open to the specialized agencies and to any other international, intergovernmental organization which participates in the common system of salaries, allowances, and other conditions of service of the United Nations and the specialized agencies.

The Fund exposes participating organizations to actuarial risks associated with the current and former employees of other organizations participating in the Fund, with the result that there is no consistent and reliable basis for allocating the obligation, plan assets, and costs to individual organizations

participating in the plan. IIEP and the UNJSPF, in line with the other participating organizations in the Fund, are not in a position to identify IIEP's proportionate share of the defined benefit obligation, the plan assets, and the costs associated with the plan with sufficient reliability for accounting purposes. Hence, IIEP has treated this plan as if it were a defined contribution plan in line with the requirements of IPSAS 39. IIEP's contributions to the Fund during the financial year are recognized as expenses in the Statement of Financial Performance.

Other long-term employee benefits

Other long-term employee benefits are benefits which are expected to be settled more than 12 months after the end of the reporting year. This is comprised of accumulated leave and repatriation grants (RGs).

The liability recognized for these plans is the present value of the defined benefit obligations at the reporting date. The liability are calculated by an independent actuary using the Projected Unit Credit Method.

Interest cost, current service costs, and actuarial gains or losses arising from changes in actuarial assumptions or experience adjustments are recognized in the Statement of Financial Performance.

The current portion of these other long term benefits is presented in the current liabilities section of the Statement of Financial Position. The current portion is determined as the largest amount between the amounts due to be settled within 12 months after the reporting date or the amount for which IIEP does not have an unconditional right to defer settlement of the liability for at least 12 months.

Termination benefits

Termination benefits generally include indemnities for voluntary redundancy, and are expected to be settled within 12 months of the reporting date.

Tax

The Institute enjoys the privilege of tax-exemption. As such, the Institute's assets, income, and other property are exempt from all direct taxation.

Revenue recognition

Non-exchange revenue

Revenue from non-exchange transactions is measured based on the increase in net assets recognized. Where the full criteria for recognition of an asset under a non-exchange agreement are not fulfilled, a contractual right may be disclosed.

Revenue from non-exchange transactions

- *Assessed contributions*

Assessed contributions, made available from UNESCO in force of a specific signed agreement, are approved for each financial year and are recognized as revenue at the beginning of the relevant year as soon as the amounts are communicated to the Institute.

- *Voluntary contributions*

Voluntary contributions and other transfers which are supported by enforceable agreements are recognized as revenue at the time the agreement becomes binding and when control over the

underlying asset is obtained, unless the agreement establishes a condition on transferred assets that requires recognition of a liability. Conditions are imposed by donors on the use of contributions, and include both a performance obligation to use the donation in a specified manner, and an enforceable return obligation to return the donation if it is not used in the specified manner. The amount recognized as a liability is the best estimate of the amount that would be required to settle the obligation at the reporting date. As IIEP satisfies the conditions on voluntary contributions through performance in the specified manner, the carrying amount of the liability is reduced and an amount of revenue equal to that reduction is recognized.

Voluntary contributions such as pledges and other promised donations which are not supported by binding agreements are recognized as revenue when received.

- *In-kind contributions*

In-kind contributions of goods that directly support approved operations and activities and can be reliably measured are recognized and valued at fair value. These contributions include the use of premises and utilities. In the case of the use of premises, the contribution value is based on the commercial rate for renting the building.

In-kind contributions of services, such as the services of volunteers, are not recognized.

Exchange revenue

Other sources of revenue from exchange transactions are measured at the fair value of the consideration received or receivable and are recognized as goods and services are delivered.

Expenses

Under accrual accounting, expenses are decreases in economic benefits or service potential during the reporting year in the form of outflows or consumption of assets or incurrence of liabilities that result in decreases in net assets. Expenses are recognized when the transaction or event causing the expense occurs, and the recognition of the expense is therefore not linked to when cash or its equivalent is received or paid.

Non-exchange transactions

Expenses from non-exchange funding agreements are recognized when the funding is legally in force, except where the agreement establishes a condition on transferred assets. In such cases, expenses are recognized as services are performed and the conditions on transferred assets are fulfilled consistent with the terms of the agreement.

Where revenue is recognized from in-kind contributions, a corresponding expense is also recognized in the financial statements.

Note 3: Significant accounting estimates, assumptions, and judgements

The preparation of financial statements in accordance with IPSAS requires to make judgements, estimates, and assumptions that affect the reported amounts of revenues, expenses, assets, and liabilities at the end of the reporting year. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the assets or liabilities affected in future years.

The areas where estimates, assumptions, or judgements are significant to IIEP's financial statements include, but are not limited to: employee benefits, provisions for litigation, and the useful lives of

property, plant and equipment (PP&E). Changes in estimates are reflected in the year in which they become known.

Judgements

In-kind contribution calculation for the use of premises

IIEP undertakes a valuation of the in-kind contribution for the use of premises. This exercise is performed by an expert hired by IIEP.

The factors that impact the valuation are the following:

- Availability of similar assets for rent; and
- office space shared with other organizations.

Estimates and assumptions

IIEP based its assumptions and estimates on parameters available when the financial statements were prepared. However, existing circumstances and assumptions about future developments may change due to market changes or circumstances arising beyond the control of IIEP.

a) Useful lives of PP&E

The useful lives of PP&E are assessed using the following indicators to inform potential future use and value from disposal and impairment:

- The condition of the asset based on the assessment of experts employed by IIEP.
- The nature of the asset, its susceptibility, and adaptability to changes in technology and processes.
- The nature of the processes in which the asset is deployed.
- Availability of funding to replace the asset.
- Changes in the market in relation to the asset.

Note 2 provides information on the determined current useful lives.

b) Provisions for litigation

Provisions were raised and management determined an estimate based on the information available. Provisions are measured at the management's best estimate of the expenditure required to settle the obligation at the reporting date, and are discounted to present value where the effect is material. Additional disclosure of these estimates of provisions is included in Note 20.

c) Employee benefits

The cost of the defined benefit obligation is determined using actuarial valuations which involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases, mortality rates, and future cost increases. Due to the complexities involved in the valuation and its long-term nature, an employee benefit liability is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date. Details about employee benefits are provided in Note 17.

Note 4: Accounting standards issued

Accounting standards adopted during the year

IPSAS 39 - Employee Benefits: This standard, which replaces IPSAS 25 - Employee Benefits, was issued in July 2016 with an effective date of 1 January 2018. It prescribes the accounting and disclosure requirements for employee benefits. It requires an entity to recognize a liability when an employee has provided a service in exchange for employee benefits to be paid in the future and an expense when the entity consumes the economic benefits or service potential arising from service provided by the employee. This new accounting standard had no impact on the financial statements other than modified disclosures.

IPSAS 21: This standard addresses the impairment of non-cash generating assets and the recognition of impairment losses and criteria for reversing impairment losses on these assets. These amendments to the standard did not have an impact on IIEP's financial statements.

IPSAS 26: This standard defines the procedures to be applied to determine whether a cash-generating asset has been impaired, to recognize the corresponding losses, and to recover depreciation charges. However, the scope of IPSAS 26 excludes the financial instruments covered by IPSAS 29 - Financial Instruments, Recognition and Measurement. These amendments to the standard did not have an impact on IIEP's financial statements.

Accounting standards issued and to be adopted at a later date

IPSAS 40 - Public Sector Combinations: This standard, issued in January 2017, prescribes the principles, accounting, and disclosure requirements of a public sector combination and its effects. A public sector combination is the bringing together of separate operations into one public sector entity. The standard is effective for the annual reporting year beginning on or after 1 January 2019. IIEP believes that the adoption of this standard will not have an impact on its financial statements.

IPSAS 41 - Financial Instruments: This standard, issued in August 2018, establishes the principles for financial reporting of financial assets and financial liabilities for the assessment of the amounts, timing, and uncertainty of an entity's future cash flows. The standard is effective for the annual reporting year beginning on or after 1 January 2022. IIEP has not yet assessed the impact of the adoption of the standard.

Note 5: Adjustments to the presentation of the financial statements and notes to the financial statements for the prior period

In order to comply with IPSAS, certain adjustments have been made in the presentation and disclosures of the 2018 financial statements. As a result, certain figures have been restated to conform to the current year's presentation. This is part of IIEP's effort to provide a more appropriate presentation of the financial statements. The main adjustments to the financial statements and accompanying notes are as follows:

Statement of Financial Position by Segment, Statement of Financial Performance by Segment, and Statement of Income for the UNESCO Special Account: These statements have been deleted. The segments on financial position and performance are now presented through the attached notes (see Note 29).

Foreign exchange: The presentation of the cash flow has been changed to better reflect the effect of foreign exchange rates on operating activities in the consolidated statement of cash flow. As a result, comparative amounts have also been reclassified to ensure comparability. For 2017, a decrease

of USD 324 954 was adjusted within the operating activities to adjust for the effect of exchange rates on operating activities, less an adjustment of USD 3 377 in accounts receivable (exchange transactions), plus adjustments of USD 55 in accounts payable (exchange transactions) and accruals, and of USD 150 in employee benefits and the addition of the effect of USD 321 782 of exchange rates on cash.

Furthermore, the presentation of the operations has been changed to better reflect the effect of the foreign exchange rate on the Statement of Financial Performance. As a result, comparative amounts have also been reclassified to ensure comparability. For 2017, an amount of USD 1 029 067 was adjusted within the statement to adjust for the exchange differences that occurred on operations over the year.

Cash flow: Investment activities are now presented on a gross basis on the Statement of Cash Flow. These activities were previously reported on a net basis. Net increases in 2017 investments of USD 892 260 are now presented as acquisition of USD 6 194 714 and redemptions of USD 5 302 454. In addition, the transfers under financial activities have been adjusted by USD 655 073 to remove the non-cash transactions.

Investments: For 2017, an amount of USD 5 973 730 was moved from current investments to non-current investments as it was not expected to be cashed within the next 12 months (see Note 7).

Financial Instruments: IIEP's financial assets and financial liabilities accounting policy has been added to the significant accounting policies (see Note 2). In addition, Financial Risk Management disclosure has been enhanced to comply with IPSAS (see Note 26).

Property, plant and equipment (PP&E) and intangible assets: Movements within the reporting period and the comparative information on PP&E as well as intangibles are now provided (see Note 14).

Employee benefits: Enhanced disclosure has been added, where IIEP now discloses how its defined benefit obligation is calculated as well as its related expenses. Comparative information has been added. As a result, comparative amounts have also been reclassified to ensure comparability. For 2017, an amount of USD 554 189 was moved from employee benefits non-current to current (see Note 17).

Contractual rights: Contingent assets require that the resolution of the contingency is not within the control of IIEP. As their resolution is likely within IIEP's control, they are now disclosed as contractual rights (see Note 24).

Finance revenue: All revenues related to investments are now recorded as finance revenue in the Statement of Financial Performance. For 2017, the finance revenue has been restated to USD 224 010, an increase of USD 126 926, and the stabilization reserve movement has been restated to USD 458 518, a decrease of USD 126 926.

New standards: The notes to the financial statements now provide information on the new standards. They also provide management's progress in evaluating the new standards' applicability and the potential impact of these standards on IIEP's financial statements (see Note 4).

Accompanying notes: Required disclosures for all types of financial assets and financial liabilities have been added (see Note 2). Information on IIEP's estimates has been added detailing the source of estimates and assumptions (see Note 3). Movements within the reporting period on allowances for accounts receivable from exchange and non-exchange transactions are now provided (see Notes 9 and 10). Comparative information has been added for movements in net assets (see Note 21). IIEP has clarified its capital under management (see Note 27). Those considered as key executives are now clearly disclosed (see Note 2).

Note 6: Cash

	2018	2017
Expressed in US dollars		
Current accounts	10 360 100	11 627 806
Total cash	10 360 100	11 627 806

As at 31 December 2018, USD 5 225 291 (2017: USD 4 678 371) available under on-going extrabudgetary contracts for projects with conditions and USD 364 017 (2017: USD 84 397) received in advance for future years and programmes is considered restricted cash. The remaining balance of USD 4 770 792 (2017: USD 6 865 038) is for other programme operations and the Stabilization Reserve Account.

Note 7: Investments

	2018	2017
Expressed in US dollars		
Current portion		
Loans and receivables (L&R)		
Term accounts	5 000 000	6 194 714
Total current portion	5 000 000	6 194 714
Non-current portion		
L&R		
Term deposits	5 707 754	5 973 730
Total non-current portion	5 707 754	5 973 730
Total investments	10 707 754	12 168 444

Investments classified under L&R are mainly term deposits with an initial maturity of more than three months but less than one year and term accounts which are investments that may be realized within 12 months. These financial instruments are held with international banking groups which are assigned deposit ceilings in accordance with the Investment Policy of UNESCO.

The total amount at the end of 2018 includes the 2015 investment of USD 5 707 754 term deposit that will mature on 14 October 2020 and the investment of USD 5 000 000 in a term account that will mature on 3 December 2019.

Term deposits as at 31 December 2018 are held by the Institute in a fiduciary capacity.

Note 8: Inventories

	2018	2017
Expressed in US dollars		
Publications for sale	45 146	41 488
Publications for distribution	5 016	4 610
Gross inventories	50 162	46 098
Write-down	(28 985)	(25 409)
Net inventories	21 177	20 689

Publications include publications held for sale and publications issued free of charge. The cost of inventories includes a write-down of inventory to net realizable value.

The publications stock is mainly comprised of the Fundamentals of Educational Planning series which highlights the recent developments in educational planning, policies, and their implications on States and governments. The other categories are related to case studies, monographs, and other works carried out by the Institute's researchers within its area of operation.

Note 9: Accounts receivable (non-exchange transactions)

	2018	2017
Expressed in US dollars		
Extrabudgetary contracts (current)	783 804	461 677
Allowance for doubtful accounts	(337 804)	(329 278)
Total accounts receivable (non-exchange transactions)	446 000	132 399

The allowance for receivables from non-exchange transactions is an estimated irrecoverable amount based on an aged analysis of outstanding amounts at the reporting date.

Details of allowances and reversals of provisions for doubtful customers and receivables written off are as follows:

	2018	2017
Expressed in US dollars		
Opening balance	329 278	248 740
Additions	19 754	99 160
Recoveries and write-offs	(24 135)	(18 622)
Reclassifications	12 907	-
Allowance for doubtful accounts (non-exchange transactions)	337 804	329 278

Note 10: Accounts receivable from exchange transactions

	2018	2017
Expressed in US dollars		
Amounts receivable for goods and services	20 722	46 049
Allowance for doubtful accounts	(12 362)	(20 440)
Net receivables from exchange transactions	8 360	25 609

The allowance for receivables from exchange transactions is an estimated irrecoverable amount based on an aged analysis of outstanding amounts at the reporting date.

Details of allowances and reversals of provisions for doubtful customers and receivables written off are as follows.

	2018	2017
Expressed in US dollars		
Opening balance	20 440	7 544
Additions	10 339	14 930
Recoveries and write-offs	(5 510)	(2 034)
Reclassifications	(12 907)	-
Allowance for doubtful accounts (exchange transactions)	12 362	20 440

Note 11: Advance payments

	2018	2017
Expressed in US dollars		
Advances to staff	78 368	148 922
Other advances	147 328	171 921
Total advance payments	225 696	320 843

Advance payments to staff concern travel advances for staff members whereas other advances relate to prepayments for goods and services not yet delivered.

Note 12: Other receivables

	2018	2017
Expressed in US dollars		
VAT receivables	254 477	137 906
Accrued interest	33 005	23 296
Total other receivables	287 482	161 202

IIEP enjoys the privilege of tax-exemption; however, it makes cash payments for value-added tax (VAT) due to its suppliers and contractors. The VAT receivables relate to VAT recoverable from fiscal authorities (the French Government).

Accrued interest is for term deposits maturing in 2019 and 2020 (see Note 7).

Note 13: Inter-company balances

	2018	2017
Expressed in US dollars		
Due to/from other institutes/field offices	(4 384)	304
Due to/from UNESCO HQ	(63 950)	1 827 126
Total inter-company balances	(68 334)	1 827 430

Inter-company balances represent payments made by IIEP on behalf of UNESCO HQ or other institutes/field offices and vice versa. Balances are agreed upon by both parties and repaid when the amount is deemed substantial.

Note 14: Property, plant and equipment

The movement of property, plant and equipment (PP&E) by asset class during the reporting year is as follows.

	Leasehold improvements	Comms & IT equipment	Furniture & fixtures	Other equipment	Vehicles	Total
Expressed in US dollars						
1 January 2017						
Cost value	-	1 282 519	35 191	196 726	22 202	1 536 638
Accumulated depreciation	-	(1 087 545)	(23 265)	(187 712)	(6 290)	(1 304 812)
Carrying amount	-	194 974	11 926	9 014	15 912	231 826
Movements 12 months to 31 Dec 2017						
Additions	-	198 749	6 856	5 725	-	211 330
Disposals	-	(62 249)	-	-	-	(62 249)
Disposals depreciation	-	61 953	-	-	-	61 953
Depreciation	-	(102 037)	(3 085)	(2 925)	(4 441)	(112 488)
Total movements	-	96 416	3 771	2 800	(4 441)	98 546
Cost value	-	1 419 019	42 047	202 451	22 202	1 685 719
Accumulated depreciation	-	(1 127 629)	(26 350)	(190 637)	(10 731)	(1 355 347)
Closing balance as at 31 December 2017	-	291 390	15 697	11 814	11 471	330 372
1 January 2018						
Cost value	-	1 419 019	42 047	202 451	22 202	1 685 719
Accumulated depreciation	-	(1 127 629)	(26 350)	(190 637)	(10 731)	(1 355 347)
Carrying amount	-	291 390	15 697	11 814	11 471	330 372
Movements 12 months to 31 Dec 2018						
Additions	606 685	178 796	62 024	-	-	847 505
Disposals	-	(329 019)	-	(69 577)	-	(398 596)
Disposals depreciation	-	327 755	-	69 577	-	397 332
Depreciation	-	(130 966)	(14 674)	(3 545)	(4 440)	(153 625)
Account adjustments in cost	-	9 370	-	-	-	9 370
Account adjustments in depreciation	-	(1 620)	-	-	-	(1 620)
Total movements	606 685	54 316	47 350	(3 545)	(4 440)	700 366
Cost value	606 685	1 278 166	104 071	132 874	22 202	2 143 998
Accumulated depreciation	-	(932 460)	(41 024)	(124 605)	(15 171)	(1 113 260)
Carrying amount	606 685	345 706	63 047	8 269	7 031	1 030 738

Additions to PP&E are measured at cost. Subsequently, PP&E is carried at cost or fair value less accumulated depreciation and any impairment losses. At 31 December 2018 there are no heritage assets to declare, consistent as at 31 December 2017.

The Institute has constructed improvements on leasehold property at the premises in Paris (France). Leasehold improvements are valued at historic cost.

Note 15: Intangible assets

Expressed in US dollars	Intangible assets: software work in progress	Total
Carrying amount	-	-
Movements 12 months to 31 Dec 2017		
Additions	-	-
Total movements 31 December 2017	-	-
31 December 2017		
Cost value	-	-
Accumulated depreciation	-	-
Carrying amount	-	-
Carrying amount as at 31 December 2017		
	-	-
Movements 12 months to 31 Dec 2018		
Additions	142 330	142 330
Total movements 31 December 2017	142 330	142 330
31 December 2018		
Cost value	142 330	142 330
Accumulated depreciation	-	-
Carrying amount	142 330	142 330

IIEP currently only recognizes software as intangible assets, as it is not considered probable that significant future economic benefits from copyrights and intellectual property will flow to IIEP.

Note 16: Accounts payable (exchange transactions) and accruals

Expressed in US dollars	2018	2017
Accruals	462 763	288 284
Suppliers payable	91 241	7 575
Total accounts payable (exchange transactions)	554 004	295 859

Suppliers payable relate to amounts due for goods and services for which invoices have been received. Accruals are liabilities for goods and services that have been received or provided to IIEP during the year and which have not been invoiced or formally agreed with the suppliers.

Note 17: Employee benefits

			2018	2017 as restated (Note 5)
	Actuarial valuation	IIEP valuation	Total	Total
Expressed in US dollars				
Payroll and reimbursements	-	76 420	76 420	130 518
Accumulated annual leave	560 437		560 437	554 190
Repatriation grants (RGs)	45 425		45 425	57 085
Employee benefits (current)	605 862	76 420	682 282	741 793
RGs	1 075 143	-	1 075 143	1 016 375
Employee benefits (non-current)	1 075 143	-	1 075 143	1 016 375
Total employee benefits	1 681 005	76 420	1 757 425	1 758 168

Employee benefits – current

Current or short-term employee benefits include payroll and allowances, education grants, home leave, accumulated annual leave (AAL), and the current term portion of the after-service health insurance (ASHI) and RGs.

Notwithstanding that AAL is fully included in short term as required by the standards since IIEP does not have an unconditional right to defer settlement of the liability for at least 12 months, expected payments in the next year are anticipated to be USD 21 962 for AAL.

Accumulated annual leave

IIEP staff can accumulate unused annual leave up to a maximum of 60 working days. On separation from IIEP, staff members are entitled to receive a sum of money for AAL that they hold at the date of separation.

Employee benefits – non-current

Non-current employee benefits relate to post employment and other long-term employee benefits. These include repatriation benefits.

After-service health insurance

Contributions made during the year amounts to USD 276 362. For the year end 31 December 2017, the contributions amounts to USD 244 695.

Repatriation benefits

A staff member who has completed one year of continuous service outside the country of his/her recognized home is entitled upon separation from IIEP to a RG payable on the basis of completed years and months of qualifying service outside the country of his/her recognized home. For eligible staff members hired after 1 July 2016 the grant is payable starting on five years of expatriate service according to the current scale. Staff members are also entitled to travel and removal costs for repatriation on separation from IIEP.

End-of-service benefit (termination indemnity)

The termination indemnity is applicable to IIEP service contract holders. At the end of their service the employee is paid two weeks per year of service up to a maximum of six months. In this calculation it has been assumed that all service contract holders will be entitled to the maximum of six months.

Actuarial valuations

An actuarial valuation was carried out to calculate IIEP's estimated liability related to AAL and RGs. The following assumptions and methods have been used to determine the value of these benefits as at 31 December 2018:

Discount rate	1.75% - the rate used is based on the Mercer Yield Curve as of 31/12/2018 with a maturity around 10 years (1.6% at 31/12/2017).
Inflation rate	1.75% (1.75% at 31/12/2017).
Pre-retirement mortality tables	2017 UN in-service mortality table for annual leave and RG (2017 UN in-service mortality table for annual leave and RG in 2017).
Salary increase rate	2% for annual leave; and for RG a linear increase from 1% to 1.75% from 2017 to 2027 and 1.75% per year in 2028 and beyond (1.75% at 31/12/2017).
Retirement age	Age 65 for all employees for all benefits.
Turnover	Based on a study of UNESCO's turnover rates from 2015 to 2017.
Repatriation benefits	It is assumed that 80% of staff eligible for repatriation benefits on leaving actually claim their entitlement (80% at 31/12/2017). Repatriation travel and removal are estimated at USD 6 605 for staff members without dependent and USD 8 014 for staff members with at least one dependent (USD 6 605 and USD 8 014 respectively at 31/12/2017).
Accumulated annual leave	As the accumulation of annual leave by employee historically remains stable year on year, it is assumed that the total accumulated balance is a long-term employee benefit taken by staff members on separation from IIEP.

The following tables and text provide additional information and analysis on employee benefit liabilities calculated by actuaries:

	Accumulated annual leave	Repatriation benefits	2018 Total
Expressed in US dollars	(1)	(2)	(1)+(2)
Defined benefit obligation 1 January	554 190	1 073 460	1 627 650
Employee benefits	554 190	1 073 460	1 627 650
Movements for year end 31 Dec			
Service cost	42 479	64 327	106 806
Interest cost	8 404	16 572	24 976
Benefits paid	(24 044)	(32 375)	(56 419)
Actuarial gain	(11 582)	(1 416)	(12 998)
Foreign exchange difference	(9 010)	-	(9 010)
Defined benefit obligation at the year end 31 December	560 437	1 120 568	1 681 005

Actuarial gains for AAL and repatriation benefit obligations recognized amount to USD 12 998 for the year end 31 December 2018. For year end 31 December 2017 the actuarial gains for AAL and repatriation benefits obligations amount to USD 89 097.

	2017		
	Accumulated annual leave (1)	Repatriation benefits (2)	Total (1)+(2)
Expressed in US dollars			
Defined benefit obligation 1 January	471 835	1 139 024	1 610 859
Employee benefits	471 835	1 139 024	1 610 859
Movements for year end 31 December			
Service cost	21 548	109 466	131 014
Interest cost	6 429	15 761	22 190
Benefits paid	(39 627)	(16 737)	(56 364)
Actuarial gain	84 957	(174 054)	(89 097)
Foreign exchange difference	9 048	-	9 048
Defined benefit obligation at the year end 31 December	554 190	1 073 460	1 627 650

The annual expenses amounts recognized in the Statement of Financial Performance are as follows.

	2018		
	Accumulated annual leave (1)	Repatriation benefits (2)	Total (1)+(2)
Expressed in US dollars			
Service cost	42 479	64 327	106 806
Interest cost	8 404	16 572	24 976
Total expenses recognized for the year	50 883	80 899	131 782

	2017		
	Accumulated annual leave (1)	Repatriation benefits (2)	Total (1)+(2)
Expressed in US dollars			
Service cost	21 548	109 466	131 014
Interest cost	6 429	15 227	22 190
Total expenses recognized for the year	27 977	125 227	153 204

The expected contribution of IIEP in 2019 to the accumulated annual leave (AAL) and repatriation defined benefit is respectively USD 26 163 and USD 45 425, which represents expected benefit payments for the year.

United Nations Joint Staff Pension Fund

The Fund's Regulations state that the Pension Board shall have an actuarial valuation made of the Pension Fund at least once every three years by the consulting actuary. The practice of the Pension Board has been to carry out an actuarial valuation every two years using the open aggregate method. The primary purpose of the actuarial valuation is to determine whether the current and estimated future assets of the Fund will be sufficient to meet its liabilities.

IIEP participates in UNESCO's financial obligation to the United Nations Joint Staff Pension Fund (UNJSPF or 'the Fund') consisting of its mandated contribution, at the rate established by the United Nations General Assembly (currently at 7.9% for participants and 15.8% for member organizations) together with its share of any actuarial deficiency payments under Article 26 of the Regulations

of the Fund. Such deficiency payments are only payable if and when the United Nations General Assembly has invoked the provision of Article 26, following determination that there is a requirement for deficiency payments based on an assessment of the actuarial sufficiency of the Fund as of the valuation date. Each member organization shall contribute to this deficiency an amount proportionate to the total contributions which each paid during the three years preceding the valuation date.

During 2017, the Fund identified that there were anomalies in the census data utilized in the actuarial valuation performed as of 31 December 2015. As such, as an exception to the normal biennial cycle, a roll forward of the participation data as of 31 December 2013 to 31 December 2016 was used by the Fund for its 2016 financial statements.

The actuarial valuation as of 31 December 2017 resulted in a funded ratio of actuarial assets to actuarial liabilities, assuming no future pension adjustments, of 139.2% (150.1% in the 2016 roll forward). The funded ratio was 102.7% (101.4% in the 2016 roll forward) when the current system of pension adjustments was taken into account.

After assessing the actuarial sufficiency of the Fund, the consulting actuary concluded that there was no requirement, as of 31 December 2017, for deficiency payments under Article 26 of the Regulations of the Fund as the actuarial value of assets exceeded the actuarial value of all accrued liabilities under the plan. In addition, the market value of assets also exceeded the actuarial value of all accrued liabilities as of the valuation date. At the time of this report, the General Assembly has not invoked the provision of Article 26.

Should Article 26 be invoked due to an actuarial deficiency, either during the ongoing operation or due to the termination of the UNJSPF pension plan, deficiency payments required from each member organization would be based upon the proportion of that member organization's contributions to the total contributions paid to the Fund during the three years preceding the valuation date. Total contributions paid to the UNJSPF during the preceding three years (2015, 2016, and 2017) amounted to USD 6 931.39 million, of which 2.26% was contributed by UNESCO.

During 2018, contributions paid to UNJSPF amounted to USD 37 million (2017 USD 35.4 million). Expected contributions due in 2019 are approximately USD 39 million.

Membership of the Fund may be terminated by decision of the United Nations General Assembly, upon the affirmative recommendation of the Pension Board. A proportionate share of the total assets of the Fund at the date of termination shall be paid to the former member organization for the exclusive benefit of its staff who were participants in the Fund at that date, pursuant to an arrangement mutually agreed between the organization and the Fund. The amount is determined by the United Nations Joint Staff Pension Board based on an actuarial valuation of the assets and liabilities of the Fund on the date of termination; no part of the assets which are in excess of the liabilities are included in the amount.

The United Nations Board of Auditors carries out an annual audit of the UNJSPF and reports to the UNJSPF Pension Board and to the United Nations General Assembly on the audit every year. The UNJSPF publishes quarterly reports on its investments and these can be viewed by visiting the UNJSPF website.

Contributions made during the year amounts to USD 59 353. For the year end 31 December 2017, the contributions amounts to USD 56 333.

Note 18: Conditions on voluntary contributions - extrabudgetary contracts

	2018	2017
Expressed in US dollars		
Conditions on vol. contributions - extrabudgetary contracts	5 225 291	4 678 371
Total conditions on vol. contributions - extrabudgetary	5 225 291	4 678 371

The Institute recognizes as a liability conditions attached to extrabudgetary contracts. Conditions are imposed by donors on the use of funds, and include both a performance obligation to use the funds in a specified manner, and an enforceable obligation to return the funds if they are not used in the specified manner. The amount recognized as a liability is the best estimate of the amount that would be required to settle the obligation at the reporting date. As the Institute satisfies the conditions on these extrabudgetary projects/contracts through performance in the specified manner, the balance of the liability is reduced and an amount of revenue equal to that reduction is recognized.

In 2018 IIEP reversed conditions amounting to USD 1 666 704: USD 346 232 Haiti project, European Union funding, USD 1 263 125 Agence française de développement (AFD) for the project Plateforme d'expertise en formation professionnelle (PEFOP), USD 15 315 Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ), and USD 42 032 Annual Training Programme (ATP).

The new conditions in 2018 amount to USD 2 213 624: USD 917 236 Haiti project, European Union funding, USD 405 204 for the projects in Burkina Faso, USD 830 786 for the AFD convention 2013 and USD 60 399 to annual training programme (ATP).

Note 19: Advance receipts

The Institute recognizes as a liability advance receipts related to future years and within the framework of future programme activities. The amount indicated concerns voluntary contributions from Mexico and fees for the long- and short-term participants of the ATP.

	2018	2017
Expressed in US dollars		
Vol. contributions received in advance	364 017	84 397
Total vol. contributions rec'd in advance	364 017	84 397

Note 20: Other current liabilities

The Institute recognizes a provision when there is a present legal obligation as a result of a past event. IIEP underwent structural changes during 2014, and as a result some staff contracts were terminated. In 2018 one of the cases was settled.

A best estimate of the amount to settle these outstanding obligations has been included in these financial statements, updated with the exchange rate applicable at the end of the year. The total amount accrued amounts to USD 526 129 (USD 686 322 in 2017).

	2018	2017
Expressed in US dollars		
Other current liabilities	526 129	686 322
Deferred income	198 284	163 762
Total other current liabilities	724 413	850 084

The deferred income of USD 198 284 (2017: USD 163 762) shows customer invoices already booked but related to benefits of 2019.

Note 21: Net assets

	1 January 2018 opening reserves	Surplus/(Deficit) for the year	Other adjustments to reserves	31 December 2018
Expressed in US dollars				
Stabilization Reserve Account	9 003 350	-	662 916	9 666 266
Actuarial gain/loss (IIEP repatriation grant [RG] & accumulated annual leave [AAL] revaluation)	(874 043)	-	-	(874 043)
Return of funds to donors	(499 679)	-	(5 963)	(505 643)
Other surpluses	12 852 924	(4 432 182)	(636 534)	7 784 208
Reserves and fund balances	20 482 552	(4 432 182)	20 419	16 070 789
Property, plant and equipment (PP&E) recognition	158 986	-	-	158 986
Unliquidated obligations (ULOs) de-recognition	786 804	-	-	786 804
Other IPSAS adjustments	(2 480 426)	-	-	(2 480 426)
IPSAS opening balance adjustments	(1 534 636)	-	-	(1 534 636)
Total net assets	18 947 916	(4 432 182)	20 419	14 536 153

Other surpluses consist of surpluses accumulated from previous years. These surpluses can be carried forward from one financial year to the next.

The following table provides the net assets details for the year end 31 December 2017:

	1 January 2017 opening reserves	Surplus/(Deficit) for the year	Other adjustments to reserves	31 December 2017 as restated (Note 5)
Expressed in US dollars				
Stabilization Reserve Account	8 544 833	-	458 517	9 003 350
Actuarial gain/loss (IIEP RG & AAL revaluation)	(963 140)	-	89 097	(874 043)
Return of funds to donors	(423 645)	-	(76 034)	(499 679)
Other surpluses	12 593 745	591 232	(332 053)	12 852 924
Reserves and fund balances	19 751 793	591 232	139 527	20 482 552
PP&E recognition	158 986	-	-	158 986
Unliquidated obligations (ULOs) de-recognition	786 804	-	-	786 804
Other IPSAS adjustments	(2 480 426)	-	-	(2 480 426)
IPSAS opening balance adjustments	(1 534 636)	-	-	(1 534 636)
Total net assets	18 217 157	591 232	139 527	18 947 916

In accordance with Resolution 251 adopted by the Executive Committee of the Governing Board at its 28th Session in June 1993, the Director of IIEP established a Stabilization Reserve Account. The purpose of the Account is:

- to provide resources, through interest gained, which would enable the Institute to finance its yearly programme at a level compatible with the expectations of the Member States;

b) to cover the payment of separation and other benefits of retiring or departing staff members of the Institute; and

c) to provide resources, from the accrued capital, in order to finance the Institute's yearly programme, should exceptional economic or financial conditions warrant it, on the understanding that these resources will be returned to the Account within a financial year not exceeding three years.

The Account is administered in accordance with the Financial Regulations and Rules of the Special Account of the International Institute for Education Planning. During 2018, an amount of USD 528 777 (2017: USD 458 918) representing 5% of the Institute's previous year's payroll and USD 126 296 of previous year interest gains for investments were added to this Account as required by the Account's Financial Regulations.

Actuarial gains and losses reserves arise from the valuation of long-term employee benefits such as after-service health insurance (ASHI). Since 2017, these two reserves have been distributed between the Restricted and General Fund reserve, which constitute the Organization's main reserves.

	2018	2017 as restated (Note 5)
Expressed in US dollars		
Balance of Stabilization Reserve Account as at 1 January	9 003 351	8 544 833
Transfers during the year	662 916	458 518
	<u>9 666 267</u>	<u>9 003 351</u>
Payments from the accounts	-	-
Provisions for litigation/termination indemnity	-	-
Total Stabilization Reserve Account	<u>9 666 267</u>	<u>9 003 351</u>

Note 22: Revenue

	2018	2017 as restated (Note 5)
Expressed in US dollars		
UNESCO financial allocation	<u>2 140 100</u>	<u>2 140 101</u>
Voluntary contributions		
Voluntary contributions - regular programme	7 221 255	7 044 039
Voluntary contributions - extrabudgetary	3 862 410	5 952 322
Voluntary contributions - extrabudgetary inter-organization	1 574 584	1 119 056
In-kind voluntary contributions	1 714 314	1 700 362
Total voluntary contributions	<u>14 372 563</u>	<u>15 815 779</u>
Other revenue producing activities		
Revenue producing activities	687 803	990 537
Income from services rendered	157 835	223 997
Total other revenue producing activities	<u>845 638</u>	<u>1 214 534</u>
Other revenue		
Foreign exchange gains	-	1 029 067
Other revenue	150	1 870
Total other revenue	<u>150</u>	<u>1 030 937</u>
Finance revenue	<u>310 466</u>	<u>224 009</u>
Total revenue	<u>17 668 917</u>	<u>20 425 361</u>

Revenue for the extrabudgetary programme relates to funding received for which IIEP has fulfilled all conditions. Any funding received for which conditions have not yet been fulfilled is accounted for as conditions for voluntary contributions (see Note 18).

The in-kind voluntary contributions correspond to the market value of IIEP premises. The Institute benefits from the use of its premises at no cost in Dakar from UNESCO's Regional Bureau of Education in Africa (UNESCO-BREDA), in Paris from the Government of France, and in Buenos Aires from the Government of Argentina. Estimated rental value for the year: USD 59 024 (Dakar), USD 1 529 290 (France), and USD 126 000 (Argentina). Estimated rental value for the year 2017 amounted to: USD 59 187 (Dakar), USD 1 533 175 (France), and USD 108 000 (Argentina).

Income from services rendered include services provided to internal and external partners for consultation towards programme activities in line with UNESCO's mandate, and specifically IIEP's mandate. This is a net revenue after inter-fund eliminations.

IIEP offers training programmes on educational planning and management which are attended by trainees from all over the world. Funding from Governments of Member States or other donors' funding provide the necessary resources to finance participants' attendance of these programmes.

Note 23: Expenses

	2018	2017
Expressed in US dollars		
Employee benefit expenses		
International and national staff	11 029 488	10 076 874
Temporary staff	1 805 079	1 184 466
Other personnel costs	427 242	352 781
Total employee benefits expenses	13 261 809	11 614 121
Consultants, external experts, and mission costs		
Consultants	1 938 898	1 494 752
Staff mission costs	891 484	819 705
Delegates' and external individuals' missions	118 849	127 129
Other contracts	162 909	149 721
Total consultants, external experts, and mission costs	3 112 140	2 591 307
External training, grants, and other transfers		
Financial contributions	-	1 100
Grants and fellowships	308 067	362 998
External training and seminars	405 508	812 078
Total external training, grants, and other transfers	713 575	1 176 175
Supplies, consumables, and other running costs		
Communications	168 451	117 306
Equipment	207 159	204 648
Leases	1 754 558	1 755 814
Utilities	197 711	150 061
Maintenance and repairs	36 747	146 509
Other supplies	170 988	180 944
Total supplies, consumables, and other running costs	2 535 614	2 555 282
Contracted services		
Contracted research	-	15 648
Contracted seminars and meetings	59 406	60 526
Contracted document production	26 215	38 862
Other contracted services	1 871 803	1 389 047
Total contracted services	1 957 424	1 504 083

Depreciation and amortization		
Depreciation and amortization	153 626	112 488
Total depreciation and amortization	153 626	112 488
Other expenses		
Foreign exchange losses	284 078	-
Other operating expenses	45 919	138 604
Inter-fund transfers	27 655	2 500
Loss on disposal	1 264	296
Total other expenses	358 916	141 400
Total finance costs	7 995	12 977
Total expenses	22 101 099	19 707 833

Expenses are broken down by their nature of expenditure. They relate to payments for the execution of the programme, the Governing Board, Directorate activities, and the Administration. In addition to these are the expenses for depreciation and amortization, rental of facilities, foreign exchange rate losses, and contracts for document reproduction which comprise IIEP's inventories.

Employee benefit expenses

International and national staff expenses include salaries, post adjustments, entitlements, and pension and health plan contributions for Professional and General Service category staff. This line also includes movements in the actuarial liability for accumulated annual leave (AAL) and repatriation benefits. Temporary staff expenses include all costs relating to the employment of temporary staff. Other personnel costs include reimbursement of medical benefits funds (MBF), medical claims, and the movement in the after-service health insurance actuarial liability where this is recognized in the Statement of Financial Performance. This line also includes staff travel expenses which are not related to mission costs (home leave, family visits, education grants, interviews, separation).

Consultants, external experts, and mission costs

Consultants' expenses represent the cost of contracting consultants, including insurance and travel expenses. Staff mission costs are the mission and training costs for IIEP staff and temporaries. These principally concern travel and per diem expenses. Delegates' and external individuals' mission costs are travel and per diem expenses of representatives, delegates, individuals, and others (i.e. non-staff).

External training, grants, and other transfers

Financial contributions include contributions made to UN joint activities, publications, conferences, and programme activities. Grants and fellowships include study grants, fellowships, subventions, sponsorships, and grant-in-aid. Expenses for external training and seminars are mainly travel and per diem costs for participants.

Supplies, consumables, and other running costs

Communications expenses concern mainly telephone and postal/freight costs. Equipment expenses represent equipment purchases and costs during the year which do not meet the criteria for capitalization as property, plant and equipment (PP&E) or intangible assets. This line includes the expense which corresponds to the in-kind voluntary contribution for leases provided to IIEP at no cost. Maintenance and repairs expenses are mainly those incurred in relation to IIEP premises, including building renovation that does not meet the criteria for capitalization as PP&E. Other supplies include office supplies.

Contracted Services

Contracted services represent expenses where IIEP has engaged a third party to perform work on behalf of IIEP. Major categories of these types of arrangement include research, seminars and meetings, and document production. Significant amounts fall within the category 'Other contracted services'. It should be noted that under certain arrangements, especially non-exchange contracts with not-for-profit organizations and government ministries for the implementation of activities under IIEP's mission and mandate, contracts are established which cover several types of services and work which cannot easily be allocated to a single category of contracted services.

Depreciation and amortization

Depreciation is the expense resulting from the systematic allocation of the depreciable amounts of PP&E over their useful lives (see Note 14). Amortization is the expense resulting from the systematic allocation of the amortizable amount of intangible assets over their useful lives (see Note 15).

Other expenses, foreign exchange and finance costs

Other expenses are essentially composed of the allowance for doubtful receivables from exchange and non-exchange transactions based on an aged analysis of outstanding amounts at the reporting date.

Finance costs are mainly due to bank charges and commissions.

Note 24: Contractual rights

Under a number of existing voluntary contribution agreements, IIEP will gain control of the voluntary contribution asset (contributions receivable) if certain stipulations set out in the agreement are met by the Institute. Until the stipulations are met, these assets are not recognized in the Statement of Financial Position.

As at 31 December 2018, there are voluntary contributions with an approximate value of USD 32 905 862 (2017: USD 11 718 522) under existing agreements where it is considered probable that IIEP will meet the stipulations set out in the agreement.

Note 25: Budget

The budget is approved on a cash basis, whereby receipts are budgeted when it is planned that cash will be received and expenditures are budgeted when it is planned that payments will be made. The expenditures are classified between the regular and extrabudgetary programmes.

Adjustments to appropriation

Appropriations represent amounts that have been approved by the Governing Board (GB or 'the Board') for different programme elements to the extent that funds are available. These appropriations can be increased, at the discretion of the Director of the Institute, through the transfer of additional contributions as long as these additional funds are used for purposes of the programme authorized by the Governing Board and for purposes falling within the mandate of the Institute.

As stipulated in the GB Resolution n° 555 (paras. d and e) of the 58th GB, the Director is authorized to accept additional voluntary contributions, increase appropriations accordingly, and make transfers between appropriations lines within the limits authorized by the Board.

Governing Board Resolution

A comparison between the GB Resolution and the year-end total expenditure is provided. The presentation of the reconciliation of the accounts and budget, Statement V, separates the regular budget as voted in Resolution n° 553 from the extrabudgetary programme of the same Resolution.

Extrabudgetary programme and other funds expenditure

The Director of IIEP is authorized to receive funds or assistance in-kind from governments; international, regional, or national organizations; governmental or non-governmental institutions; and other bodies, as well as from individuals, for the implementation of the programmes, projects, or other activities consistent with the aims, policies, and activities of IIEP and of UNESCO, and to incur obligations for such activities in accordance with the Regulations of the Special Account of IIEP and/or the Regulations and Rules of UNESCO and the agreements made with the donors.

The approved budget covers the financial year from 1 January 2018 to 31 December 2018. The budget situation as at 31 December 2018, which concerns only allotments for the year 2018, shows non-expenditure of USD 1 302 785. The total expenditure figure at this date of USD 21 396 507 contains unliquidated obligations (ULOs) amounting to USD 1 597 231 and a reduction of USD 2 125 181 for inter-fund eliminations.

The budget and the accounting bases differ. The budget is prepared on a modified cash basis whereas the financial statements are prepared on the accrual basis. A Statement of Comparison of Budget and Actual Amounts is provided in these financial statements (see Statement V). Reconciliations between the actual amounts on a comparable basis as presented in the Statement of Comparison of Budget and Actual Amounts and the actual amounts in the financial statements for the year end 31 December 2018 are presented.

Reconciliation: Budgetary result with net surplus

	2018	2017 as restated (Note 5)
Expressed in US dollars		
Surplus/(Deficit) for the year	(4 432 182)	717 528
Less of income	4 502 424	295 085
ULOs	(1 597 231)	(1 821 794)
Accounting basis adjustments		
Rental of premises (in-kind)	1 714 314	1 700 362
Foreign exchange gain/(loss)	284 078	(1 029 067)
Prior year ULO expenditure	880 467	874 815
Depreciation	153 626	112 488
Accruals reversal	(173 687)	-
Accruals	345 891	(77 647)
Advance payments	8 091	(48 919)
Operating gains/(losses)	(17 435)	138 900
Employee benefits	8 354	116 630
New acquisitions property, plant and equipment (PP&E)	(240 820)	(211 330)
Other adjustments	(133 105)	(754)
IIEP budget transfer PAR-IBA	-	56 200
Total accounting adjustments	2 829 774	1 631 678
Budget result on budgetary basis	1 302 785	822 496

In order to reconcile the budget actual amounts to the net surplus per the Statement of Financial Performance, budget accounting and financial statements accounting have to be taken into account.

The budget is prepared using the best knowledge of donor contributions and expenditure estimates. The financial statements are prepared on a full accrual basis in compliance with IPSAS requirements. The principal adjustments impacting the reconciliation between the budget and the Statement of Financial Performance are as follows.

- ULOs not recognized under accrual accounting.
- Capital expenditures capitalized and depreciated over useful lives under accrual accounting (generally recorded as current-year expenses in the budget).
- In accrual accounting, employee benefit obligations are reported in the Statement of Financial Position, and movements in the obligation can impact the Statement of Financial Performance.

Reconciliation: Budgetary result with net cash flow

2018		Operating activities	Investing activities	Financing activities	Total
Expressed in US dollars					
Actual net surplus as per the Statement of Comparison of Budget and Actual Amounts	<i>Budget result on budgetary basis</i>	1 302 785	-	-	1 302 785
Basis differences					
	<i>ULOs</i>	1 597 231	-	-	1 597 231
	<i>Additional income</i>	(4 502 424)	-	-	(4 502 424)
	<i>Other basis differences</i>	(2 829 774)	-	-	(2 829 774)
	<i>Budgetary result with full cash basis</i>	(4 432 182)	-	-	(4 432 182)
	<i>Timing differences</i>	2 847 970	461 485	20 419	3 329 874
Actual amount in the Statement of Cash Flow		(1 584 212)	461 485	20 419	(1 102 308)

The following table provides the details for the year end 31 December 2017.

2017 as restated (Note 5)		Operating activities	Investing activities	Financing activities	Total
Expressed in US dollars					
Actual net surplus as per the Statement of Comparison of Budget and Actual Amounts	<i>Budget result on budgetary basis</i>	822 496	-	-	822 496
Basis differences					
	<i>ULOs</i>	1 821 794	-	-	1 821 794
	<i>Additional income</i>	(295 085)	-	-	(295 085)
	<i>Other basis differences</i>	(1 631 678)	-	-	(1 631 678)
	<i>Budgetary result with full cash basis</i>	777 527	-	-	777 527
	<i>Timing differences</i>	(655 160)	(1 103 590)	13 231	(1 745 519)
Actual amount in the Statement of Cash Flow		122 367	(1 103 590)	13 231	(967 992)

Basis differences

The budget is prepared on a cash basis. It includes non-cash elements in the form of unliquidated obligations and non-received assessed contributions. In order to reconcile the budgetary result with the Statement of Cash Flow, these non-cash elements are removed as basis differences.

Timing differences

The budget and the Statement of Cash Flow both represent the cash and accrued amounts for the year end 31 December 2018. As such, there are no timing differences in the reconciliation.

Presentation differences

Presentation differences concern differences in the format and classification schemes in the Statement of Cash Flow and the Statement of Comparison of Budget and Actual Amounts.

Unliquidated obligations

	2018	2017
Expressed in US dollars		
Opening balance, 1 January	1 821 794	1 010 383
Less payments against ULOs	(880 467)	(874 815)
Savings on prior year ULOs	(849 519)	(135 568)
Total prior year ULOs	91 808	-
Current year ULOs	1 597 231	1 821 794
Total ULOs	1 689 039	1 821 794

For budgetary purposes the Institute records ULOs, which are commitments that are not recognized in the Statement of Financial Position. These ULOs concern budget commitments which have not yet given rise to the delivery of a service at the reporting date and real accruals for goods and services received but not yet invoiced and for travel which has taken place during the year. ULOs are included in the actual amounts of the budget expenditure as at 31 December 2018. Total ULOs at the reporting date are USD 1 597 231 (USD 1 821 794 in 2017).

Budget commitments are not recorded in the financial statements whereas real accruals are recognized in accordance with IPSAS.

Note 26: Financial risk management

The Institute's financial risks are managed in accordance with the risk management policies of UNESCO. UNESCO's risk management policies along with its Investment Policy and the Financial Regulations and Rules of the Special Account of IIEP aim to minimize potential adverse effects on the resources available to IIEP to fund its activities. The primary objective of UNESCO's Investment Policy is the preservation of the value of resources of the organization. Within this general objective the principal considerations for investment management are, in order of priority, security of principal, liquidity, and rate of return. UNESCO has an Investment Committee comprised of senior management representatives and external member(s) who advise the Chief Financial Officer on the investment and cash management policies of UNESCO, on overall investment strategy, and on related risk management.

Credit risk

Credit risk is the risk of financial loss to the Institute if customers or counterparties to financial instruments fail to meet their contractual obligations. It mainly arises from IIEP's cash, investments, and receivables.

Investments and cash

The investment management function is centralized at UNESCO headquarters whereas field offices and institutes are not permitted to engage in investing. In accordance with its Investment Policy, UNESCO applies limits on investment counterparty exposures to mitigate credit risk. These limits are based on several criteria including a minimum long-term rating of A-, a minimum short-term rating of A-1, and all investment counterparties being established in a country with a long-term rating of at least AA-. All investments were compliant with UNESCO's Investment Policy.

Receivables

Receivables are mainly from donors and fellowships. An allowance is established when there is objective evidence, based on a review of outstanding amounts at the reporting date that a State will not comply with the original terms of the receivables.

Liquidity risk

Liquidity risk is the risk that IIEP might not have adequate funds to meet its obligations as they fall due. The Institute ensures on the basis of cash flow forecasts that it has sufficient cash on demand to meet expected operating expenses.

As at the year end, IIEP's cash and short-term investments amount to USD 21 067 854 which is substantially more than the current liabilities equalling USD 7 592 373. Therefore, the Institute is not exposed to a significant liquidity risk.

Foreign exchange risk

Foreign exchange risk is the risk that the fair value of a financial instrument fluctuates due to changes in foreign exchange rates. IIEP is exposed to foreign exchange risk on revenues and expenses denominated in foreign currencies, predominately euros. A 1% increase or decrease in the exchange rate would not have a material impact on the financial statements.

The Split Assessment System, whereby the Institute receives a portion of assessed contributions in Euros in order to cover expenses which are denominated in that currency, is a means of ensuring that most of the exposure to exchange fluctuations between euros and US dollars is mitigated.

Foreign currency risk related to IIEP's extrabudgetary activities is managed through individual project budget planning for foreign currency expenditure.

Interest rate risk

Interest rate risk arises from the effects of market interest rate fluctuations on the fair value of financial assets and liabilities and/or on future cash flows. The Institute is mainly exposed to interest rate risk on its financial interest bearing assets.

A 1% increase or decrease in interest rates would not have a material impact on the financial statements.

Concentration risk

The concentration risk of IIEP is mitigated by the counterpart and country limits established by the Investment Policy of UNESCO.

The maximum exposure to any single banking group is limited to 7% or 10% of UNESCO's internally managed investment portfolio depending on the financial rating of the counterpart.

Furthermore, the exposure to a specific country should not exceed 25% of the portfolio, except for France, which, as the host country of the organization, has a limit of 35% with a condition that 10% of this 35% is allocated in instruments that are cashable within three business days.

All investments were compliant with UNESCO's Investment Policy.

Note 27: Capital management

IIEP defines the capital that it manages as the aggregate of its net assets, which is comprised of accumulated balances and reserves. IIEP's objectives in managing capital are to safeguard its ability to continue as a going concern to fund its asset base and to fulfil its mission and objectives. IIEP's overall strategy with respect to capital management includes the balancing of its operating and capital activities with its funding on an annual basis.

IIEP manages its capital structure in light of global economic conditions, the risk characteristics of the underlying assets and working capital requirements. IIEP manages its capital by reviewing, on a regular basis, the actual results against the budgets approved by the Governing Board.

Note 28: Related party disclosures

Governing bodies

The Institute is administered by its Governing Board ('the Board') which is composed of 12 members including the Chairperson and an Executive Committee of four members, which acts on behalf of the Board. The members are chosen for their competence and sit in a personal capacity. They do not receive any remuneration from IIEP.

The Board meets once a year whereas the Executive Committee meets once every two years. In exceptional circumstances, the Executive Committee may choose to meet. The Institute incurs the costs related to travel and subsistence of the members for the execution of their duties.

Inter-entity transactions

Inter-entity transactions are transactions between IIEP and UNESCO, the controlling entity. Inter-entity transactions are recorded on a gross basis. The services received without charge are not recorded. The main services received without charge are the following:

- Payroll management services
- Information technology services

Key management personnel

Key management personnel are the management team, which has the authority and responsibility for planning, directing, and controlling the activities of IIEP. There are currently 10 individuals considered key management personnel in 2018:

IIEP's Director

Deputy Director

Technical Cooperation Team Leader

Training and Education Programmes Team Leader
 Research & Development Team Leader
 Publications & Communications Team Leader
 Library & Institutional Knowledge Team Leader
 Administrative Officer
 Head of Office (Buenos Aires)
 Head of Office (Pôle de Dakar)

The aggregate remuneration paid to key management personnel includes net salaries; post adjustment; entitlements such as allowances, grants, and subsidies; and employer pension and health insurance contributions.

Key management personnel also qualify for post-employment benefits (see Note 17) at the same level as other employees. Key management personnel are ordinary members of the United Nations Joint Staff Pension Fund (UNJSPF).

	2018	2017
Number of individuals	10	10
Expressed in US dollars		
Compensation and post adjustment	1 395 371	1 307 878
Entitlements (allowances, grants, and subsidies)	99 734	159 497
Pension and health plans	382 308	363 012
Total remuneration	1 877 412	1 830 386
Outstanding advances against entitlements	-	-
Reimbursement of US income tax	11 311	24 500

Advances are those made against entitlements in accordance with staff rules and regulations. Loans granted to key management personnel are those granted under staff rules and regulations. Advances against entitlements and loans are widely available to all IIEP staff.

Note 29: Segment information

Segment information is based on geographical operation and programme specificity. The segment information is provided for:

IIEP Paris: The regular and the extrabudgetary programmes respond to the strategic objectives and outputs as outlined in IIEP's Medium-Term Strategy. Programme operations are carried out at national, regional, inter-regional, and global levels.

IIEP Buenos Aires: Programme operations are similar to IIEP Paris. However, the Buenos Aires office responds more often, though not exclusively, to services requested from Member States within the Latin America region.

Fellowships: From October to June, IIEP offers an annual intensive training programme on educational planning and management, which is attended by Fellows from all over the world. Funding from Governments of Member States or other donors' funding provides the necessary resources to finance participants' attendance of this programme. The residential course in Paris runs from January to June.

IIEP Pôle de Dakar: Pôle de Dakar has been a platform of expertise for education sector analysis and monitoring global education goals in Africa since November 2001. It was initially hosted by UNESCO's Regional Bureau of Education in Africa (UNESCO-BREDA). In October 2013, Pôle de Dakar was officially attached to IIEP and this integration within IIEP was supported by the Agence française de développement (AFD). Pôle de Dakar also receives other contributions for the execution of projects within its area of expertise.

FINANCIAL POSITION BY SEGMENT AS AT 31 DECEMBER 2018

Expressed in US dollars	IIEP Paris	IIEP Buenos Aires	Fellowships	IIEP Pôle de Dakar	<i>Inter-fund eliminations</i>	TOTAL
ASSETS						
Current assets						
Cash	6 527 584	769 698	460 318	2 602 500	-	10 360 100
Investments	5 000 000	-	-	-	-	5 000 000
Inventories	21 177	-	-	-	-	21 177
Accounts receivable (non-exchange transactions)	101 451	56 194	114 882	173 473	-	446 000
Accounts receivable (exchange transactions)	5 378	-	2 675	307	-	8 360
Advance payments	148 990	4 101	36 246	36 359	-	225 696
Other receivables	287 482	-	-	-	-	287 482
Inter-company balances	779 657	40 325	754 371	369 898	(1 944 250)	-
Total current assets	12 871 719	870 318	1 368 491	3 182 537	(1 944 250)	16 348 815
Non-current assets						
Investments	5 707 754	-	-	-	-	5 707 754
Property, plant and equipment (PP&E)	980 493	11 042	-	39 203	-	1 030 738
Intangible assets	142 330	-	-	-	-	142 330
Total non-current assets	6 830 577	11 042	-	39 203	-	6 880 822
TOTAL ASSETS	19 702 296	881 360	1 368 491	3 221 740	(1 944 250)	23 229 637
LIABILITIES						
Current liabilities						
Accounts payable (exchange transactions) and accruals	406 321	7 809	-	139 874	-	554 004
Employee benefits	560 361	1 206	-	120 715	-	682 282
Conditions on voluntary contributions - extrabudgetary	2 232 702	-	60 399	2 932 190	-	5 225 291
Advance receipts	-	-	364 017	-	-	364 017
Other current liabilities	424 525	101 603	97 953	100 331	-	724 413
Inter-company balances	863 030	442 821	706 733	-	(1 944 250)	68 334
Total current liabilities	4 486 939	553 439	1 229 102	3 293 110	(1 944 250)	7 618 341
Non-current liabilities						
Employee benefits	718 328	-	-	356 816	-	1 075 143
Total non-current liabilities	718 328	-	-	356 816	-	1 075 143
TOTAL LIABILITIES	5 205 267	553 439	1 229 102	3 649 926	(1 944 250)	8 693 484
NET ASSETS	14 497 029	327 921	139 389	(428 186)	-	14 536 153
NET ASSETS						
Surplus/(Deficit)	(1 345 910)	(807 764)	(204 243)	(2 074 265)	-	(4 432 182)
IPSAS opening balance adjustments	(1 347 401)	38 774	(226 007)	-	(2)	(1 534 636)
Opening reserves	16 511 398	337 277	411 564	1 573 833	-	18 834 072
Other adjustments to reserves and reclassifications and fund balances	(7 790 228)	340 916	158 076	177 625	2	(7 113 609)
Return of funds to donors	-	-	-	-	-	-
IIEP Stabilization Reserve Account	9 020 008	418 717	-	227 541	-	9 666 266
Actuarial gain/loss - repatriation grant (RG)	(359 192)	-	-	(256 774)	-	(615 966)
Actuarial gain/loss - accumulated annual leave (AAL)	(191 646)	-	-	(76 146)	-	(267 792)
TOTAL NET ASSETS	14 497 029	327 920	139 389	(428 186)	-	14 536 153

FINANCIAL POSITION BY SEGMENT AS AT 31 DECEMBER 2017

Expressed in US dollars	IIEP Paris	IIEP Buenos Aires	Fellowships	IIEP Pôle de Dakar	Inter-fund <i>eliminations</i>	TOTAL as restated (Note 5)
ASSETS						
Current assets						
Cash	5 499 864	751 967	131 801	5 244 174	-	11 627 806
Investments	6 194 714	-	-	-	-	6 194 714
Inventories	20 689	-	-	-	-	20 689
Accounts receivable (non-exchange transactions)	48 362	-	76 882	7 155	-	132 399
Accounts receivable (exchange transactions)	18 980	-	3 188	3 441	-	25 609
Advance payments	184 420	14 919	44 296	77 208	-	320 843
Other current assets	161 202	-	-	-	-	161 202
Inter-company balances	1 127 476	247 086	702 371	314 235	(563 738)	1 827 430
Total current assets	13 255 707	1 013 972	958 538	5 646 213	(563 738)	20 310 692
Non-current assets						
Investments	5 973 730	-	-	-	-	5 973 730
PP&E	276 049	10 784	-	43 539	-	330 372
Total non-current assets	6 249 779	10 784	-	43 539	-	6 304 102
TOTAL ASSETS	19 505 486	1 024 756	958 538	5 689 752	(563 738)	26 614 794
LIABILITIES						
Current liabilities						
Accounts payable (exchange transactions)	207 993	16 197	14 848	56 821	-	295 859
Employee benefits	596 614	16 160	-	129 018	-	741 792
Transfers payable	-	-	-	-	-	-
Conditions on voluntary contributions	1 271 811	-	42 032	3 364 528	-	4 678 371
Advance receipts	-	12 590	71 807	-	-	84 397
Other current liabilities	505 238	181 084	-	163 762	-	850 084
Inter-company balances	-	81 758	481 980	-	(563 738)	-
Total current liabilities	2 581 656	307 789	610 667	3 714 129	(563 738)	6 650 503
Non-current liabilities						
Employee benefits	684 213	-	-	332 162	-	1 016 375
Total non-current liabilities	684 213	-	-	332 162	-	1 016 375
TOTAL LIABILITIES	3 265 869	307 789	610 667	4 046 291	(563 738)	7 666 878
NET ASSETS	16 239 617	716 966	347 871	1 643 462	-	18 947 916
NET ASSETS						
Surplus/(Deficit)	599 435	(363 074)	160 155	321 012	-	717 527
IPSAS opening balance adjustments	(1 347 401)	38 774	(226 007)	-	(2)	(1 534 636)
Opening reserves	16 511 398	337 277	411 564	1 573 833	-	18 834 072
Other adjustments to reserves and reclassifications and fund balances	(7 865 166)	703 989	2 159	(29 624)	2	(7 188 640)
Return of funds to donors	-	-	-	-	-	-
IIEP Stabilization Reserve Account	8 892 189	-	-	111 161	-	9 003 350
Actuarial gain/loss - repatriation grant (RG)	(359 192)	-	-	(256 774)	-	(615 966)
Actuarial gain/loss - accumulated annual leave (AAL)	(191 646)	-	-	(76 146)	-	(267 792)
TOTAL NET ASSETS	16 239 617	716 966	347 871	1 643 462	-	18 947 916

FINANCIAL PERFORMANCE BY SEGMENT FOR THE YEAR END 31 DECEMBER 2018

Expressed in US dollars	IIEP	IIEP	IIEP			TOTAL
	Paris	Buenos Aires	Fellowships	Pôle de Dakar	Eliminations	
REVENUE						
Voluntary contributions						
- regular programme	7 221 255	-	-	-	-	7 221 255
Voluntary contributions						
- extrabudgetary	2 731 633	865 890	-	1 839 471	-	5 436 994
UNESCO financial allocation	2 140 100	-	-	-	-	2 140 100
In-kind contribution	1 529 290	126 000	-	59 024	-	1 714 314
Other revenue-producing activities	242 492	44 146	199 014	359 986	-	845 638
Finance revenue	307 156	-	-	3 310	-	310 466
Other revenue	2	148	-	-	-	150
Inter-segment transfers	277 018		53 560		(330 578)	-
TOTAL REVENUE	14 448 946	1 036 184	252 574	2 261 791	(330 578)	17 668 917
EXPENSES						
Employee benefits	9 861 810	804 080	-	2 595 919	-	13 261 809
Consultants, external experts, and mission costs	1 794 484	667 679	-	649 977	-	3 112 140
Supplies, consumables, and other running costs	2 161 172	183 923	1 970	188 549	-	2 535 614
Contracted services	1 356 130	149 873	-	451 421	-	1 957 424
External training, grants, and other transfers	152 514	52 245	238 495	270 321	-	713 575
Foreign exchange losses	238 282	(37 291)	-	83 087	-	284 078
Depreciation and amortization	126 585	5 741	-	21 300	-	153 626
Other expenses	49 212	13 887	(2 675)	14 414	-	74 838
Finance costs	1 357	3 811	-	2 827	-	7 995
Inter-segment transfers	53 310		219 027	58 241	(330 578)	-
TOTAL EXPENSES	15 794 856	1 843 948	456 817	4 336 056	(330 578)	22 101 099
SURPLUS/(DEFICIT) FOR THE YEAR	(1 345 910)	(807 764)	(204 243)	(2 074 265)	-	(4 432 182)

FINANCIAL PERFORMANCE BY SEGMENT FOR THE YEAR END 31 DECEMBER 2017

Expressed in US dollars	IIEP Paris	IIEP Buenos Aires	Fellowships	IIEP Pôle de Dakar	Eliminations	TOTAL Restated
REVENUE						
Voluntary contributions - regular programme	7 044 039	-	-	-	-	7 044 039
Voluntary contributions - extrabudgetary	2 500 010	1 335 843	-	3 235 525	-	7 071 378
UNESCO financial allocation	2 140 101	-	-	-	-	2 140 101
In-kind contribution	1 533 175	108 000	-	59 187	-	1 700 362
Other revenue- producing activities	418 435	97 918	462 348	235 833	-	1 214 534
Foreign exchange gains	567 982	(27 926)	10 274	478 737	-	1 029 067
Finance revenue	220 151	3 164	-	695	-	224 010
Other revenue	1 080	790	-	-	-	1 870
Inter-segment transfers	286 711	-	-	7 121	(293 832)	-
TOTAL REVENUE	14 711 684	1 517 789	472 622	4 017 098	(293 832)	20 425 361
EXPENSES						
Employee benefits	8 759 546	443 202	-	2 411 373	-	11 614 121
Consultants, external experts, and mission costs	1 275 941	842 163	-	473 203	-	2 591 307
Supplies, consumables, and other running costs	2 205 426	160 798	15 229	173 829	-	2 555 282
Contracted services	1 035 113	225 463	-	243 507	-	1 504 083
External training, grants, and other transfers	780 926	12 651	206 093	176 505	-	1 176 175
Other expenses	(41 707)	181 084	-	2 023	-	141 400
Depreciation and amortization	87 401	7 554	-	17 533	-	112 488
Finance costs	2 482	7 948	-	2 547	-	12 977
Inter-segment transfers	7 121	-	91 145	195 566	(293 832)	-
TOTAL EXPENSES	14 112 249	1 880 863	312 467	3 696 086	(293 832)	19 707 833
SURPLUS/(DEFICIT) FOR THE YEAR	599 435	(363 074)	160 155	321 012	-	717 528



United Nations
Educational, Scientific and
Cultural Organization



International Institute
for Educational Planning

Contact information

IIEP Paris	IIEP Buenos Aires	IIEP Pôle de Dakar
<p>7-9, rue Eugène Delacroix 75116 Paris, France Tel: +33 (0) 1 45 03 77 00 Fax: +33 (0) 1 40 72 83 66 www.iiep.unesco.org</p>	<p>Agüero 2071 1425 Buenos Aires, Argentina Tel: +54 11 4806 9366 / 4807 5446 Fax: +54 11 4806 9458 www.buenosaires.iipe.unesco.org</p>	<p>UNESCO - IIEP Pôle de Dakar Route de Ngor, Enceinte Hotel Ngor Diarama B.P. 3311, Dakar, Sénégal Tel : +221 33 859 77 30 www.poledakar.iiep.unesco.org</p>