

Financial Report and Audited Financial Statements

2021

International Institute for Educational Planning (IIEP)



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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 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 nine 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 unmodified (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 Implementation and Outcomes of IIEP’s 2021 Activities’ (61 GB/4 Part 1), available online at http://www.iiep.unesco.org/sites/default/files/61gb_4_part_i.pdf

COVID-19 continues to affect the global economic and operating environment in 2021. The impact on IIEP estimates, assumptions and judgements is presently limited.

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 Dakar and Buenos Aires. IIEP strengthens the capacities of UNESCO's Member States to plan and manage their education systems. IIEP contributes strong results in line with UNESCO's Medium-Term Strategy.

The IIEP financial statements cover the following business segments:

IIEP Paris

The Core funding and the Extrabudgetary Programmes (Project funding) 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 Dakar

Dakar's office 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, it was officially attached to IIEP and this integration within IIEP was supported by the Agence Française de Développement (AFD). From September 1st, 2020, Dakar's office changed its name from "Pôle de Dakar" to "IIEP-UNESCO Dakar Africa Office".

The financial statements consist of:

A statement of financial position (page 34)

This provides information about the net assets 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 35)

This measures the net surplus or 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 36)

This reflects all changes (increase or decrease) in net assets between the beginning and the end of the reporting period arising from the total amount of surplus or deficit for the period and/or adjustment recognized directly as changes in net assets.

A statement of cash flow (page 37)

This provides information about how the Institute raised and used cash during the period. It measures the difference between the actual cash coming in and cash going out.

A statement of comparison of budget and actual amounts (pages 38–39)

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

Notes to the financial statements (pages 40–84)

These assist in understanding the financial statements. The notes comprise a summary of significant accounting policies and other explanatory information. They provide additional information on the financial statements as required under IPSAS.

STRATEGY, OBJECTIVES, AND PROGRAMME IMPLEMENTATION HIGHLIGHTS

The 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 is pursuing 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.

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

The Institute has made considerable progress in measuring its results. The 10th MTS Results Framework encompasses a wider set of indicators to be tracked. Planview has developed as a project portfolio management system used by all staff. A more ambitious monitoring and evaluation, including the Results Framework, is further proof of IIEP's commitment to being held accountable for its results.

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

A SHARED VISION

To ensure inclusive and equitable quality education and promote lifelong learning opportunities for all

OUR MISSION

To strengthen the capacity of UNESCO Member States to plan and manage their education systems



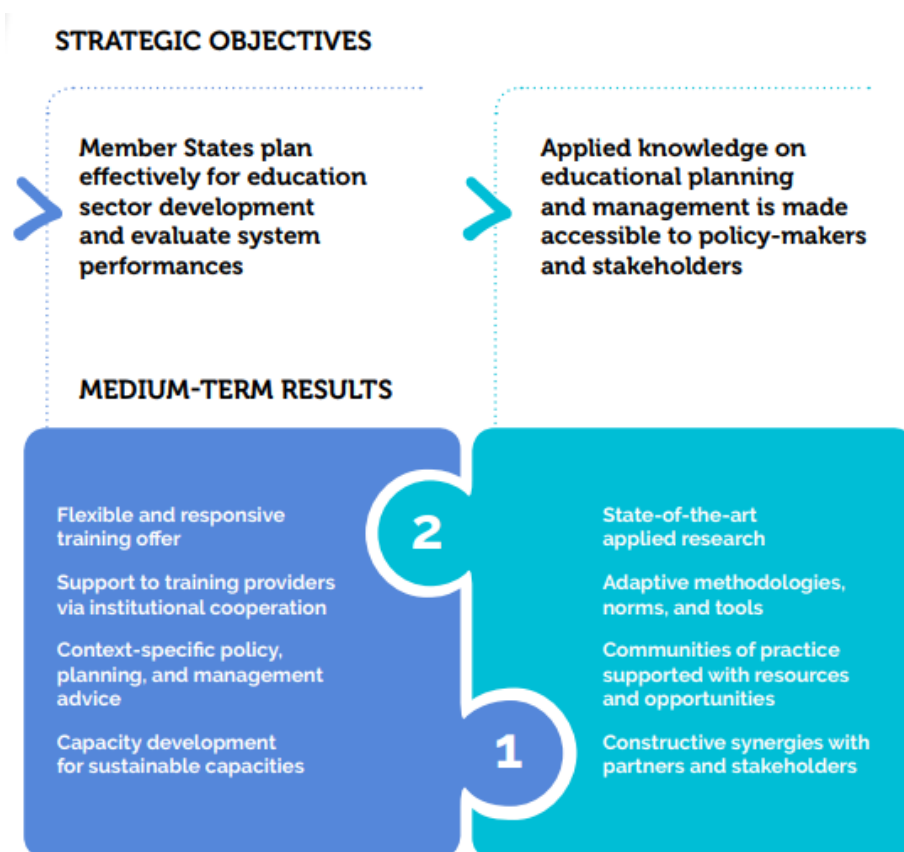
Five thematic priorities:

- 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:

- SO1 Member States plan effectively for education sector development and evaluate system performances
- SO2 Applied knowledge on educational planning and management is made accessible to policy-makers and stakeholders

IIEP 10th Medium-Term Strategy (2018–2021) – Logic Map



PROGRAMME IMPLEMENTATION HIGHLIGHTS

Over the course of the 10th MTS, IIEP worked towards a more integrated approach to partnership building, across teams and offices. These efforts have led to several financial and implementation partners supporting activities involving more than one team or office. IIEP has seen an overall increase in formalized partnerships including financial or cost-sharing elements, extending the scope of its work. Looking forward, IIEP will focus on pursuing and cementing this progress, which has improved IIEP's ability to initiate and formalize partnerships in a strategic and coordinated manner. During the 10th MTS, IIEP has also strengthened its mechanisms for outreach.

The Institute continues to strengthen partnerships with local education groups and Global Partnership for Education (GPE) Grant or Coordination Agents, as well as with humanitarian and development partners.

At the country level, strong collaborations include the United Nations High Commissioner for Refugees (UNHCR), United Nations Children's Fund (UNICEF), the Swedish International Development Cooperation Agency (Sida), AFD, African Development Bank (AFB), Save the Children, the European Union (EU), World Bank, and GPE.

IIEP Dakar's partnership with United Nations Girls' Education Initiative (UNGEI) remained key to implement training and research activities related to the Gender at the Centre Initiative (GCI) in 2021.

In its crisis-sensitive planning work, IIEP continues to play a key role in global networks, including Inter-agency Network for Education in Emergencies (INEE), the Global Alliance for Disaster Risk Reduction and Resilience in the Education Sector (GADRRRES), and the Global Education Cluster.

It also collaborates with UNHCR in this area. A major update of the Education Resilience platform in 2021 was an important outcome of a previous Education Above All – Protect Education in Insecurity and Conflict (EAA-PEIC) project.

IIEP Buenos Aires joined an initiative (including the SDG Fund, UNICEF, and United Nations Population Fund) to support the Costa Rican Ministry of Public Education on financing for SDG 4 and results-based management and budgeting.

Strategic partnerships during this MTS have leveraged all levels of IIEP's work, from project design to publication and dissemination.

In 2021, IIEP collaborations continued with international partners including Foreign, Commonwealth & Development Office (FCDO), Open Society Foundations (OSF), Dubai Cares, Education Development Trust, GPE, Norwegian Agency for Development Cooperation (Norad), and the Council of Europe, while new opportunities began with University of Glasgow, Worldpop, Gesellschaft für Internationale Zusammenarbeit (GIZ), World Bank, and Sida.

Training activities are also strongly supported through financial partnerships. To provide continuous support to the 2019–2020 Advanced Training Programme (ATP) cohort, who left Paris due to COVID-19 after completing the Education Sector Planning course (ESP), the Paris office developed and delivered a series of online versions of Specialized Courses Programme (SCP) courses and the methodology course on the project during 2021.

Technical cooperation

In 2021, IIEP continued to respond to Member State requests for provision of context-specific technical support for planning and management, working with 46 countries, just over half in Africa. The demand for IIEP services in supporting ministries' elaboration of education sector analyses and plans remained strong throughout the year, with an important focus on preparing

education systems to prevent and respond to crises. Much of this work involved COVID-19 response initiatives.

National education sector analysis and plans.

Throughout the 10th MTS period, IIEP supported 34 countries with education sector analyses (ESAs) and/or education sector plans (ESPs). 20 of those countries received the Institute's support in 2021, as shown in Figure 2 below. Carried out with a national team formed at the start of the collaboration, in each case the analysis and plan formulation helped build consensus and a shared direction for the future of education with all parties involved.

IIEP training

Over the 10th MTS, IIEP has made its training offers more flexible by expanding, renewing, and adapting its programmes and courses. Course content is continually updated and enriched with lessons learned from IIEP's own research and development (R&D) and technical cooperation (TC) activities, such as internal quality assurance and ethics in education. TC work on crisis sensitive planning served as a foundation for a new specialized course taught collaboratively by the Buenos Aires and Paris offices.

IIEP SNAPSHOT FOR 2021

Figure 1. Technical cooperation portfolio overview for 2021

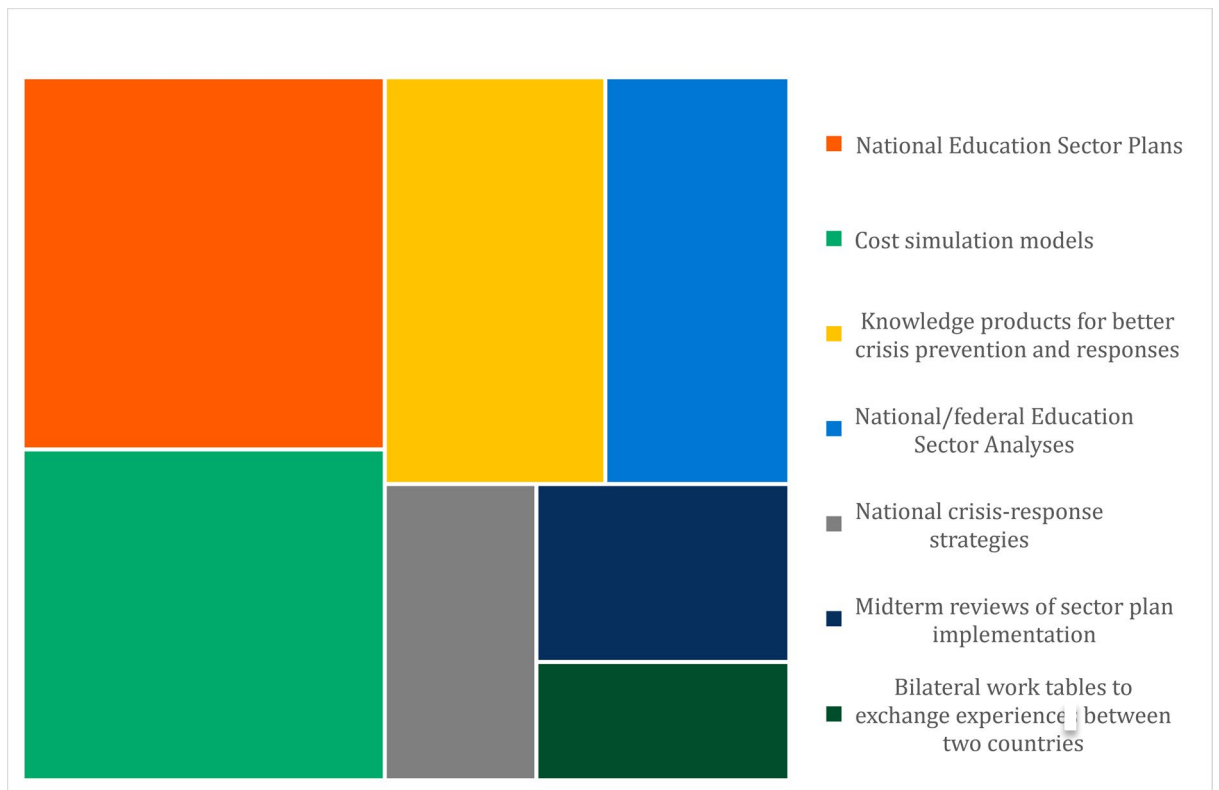


Figure 2. Countries receiving support for ESA and ESP in 2021

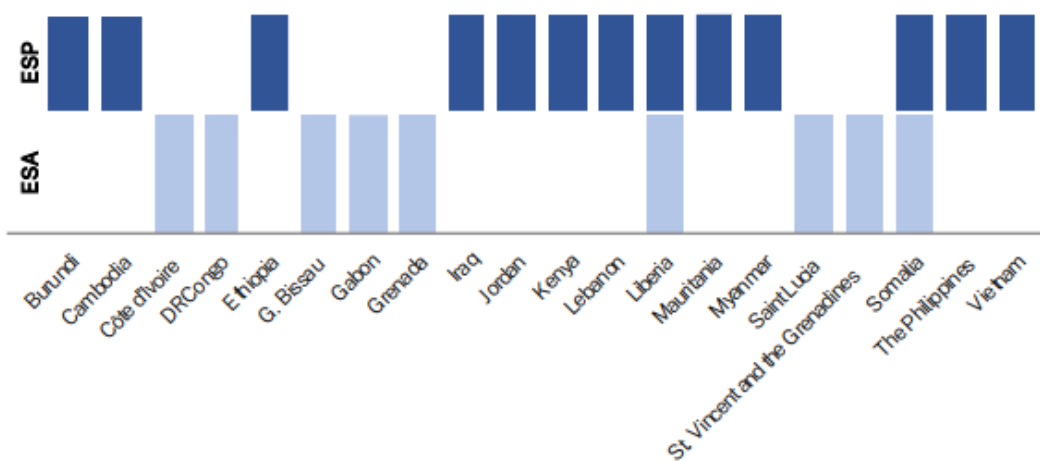


Figure 3. IIEP training main figures in 2021

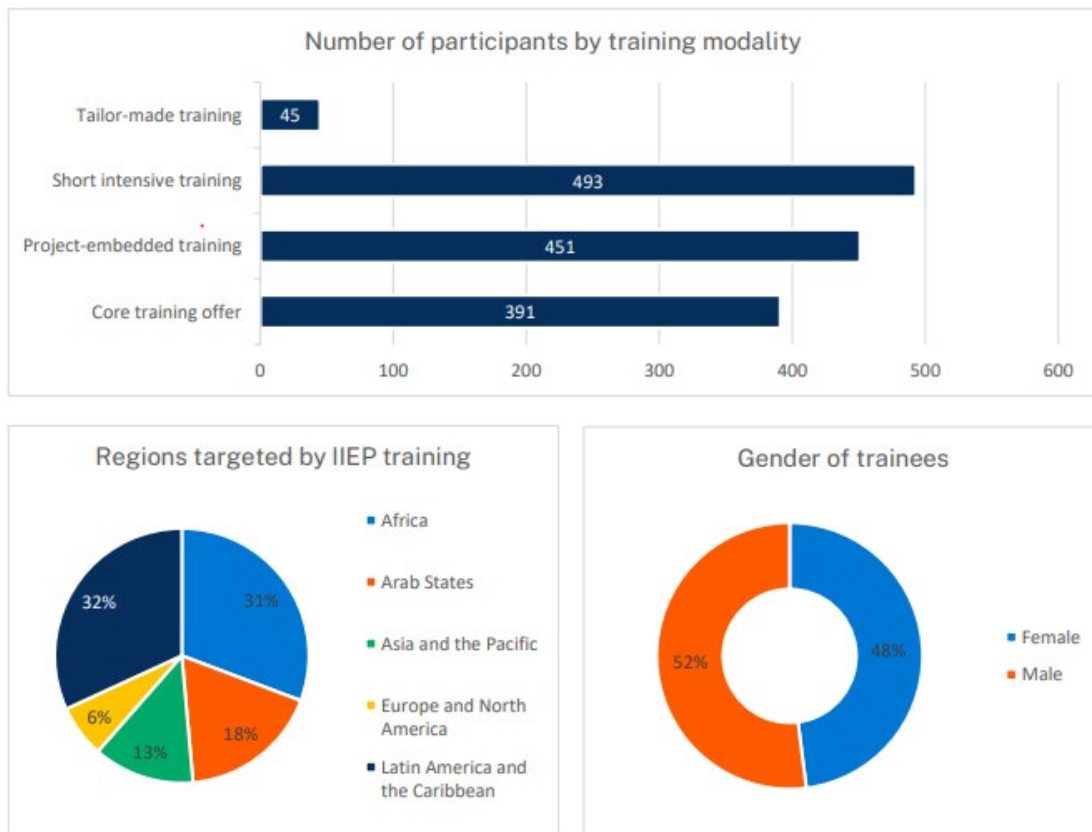
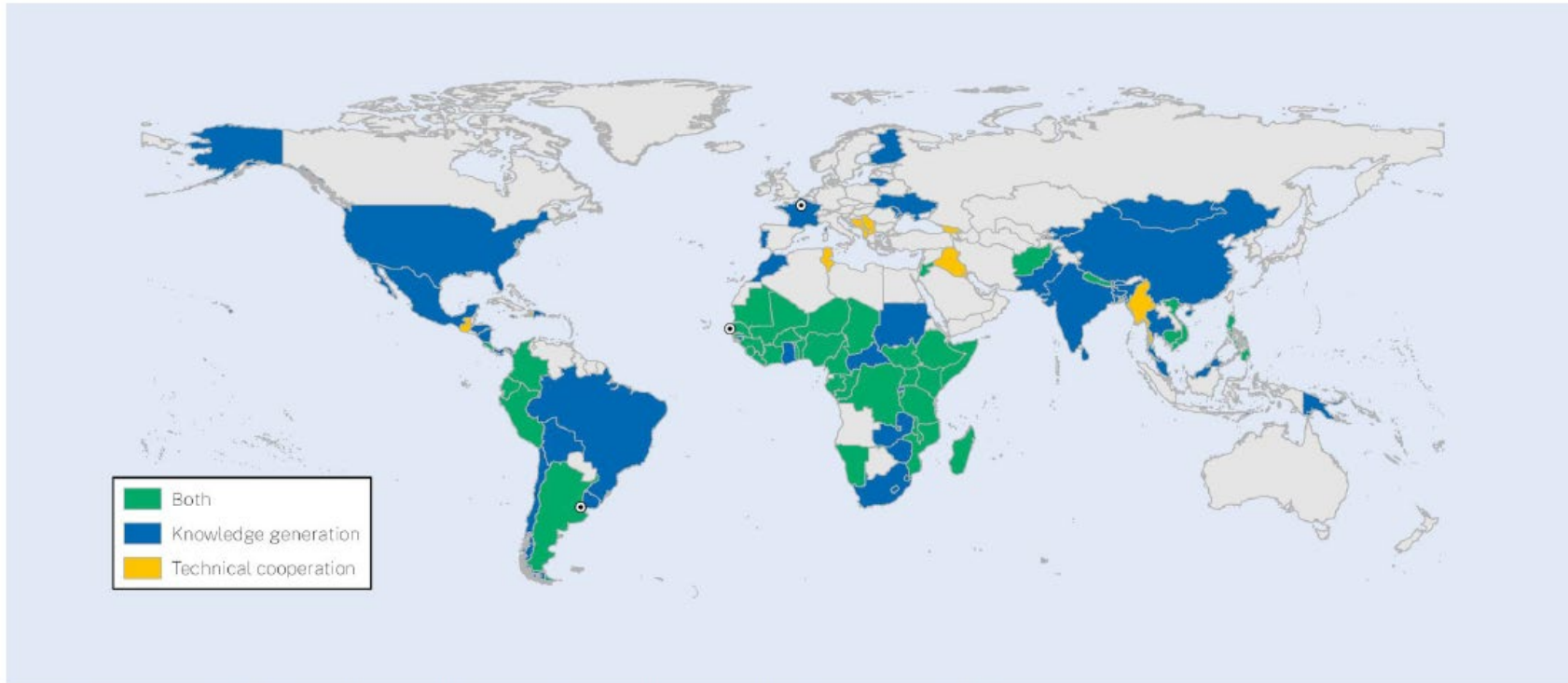


Figure 4. Knowledge production. IIEP publications and IIEP events in 2021



Figure 5. Geographical distribution of technical cooperation and research projects, 2021



Calculations made with data from IIEP project database extracted on 24 November 2021.

The designations employed and the presentation of the material in this publication do not imply the expression of any opinion whatsoever on the part of UNESCO or IIEP concerning the legal status of any country, territory, city or area, or of its authorities, or concerning the delimitation of its frontiers or boundaries. Dotted line represents approximately the Line of Control in Jammu and Kashmir agreed upon by India and Pakistan. The final status of Jammu and Kashmir has not yet been agreed upon by the parties. Final boundary between the Republic of Sudan and the Republic of South Sudan has not yet been determined. Final status of the Abyei area is not yet determined. A dispute exists between the Governments of Argentina and the United Kingdom of Great Britain and Northern Ireland concerning sovereignty over the Falkland Islands (Malvinas).

Financial Statements highlights

International Institute for Educational Planning (IIEP)

I. GENERAL

The main activities of IIEP are financed by voluntary contributions. Some of those contributions are non-earmarked contributions, or core funding, that are granted to IIEP and allocated according to the IIEP Governing Board resolutions, while extrabudgetary contributions, or project funding, are earmarked for specific programmes and projects.

In 2020 and 2021, IIEP faced an unprecedented global health crisis. At the time of this report, IIEP has relaunched the implementation of projects now that the impact of COVID-19 has been mitigated with the vaccinations and other measures. Extrabudgetary projects implementation rates have also been increased during the last quarter of 2021. IIEP has agreed with several donors “no-cost extensions” for most of the main projects.

IIEP continues to be dependent on core funding voluntary contributions (non-earmarked funds) to achieve its programme objectives.

During 2021 the main core funding donors¹, France USD 5.7 million (2020: USD 4.14 million), Switzerland USD 4.3 million (2020: USD 4.42 million), Norway USD 3.2 million (2020: USD 3.07 million), and Sweden USD 2.3 million (2020: USD 2.13 million) continued with their support to IIEP.

Other institutions² continued with their support to **IIEP Paris** through earmarked projects such as the Agence Française de Développement (AFD) USD 0.181 million for Burkina Faso, Norwegian Agency for Development Cooperation (Norad) USD 0.057 million, UNICEF (United Nations Children’s Fund) USD 0.268 million, UNESCO has also decentralized fund for the IIEP’s Paris implementation for USD 1.4 million. Other institutions and donors also support projects, such as World Bank USD 0.101 million, Foundation to Promote Open Society USD 0.08 million, Network for International Policies and Cooperation in Education and Training (IHEID NORRAG) USD 0.075 million, Education Above All – Protect Education in Insecurity and Conflict (EAA-PEIC) and the Caribbean Development Bank. The European Union (EU) has also continued with its support to on-going projects.

IIEP Dakar is hosted by the UNESCO regional office in Dakar. USD 2.12 million of France’s core funding (2020–2023 AFD agreement signed in 2019) has been soft earmarked to support Dakar office activities in 2021. In addition, it attracts funds from other donors such as the Government of Burundi, Government of Namibia, UNICEF USD 0.1 million, Save the Children USD 0.38 million, UNESCO’s decentralized funds USD 0.439 million, Centre Régional de Formation en Entretien Routier PAIF, World Bank and Organisation Internationale de la Francophonie (OIF).

IIEP Buenos Aires continues with its activity in the Latin America region. In 2021, IIEP received funds from the Government of Ecuador USD 0.06 million, UNICEF USD 0.108 million, UNESCO’s decentralized funds USD 0.17 million, the Government of Paraguay, World bank, Fundación Arcor, Fundación Zamora Terán and Stiftung Auxilium Foundation-Porticus.

¹ Cash basis amounts received in 2021

² Cash basis amounts breakdown by office

The year ended with a USD 2.1 million surplus mainly due to the revenue recognition from on-going projects.

IIEP continues to actively seek new agreements and donors to strengthen the capacity of countries to plan and manage their education systems initiated during the 10th MTS (2018–2021) and continuing with the new 11th MTS (2022-2025).

II. STATEMENT OF FINANCIAL POSITION

Assets

At the end of 2021, IIEP's total assets were USD 30.8 million (2020: USD 28.8 million), an increase of USD 2 million (7%) compared to the previous year.

A significant portion of the assets that IIEP managed is cash and investments USD 17.0 million (2020: USD 19.5 million) that support its core and extrabudgetary activities. IIEP also holds USD 10.02 million (2020: USD 7.3 million) in the account receivable from UNESCO.

Current assets less current liabilities (working capital) amounted to USD 13.3 million (2020: USD 13.9 million) that comprises, amongst other amounts, cash for the execution of the extrabudgetary projects.

Assets	2021	2020	Variance	
			Thousands USD	%
Current assets	20 672	21 562	(890)	(4%)
Cash	7 899	9 708	(1 809)	(19%)
Investments	-	3 681	(3 681)	(100%)
Inventories	14	23	(9)	(39%)
Accounts receivable	2 300	474	1 826	385%
Advance Payments	230	170	60	35%
Other receivables	210	190	20	11%
Receivable from UNESCO	10 019	7 316	2 703	37%
Non-current assets	10 116	7 252	2 864	39%
Investments	9 107	6 135	2 972	48%
Property, plant and equipment	842	918	(76)	(8%)
Intangible assets	167	199	(32)	(16%)
Total Assets	30 788	28 814	1 974	7%

Current assets

The decrease of USD 0.9 million (4%) in current assets is mainly explained by the redemption of investments that matured in 2021 (USD 3.7 million), and the acquisition of a new term investments assigned to non-current asset, the decrease in cash (USD 1.8 million), the increase of accounts receivable (USD 1.8 million) and the increase of amounts due from UNESCO (USD 2.7 million).

Accounts receivable increased by USD 1.8 million mainly due to the pending reception of instalments in the cut-off of the year.

Advance payments increased by USD 0.06 million (35%) attributable to the reduction of staff advances due to the reduction of missions.

Receivable from UNESCO increased by USD 2.7 million (37%) it comprises voluntary contributions received by UNESCO for IIEP, decentralized funds from UNESCO projects and amounts to cover payroll payments centralized by UNESCO Headquarters (HQ). IIEP also transfers amounts to be invested by UNESCO treasury.

Non-current assets

Non-current assets increased by 39% (USD 2.9 million), mainly due to the investment in a new 3-year-term account.

Property, plant, and equipment decreased (8%) due to the depreciation, and offset by new acquisitions for USD 0.13 million. Intangible assets decreased by 16% due to the amortization and the customer relationship management (CRM) software, work in progress, that was fully transferred to production (USD 0.103 million).

Liabilities

Total liabilities of USD 8.78 million at the end of 2021 (2020: USD 8.93 million) show a decrease of USD 0.15 million (2%) compared to the previous year.

Liabilities	2021	2020	Variance	
			Thousands USD	%
Current liabilities	7 409	7 684	(275)	(4%)
Accounts payable and accruals	762	346	416	120%
Employee Benefits	1 271	963	308	32%
Voluntary contributions with conditions	4 707	5 734	(1 027)	(18%)
Other liabilities	669	641	28	4%
Non-Current liabilities	1 370	1 244	126	10%
Employee Benefits	1 370	1 244	126	10%
Total Liabilities	8 779	8 928	(149)	(2%)

The decrease of USD 0.28 million (4%) in current liabilities was due to the decrease in Voluntary contributions with conditions (USD 1.03 million), increase in employee benefits (USD 0.3 million), and the increase of accounts payable and accruals for an amount of USD 0.42 million. In 2021, IIEP recognized as revenue conditions for an amount of USD 7.26 million; the new conditions amount to USD 6.23 million.

Non-current liabilities which consist of employee benefits increased by USD 0.126 million (10%).

Net assets

	2021	2020	Variance	
			Thousands USD	%
Net Assets	22 008	19 886	2 122	11%

The net assets position increased by USD 2.1 million (11%) from USD 19.9 million as at 31 December 2020 to USD 22.0 million as at 31 December 2021.

This variance is attributed to the year's surplus USD 2.123 million. The surplus is added to the IIEP's net assets that comprises reserves for next year activities in line with donors' agreement and IIEP's financial regulations.

Revenue of agreements without conditions is generally recognized when an agreement is signed, and expenses are incurred over the project implementation period. Revenue of agreements with conditions is recognized at the reception of the Donor's approval of reports at the end of each implementation phase; hence, revenue and expenses can appear in different years.

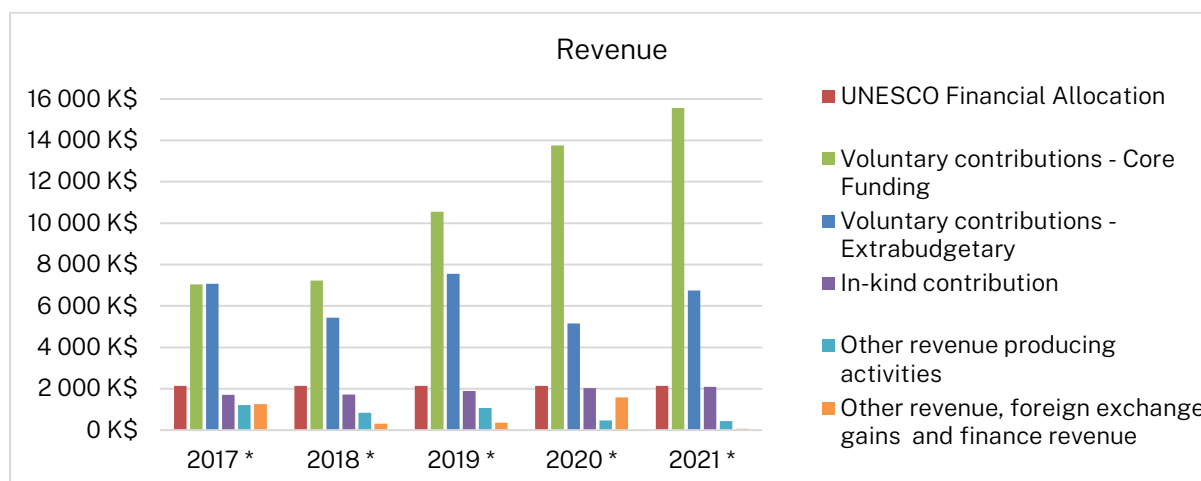
A net amount of USD 0.65 million was transferred to the Stabilization Reserve Account, reaching a total amount of USD 11.47 million at the end of 2021.

III. STATEMENT OF FINANCIAL PERFORMANCE

Income

Total revenue of USD 27.04 million increased slightly (by 7.6%) compared with the previous year.

Figure 1. IIEP five-year revenue trend (USD)



* Agreements with conditions

Figure 2. Core funding contributors in 2021**



France

Switzerland

Norway

Sweden

Argentina

** Including in-kind contributions

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

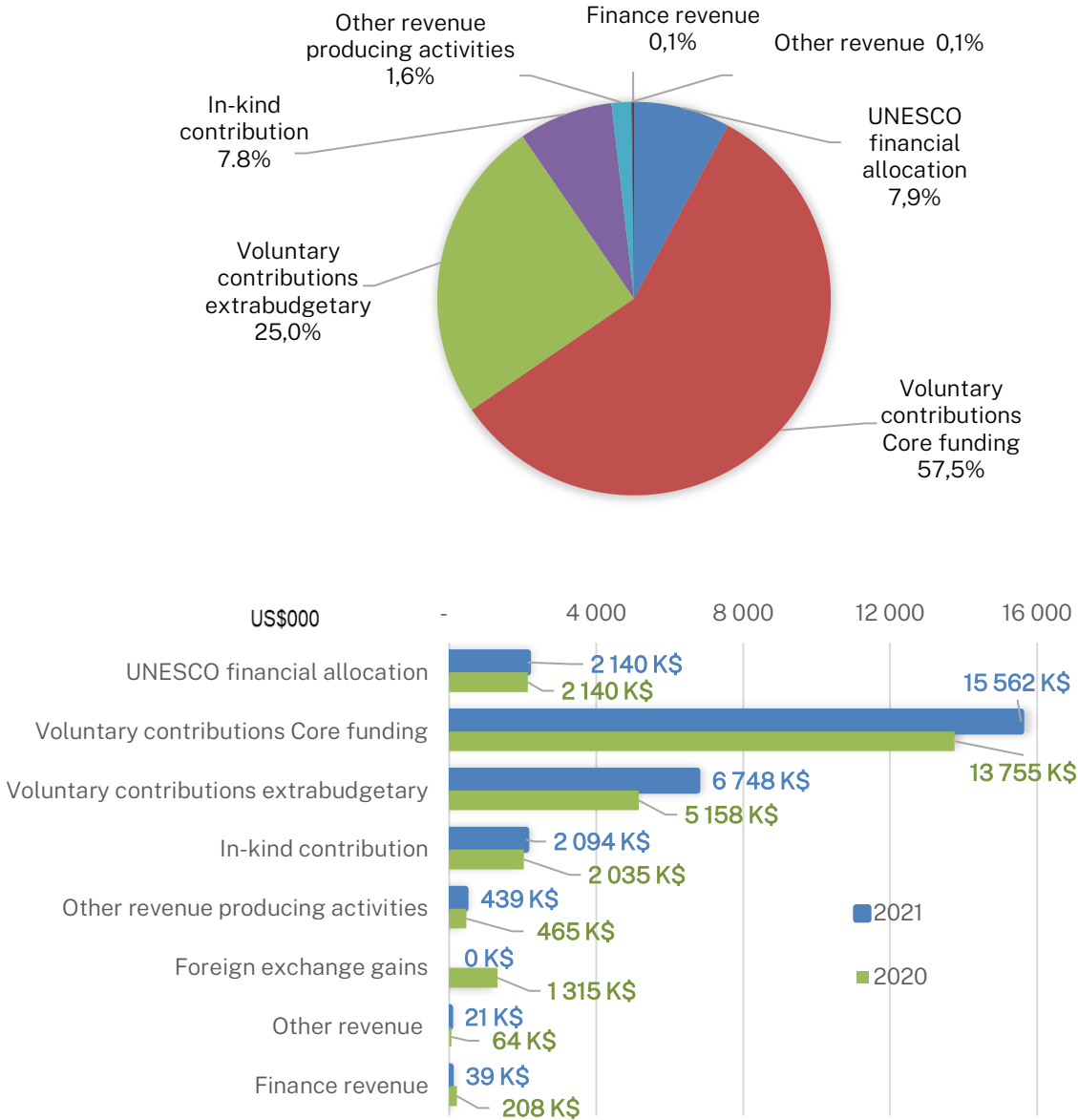
Core Funding voluntary contributions increased USD 1.8 million (13%), mainly due to the additional contribution from France –AFD convention and Ministère de l'Europe et des Affaires étrangères (USD 1.56 million) and the increase in Sweden's, and Norway's contributions (USD 0.162 million, USD 0.143 million respectively). Switzerland's contribution remains at the same level of previous years, above USD 4 million including the exchange rate effect.

The increase of USD 1.6 million (31%) in extrabudgetary (Project Funding) voluntary contributions was mainly due to the increase of other donors' contributions (USD 2.41 million, or 410%) mainly due to revenue recognitions. Project funding voluntary contributions include recognition of contributions under conditions requiring approval by the donor at the end of each implementation phase (mainly for projects financed by the EU and AFD). The decrease of amounts from governments (USD 1.6 million, or 54%), and an increase in amounts received from UN agencies (USD 0.71 million, or 44%) this heading includes the amounts decentralized from UNESCO funds.

In-kind contributions related to the rental value of the three offices' premises, whose values were updated to market values in 2021: they increased by 3% from the previous year and amounts to USD 2.09 million.

Other revenue from producing activities decreased in 2021 by 6% (USD 0.025 million) mainly due to the decrease by 5% (USD 0.021 million) for revenue of training activities; finance revenue decreased by 81% (USD 0.169 million) as the market interest rates of investments are lower.

Figure 3. IIEP revenue 2021 by source, and comparison 2020-2021 (in USD)



Expenditure

Total expenditure of USD 24.9 million increased by USD 3.8 million (18%) compared to 2020.

Staff costs increased slightly (11%). Consultants, external experts, and mission costs increased by 25% (USD 0.56 million) mainly due to the activity after the health crisis.

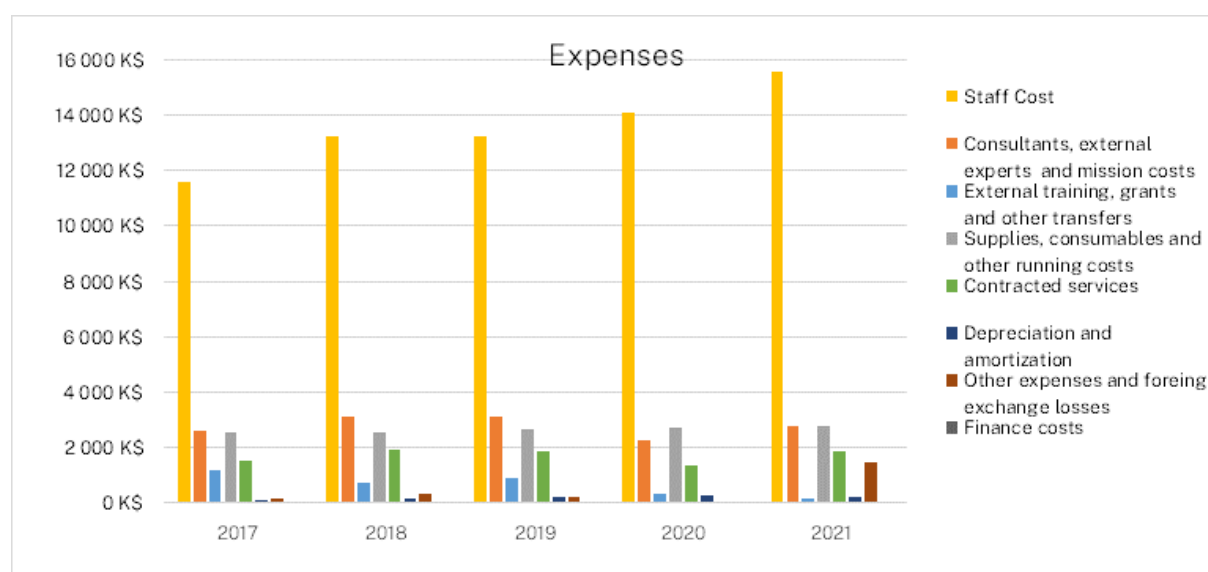
External training, grants, and other transfers decreased by 53% (USD 0.184 million) due to the decrease of seminars and trainings organized in 2021.

Supplies, consumables, and other running costs increased slightly by 1% (USD 0.04 million) due to the update of the premises' rental value.

Contracted services increased by 39% (USD 0.52 million) and depreciation and amortization decreased by 8%.

Foreign exchange losses amount to USD 1.4 million in 2021, compared with the foreign exchange gains of USD 1.3 million in 2020. This change in the trend is due to the depreciation of the euro against the USD that impacts the investments.

Figure 4. IIEP five-year expenses trend (USD)



Result for the year 2021

The 2021 surplus was USD 2.12 million (2020: USD 4.06 million), a decrease of USD 1.93 million compared to 2020.

The decrease was due to several factors. The foreign exchanges losses USD 1.4 million. Other factor was that many of IIEP's projects (mainly those financed by AFD and the EU) continue to be funded by agreements that contain conditions whose revenue is recognized when the reporting obligations are settled and approved.

IV. BUDGETARY PERFORMANCE

The budget expenditure for 2021 amounted to USD 22.1 million (2020: USD 19.3 million). Figures 4 and 5 show the expenditure on programmes and the appropriation approved.

Figure 5. IIEP 2021 budget expenditure by appropriation line

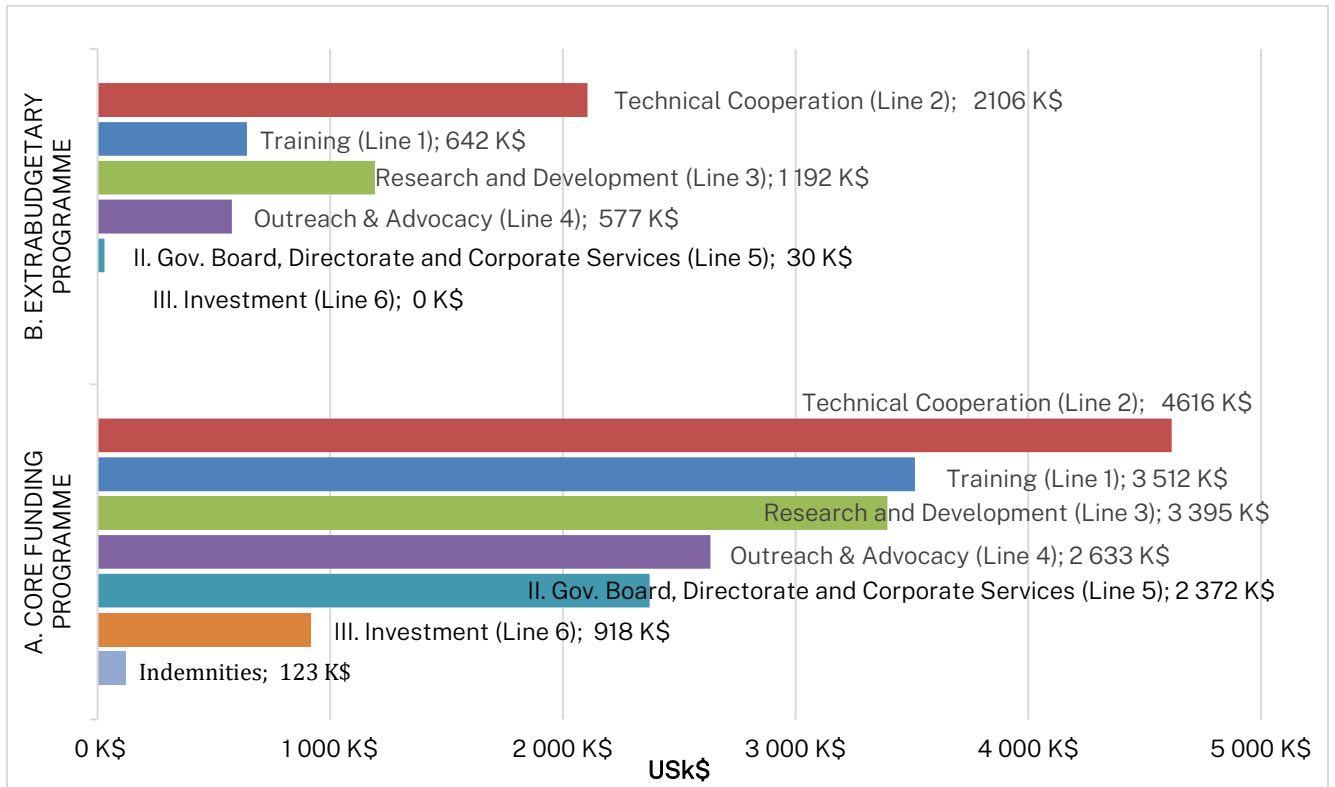
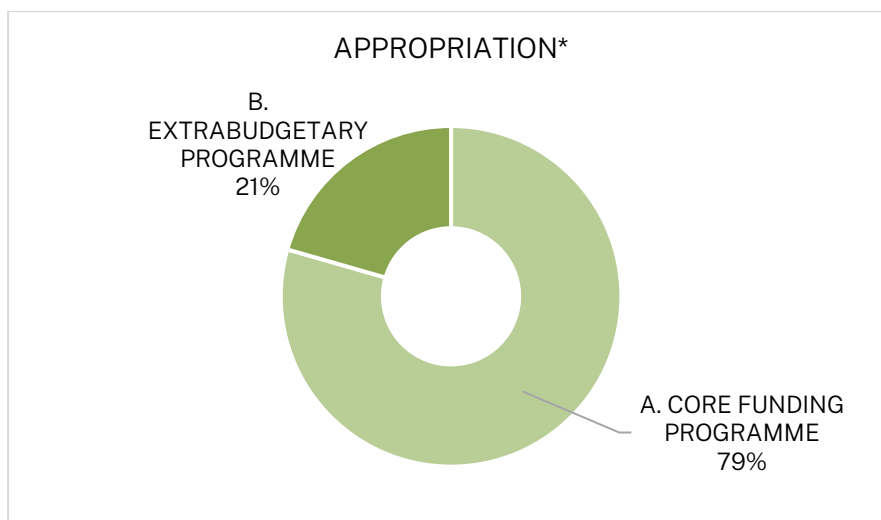


Figure 6. IIEP 2021 budget approved appropriations. Governing Board original resolution 563



*Before inter-fund eliminations.

V. REVENUE FOR THE IIEP SPECIAL ACCOUNT (UNAUDITED)

Voluntary contributions in cash basis

	2021				2020
	Paris	Buenos Aires	Dakar	GRAND TOTAL	GRAND TOTAL
UNESCO Financial Allocation	2 140 100	-	-	2 140 100	2 140 100
UNESCO Financial Allocation	2 140 100	-	-	2 140 100	2 140 100
Voluntary contributions (Core Funding)					
Governments					
France	3 546 053	-	2 118 638	5 664 691	4 136 341
Iceland	-	-	-	-	6 011
Norway	3 212 552	-	-	3 212 552	3 070 380
Sweden	2 288 598	-	-	2 288 598	2 127 131
Switzerland	4 319 704	-	-	4 319 704	4 415 011
Total Vol. Contrib. (Core Funding). Cash basis	13 366 907	-	2 118 638	15 485 545	13 754 874
Voluntary Contributions (Project Funding Prog.)					
Governments					
Argentina	-	-	-	-	70 000
Burundi	-	-	55 360	55 360	283 606
Ecuador	-	56 828	-	56 828	-
France (AFD)	-	-	-	-	33 591
France (AFD for Burkina Faso)	181 411	-	-	181 411	234 938
Germany	-	-	-	-	(11 296)
UK and Northern-Ireland (FCDO)	(880)	-	-	(880)	262 000
Guatemala	-	-	-	-	44 000
Mali	-	-	-	-	18 266
Mauritania	-	-	-	-	131 464
Namibia	-	-	25 000	25 000	-
Norway (Norad)	57 934	-	-	57 934	-
Panama (MEDUCA)	-	-	-	-	44 250
Paraguay	-	24 000	-	24 000	-
Total Government contributions. Cash basis	238 465	80 828	80 360	399 653	1 110 819
UN Agencies					
UNICEF	268 308	108 214	106 798	483 320	524 708
UNESCO decentralized funds	1 362 864	169 900	439 115	1 971 879	836 249
ILO – International Labour Organization	-	-	-	-	12 817
UNDP – United Nation Development Programme	-	-	-	-	25 326
Total UN agency contributions. Cash basis	1 631 172	278 114	545 913	2 455 199	1 399 100
Other Donors					
World Bank	101 754	47 960	9 051	158 765	83 202
Caribbean Development Bank	48 000	-	-	48 000	-
Centre Régional de Formation en Entretien Routier PAIF	-	-	84 528	84 528	-
Dubai Cares	-	-	-	-	172 862
European Union (EU)	-	-	-	-	1 965 534
Fundación ARCOR	-	8 885	-	8 885	9 747
Campanha Latino Americana Pelo Direito à Educação	-	-	-	-	5 000
<i>Continues</i>					

REVENUE FOR THE IIEP SPECIAL ACCOUNT (UNAUDITED) (continued)

	2021				2020
	Paris	Buenos Aires	Dakar	GRAND TOTAL	GRAND TOTAL
Fundación Santa María Real Patrimonio Histórico Buenos Aires	-	-	-	-	10 000
Fundación Zamora Terán	-	3 770	-	3 770	-
Foundation Open Society Institute (OSI-ZUG)	80 000	-	-	80 000	35 000
IHEID (NORRAG)	75 646	-	-	75 646	-
Instituto nacional de formación y capacitación del magisterio INAFOCAM	-	-	-	-	12 218
Organisation Internationale de la Francophonie (OIF)	-	-	84 420	84 420	-
EAA-PEIC Foundation (PEIC)	51 360	-	-	51 360	12 840
Save The Children	-	-	381 858	381 858	-
Stiftung Auxilium Foundation/ Porticus Latin America Consultoria Ltda	-	33 796	-	33 796	22 165
Total Other Donors. Cash basis	356 760	94 411	559 857	1 011 028	2 328 568
Total Vol. Contr., Project Funding Prog. Cash basis	2 226 397	453 353	1 186 130	3 865 880	4 838 487
Total, Voluntary Contributions. Cash basis	17 733 404	453 353	3 304 768	21 491 525	20 733 461
Other in-kind Voluntary Contribution	1 911 090	120 000	63 125	2 094 215	2 034 771
In-Kind Contribution	1 911 090	120 000	63 125	2 094 215	2 034 771
Revenue from Subscriptions (Fellowships)	64 315	-	-	64 315	(8 121)
Revenue from Subscriptions (Others)	148 178	65 114	237 434	450 726	214 328
Rec. staff costs & reimbt of other services	6 447	-	-	6 447	8 918
Sale of publications and printshop reimbursement	140	-	-	140	110
Staff Service Account	8 858	-	-	8 858	8 967
Other Revenue Producing Activities	227 938	65 114	237 434	530 486	224 202
Foreign exchange gain/(loss)	-	-	-	-	1 314 666
Other operating revenue	21 441	-	-	21 441	63 617
Other Revenue	21 441	-	-	21 441	1 378 283
Bank interest	7 027	-	-	7 027	22 767
Gain on capital deposits	31 597	-	-	31 597	185 292
Finance Revenue	38 624	-	-	38 624	208 059
SUB TOTAL REVENUE	19 932 497	638 467	3 605 327	24 176 291	24 578 776
Accounting Adjustments					
Accounts receivable	230 312	-	1 571 078	1 801 390	(880 696)
Conditions on donor agreements	1 631 648	-	(661 506)	970 142	1 373 098
Advance receipts	-	-	-	-	67 158
Foreign Exchange Diff. / funds allocation	88 982	-	6 627	95 609	-
Total Accounting Adjustments	1 950 942	-	916 199	2 867 141	559 560
SUB TOTAL REVENUE (Stat II)	21 883 439	638 467	4 521 526	27 043 432	25 138 336

Opinion of the external auditor

International Institute for Educational Planning (IIEP)



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 2021, 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 2021, 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.

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 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, and the UNESCO Financial Regulations.


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. Further, as required by the UNESCO Financial Regulations, we report that, in our opinion, the accounting principles in IPSASs have been applied on a basis consistent with that of the preceding year.

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 Auditor General of Canada

Ottawa, Canada
24 June 2022

Approval of the Financial Statements

Approval of the Financial Statements for the year ended 31 December 2021

In accordance with the Financial Regulations of the United Nations Educational, Scientific and Cultural Organization (UNESCO) and the Financial Regulations and Rules of the International Institute for Educational Planning (IIEP) Special Accounts, attached are the financial statements and accompanying notes for the year ended 31 December 2021. 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 and Rules of the IIEP Special Accounts. 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 the Financial Regulations and Rules of the IIEP Special Accounts, 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.

Karen Mundy

Director

International Institute for Educational Planning

24 June 2022

Magdolna Bona

Chief Financial Officer

UNESCO

24 June 2022

Audited Financial Statements 2021

International Institute for Educational Planning (IIEP)

I. Statement of financial position

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

	Note	2021	2020
ASSETS			
Current assets			
Cash	5	7 898 968	9 707 887
Investments	6	-	3 680 970
Inventories		13 940	23 342
Accounts receivable	7	2 300 436	473 952
Advance payments	8	229 611	170 692
Other receivables	9	210 096	189 898
Receivable from UNESCO	10	10 019 040	7 315 654
Total current assets		20 672 091	21 562 395
Non-current assets			
Investments	6	9 107 028	6 134 950
Property, plant, and equipment	11	842 148	917 436
Intangible assets	12	166 777	199 161
Total non-current assets		10 115 953	7 251 547
TOTAL ASSETS		30 788 044	28 813 942
LIABILITIES			
Current liabilities			
Accounts payable and accruals	13	761 896	345 766
Employee benefits	14	1 271 237	963 138
Voluntary contributions with conditions	15	4 707 211	5 734 337
Other liabilities	16	669 502	641 278
Total current liabilities		7 409 846	7 684 519
Non-current liabilities			
Employee benefits	14	1 369 574	1 243 901
Total non-current liabilities		1 369 574	1 243 901
TOTAL LIABILITIES		8 779 420	8 928 420
NET ASSETS	17	22 008 624	19 885 522

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	2021	2020
REVENUE			
Voluntary contributions – Core Funding		15 562 188	13 754 874
Voluntary contributions – Extrabudgetary	25	6 747 950	5 157 775
UNESCO financial allocation		2 140 100	2 140 100
In-kind contribution		2 094 215	2 034 771
Other revenue producing activities	25	438 914	464 474
Finance revenue		38 624	208 059
Other revenue		21 441	63 617
Foreign exchange gains		-	1 314 666
TOTAL REVENUE	18	27 043 432	25 138 336
EXPENSES			
Staff costs		15 573 960	14 063 112
Consultants, external experts, and mission costs		2 808 705	2 248 686
Supplies, consumables, and other running costs		2 767 826	2 731 222
Contracted services		1 854 073	1 336 684
External training, grants, and other transfers		160 666	344 966
Depreciation and amortization		238 423	259 808
Other expenses		84 142	81 236
Foreign exchange losses		1 417 370	-
Finance costs		15 165	16 472
TOTAL EXPENSES	19	24 920 330	21 082 186
SURPLUS FOR THE YEAR		2 123 102	4 056 150

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	2021	2020
BALANCE AT THE BEGINNING OF THE YEAR		19 885 522	15 829 843
Return of funds to donors		-	(471)
Total of items recognized directly in Net Assets		-	(471)
Surplus for the year		2 123 102	4 056 150
Total change in net assets		2 123 102	4 055 679
NET ASSETS AT THE END OF THE YEAR	17	22 008 624	19 885 522

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	2021	2020
Cash flows from operating activities:			
Surplus for the year		2 123 102	4 056 150
Accrued finance revenue		(27 625)	-
Depreciation and amortization		238 423	259 808
Loss on disposal		1 089	898
Decrease (Increase) in inventories		9 402	2 945
Decrease (Increase) in accounts receivable	7	(1 809 369)	899 648
Decrease (Increase) in advance payments	8	(58 919)	278 413
Decrease (Increase) in other receivables	9	(28 413)	(60 711)
Decrease (Increase) in receivables from UNESCO	10	(2 703 386)	(6 170 096)
(Decrease) Increase in accounts payable and accruals	13	410 648	(410 825)
(Decrease) Increase in current employee benefits	14	285 027	100 233
(Decrease) Increase in voluntary contributions with conditions	15	(1 027 126)	(1 373 099)
(Decrease) Increase in advance receipts		-	(7 268)
(Decrease) Increase in other liabilities	16	(17 446)	(28 010)
(Decrease) Increase in non-current employee benefits	14	125 673	92 104
Return of funds to donors		-	(471)
Effect of exchange rates on operating activities		1 471 989	(1 451 841)
Net cash flows provided by/ (used in) operating activities		(1 006 931)	(3 812 122)
Cash flows from investing activities:			
Purchase of property, plant, and equipment	11	(131 840)	(112 891)
Purchase of intangible assets	12	-	(23 474)
Acquisitions of investments		(3 378 390)	(9 373 220)
Redemptions of investments		3 378 390	10 868 550
Net cash flows provided by/ (used in) investing activities		(131 840)	1 358 965
Net (decrease) increase in cash		(1 138 771)	(2 453 157)
Cash, beginning of the year		9 707 887	11 425 634
Effect of exchange rates on cash		(670 148)	735 410
Cash, end of the year	5	7 898 968	9 707 887

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 2021

(Expressed in US dollars)

	APPROPRIATIONS				EXPENDITURE			FINAL BUDGET LESS ACTUAL EXPENDITURE
	Governing Board original Resolution 578	Supplementary/ other adjustments*	Governing Board approved Resolution 587	Disbursements	Unliquidated obligations	Inter-fund transactions	Total	
A. CORE FUNDING PROGRAMME								
I. Programme Operations								
Technical Cooperation and Capacity Development								
Training	4 060 721	(562 114)	3 498 607	3 397 482	135 434	(21 200)	3 511 716	(13 109)
Tech. Cooperation	4 928 534	(466 788)	4 461 746	4 493 063	122 569	-	4 615 632	(153 886)
Knowledge Production and Knowledge Sharing								
Research & Development	3 156 481	105 386	3 261 867	3 174 369	221 114	-	3 395 483	(133 616)
Outreach & Advocacy	3 268 212	(514 799)	2 753 413	2 506 661	126 042	-	2 632 703	120 710
Indemnities	-	-	-	123 163	-	-	123 163	(123 163)
Sub-total I	15 413 948	(1 438 315)	13 975 633	13 694 738	605 159	(21 200)	14 278 697	(303 064)
II. Gov. Board, Directorate and Corporate Services								
Governing Board	198 813	(56 367)	142 446	147 027	755	-	147 782	(5 336)
Directorate/Monitoring & Evaluation	921 358	(337 905)	583 453	561 502	27 104	-	588 606	(5 153)
Corporate Services	1 962 666	(362 172)	1 600 494	1 508 827	126 439	-	1 635 266	(34 772)
Sub-total II	3 082 837	(756 444)	2 326 393	2 217 356	154 298	-	2 371 654	(45 261)
III. Investment								
Staff development	311 128	(9 811)	301 317	276 482	44 033	-	320 515	(19 198)
Renovation of building	110 991	90 529	201 520	208 460	26 693	-	235 153	(33 633)
IT Technology	357 296	21 174	378 470	361 548	1 204	-	362 752	15 718
Sub-total III	779 415	101 892	881 307	846 490	71 930	-	918 420	(37 113)
SUB-TOTAL, A. Core Funding Programme	19 276 200	(2 092 867)	17 183 333	16 758 584	831 387	(21 200)	17 568 771	(385 438)

The accompanying notes form an integral part of these financial statements.

Continues

V. Statement of comparison of budget and actual amounts (continued)

INTERNATIONAL INSTITUTE FOR EDUCATIONAL PLANNING (IIEP) FOR THE YEAR ENDED 31 DECEMBER 2021

(Expressed in US dollars)

	APPROPRIATIONS				EXPENDITURE			FINAL BUDGET LESS ACTUAL EXPENDITURE
	Governing Board original Resolution 578	Supplementary/ other adjustments*	Governing Board approved Resolution 587	Disbursements	Unliquidated obligations	Inter-fund transactions	Total	
B. EXTRABUDGETARY PROGRAMME								
I. Programme Operations								
a. Technical Cooperation and Capacity Development								
Training	1 381 075	37 729	1 418 804	1 426 919	232 899	(1 018 211)	641 607	777 197
Tech. Cooperation	4 684 682	(1 168 001)	3 516 681	2 563 619	710 459	(1 168 368)	2 105 710	1 410 971
Sub-total I a.	6 065 757	(1 130 272)	4 935 485	3 990 538	943 358	(2 186 579)	2 747 317	2 188 168
b. Knowledge Production and Knowledge Sharing								
Research & Development	1 039 873	678 741	1 718 614	1 298 884	340 528	(447 632)	1 191 780	526 834
Outreach & Advocacy	1 153 568	(395 028)	758 540	592 605	181 858	(197 405)	577 058	181 482
Sub-total I b.	2 193 441	283 713	2 477 154	1 891 489	522 386	(645 037)	1 768 838	708 316
II. Directorate and Corporate Services								
Governing Board	-	-	-	-	-	-	-	-
Directorate	-	-	-	-	-	-	-	-
Corporate Services	-	-	-	-	-	-	-	-
Programme Support Funds	-	-	-	-	-	-	-	-
Staff Service Account	-	30 362	30 362	30 362	-	-	30 362	-
Sub-total II	-	30 362	30 362	30 362	-	-	30 362	-
SUB-TOTAL, B Extrabudgetary Programme	8 259 198	(816 197)	7 443 001	5 912 389	1 465 744	(2 831 616)	4 546 517	2 896 484
Inter-fund transactions	(1 840 451)	(447 387)	(2 287 838)	-	-	-	-	(2 287 838)
GRAND TOTAL	25 694 947	(3 356 451)	22 338 496	22 670 973	2 297 131	(2 852 816)	22 115 288	223 208

*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.

The accompanying notes form an integral part of these financial statements.

VI. Notes to the Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2021

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 or ‘the Organization’). 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 Dakar (Senegal).

Note 2: Significant accounting policies

2.1 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 and Rules of the IIEP Special Accounts and the UNESCO Financial Regulations.

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

Financial period

In accordance with the Financial Regulations and Rules of the IIEP Special Accounts, 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 the United States dollar (USD) which is also the functional currency.

2.2 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 as they are set once a month, and revised mid-month if there are significant exchange rate fluctuations relating to individual currencies. 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.

2.3 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 24**).

Inter-fund transactions are recognized at the exchange amount, which is the same to those offered in the marketplace.

The segment information is provided for:

IIEP Paris: The Core Funding 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 Dakar: IIEP Dakar is a platform of expertise for education sector analysis and monitoring global education goals in Africa. IIEP Dakar also receives other contributions for the execution of projects within its area of expertise.

2.4 Financial assets

IIEP’s financial assets include cash, investments, accounts receivable, receivable from UNESCO, 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.

Financial assets with maturities of more than 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.

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

Financial assets	Classification	Subsequent measurement
Cash	L&R	Amortized cost
Investments	L&R	Amortized cost
Accounts receivable	L&R	Amortized cost
Receivable from UNESCO	L&R	Amortized cost
Other receivables	L&R	Amortized cost

Impairment of financial assets at amortized cost

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 because of one or more events that have occurred after the initial recognition of the asset has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated.

The carrying amount of the asset is reduced using an allowance account and the amount of the loss is recognized in surplus or deficit. 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 revenue in surplus or deficit.

2.5 Financial liabilities

IIEP’s financial liabilities include accounts payable and accruals, payable to UNESCO, and other liabilities.

All financial liabilities are recognized initially at fair value.

IIEP has classified all its financial liabilities as amortized cost.

After initial recognition, financial liabilities are subsequently measured at amortized cost using the effective interest method. Gains and losses are recognized in surplus or deficit when the liabilities are derecognized as well as through the effective interest method amortization process. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate.

2.6 Cash

Cash includes cash in hand. Cash that can only be used for a specific purpose are considered as restricted.

2.7 Investments

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.

IIEP classifies its investments as L&R that are initially measured at fair value plus transaction costs and subsequently recorded at amortized cost using the effective interest rate method (see **Note 6**).

Investments with maturities of more than 12 months or not expected to be realized within 12 months at the reporting date are categorized as non-current assets. Other investments are classified as current assets.

2.8 Accounts receivable 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. The level of accounts receivable related to voluntary contributions does not require discounting.

Receivables are classified into current and non-current on the basis of the expected amounts to be received.

2.9 Advance payments and advance receipts

Advance payments

IIEP advances funds to staff and third parties under non-exchange contracts for the delivery of IIEP's programmes and activities. Such transfers to staff and 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 yet 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 liability is recognized as an advance receipt.

2.10 Property, plant, and equipment

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

Heritage assets are not recognized in the financial statements.

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.

When an asset is donated, its initial cost is measured as the fair value of the asset as at the date of acquisition.

Leasehold improvements are initially recorded at cost and subsequently presented at depreciated cost.

Disposals

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

Subsequent costs

Costs incurred after 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, 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:

Class of Property, Plan and Equipment	Useful life (in years)
Leasehold improvements	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 amount of fixed assets is reviewed for impairment if events or changes in circumstances indicate that the carrying amount of the asset may not be recoverable. If such an indication exists, the recoverable amount of the asset is estimated to determine the extent of impairment loss, if any. Any impairment loss is recognized in the Statement of Financial Performance. A previously recognized impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognized. For this purpose, all property, plant, and equipment assets are considered as non-cash generating assets.

2.11 Intangible assets

Intangible assets are carried at cost less accumulated amortization and impairment. Intangible assets are capitalized in the financial statements if it is probable that expected future economic benefit or service potential will flow to IIEP and amount can be measured reliably. IIEP currently only recognizes software as intangible assets, as copyrights and intellectual property do not meet the criteria above.

Software acquisition and development

Acquired computer software licenses 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

2.12 Employee benefits

The Institute recognizes the following categories of employee 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), and other short-term benefits (education grants, home leave, etc.). An expense is recognized when employees render service to the Institute and a liability is recognized for any entitlement that has not been settled at the reporting date.

Post-employment benefits

Post-employment benefits are employee benefits that are payable after the completion of employment.

UNESCO participates in the United Nations Joint Staff Pension Fund (UNJSPF or Fund), which was established by the United Nations General Assembly to provide retirement, death, disability, and related benefits to employees. The institutes contribute to UNJSPF through UNESCO. 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. UNESCO and the UNJSPF, in line with the other participating organizations in the Fund, are not in a position to identify UNESCO's proportionate share, and thereby 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, UNESCO has treated this plan as if it were a defined contribution plan in line with the requirements of IPSAS 39 Employee Benefits. IIEP's contributions to the plan during the financial year are recognized as staff costs in the Statement of Financial Performance.

In addition, IIEP 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 Institutes 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. IIEP, 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 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 consist of contributions to the UNESCO Special Account for ASHI. IIEP's contributions to the ASHI during the financial year are recognized as Staff costs 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 period and relates to repatriation grants and compensated absences (accumulated leave). The liability recognized for this other long-term benefits is the present value of the defined benefit obligations at the reporting date. These liabilities 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 on the Statement of Financial Performance.

2.13 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.

2.14 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 an 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.

2.15 Revenue recognition

Revenue from non-exchange transactions

Revenue from non-exchange transactions is measured based on the increase in net assets recognized. The revenue from non-exchange transactions is as follows:

- UNESCO financial allocation

Assessed contributions, made available from UNESCO, and presented as UNESCO financial allocation in the Statement of Financial Performance, 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. Core Funding voluntary contributions are non-earmarked contributions that are granted to IIEP and allocated according to the IIEP Governing Board resolutions. Extrabudgetary (i.e., project funding) voluntary contributions are earmarked for specific programmes and projects. Extrabudgetary inter-organization voluntary contributions refer to contributions from other United Nations organizations.

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.

Revenue from exchange transactions

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.

2.16 Expenses

Expenses are defined as 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.

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. Advance payments are amortized based on objective evidence to reflect the risk of non-recovery.

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

2.17 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.

2.18 Leases

Lease agreements entered for equipment or office premises are classified as operating leases as these arrangements do not transfer substantially all of the risk and reward of ownership.

2.19 Budget comparison

The Institute's budget and accounting basis differ. The budget that includes the Core funding and the Extrabudgetary programmes is approved by IIEP's Governing Board and is used for purposes of Statement V, in line with IPSAS 24.

Appropriations are available for obligation during the budget financial period to which they relate and for a further twelve months.

The budget is approved on a modified 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 Core funding and Extrabudgetary programmes.

Note 3: Accounting estimates, assumptions, and judgements

The preparation of financial statements in accordance with IPSAS requires making 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, in-kind contribution calculation for the use of premises, provisions for litigation and employee benefits. Changes in estimates are reflected in the year in which they become known.

In early March 2020, the World Health Organization declared the COVID-19 coronavirus outbreak to be a pandemic, which continued to affect the global economic and operating environment in 2021. Responses to the spread of COVID-19 have resulted in a significant increase in economic uncertainty and volatility (i.e.: interest rates, foreign exchange rates, government/partner budgets, etc.). The impact on IIEP estimates, assumptions and judgements is presently limited, but it is currently difficult to reliably estimate the length or severity of the pandemic, which could have further financial impacts.

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 experts 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.

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 16**.

Employee benefits

Employee benefits (RG and AAL) are determined using actuarial valuation, which involves making various assumptions on financial and non-financial elements that may differ from actual developments in the future such as determination of the discount rate, future salary increases, mortality rates and future cost increases. The employee benefit liability is highly sensitive to the variation of these assumptions and some of them are reviewed at each reporting date. Details about employee benefits are provided in **Note 14**.

Note 4: Accounting standards issued

Accounting standards adopted during the year

IPSAS 2 - Cash flows – Changes in Liabilities Arising from Financing Activities: the amendment to this standard is effective for annual reporting years beginning on or after 1 January 2021. The amendment establishes the disclosure principles that enable users of the financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes. The new disclosure does not apply to IIEP.

Accounting standards issued and to be adopted at a later date

- IPSAS 41 – Financial Instruments: this standard is effective for annual reporting years beginning on or after 1 January 2023. The standard 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. IIEP has not yet assessed the impact of the adoption of this standard. IIEP plans to adopt this standard as of the effective date.

- IPSAS 42 – Social Benefits: this standard is effective for the annual reporting year beginning on or after 1 January 2023. The standard establishes principles and requirements on the recognition, measurement, and presentation of social benefits in the financial statements. IIEP has assessed that the adoption of this standard will not have any impact on the financial statements.
- IPSAS 43 – Leases: the standard is effective for annual reporting year beginning on or after 1 January 2025. The standard establishes the principles for the recognition, measurement, presentation and disclosure of leases in the financial statements. IIEP has not yet assessed the impact of the adoption of the standard.

Note 5: Cash

Expressed in US dollars	2021	2020
Current accounts	7 898 968	9 707 887
Total cash	7 898 968	9 707 887

As at 31 December 2021, USD 4 707 211 (2020: USD 5 734 337) available under ongoing contracts for projects with conditions and nil (2020: nil) received in advance for future years and programmes is considered restricted cash. The remaining balance of USD 3 191 757 (2020: USD 3 973 550) is for other programme operations and the Stabilization Reserve Account.

Note 6: Investments

Expressed in US dollars	2021	2020
Current portion		
Loans and receivables (L&R)		
Term accounts	-	3 680 970
Total current portion	-	3 680 970
Non-current portion L&R		
Term accounts	9 107 028	6 134 950
Total non-current portion	9 107 028	6 134 950
Total investments	9 107 028	9 815 920

The total amount at the end of 2021 includes the 2020 investment of USD 5 701 763 (EUR 5 023 254) term account, generating an effective interest rate of 0.4 %, that will mature on 2 November 2027 and the 2021 investment of USD 3 405 265 (EUR 3 000 038) in a term account, generating an effective interest rate of 0.03 %, that will mature on 17 December 2024.

Note 7: Accounts receivables

Expressed in US dollars	2021	2020
Extrabudgetary contracts	2 627 438	795 180
Allowance for doubtful accounts	(329 102)	(321 616)
Account receivables from non-exchange transactions	2 298 336	473 564
Amounts receivable for goods and services	2 100	7 820
Allowance for doubtful accounts	-	(7 432)
Account receivables from exchange transactions	2 100	388
Account receivables from non-exchange and exchange transactions	2 300 436	473 952

The analysis of the age of accounts receivable that are past due as at the end of the reporting period but not impaired are as follows:

Expressed in US dollars	2021	2020
31-60 days	-	-
61-90 days	46 661	-
91-365 days	33 635	137 497
366-732 days	1 860	9 563
Total accounts receivable past due but not impaired	82 156	147 060

The allowance for doubtful accounts 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:

Expressed in US dollars	2021	2020
Opening balance	329 048	352 432
Additions	10 786	15 925
Recoveries and write-offs	(10 732)	(39 309)
Allowance for doubtful accounts	329 102	329 048

Note 8: Advance payments

Expressed in US dollars	2021	2020
Advances to staff	30 195	20 300
Other advances	199 416	150 392
Total advance payments	229 611	170 692

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

Note 9: Other receivables

Expressed in US dollars	2021	2020
VAT receivables	210 096	188 385
Accrued interest	-	1 513
Total other receivables	210 096	189 898

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).

Note 10: Receivable from UNESCO

Expressed in US dollars	2021	2020
Due from UNESCO HQ	10 019 040	7 315 654
Total receivable from UNESCO balances	10 019 040	7 315 654

Receivable from UNESCO represents mainly voluntary contributions received by UNESCO for IIEP, decentralized funds from UNESCO projects and amounts to cover payroll payments centralized by UNESCO HQ. IIEP also transfers amounts to be invested by UNESCO treasury. Balances are agreed upon by both parties and classified as current based on IIEP's projected cash flow requirement.

Note 11: Property, plant, and equipment

The movement of PP&E by asset class during the reporting year is as follows:

Expressed in US dollars	Leasehold improvements	Communication and IT equipment	Furniture & fixtures	Other equipment	Vehicles	Total
1 January 2021						
Cost	705 346	1 320 251	107 166	47 004	22 202	2 201 969
Accumulated depreciation	(89 153)	(1 051 818)	(74 356)	(47 004)	(22 202)	(1 284 533)
Carrying amount	616 193	268 433	32 810	-	-	917 436
Movements 12 months to 31 December 2021						
Additions	61 165	69 500	1 175	-	-	131 840
Disposals	-	(42 665)	-	(684)	-	(43 349)
Disposals depreciation	-	41 576	-	684	-	42 260
Depreciation	(47 363)	(142 553)	(16 123)	-	-	(206 039)
Total movements 12 months to 31 December 2021	13 802	(74 142)	(14 948)	-	-	(75 288)
Cost	766 511	1 347 086	108 341	46 320	22 202	2 290 460
Accumulated depreciation	(136 516)	(1 152 795)	(90 479)	(46 320)	(22 202)	(1 448 312)
Carrying amount	629 995	194 291	17 862	-	-	842 148

Expressed in US dollars	Leasehold improvements	Communication and IT equipment	Furniture & fixtures	Other equipment	Vehicles	Total
1 January 2020						
Cost	696 680	1 347 234	107 627	132 414	22 202	2 306 157
Accumulated depreciation	(42 467)	(1 008 072)	(57 783)	(127 468)	(19 612)	(1 255 402)
Carrying amount	654 213	339 162	49 844	4 946	2 590	1 050 755
Movements 12 months to 31 December 2020						
Additions	8 666	104 225	-	-	-	112 891
Disposals	-	(131 208)	(461)	(85 410)	-	(217 079)
Disposals depreciation	-	119 647	461	81 603	-	201 711
Depreciation	(46 686)	(163 393)	(17 034)	(1 139)	(2 590)	(230 842)
Total movements 12 months to 31 December 2020	(38 020)	(70 729)	(17 034)	(4 946)	(2 590)	(133 319)
Cost	705 346	1 320 251	107 166	47 004	22 202	2 201 969
Accumulated depreciation	(89 153)	(1 051 818)	(74 356)	(47 004)	(22 202)	(1 284 533)
Carrying amount	616 193	268 433	32 810	-	-	917 436

The Institute has constructed improvements on leasehold property at the premises in Paris (France). At 31 December 2021 IIEP holds fully depreciated PP&E which is still in use for a gross value of USD 964 214 (2020: USD 811 161).

Note 12: Intangible assets

Expressed in US dollars	Software	Software (work in progress)	Total
As at 1 January 2021			
Cost	144 826	102 547	247 373
Accumulated amortization	(48 212)	-	(48 212)
Carrying amount	96 614	102 547	199 161
Movements 12 months to 31 December 2021			
Additions	-	-	-
Reclassifications	102 547	(102 547)	-
Amortization	(32 384)	-	(32 384)
Total movements 12 months to 31 December 2021	70 163	(102 547)	(32 384)
As at 31 December 2021			
Cost	247 373	-	247 373
Accumulated amortization	(80 596)	-	(80 596)
Carrying amount	166 777	-	166 777

Expressed in US dollars	Software	Software (work in progress)	Total
As at 1 January 2020			
Cost	144 826	79 073	223 899
Accumulated amortization	(19 247)	-	(19 247)
Carrying amount	125 579	79 073	204 652
Movements 12 months to 31 December 2020			
Additions	-	23 474	23 474
Amortization	(28 965)	-	(28 965)
Total movements 12 months to 31 December 2020	(28 965)	23 474	(5 491)
As at 31 December 2020			
Cost	144 826	102 547	247 373
Accumulated amortization	(48 212)	-	(48 212)
Carrying amount	96 614	102 547	199 161

Note 13: Accounts payable and accruals

Expressed in US dollars	2021	2020
Accruals	622 391	331 335
Suppliers payable	139 505	14 431
Total accounts payable and accruals	761 896	345 766

Note 14: Employee benefits

Expressed in US dollars	Actuarial valuation	IIEP valuation	2021	2020
Payroll and reimbursements	-	185 558	185 558	271 135
Termination indemnity	-	69 798	69 798	-
Accumulated annual leave	914 398	-	914 398	637 900
Repatriation benefits	101 483	-	101 483	54 103
Employee benefits (current)	1 015 881	255 356	1 271 237	963 138
Repatriation benefits	1 369 574	-	1 369 574	1 243 901
Employee benefits (non-current)	1 369 574	-	1 369 574	1 243 901
Total employee benefits	2 385 455	255 356	2 640 811	2 207 039

Employee benefits – current

Current employee benefits include payroll and allowances, education grants, home leave, termination indemnity, accumulated annual leave (AAL), as well as the current term portion of repatriation grants.

Notwithstanding that AAL is fully included as current as required by the standards since IIEP does not have an unconditional right to defer settlement of the liability for at least 12 months.

Accumulated annual leave (AAL) – IIEP staff can accumulate unused annual leave up to a maximum of 60 working days. Due to COVID-19, in 2020, it was decided that staff could carry forward up to an additional 15 days (above the existing 60 days), to be used by end of March 2022. Upon separation, staff members are entitled to receive a sum of money for AAL that they hold up to 60 days.

Employee benefits – non-current

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

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 repatriation grant 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.

Actuarial valuations

An actuarial valuation was carried out to calculate IIEP's estimated liability related to AAL and repatriation grants. The following assumptions and methods have been used to determine the value of these benefits as at 31 December 2021:

Assumptions used for annual leave and repatriation grant		2021	2020
Discount rate	The rate used is based on the Mercer Yield Curve	1.15% (maturity around 11.5 years)	0.70% (maturity around 10 years)
Inflation rate	For all benefits	1.75%	1.75%
Pre-retirement mortality tables	2019 United Nations in-service mortality table for annual leave and repatriation grant		
Salary increase rate	Annual leave	2.00% per year	2.00% per year
	Repatriation grant	2.00% per year	linear increase between 2020 and 2030 from 1.21% to 1.75% rate per year from 2030 and beyond 1.75%
Repatriation Travel and Removal trend	For staff members without dependent	USD 5 916	USD 5 916
	For staff members with at least one dependent	USD 7 718	USD 7 718
Retirement age		65	65
Withdrawal tables	Based on a study of UNESCO's turnover rates from 2017 and 2021		
Take up rate – Repatriation benefits	Staff eligible for repatriation benefits on leaving to actually claim their entitlement	75%	75%
Take up rate – Accumulated leave	Staff eligible for accumulated annual leave to actually claim their entitlement at separation	100%	100%

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

Expressed in US dollars	Accumulated annual leave	Repatriation benefits	2021 Total
Defined benefit obligation 1 January	637 900	1 298 004	1 935 904
Employee benefits	637 900	1 298 004	1 935 904
Movements for year ended 31 December			
Service cost	46 319	57 392	103 711
Interest cost	4 282	8 557	12 839
Benefits paid	(86 330)	(193 889)	(280 219)
Actuarial loss	335 274	300 993	636 267
Foreign exchange difference	(23 047)	-	(23 047)
Defined benefit obligation at 31 December	914 398	1 471 057	2 385 455

Expressed in US dollars	Accumulated annual leave	Repatriation benefits	2020 Total
Defined benefit obligation 1 January	618 092	1 242 803	1 860 895
Employee benefits	618 092	1 242 803	1 860 895
Movements for year ended 31 December			
Service cost	44 306	57 163	101 469
Interest cost	5 804	11 974	17 778
Benefits paid	(66 801)	(42 394)	(109 195)
Actuarial loss	12 680	28 458	41 138
Foreign exchange difference	23 819	-	23 819
Defined benefit obligation at 31 December	637 900	1 298 004	1 935 904

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

Expressed in US dollars	Accumulated annual leave	Repatriation benefits	2021 Total
Service cost	46 319	57 392	103 711
Interest cost	4 282	8 557	12 839
Actuarial loss	335 274	300 993	636 267
Total expenses recognized for the year	385 875	366 942	752 817

Expressed in US dollars	Accumulated annual leave	Repatriation benefits	2020 Total
Service cost	44 306	57 163	101 469
Interest cost	5 804	11 974	17 778
Actuarial loss	12 680	28 458	41 138
Total expenses recognized for the year	62 790	97 595	160 385

The expected contribution of IIEP in 2022 to the AAL and repatriation benefits is respectively USD 104 521 and USD 101 483, which represents expected benefit payments for the year.

After-service health insurance

Contributions made during the year consist of 4% of salary of staff who participate to the UNESCO ASHI programme and amount to USD 382 149 (2020: USD 360 049). Expected contributions due in 2022 are USD 372 000.

United Nations Joint Staff Pension Fund (*UNJSPF*)

The Fund's Regulations state that the Pension Board shall have an actuarial valuation made of the 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 Group 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 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 any share of any actuarial deficiency payments under Article 26 of the Regulations of the Pension 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.

The latest actuarial valuation for the Fund was completed as of 31 December 2019, and the valuation as of 31 December 2021 is currently being performed. A roll forward of the participation data as of 31 December 2019 to 31 December 2020 was used by the Fund for its 2020 financial statements.

The actuarial valuation as of 31 December 2019 resulted in a funded ratio of actuarial assets to actuarial liabilities, assuming no future pension adjustments, of 144.4%. The funded ratio was 107.1% 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 2019, 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 Fund, 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 Fund during the preceding three years (2018, 2019 and 2020) amounted to USD 7,993.15 million, of which 2.22% was contributed by UNESCO.

During 2021, contributions paid to the Fund amounted to USD 2 261 930 (2020: USD 2 105 333). Expected contributions due in 2022 are approximately USD 2.6 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 Fund and reports to the Pension Board and to the United Nations General Assembly on the audit every year. The Fund publishes quarterly reports on its investments, and these can be viewed by visiting the UNJSPF's website.

Note 15: Voluntary contributions with conditions

Expressed in US dollars	2021	2020
Voluntary contributions with conditions		
1 January	5 734 337	7 107 436
Movements for the year ended 31 December		
Amounts recognized as revenue	(7 260 462)	(5 441 698)
New contributions received	6 233 336	4 068 599
Voluntary contributions with conditions at the year ended 31 December	4 707 211	5 734 337

The Institute recognizes as a liability condition attached to 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 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 2021, IIEP recognized as revenue amounting to USD 7 260 462: USD 3 883 013 for the Agence Française de Développement (AFD) Convention 2020-2023 (France core funding); USD 1 184 493 for the AFD project Plateforme d'expertise en formation professionnelle (PEFOP); USD 1 637 080 for the project Foreign Policy Instruments EU funding; USD 528 189 for the project in Haiti EU funding and USD 27 687 for the Annual Training Programme (ATP).

The new contributions received in 2021 amount to USD 6 233 336: USD 3 883 013 for the AFD Convention 2020-2023 core funding; USD 1 870 758 for the project AFD Quality; USD 333 786 for the Foreign Policy Instruments EU funding; and USD 145 779 for the Burkina Faso projects.

Note 16: Other liabilities

The Institute recognizes a provision when there is a present legal obligation as a result of a past event.

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 490 838 (2020: USD 519 598).

Expressed in US dollars	2021	2020
Provision for litigation	490 838	519 598
Deferred income	178 664	121 680
Total other liabilities	669 502	641 278

The deferred income of USD 178 664 (2020: USD 121 680) shows cash receipt in advance for services that are expected to be provided in 2022.

Provision for litigation movements:

Expressed in US dollars	2021	2020
As at 1 January		
Current portion	519 598	480 450
Non-current portion	-	-
Total	519 598	480 450
Movements during the year	(28 760)	39 148
As at 31 December		
Current portion	490 838	519 598
Non-current portion	-	-
Total	490 838	519 598

The USD 490 838 provision for litigation is mainly due to outstanding cases against the Institute related to staff members' claims pending resolution by the competent tribunal. The timing of the outflows of resources to settle the obligations is unknown at this time.

Note 17: Net assets

Expressed in US dollars	1 January 2021 opening reserves	Surplus / (Deficit) for the year	Other adjustments to reserves	31 December 2021
Stabilization Reserve Account	10 827 699	-	646 537	11 474 236
Accumulated surplus	9 057 823	2 123 102	(646 537)	10 534 388
Total net assets	19 885 522	2 123 102	-	22 008 624

Accumulated surplus 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 ended 31 December 2020:

Expressed in US dollars	1 January 2020 opening reserves	Surplus / (Deficit) for the year	Other adjustments to reserves	31 December 2020
Stabilization Reserve Account	10 017 570	-	810 129	10 827 699
Accumulated surplus	5 812 273	4 056 150	(810 600)	9 057 823
Total net assets	15 829 843	4 056 150	(471)	19 885 522

In accordance with Resolution n° 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:

- a. 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, 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 IIEP Special Accounts for Education Planning. During 2021, an amount of USD 652 712 (2020: USD 615 912), representing 5% of the Institute's previous year's payroll, and USD 214 656 (2020: USD 240 017) of the previous year's interest gains for investments were added to this Account, as required by the Account's Financial Regulations and Rules.

Expressed in US dollars	2021	2020
Balance of Stabilization Reserve		
Account as at 1 January	10 827 699	10 017 570
Transfers of interest from previous year	214 656	240 017
5% of the Institute's previous year's payroll	652 712	615 912
Sub-total	11 695 067	10 873 499
Termination indemnity	(220 831)	(45 800)
Total Stabilization Reserve Account	11 474 236	10 827 699

Note 18: Revenue

Expressed in US dollars	2021	2020
Voluntary contributions – Core Funding	15 562 188	13 754 874
Voluntary contributions – Extrabudgetary	4 398 444	3 529 531
Voluntary contributions – Extrabudgetary inter-organization (note 25)	2 349 506	1 628 244
Total Voluntary contributions – Extrabudgetary	6 747 950	5 157 775
UNESCO financial allocation	2 140 100	2 140 100
In-kind voluntary contributions	2 094 215	2 034 771
Other revenue producing activities		
Revenue producing activities	427 992	449 419
Income from services rendered (note 25)	10 922	15 055
Total other revenue producing activities	438 914	464 474
Finance revenue	38 624	208 059
Other revenue	21 441	63 617
Foreign exchange gains	-	1 314 666
Total revenue	27 043 432	25 138 336

The in-kind voluntary contributions correspond to the market value of the rental of IIEP premises. The Institute benefits from the use of its premises at no cost in Dakar from the UNESCO Office in Dakar, in Paris from the Government of France, and in Buenos Aires from the Government of Argentina. Estimated rental value for the year: USD 63 125 (Senegal), USD 1 911 090 (France), and USD 120 000 (Argentina). Estimated rental value for the year 2020 amounted to: USD 54 177 (Senegal), USD 1 848 594 (France), and USD 132 000 (Argentina).

Revenue producing activities include training programmes that IIEP offers 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.

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.

USD 5 484 of interest received is included in the net cash flows provided by operating activities (2020: USD 214 656).

Note 19: Expenses

Expressed in US dollars	2021	2020
Staff costs		
International and national staff	14 313 840	12 783 730
Temporary staff	766 033	774 717
Other personnel costs	494 087	504 665
Total staff costs	15 573 960	14 063 112
Consultants, external experts, and mission costs		
Consultants	2 505 641	1 914 743
Staff mission costs	181 401	235 805
Delegates' and external individuals' missions	-	2 499
Other contracts	121 663	95 639
Total consultants, external experts, and mission costs	2 808 705	2 248 686
Supplies, consumables, and other running costs		
Communications	136 743	97 775
Equipment	196 201	238 607
Leases	2 146 028	2 114 764
Utilities	131 256	136 760
Maintenance and repairs	74 492	31 292
Other supplies	83 106	112 024
Total supplies, consumables, and other running costs	2 767 826	2 731 222
Contracted services		
Contracted seminars and meetings	28 861	9 653
Contracted document production	19 739	17 026
Other contracted services	1 805 473	1 310 005
Total contracted services	1 854 073	1 336 684
External training, grants, and other transfers		
Grants and fellowships	-	159 644
External training and seminars	160 666	185 322
Total external training, grants, and other transfers	160 666	344 966
Depreciation and amortization	238 423	259 808
Other expenses		
Other operating expenses	83 053	80 338
Loss on disposal	1 089	898
Total other expenses	84 142	81 236
Foreign exchange losses	1 417 370	-
Finance costs	15 165	16 472
Total expenses	24 920 330	21 082 186

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 losses, and contracts for document reproduction which comprise IIEP's inventories.

19.1 Staff costs

International and national staff expenses include salaries, post adjustments, entitlements, and pension and health plan contributions for Professional and General Service category staff. The contribution of IIEP to the health plan is USD 414 617 (2020: USD 382 628). This line also includes movements in the actuarial liability for AAL and repatriation benefits. Temporary staff expenses include all costs relating to the employment of temporary staff. Other personnel costs include contribution to ASHI, and staff travel expenses which are not related to mission costs (home leave, family visits, education grants, interviews, separation).

19.2 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).

19.3 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 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.

19.4 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.

19.5 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.

19.6 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 11**). Amortization is the expense resulting from the systematic allocation of the amortizable amount of intangible assets over their useful lives (see **Note 12**).

19.7 Other expenses, foreign exchange, and finance costs

Other expenses are essentially composed of the allowance for doubtful accounts 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 20: Budget

20.1 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 Board and for purposes falling within the mandate of the Institute.

As stipulated in the GB Resolution n° 578 (paras. d and e) of the 60th 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.

20.2 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 core funding budget as voted in Resolution n° 587 from the Extrabudgetary programme of the same Resolution.

20.3 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 and Rules of the IIEP Special Accounts 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 2021 to 31 December 2021. The budget situation as at 31 December 2021, which concerns only allotments for the year 2021, shows non-implemented activities of USD 223 208. The total expenditure figure of USD 22 670 973 at this date contains unliquidated obligations (ULOs) amounting to USD 2 297 131 and a reduction of USD 2 852 816 for inter-fund transactions.

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 ended 31 December 2021 are presented.

20.4 Reconciliation: Budgetary result with net surplus

Expressed in US dollars	2021
Surplus / (Deficit) for the year	2 123 102
Less of income	(4 704 936)
Unliquidated obligations (ULOs)	(2 297 131)
Accounting basis adjustments:	
Rental of premises (in-kind)	2 094 215
Foreign exchange losses	1 417 370
Prior year ULOs expenditure	949 328
Depreciation	238 423
Accruals reversal	(219 068)
Accruals	397 593
Advance payments	(10 843)
Operating gains/(losses)	27 445
Employee benefits	387 712
New acquisitions PP&E and intangible assets	(131 840)
Other adjustments	(48 162)
Total accounting adjustments	5 102 173
Budget result on budgetary basis	223 208

In order to reconcile the budget actual amounts to the net surplus per the Statement of Financial Performance, budget accounting and financial statements accounting must 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.

20.5 Reconciliation: Budgetary result with net cash flow

2021 Expressed in US dollars	Operating activities	Investing activities	Total
Actual net surplus as per the Statement of Comparison of Budget and Actual Amounts	223 208	-	223 208
Basis differences	(1 230 139)	(131 840)	(1 361 979)
Actual amount in the Statement of Cash Flow	(1 006 931)	(131 840)	(1 138 771)

Basis differences

The budget is prepared on a modified cash basis. It includes non-cash elements in the form of ULOs 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.

In order to reconcile the budget actual amounts to the net surplus per the Statement of Financial Performance, budget accounting and financial statements accounting must 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:

- Budget allotment disbursement (USD 4.705 million): this amount represents the difference between the budget allotted in 2021 and the revenue recognized under the Statement of Financial Performance in line with the IPSAS standards.
- Some expenses and revenues, such as the 2021 foreign exchange losses (USD 1.417 million) and net accruals (USD 0.178 million), do not affect the budget but are part of the accounting surplus in line with IPSAS, resulting in a difference between the 2021 budget surplus and the 2021 surplus under the Statement of Financial Performance.
- Employee benefits (USD 0.388 million): under accrual accounting, employee benefit liabilities are reported in the Statement of Financial Position, and movements in liabilities impact the Statement of Financial Performance, while from a budgetary perspective only the expenses arising and paid out in the financial period are reported.
- Prior year budgetary expenses (USD 0.949 million): the unliquidated obligations (ULOs) pertaining to 2020 have been expensed in 2021. They were included in 2020 Statement V and contributed to the budget surplus. However, if they are not part of the 2021 budget surplus they have been recorded as expenses incurred in 2021 through the Statement of Financial Performance.
- Fixed assets addition (USD 0.132 million), depreciation and amortization (USD 0.238 million): capital expenditures are capitalized and depreciated over useful life under accrual accounting whereas they are recorded as current year expenses in the budget.

- In-kind contribution for the use of premises (USD 2.094 million): valued and recognized in the Statement of Financial Performance at fair value (based on the commercial rate for renting the three IIEP offices' buildings). The In-kind contribution is not included in the Statement V.
- Non-cash elements such as unliquidated obligations (USD 2.297 million) are considered as basis difference. Unliquidated obligations, which are considered expenditures under the budgetary reporting, reflect those obligations which are in place as at the end of the reporting period, which are expected to be received within 12 months of the end of the reporting period. Under accrual accounting, expenditures are recognized at the time they are incurred, regardless of whether there is a corresponding cash outflow.

Timing differences

The budget and the Statement of Cash Flow both represent the cash and accrued amounts for the year ended 31 December 2021. As such there are no timing differences in the reconciliation.

20.6 Unliquidated obligations (ULOs)

Expressed in US dollars	2021	2020
Opening balance, 1 January	1 486 172	2 038 540
Less payments against ULOs	(949 328)	(1 182 416)
Savings on prior year ULOs	(492 633)	(747 477)
Total prior year ULOs	44 211	108 647
Current year ULOs	2 297 131	1 377 525
Cur. Year adjustment	(500)	-
Total unliquidated obligations	2 340 842	1 486 172

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 of 31 December 2021. Total ULOs at the reporting date are USD 2 340 842 (2020: USD 1 486 172).

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

Note 21: Financial risk management

Exposure to credit, liquidity, currency, and interest rate risk arises in the normal course of IIEP's operations. The following presents information about IIEP's exposure to each of the above risks, policies, and processes for measuring and managing risk, and IIEP's management of capital.

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 IIEP Special Accounts, 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 policy of UNESCO, on overall investment strategy, and on related risk management.

21.1 Fair value of financial assets and liabilities

The fair value of cash, accounts receivable, receivable from UNESCO, and other receivables approximate their recorded carrying amount due to their short-term nature.

The fair value of investments approximate their recorded carrying amount since they are term accounts with guaranteed principal.

The fair value of accounts payable and accruals, payable to UNESCO, and other liabilities approximate their carrying value.

21.2 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. The maximum exposure to credit risk is the carrying amount of those financial assets.

Investments and cash

The investment management function is centralized at UNESCO HQ 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.

Therefore, the credit risk exposure related to cash and investments is not significant.

Receivables

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

The credit risk exposure related to receivables is not significant as contributions are primarily from governments and related bodies.

21.3 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, short-term investments, and receivable from UNESCO amount to USD 17 918 008 (2020: USD 20 704 511) which is substantially more than the current liabilities equaling USD 7 409 846 (2020: USD 7 684 519). Therefore, the Institute is not exposed to a significant liquidity risk.

21.4 Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument fluctuates due to changes in foreign exchange rates. IIEP is exposed to currency 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.

Currency risk related to IIEP's Extrabudgetary activities is managed through individual project budget planning for foreign currency expenditure. Therefore, IIEP is not exposed to significant currency risk.

21.5 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.

21.6 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.

The exposure to a specific country should not exceed 25% of UNESCO's internally managed investment portfolio, except for France, which, as the host country of the Organization, has a limit of 35% with a condition that 10% of these 35% is allocated in instruments that are cashable within three business days.

All investments were compliant with UNESCO's Investment Policy.

Note 22: 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 23: Related party disclosures

23.1 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.

23.2 Receivable from/payable to UNESCO

These 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, and
- legal services.

23.3 Key management personnel

Key management personnel are the members of the management team, which has the authority and responsibility for planning, directing, and controlling the activities of IIEP. There are currently 10 positions considered key management personnel in 2021:

- 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
- Administration Team Leader
- Head of Office (Buenos Aires)
- Head of Office (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 14**) at the same level as other employees. Key management personnel are ordinary members of the UNJSPF.

	2021	2020
Number of individuals	13	13
Expressed in US dollars		
Compensation and post adjustment	1 535 371	1 516 141
Entitlements (allowances, grants, and subsidies)	313 586	201 066
Pension and health plans	434 397	437 746
Total remuneration	2 283 354	2 154 953
Outstanding advances against entitlements	42 958	44 187
Reimbursement of US income tax	11 188	15 000

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 24: Segment information

FINANCIAL POSITION BY SEGMENT AS AT 31 DECEMBER 2021

Expressed in US dollars	IIEP Paris	IIEP Buenos Aires Fellowships	IIEP Dakar	Inter-fund transactions	TOTAL
ASSETS					
Current assets					
Cash	4 143 877	713 268	652 355	2 389 468	7 898 968
Inventories	13 940	-	-	-	13 940
Accounts receivable	406 798	-	1 094	1 892 544	2 300 436
Advance payments	170 262	8 093	-	51 256	229 611
Other receivables	209 747	-	-	349	210 096
Receivable from UNESCO	12 970 367	-	929 057	-	(3 880 384)
Total current assets	17 914 991	721 361	1 582 506	4 333 617	(3 880 384)
Non-current assets					
Investments	9 107 028	-	-	-	9 107 028
Property, plant, and equipment	826 651	1 375	-	14 122	842 148
Intangible assets	166 777	-	-	-	166 777
Total non-current assets	10 100 456	1 375	-	14 122	-
TOTAL ASSETS	28 015 447	722 736	1 582 506	4 347 739	(3 880 384)
LIABILITIES					
Current liabilities					
Accounts payable and accruals	311 683	48 713	127 746	273 754	761 896
Employee benefits	913 033	53 703	-	304 501	1 271 237
Voluntary contributions with conditions	2 253 782	-	-	2 453 429	4 707 211
Other liabilities	451 860	68 721	52 000	96 921	669 502
Payable to UNESCO	-	2 424 899	1 071 344	384 141	(3 880 384)
Total current liabilities	3 930 358	2 596 036	1 251 090	3 512 746	(3 880 384)
Non-current liabilities					
Employee benefits	820 075	34 406	-	515 093	1 369 574
Total non-current liabilities	820 075	34 406	-	515 093	-
TOTAL LIABILITIES	4 750 433	2 630 442	1 251 090	4 027 839	(3 880 384)
NET ASSETS	23 265 014	(1 907 706)	331 416	319 900	-

FINANCIAL POSITION BY SEGMENT AS AT 31 DECEMBER 2020

Expressed in US dollars	IIEP Paris	IIEP Buenos Aires	Fellowships	IIEP Dakar	Inter-fund transactions	TOTAL
ASSETS						
Current assets						
Cash	4 974 457	652 944	570 011	3 510 475	-	9 707 887
Investments	3 680 970	-	-	-	-	3 680 970
Inventories	23 342	-	-	-	-	23 342
Accounts receivable	155 853	-	11 057	307 043	(1)	473 952
Advance payments	121 171	2 446	-	47 075	-	170 692
Other receivables	189 898	-	-	-	-	189 898
Receivable from UNESCO	8 363 766	-	884 666	761 922	(2 694 700)	7 315 654
Total current assets	17 509 457	655 390	1 465 734	4 626 515	(2 694 701)	21 562 395
Non-current assets						
Investments	6 134 950	-	-	-	-	6 134 950
Property, plant, and equipment	884 468	2 933	-	30 035	-	917 436
Intangible assets	199 161	-	-	-	-	199 161
Total non-current assets	7 218 579	2 933	-	30 035	-	7 251 547
TOTAL ASSETS	24 728 036	658 323	1 465 734	4 656 550	(2 694 701)	28 813 942
LIABILITIES						
Current liabilities						
Accounts payable and accruals	245 743	40 684	-	59 339	-	345 766
Employee benefits	709 012	12 163	-	241 963	-	963 138
Voluntary contributions with conditions	3 939 485	-	27 688	1 767 164	-	5 734 337
Other liabilities	456 301	63 297	-	121 680	-	641 278
Payable to UNESCO	-	1 539 006	1 155 694	-	(2 694 700)	-
Total current liabilities	5 350 541	1 655 150	1 183 382	2 190 146	(2 694 700)	7 684 519
Non-current liabilities						
Employee benefits	757 579	11 348	-	474 974	-	1 243 901
Total non-current liabilities	757 579	11 348	-	474 974	-	1 243 901
TOTAL LIABILITIES	6 108 120	1 666 498	1 183 382	2 665 120	(2 694 700)	8 928 420
NET ASSETS	18 619 916	(1 008 175)	282 352	1 991 430	(1)	19 885 522

FINANCIAL PERFORMANCE BY SEGMENT FOR THE YEAR ENDED 31 DECEMBER 2021

Expressed in US dollars	IIEP Paris	IIEP Buenos Aires	Fellowships	IIEP Dakar	Inter-fund transactions	TOTAL
REVENUE						
Voluntary contributions – Core Funding	13 438 405	-	-	2 123 783	-	15 562 188
Voluntary contributions – Extrabudgetary	4 138 645	453 352	-	2 155 953	-	6 747 950
UNESCO financial allocation	2 140 100	-	-	-	-	2 140 100
In-kind contribution	1 911 090	120 000	-	63 125	-	2 094 215
Other revenue producing activities	105 011	65 114	90 125	178 664	-	438 914
Finance revenue	38 624	-	-	-	-	38 624
Other revenue	21 441	-	-	-	-	21 441
Inter-fund transfers	165 582	44 794	13 397	442	(224 215)	-
TOTAL REVENUE	21 958 898	683 260	103 522	4 521 967	(224 215)	27 043 432
EXPENSES						
Staff costs	10 964 169	978 274	-	3 631 517	-	15 573 960
Consultants, external experts, and mission costs	1 150 583	331 407	-	1 326 715	-	2 808 705
Supplies, consumables, and other running costs	2 400 582	156 504	9 619	201 121	-	2 767 826
Contracted services	1 316 003	71 932	-	466 138	-	1 854 073
External training, grants, and other transfers	36 816	-	(1 051)	124 901	-	160 666
Depreciation and amortization	220 951	1 558	-	15 914	-	238 423
Other expenses	49 990	16 910	8 498	8 744	-	84 142
Foreign exchange losses	1 155 799	(16 477)	-	278 048	-	1 417 370
Finance costs	129	12 681	88	2 267	-	15 165
Inter-fund transfers	18 779	30 000	37 304	138 132	(224 215)	-
TOTAL EXPENSES	17 313 801	1 582 789	54 458	6 193 497	(224 215)	24 920 330
SURPLUS/(DEFICIT) FOR THE YEAR	4 645 097	(899 529)	49 064	(1 671 530)	-	2 123 102

FINANCIAL PERFORMANCE BY SEGMENT FOR THE YEAR ENDED 31 DECEMBER 2020

	IIEP Paris	IIEP Buenos Aires	Fellowships	IIEP Dakar	Inter-fund transactions	TOTAL
Expressed in US dollars						
REVENUE						
Voluntary contributions – Core Funding	10 921 469	-	-	2 833 405	-	13 754 874
Voluntary contributions – Extrabudgetary (note 25)	1 984 320	268 380	(3 463)	2 908 538	-	5 157 775
UNESCO financial allocation	2 140 100	-	-	-	-	2 140 100
In-kind contribution	1 848 594	132 000	-	54 177	-	2 034 771
Other revenue producing activities (note 25)	101 205	50 846	175 555	136 868	-	464 474
Finance revenue	208 059	-	-	-	-	208 059
Other revenue	63 617	-	-	-	-	63 617
Foreign exchange gains	863 169	8 961	-	442 536	-	1 314 666
Inter-fund transfers	197 936	28 282	-	21 277	(247 495)	-
TOTAL REVENUE	18 328 469	488 469	172 092	6 396 801	(247 495)	25 138 336
EXPENSES						
Staff costs	10 302 764	786 364	-	2 973 984	-	14 063 112
Consultants, external experts, and mission costs	1 195 064	409 487	-	646 313	(2 178)	2 248 686
Supplies, consumables, and other running costs	2 413 780	165 153	-	152 289	-	2 731 222
Contracted services	961 934	52 145	-	322 605	-	1 336 684
External training, grants, and other transfers	124 166	(1 000)	114 919	104 703	2 178	344 966
Depreciation and amortization	236 123	3 251	-	20 434	-	259 808
Other expenses	56 098	16 641	8 498	(1)	-	81 236
Finance costs	1 836	13 179	-	1 457	-	16 472
Inter-fund transfers	40 386	-	148 921	58 188	(247 495)	-
TOTAL EXPENSES	15 332 151	1 445 220	272 338	4 279 972	(247 495)	21 082 186
SURPLUS/(DEFICIT) FOR THE YEAR	2 996 318	(956 751)	(100 246)	2 116 829	-	4 056 150

Note 25: Reclassification of comparative information

In 2021, IIEP reclassified revenues from Other revenue producing activities to Voluntary contributions – Extrabudgetary in order to better reflect the nature of these revenues.

The effect of the reclassification on the Statement of Financial Performance for the year ended 31 December 2020 is as follows:

Expressed in US dollars	As previously reported	Reclassification	As reclassified
Voluntary contributions – Extrabudgetary	4 626 914	530 861	5 157 775
Other revenue producing activities	995 335	(530 861)	464 474



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