

FINANCIAL REPORT AND AUDITED FINANCIAL STATEMENTS 2020

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 considered to be the controlling entity of IIEP. These financial statements are included in the UNESCO consolidated financial statements.

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

IIEP is one of 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 activities carried out by IIEP in 2020 and operational plan for 2021’ (GB/4 Part 1), available online at http://www.iiep.unesco.org/sites/default/files/60_gb_4_part_i_programme_2.pdf

IIEP launched the Greening IIEP initiative in 2019. The main goal of the Greening IIEP inter-team group is to explore, prioritize and suggest to IIEP’s management concrete strategies to integrate environmental and social sustainability across IIEP projects and practices. In 2020 Greening IIEP developed the following areas: Greening building management and facilities, strengthening sustainability in procurement practices and institutionalizing greening management strategies, reducing travel emissions of IIEP staff and partners, raising awareness and understanding of greening strategies among IIEP staff and ensuring climate-friendly events at and by IIEP.

In 2020, the COVID-19 crisis affected all three IIEP offices in terms of reduced volume of training delivery, especially for residential programmes and courses. In some cases, the planned residential elements were delivered online; in others, they were postponed until 2021. IIEP faced several practical challenges in the implementation of its research and development (R&D) work and its technical cooperation with Member States; this year largely focused on how to respond and adjust to the COVID-19 pandemic.

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 "Pole de Dakar" to "IIEP-UNESCO Dakar Africa Office".

The financial statements consist of:

A statement of financial position (page 30)

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 31)

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 32)

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 33)

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 34–35)

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 36–70)

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 considered to be 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

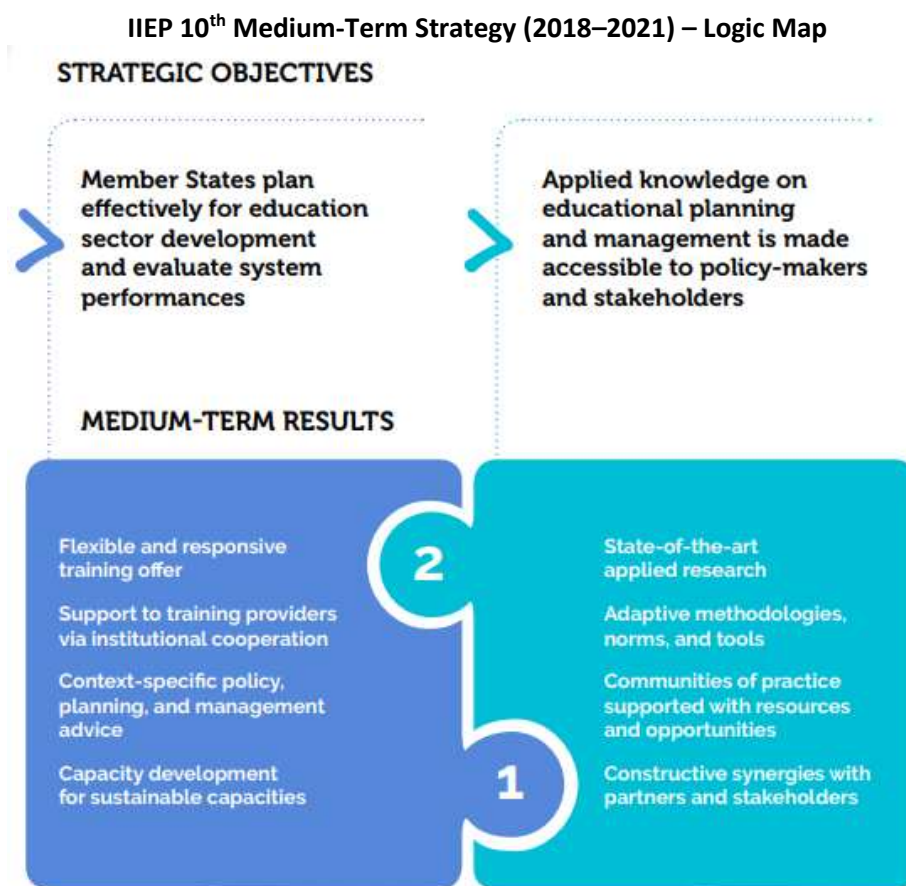


Five thematic priorities:

- 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



PROGRAMME IMPLEMENTATION HIGHLIGHTS

The five above-mentioned TPs undergird all of IIEP’s work. This includes a stronger focus on vocational training and early childhood education, which are considered as transversal issues across these themes.

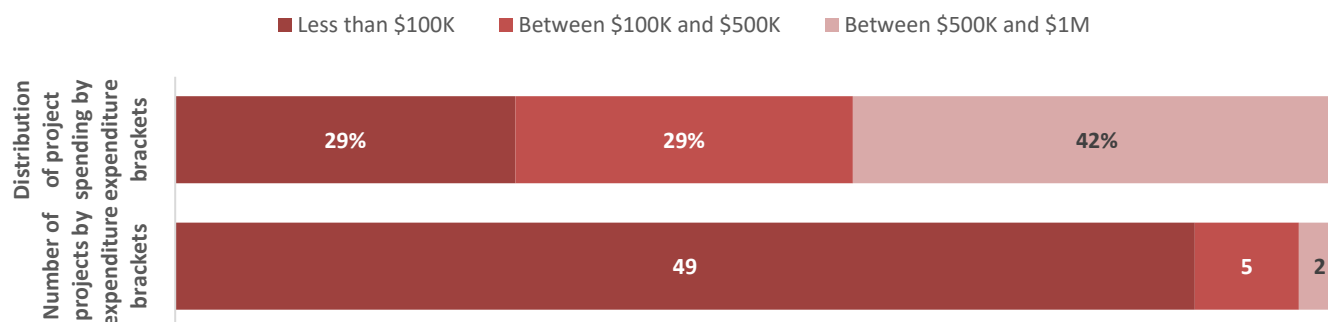
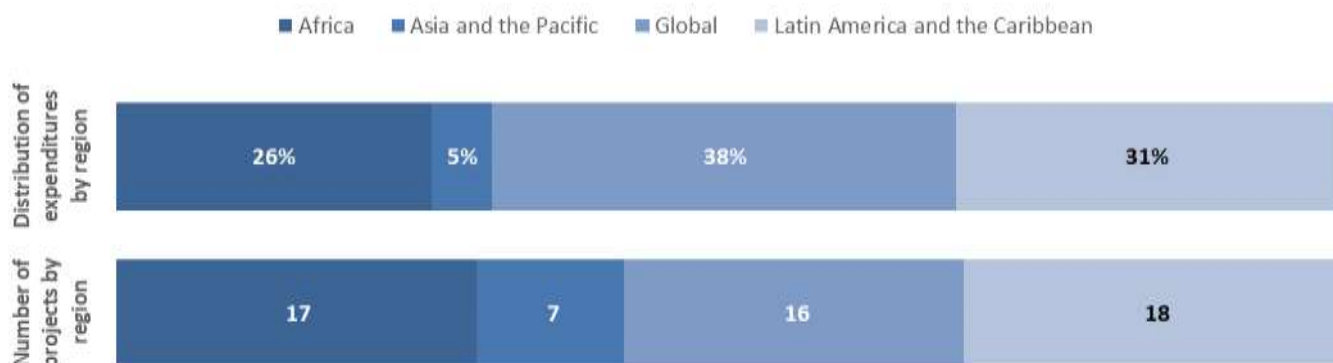
Below you will find the portfolio overview for 2020:

TRAINING PORTFOLIO OVERVIEW – 2020

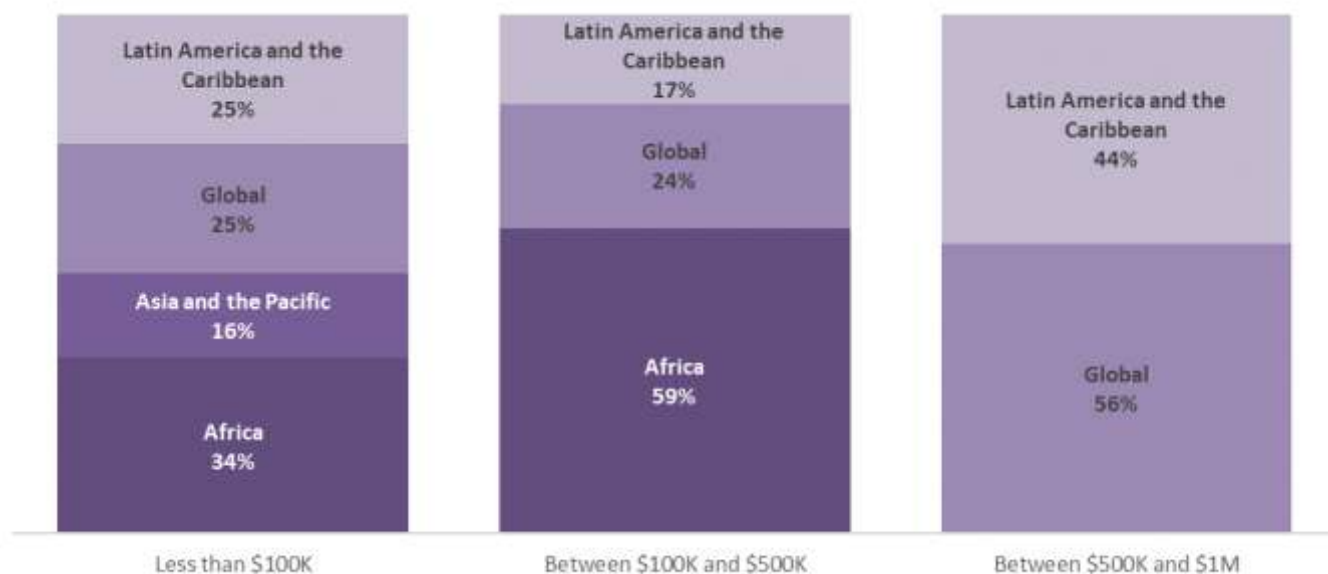
\$ 2,782,342

Total expenditure for 2020, including staff cost¹ (Forecast)

56 projects² 68 countries



Distribution of projects by expenditure brackets and region



¹ Total figure given here in the Programme report does not match exactly the “Training” total given in the Finance and Budget report because of differences in methodology.

² Count includes projects without allocated budget but with staff time expenditure. Project per Region: some projects have more than one continent or region marked.

TECHNICAL COOPERATION PORTFOLIO OVERVIEW – 2020

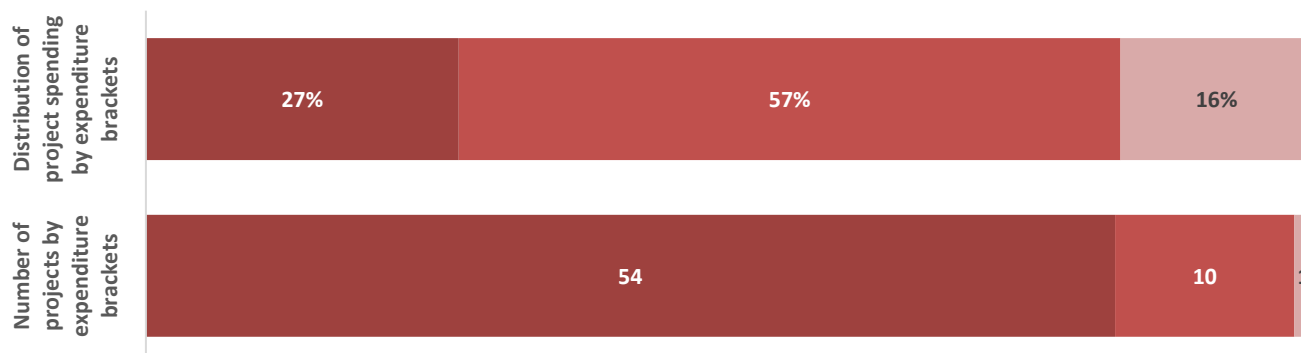
\$ 4,007,185

Total expenditure for 2020, including staff cost³ (Forecast)

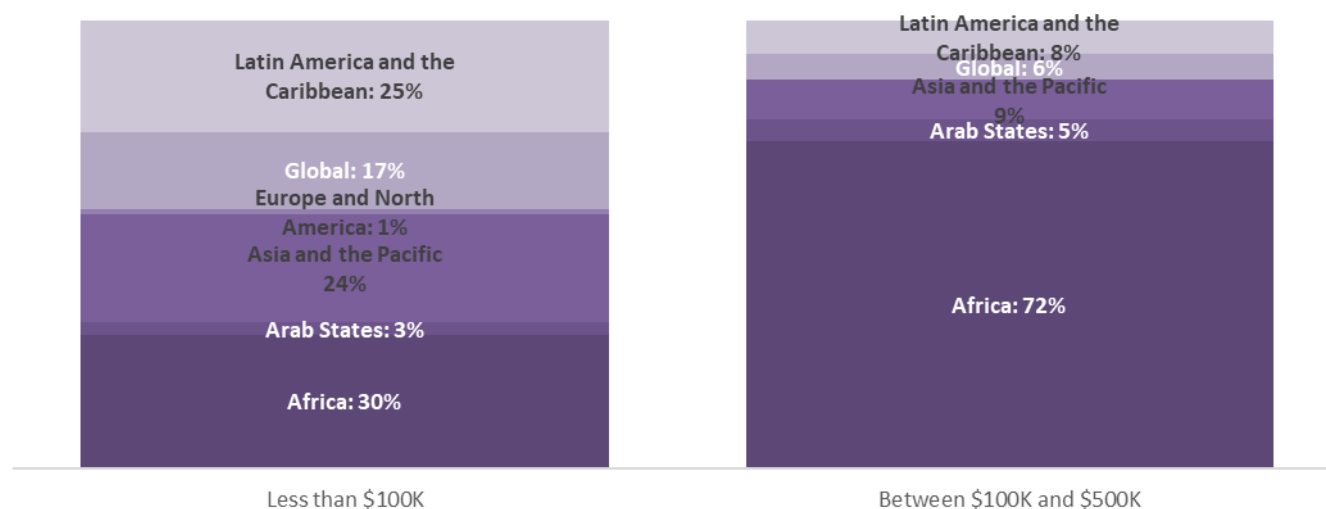
65 projects⁴ 60 countries



■ Less than \$100K ■ Between \$100K and \$500K ■ Between \$500K and \$1M



Distribution of projects by expenditure brackets and region



³ Total figure given here in the Programme report does not match exactly the “Technical Cooperation” total given in the Finance and Budget report because of differences in methodology.

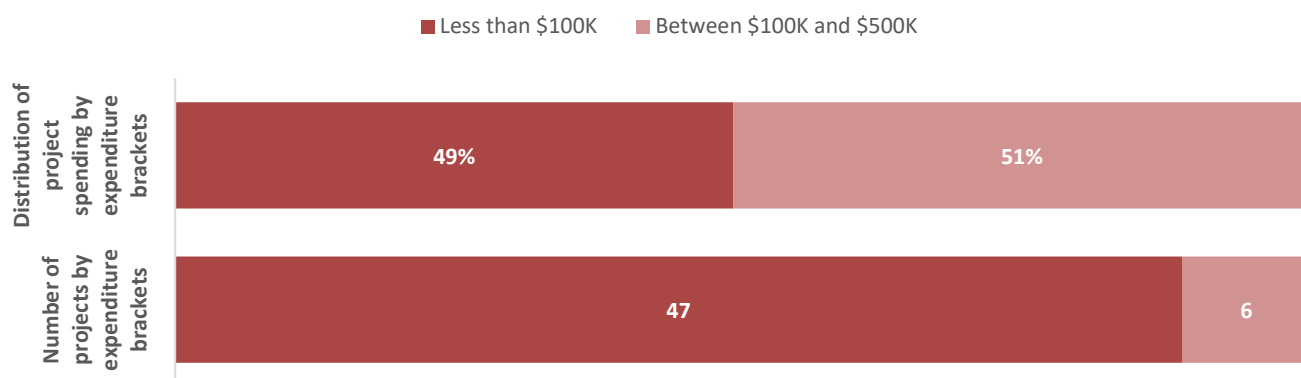
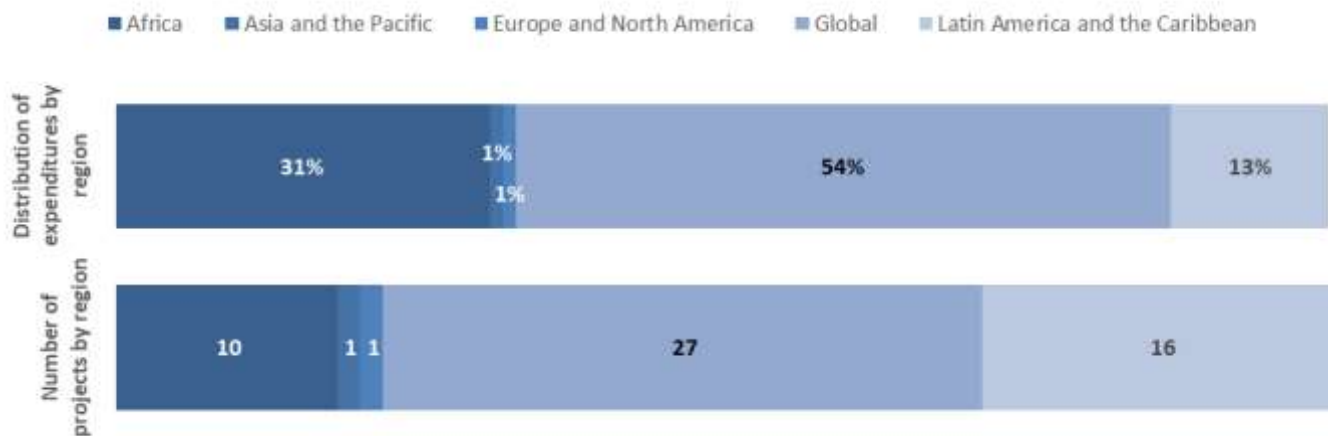
⁴ Count includes projects without allocated budget but with staff time expenditure. Project per Region: some projects have more than one continent or region marked.

RESEARCH & DEVELOPMENT PORTFOLIO OVERVIEW – 2020

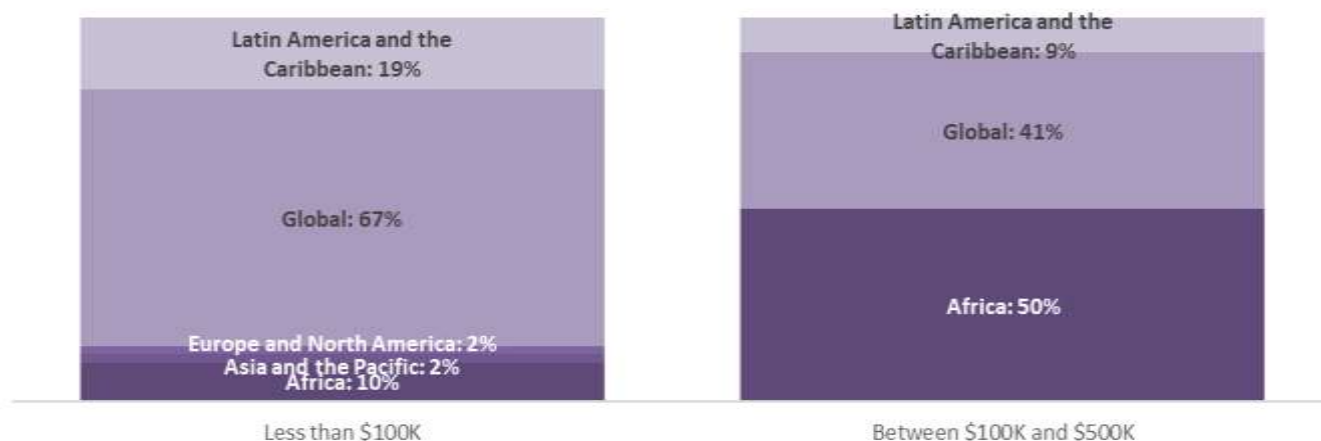
\$ 2,315,824

Total planned budget for 2020, including staff cost⁵ (Forecast)

53 projects⁶ 66 countries



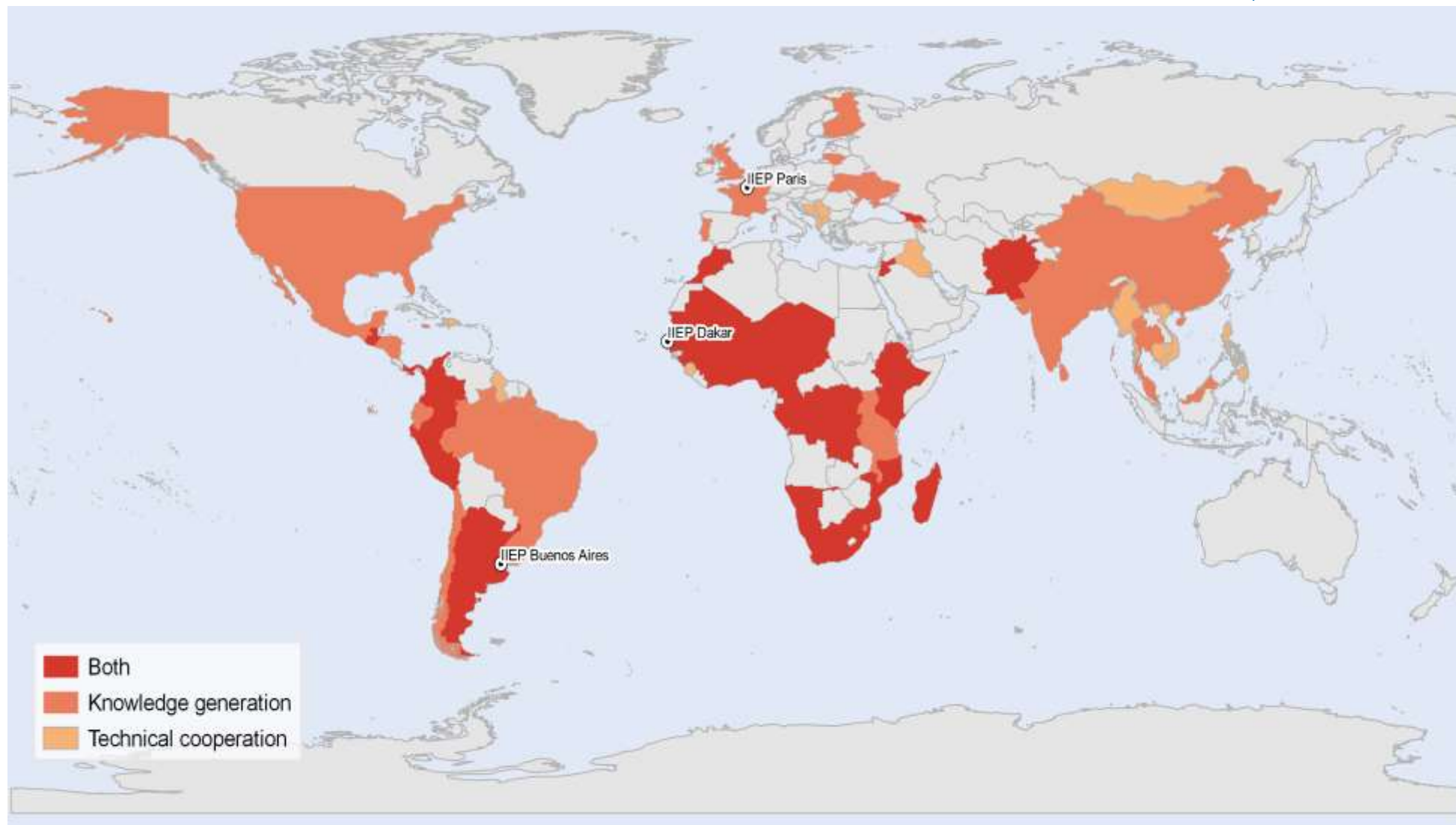
Distribution of projects by expenditure brackets and region



⁵ Total figure given here in the Programme report does not match exactly the “Research & Development” total given in the Finance and Budget report because of differences in methodology.

⁶ Count includes projects without allocated budget but with staff time expenditure. Project per Region: some projects have more than one continent or region marked.

GEOGRAPHICAL DISTRIBUTION OF TECHNICAL COOPERATION AND RESEARCH PROJECTS, 2020



Calculations made with data from IIEP project database extracted on 24 November 2020

FINANCIAL STATEMENTS HIGHLIGHTS

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 IIEP faced an unprecedented global health crisis. At the time of this report the impact of COVID-19 on IIEP is limited, but it is currently difficult to reliably estimate the length or severity of the pandemic, which could have future financial impacts. Extrabudgetary projects implementation rates have also been lower due to the delay in implementation. 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 2020 the main core funding donors, France USD 4.14 million (2019: USD 1.59 million), Norway USD 3.07 million (2019: USD 2.85 million), Sweden USD 2.13 million (2019: USD 2.08 million), and Switzerland USD 4.42 million (2019: USD 3.97 million), continued with their support to IIEP. In addition, in 2020 IIEP received from Island USD 6,000.

Other institutions continued with their support to IIEP Paris through earmarked projects such as the European Union (EU) USD 1.97 million, the Agence Française de Développement (AFD) USD 0.235 million for Burkina Faso, Foreign, Commonwealth & Development Office (FCDO) of the United Kingdom (formerly DFID) USD 0.262 million and UNICEF (United Nations Children’s Fund) USD 0.428 million. Other institutions and donors also support projects, such as Dubai Cares USD 0.17 million, Foundation to Promote Open Society, World Bank, Education Above All Foundation (PEIC) and the Global Partnership for Education (GPE).

IIEP Dakar is hosted by the UNESCO regional office in Dakar. USD 2.83 million of France’s core funding (2020–2023 AFD agreement signed in 2019) has been soft earmarked to support Dakar office activities in 2020. In addition, it attracts funds from other donors such as the Government of Burundi, Government of Mali, Government of Mauritania, UN Agencies (UNICEF, ILO and UNDP) and the World Bank.

IIEP Buenos Aires continues with its activity in the Latin America region. In 2020, IIEP received funds from the Government of Argentina USD 0.07 million (2019: USD 0.198 million), the Government of Guatemala, the Government of Panama (MEDUCA), Instituto Nacional de Formación y Capacitación del Magisterio (INAFOCAM), Fundación Arcor, Campanha Latino Americana Pelo Direito à Educação (Clade Brasil), Fundación Santa Maria (SM), and Stiftung Auxilium Foundation-Porticus.

The year ended with a surplus mainly due to the revenue recognition.

IIEP continues to actively seek new agreements and donors to strengthen the capacity of countries to plan and manage their education systems in line with its 10th MTS (2018–2021).

II. STATEMENT OF FINANCIAL POSITION

Assets

At the end of 2020, IIEP's total assets were USD 28.8 million (2019: USD 26.4 million), an increase of USD 2.4 million (9.2%) compared to the previous year.

A significant portion of the assets that IIEP managed is cash and investments (short-term and long-term accounts) USD 19.5 million (2019: USD 22.0 million) that support its core and extrabudgetary activities. IIEP also holds USD 7.3 million (2019: USD 1.1 million) in the account receivable from UNESCO.

Current assets less current liabilities (working capital) amounted to USD 13.9 million (2019: USD 15.7 million) that comprises, amongst other amounts, cash and short-term investments for the execution of the extrabudgetary projects.

Assets	2020	2019	Variance	
			Thousands USD	%
Current assets	21 563	25 129	(3 566)	(14%)
Cash	9 708	11 426	(1 718)	(15%)
Investments	3 681	10 580	(6 899)	(65%)
Inventories	23	26	(3)	(12%)
Accounts receivable (non-exchange transactions)	473	1 357	(884)	(65%)
Accounts receivable (exchange transactions)	1	17	(16)	(94%)
Advance Payments	171	448	(277)	(62%)
Other receivables	190	129	61	47%
Receivable from UNESCO	7 316	1 146	6 170	538%
Non-current assets	7 251	1 256	5 995	477%
Investments	6 135	-	6 135	100%
Property, plant and equipment	917	1 051	(134)	(13%)
Intangible assets	199	205	(6)	(3%)
Total Assets	28 814	26 385	2 429	9%

Current assets

The decrease of USD 3.6 million in current assets is mainly explained by the redemption of investments that matured in 2020, and the acquisition of a new term investments assigned to non-current asset (a variance of USD 6.9 million), the decrease in cash (USD 1.7 million), the decrease of accounts receivable (USD 0.9M) and the increase of amounts due from UNESCO (USD 6.2 million).

Accounts receivable (non-exchange transactions) decreased by USD 0.9 million (65%) mainly due to the reception of the pending instalments.

Advance payments decreased by USD 0.3 million (62%) attributable to the reduction of staff advances due to the reduction of missions.

Receivable from UNESCO increased by USD 6.2 million (538%) it comprises the refund of a USD 5 million investment due at the end of the year and the non-earmarked funds received from Norway.

Non-current assets

Non-current assets increased by 477% (USD 6 million), mainly due to the investment in a new 7-year-term account.

Property, plant, and equipment decreased (13%) due to the depreciation, project assets (most of them fully depreciated) transferred to the UNESCO Kabul office and new acquisitions for USD 0.1 million. Intangible assets decreased by 3%. Work in progress for the customer relationship management (CRM) software increased by 30% (USD 0.023 million).

Liabilities

Total liabilities of USD 8.93 million at the end of 2020 (2019: USD 10.56 million) show a decrease of USD 1.63 million (15%) compared to the previous year.

Liabilities	2020	2019	Thousands USD	%
Current liabilities	7 684	9 403	(1 719)	(18%)
Accounts payable (exchange transactions) and accruals	346	757	(411)	(54%)
Employee Benefits	963	863	100	12%
Voluntary contributions with conditions - extrabudgetary	5 734	7 107	(1 373)	(19%)
Advance Receipts	-	7	(7)	(100%)
Other current liabilities	641	669	(28)	(4%)
Non-Current liabilities	1 244	1 152	92	8%
Employee Benefits	1 244	1 152	92	8%
Total Liabilities	8 928	10 555	(1 627)	(15%)
Net Assets / Equity	19 886	15 830	4 056	26%

The decrease of USD 1.72 million (18%) in current liabilities was essentially due to the decrease in accounts payable and accruals (USD 0.4 million, including USD 0.15 million of travel commitments), increase in employee benefits (USD 0.1 million), and the decrease of 'Conditions on voluntary contributions' for an amount of USD 1.37 million. In 2020, IIEP recognized as revenue conditions for an amount of USD 5.44 million; the new conditions amount to USD 4.07 million.

Non-current liabilities which consist of employee benefits increased by USD 0.092 million (8%).

Net assets

The net assets position increased by USD 4.06 million (26%) from USD 15.83 million as at 31 December 2019 to USD 19.89 million as at 31 December 2020.

This variance is attributed to the year's surplus USD 4.056 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.

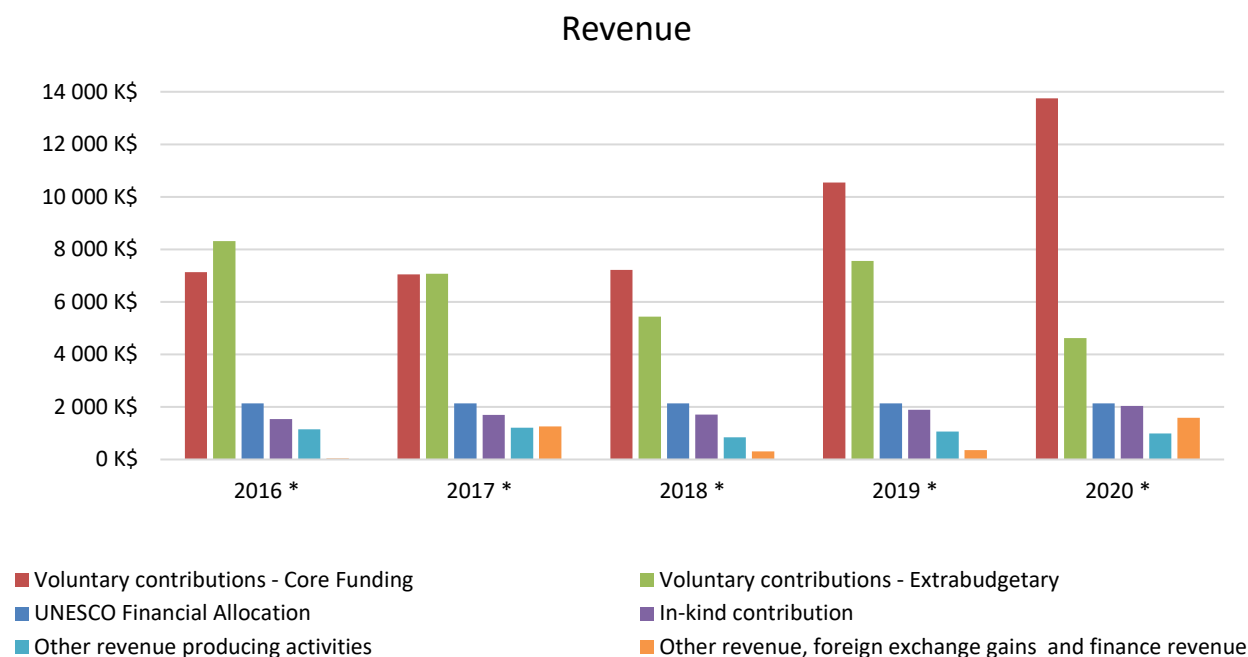
A net amount of USD 0.81 million was transferred to the Stabilization Reserve Account, reaching a total amount of USD 10.83 million at the end of 2020.

III. STATEMENT OF FINANCIAL PERFORMANCE

Income

Total revenue of USD 25.14 million increased slightly (by 7%) compared with the previous year.

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



*Agreements with conditions

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

Core Funding voluntary contributions increased 30%, mainly due to the new contribution from France –AFD convention (USD 2.54 million) and the increase in Switzerland's, Sweden's, and Norway's contributions (USD 0.391 million, USD 0.051 million and USD 0.217 million respectively), including the exchange rate effect. Iceland has started its contributions in 2020 (USD 0.006 million).

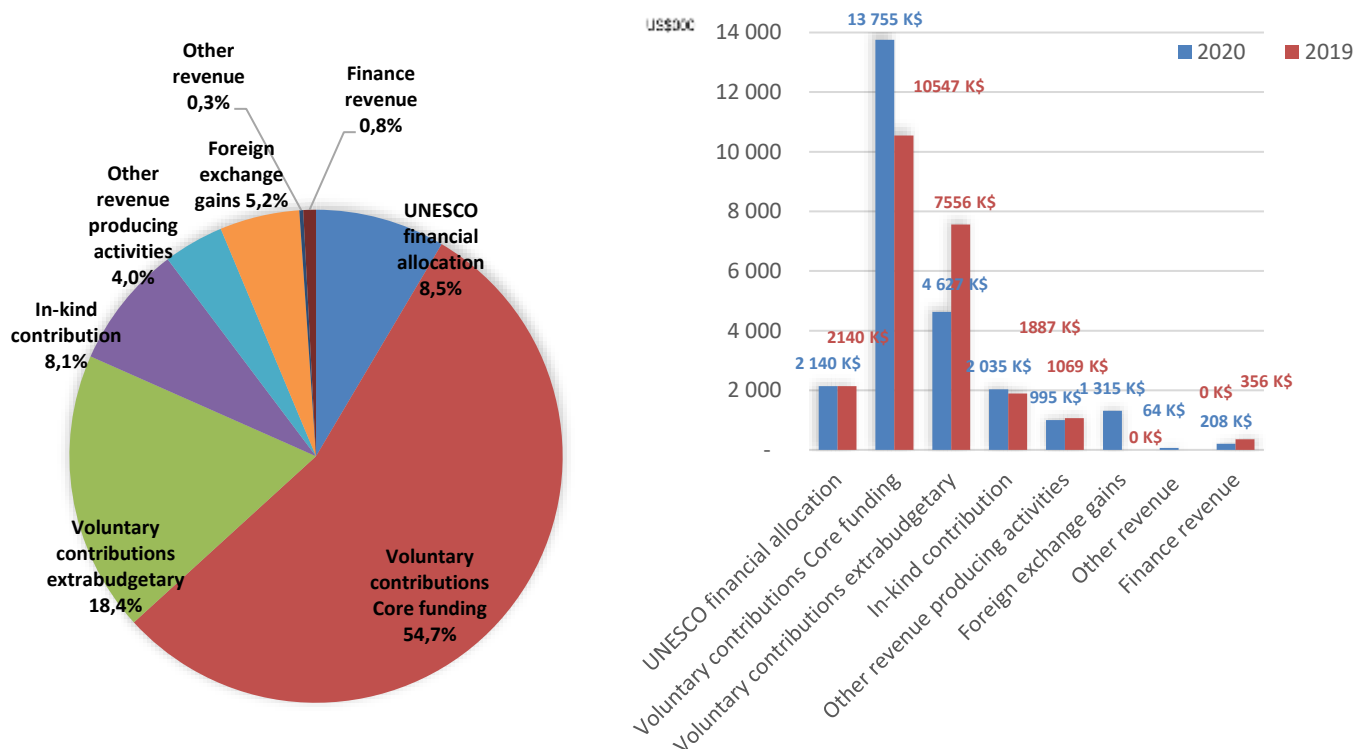
The decrease of USD 2.93 million (39%) in extrabudgetary (Project Funding) voluntary contributions was mainly due to the decrease of other donors' contributions (USD 1.16 million, or 66%), the decrease of amounts from governments (USD 1.4 million, or 32%), and a decrease in amounts received from UN agencies (USD 0.22 million, or 17%). 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).

In-kind contributions related to the rental value of the three offices' premises, whose values were updated to market values in 2020: they increased by 8% from the previous year and amounts to USD 2.03 million.

Other revenue from producing activities decreased in 2020 by 7% (USD 0.74 million) mainly due to the decrease by 50% (USD 0.446 million) for the cancellation of training activities organized by IIEP at the beginning of the health crisis; finance revenue decreased by 42% (USD 0.148 million).

Foreign exchange gains amounts to USD 1.3 million.

Figure 2. IIEP revenue 2020 by source, and comparison 2019-2020 (in USD)



Expenditure

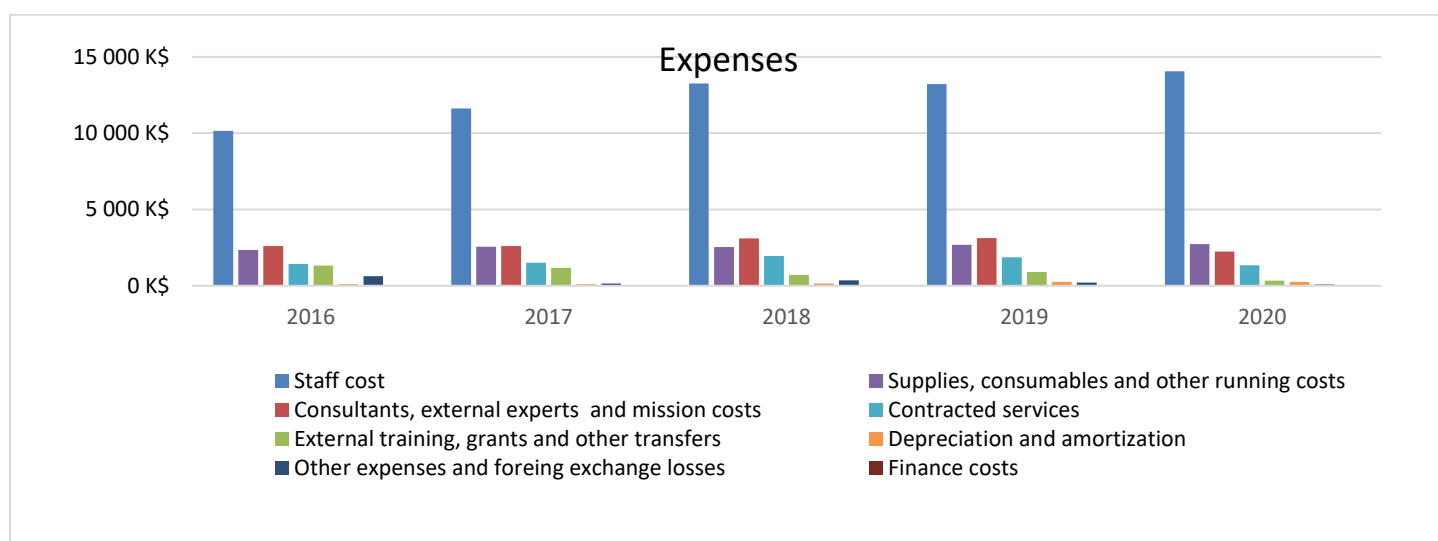
Total expenditure of USD21.1 million decreased by USD 1.2 million (5%) compared to 2019.

Staff costs increased slightly (6%). Consultants, external experts, and mission costs decreased by 28% (USD 0.89 million) mainly due to the cancellation of mission for the health crisis.

External training, grants, and other transfers decreased by 62% (USD 0.56 million) due to the decrease of seminars and trainings organized in 2020.

Running costs increased slightly by 1% (USD 0.04 million) due to the update of the premises' rental value. Contracted services decreased by 29% (USD 0.54 million) and depreciation and amortization increased by 7% (USD 0.02 million) due to the new capitalizations (leasehold improvements and intangible assets).

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



Result for the year 2020

The 2020 surplus was USD 4.06 million (2019: USD 1.26 million), an increase of USD 2.8 million compared to 2019.

The increase was due to several factors. 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. Another factor was the increase of Core Funding voluntary contributions that reinforced IIEP's core programme activities and compensate the decrease of other donors' contributions.

Contractual rights

Contract rights at 31 December 2020 amounted to USD 28.98 million (2019: USD 31.04 million), a decrease of USD 2.06 million compared to 2019. The decrease is mainly due to the reduction for the subsequent instalments of Core Funding agreements for 2018–2021 (Sweden and Switzerland), and the new instalments received for the Haiti and FPI project (financed by the European Commission's Service for Foreign Policy Instruments) and for two AFD-financed projects: Plateforme d'expertise en formation professionnelle (PEFOP) and the programme for strengthening capacity for quality management in basic education. It has been compensated with the Core Funding agreement signed with AFD (2020–2023) and the core funding from Norway (2020-2021).

Budgetary performance

The budget expenditure for 2020 amounted to USD 19.3 million (2019: USD 20.9 million). Figure 4 and 5 show the expenditure on programmes and the appropriation approved.

Figure 4. IIEP 2020 budget expenditure by appropriation line

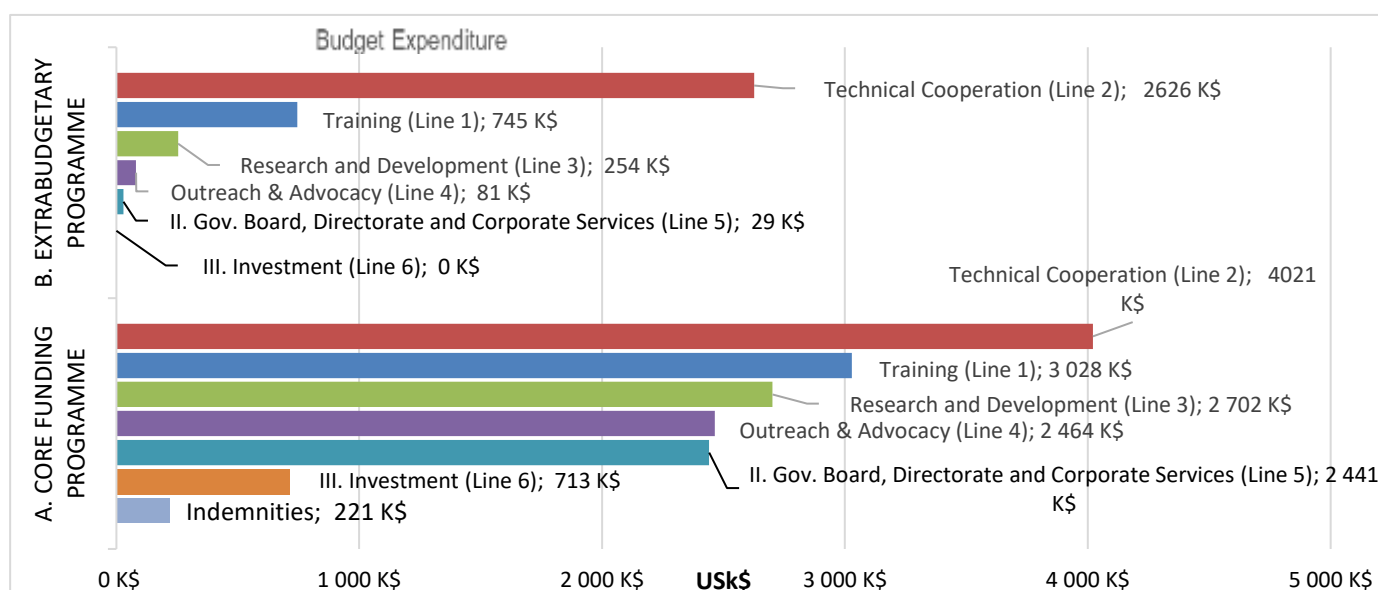
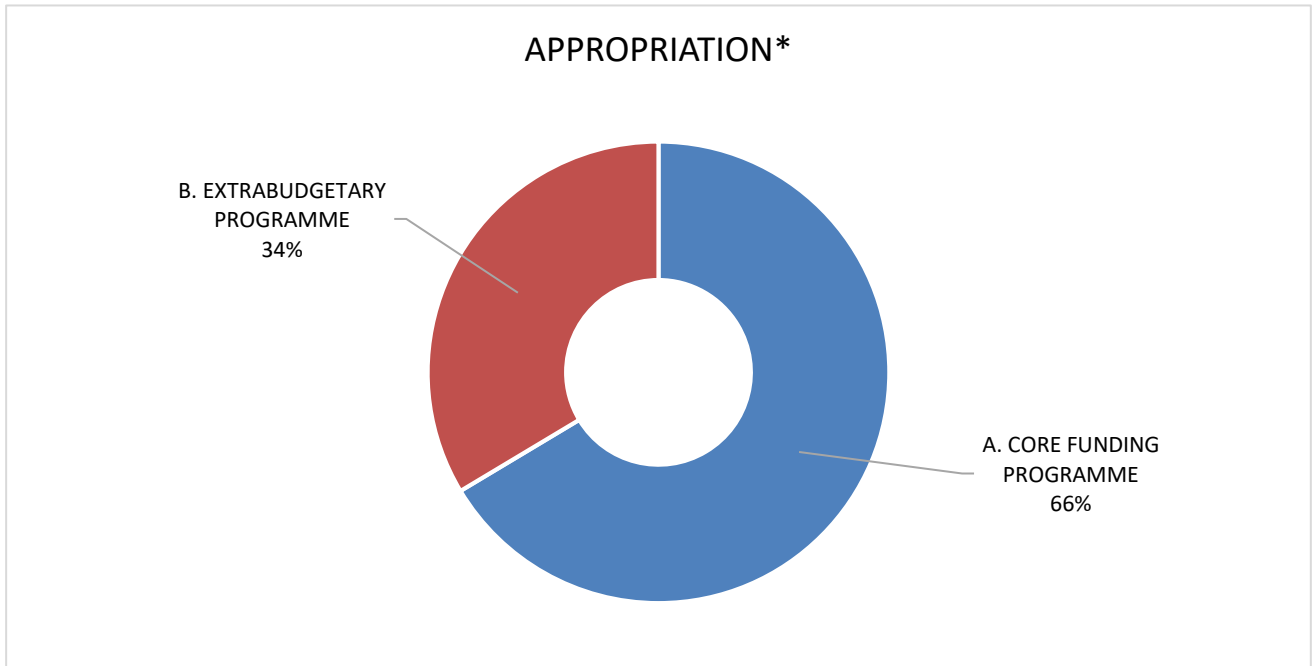


Figure 5. IIEP 2020 budget approved appropriations. Governing Board original resolution 563



*Before inter-fund eliminations.

IV. REVENUE FOR THE IIEP SPECIAL ACCOUNT (UNAUDITED)

Voluntary contributions in cash basis

	31 DECEMBER 2020				2019
	PARIS	IBA	DAKAR	GRAND TOTAL 31/12/2020	GRAND TOTAL 31/12/2019
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	1 302 936	—	2 833 405	4 136 341	1 592 725
Norway	3 070 380	—	—	3 070 380	2 853 725
Sweden	2 127 131	—	—	2 127 131	2 076 037
Switzerland	4 415 011	—	—	4 415 011	4 024 145
Iceland	6 011	—	—	6 011	—
Total vol. contrib. (Core Funding). Cash basis	10 921 469	—	2 833 405	13 754 874	10 546 632
Voluntary contributions (Project Funding Prog.)					
Governments					
Argentina	—	70 000	—	70 000	197 573
Burundi	—	—	283 606	283 606	—
France (AFD)	—	—	33 591	33 591	4 977 303
France (AFD for Burkina Faso)	234 938	—	—	234 938	—
France (IIEP building maintenance)	—	—	—	—	—
France (other projects)	—	—	—	—	—
Germany	(11 296)	—	—	(11 296)	26 723
UK and Northern-Ireland (FCDO)	262 000	—	—	262 000	53 236
Guatemala	—	44 000	—	44 000	—
Mali	—	—	18 266	18 266	21 151
Mauritania	—	—	131 464	131 464	—
Niger	—	—	—	—	26 182
Norway (NORAD)	—	—	—	—	57 065
Panama (MEDUCA)	—	44 250	—	44 250	44 250
Uruguay	—	—	—	—	65 000
Total government contributions. Cash basis	485 642	158 250	466 927	1 110 819	5 468 483
UN agencies					
UNICEF	428 138	—	96 570	524 708	1 290 046
UNESCO	245 588	59 800	—	305 388	45 000
ILO	—	—	12 817	12 817	—
UNDP	—	—	25 326	25 326	—
Total UN agency contributions. Cash basis	673 726	59 800	134 713	868 239	1 335 046

Continues

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

	31 DECEMBER 2020			2019	
	PARIS	IBA	DAKAR	GRAND TOTAL 31/12/2020	GRAND TOTAL 31/12/2019
Other donors					
WORLD BANK	3 216	—	79 986	83 202	7 597
Dubai Cares	172 862	—	—	172 862	129 606
Education Development Trust (EDT)	—	—	—	—	—
ETIS (Equipo de trabajo e investigación social)	—	—	—	—	—
European Union (EU)	1 965 534	—	—	1 965 534	406 086
Fundación ARCOR	—	9 747	—	9 747	7 557
Campanha Latino Americana Pelo Direito à Educação	—	5 000	—	5 000	—
Fundación Santa Maria	—	10 000	—	10 000	35 000
Fundación Zamora Teran	—	—	—	—	25 000
Foundation to Promote Open Society	35 000	—	—	35 000	80 000
GPE (World Bank)	—	—	—	—	647 355
Instituto nacional de formación y capacitación del magisterio (INAFOCAM)	—	12 218	—	12 218	48 700
Instituto Nacional de Empleo y Form. Prof. (INEFOP)	—	—	—	—	53 052
EAA-PEIC Foundation	12 840	—	—	12 840	—
Stiftung Auxilium Foundation/ Porticus Latin America	—	22 165	—	22 165	—
Consultoria Ltda	—	—	—	—	—
UFAR (Armenia)	—	—	—	—	9 045
Total other donors. Cash basis	2 189 452	59 130	79 986	2 328 568	1 448 998
Total vol. contr., Extrabudget. Prog.	3 348 820	277 180	681 626	4 307 626	8 252 527
Total voluntary contributions. Cash basis	16 410 389	277 180	3 515 031	20 202 600	20 939 259
Other in-kind voluntary contribution	1 848 594	132 000	54 177	2 034 771	1 887 397
In-kind contribution	1 848 594	132 000	54 177	2 034 771	1 887 397
Revenue from subscriptions (fellowships)	(8 121)	—	—	(8 121)	334 730
Revenue from subscriptions (others)	97 907	50 846	65 575	214 328	324 350
Rec. staff costs & reimbt of other services	539 779	—	—	539 779	173 512
Sale of publications and printshop reimbursement	110	—	—	110	194
Staff Service Account	8 967	—	—	8 967	8 068
Other revenue producing activities	638 642	50 846	65 575	755 063	840 854
Foreign exchange gain/(loss)	863 169	8 961	442 536	1 314 666	-
Other revenue	63 617	—	—	63 617	252
Bank interest	22 767	—	—	22 767	116 476
Gain on capital deposits	185 292	—	—	185 292	240 016
Finance revenue	208 059	—	—	208 059	356 492
SUB TOTAL REVENUES	20 032 470	468 987	4 077 319	24 578 776	24 024 254
Accounting adjustments					
Accounts receivable	(890 516)	(8 800)	18 620	(880 696)	1 048 915
Conditions on donor agreements	(958 972)	—	2 332 070	1 373 098	(1 851 260)
Advance receipts	119 642	—	(52 484)	67 158	333 130
Total accounting adjustments	(1 729 846)	(8 800)	2 298 206	559 560	(469 215)
SUB TOTAL REVENUES (Stat II)	18 302 624	460 187	6 375 525	25 138 336	23 555 039

OPINION OF THE EXTERNAL AUDITOR



Office of the
Auditor General
of Canada

Bureau du
vérificateur général
du Canada

INDEPENDENT AUDITOR'S REPORT

To the Governing Board of the International Institute for Educational Planning

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of the International Institute for Educational Planning (the Institute), which comprise the statement of financial position as at 31 December 2020, 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 2020, 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.

- 3 -

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
25 May 2021

APPROVAL OF THE FINANCIAL STATEMENTS

APPROVAL OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

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 2020. 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.

Paul Coustère
Deputy Director
International Institute for Educational Planning

Magdolna Bona
Chief Financial Officer
UNESCO

25 May 2021

25 May 2021

AUDITED FINANCIAL STATEMENTS 2020

I. STATEMENT OF FINANCIAL POSITION

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

	Note	2020	2019
ASSETS			
Current assets			
Cash	5	9 707 887	11 425 634
Investments	6	3 680 970	10 580 350
Inventories	7	23 342	26 287
Accounts receivable (non-exchange transactions)	8	473 564	1 357 062
Accounts receivable (exchange transactions)	9	388	16 538
Advance payments	10	170 692	449 105
Other receivables	11	189 898	129 187
Receivable from UNESCO	12	7 315 654	1 145 558
Total current assets		21 562 395	25 129 721
Non-current assets			
Investments	6	6 134 950	—
Property, plant, and equipment	13	917 436	1 050 755
Intangible assets	14	199 161	204 652
Total non-current assets		7 251 547	1 255 407
TOTAL ASSETS		28 813 942	26 385 128
LIABILITIES			
Current liabilities			
Accounts payable (exchange transactions) and accruals	15	345 766	756 591
Employee benefits	16	963 138	862 905
Voluntary contributions with conditions	17	5 734 337	7 107 436
Advance receipts	18	—	7 268
Other current liabilities	19	641 278	669 288
Total current liabilities		7 684 519	9 403 488
Non-current liabilities			
Employee benefits	16	1 243 901	1 151 797
Total non-current liabilities		1 243 901	1 151 797
TOTAL LIABILITIES		8 928 420	10 555 285
NET ASSETS	20	19 885 522	15 829 843

Commitments and Contractual rights (Note 23)

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	2020	2019
REVENUE			
Voluntary contributions – Core Funding		13 754 874	10 546 632
Voluntary contributions – Extrabudgetary		4 626 914	7 555 647
UNESCO financial allocation		2 140 100	2 140 100
In-kind contribution		2 034 771	1 887 397
Other revenue producing activities		995 335	1 068 519
Finance revenue		208 059	356 492
Other revenue		63 617	252
Foreign exchange gains		1 314 666	-
TOTAL REVENUE	21	25 138 336	23 555 039
EXPENSES			
Staff costs		14 063 112	13 216 154
Consultants, external experts, and mission costs		2 248 686	3 134 820
Supplies, consumables, and other running costs		2 731 222	2 691 213
Contracted services		1 336 684	1 874 072
External training, grants, and other transfers		344 966	905 130
Depreciation and amortization		259 808	243 261
Other expenses		81 236	109 656
Foreign exchange losses		-	103 052
Finance costs		16 472	14 803
TOTAL EXPENSES	22	21 082 186	22 292 161
SURPLUS FOR THE YEAR		4 056 150	1 262 878

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	2020	2019
BALANCE AT THE BEGINNING OF THE YEAR		15 829 843	14 536 153
Return of funds to donors		(471)	(46 298)
Other adjustments		—	77 110
Total of items recognized directly in Net Assets		(471)	30 812
Surplus for the year		4 056 150	1 262 878
Total recognized revenue and expenses for the year		4 055 679	1 293 690
NET ASSETS AT THE END OF THE YEAR	20	19 885 522	15 829 843

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	2020	2019
Cash flows from operating activities:			
Surplus for the year		4 056 150	1 262 878
Depreciation and amortization		259 808	243 261
Loss on disposal		898	3 001
Decrease(Increase) in inventories	7	2 945	(5 110)
Decrease(Increase) in accounts receivable (non-exchange transactions)	8	883 498	(911 062)
Decrease(Increase) in accounts receivable (exchange transactions)	9	16 150	(8 178)
Decrease(Increase) in advance payments	10	278 413	(223 409)
(Increase) Decrease in other receivables	11	(60 711)	158 295
(Increase) in receivables from UNESCO	12	(6 170 096)	(1 213 892)
(Decrease)Increase in accounts payable (exchange transactions) and accruals	15	(410 825)	202 587
Increase in current employee benefits	16	100 233	180 623
(Decrease)Increase in voluntary contributions with conditions	17	(1 373 099)	1 882 145
(Decrease) in advance receipts	18	(7 268)	(356 749)
(Decrease) in other current liabilities	19	(28 010)	(55 125)
Increase in non-current employee benefits	16	92 104	76 654
Return of funds to donors		(471)	(46 298)
Effect of exchange rates on operating activities		(1 451 841)	177 888
Net cash flows provided by/(used in) operating activities		(3 812 122)	1 367 509
Cash flows from investing activities:			
Purchase of property, plant, and equipment	13	(112 891)	(247 032)
Purchase of intangibles	14	(23 474)	(81 569)
Acquisitions of investments		(9 373 220)	(5 000 000)
Redemptions of investments		10 868 550	5 000 000
Net cash flows provided by/(used in) investing activities		1 358 965	(328 601)
Cash flows from financing activities:			
Transfers to net assets		—	77 110
Net cash flows provided by/(used in) financing activities		—	77 110
Net (decrease) increase in cash		(2 453 157)	1 116 018
Cash, beginning of the year		11 425 634	10 360 100
Effect of exchange rates on cash		735 410	(50 484)
Cash, end of the year	5	9 707 887	11 425 634

USD 214 656 of interest received is included in the net cash flows provided by operating activities (2019: USD 242 145).

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 2020

(Expressed in US dollars)

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

	APPROPRIATIONS				EXPENDITURE			FINAL BUDGET LESS ACTUAL EXPENDITURE
	Governing Board original	Supplementary/ other	Governing Board approved	Disbursements	Unliquidated obligations	Inter-fund eliminations	Total	
	Resolution 563	adjustments*	Resolution 576					
A. CORE FUNDING PROGRAMME								
I. Programme Operations								
Technical Cooperation and Capacity Development								
Training	3 853 495	(587 152)	3 266 343	2 961 771	66 129	—	3 027 900	238 443
Tech. Cooperation	3 867 104	(71 113)	3 795 991	4 008 337	13 075	—	4 021 412	(225 421)
Knowledge Production and Knowledge Sharing								
Research & Development	3 336 528	(616 985)	2 719 543	2 578 350	123 414	—	2 701 764	17 779
Outreach & Advocacy	2 862 031	(277 023)	2 585 008	2 354 370	110 088	—	2 464 458	120 550
Indemnities	—	—	—	220 831	—	—	220 831	(220 831)
Sub-total I	13 919 158	(1 552 273)	12 366 885	12 123 659	312 706	—	12 436 365	(69 480)
II. Gov. Board, Directorate and Corporate Services								
Governing Board	383 318	(299 610)	83 708	85 943	3 674	—	89 617	(5 909)
Directorate	930 329	(60 300)	870 029	755 346	54 448	—	809 794	60 235
Corporate Services	2 000 088	(306 494)	1 693 594	1 422 636	118 889	—	1 541 525	152 069
Sub-total II	3 313 735	(666 404)	2 647 331	2 263 925	177 011	—	2 440 936	206 395
III. Investment								
Staff development	344 123	(36 300)	307 823	254 588	37 533	—	292 121	15 702
Renovation of building	117 081	(46 103)	70 978	81 923	12 897	—	94 820	(23 842)
Institutional information systems	465 842	(219 313)	246 529	308 424	17 473	—	325 897	(79 368)
Sub-total III	927 046	(301 716)	625 330	644 935	67 903	—	712 838	(87 508)
SUB-TOTAL, A. Core Funding Programme	18 159 939	(2 520 393)	15 639 546	15 032 519	557 620	—	15 590 139	49 407

Continues

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

INTERNATIONAL INSTITUTE FOR EDUCATIONAL PLANNING (IIEP) FOR THE YEAR ENDED 31 DECEMBER 2020

(Expressed in US dollars)

			APPROPRIATIONS				EXPENDITURE		FINAL BUDGET LESS ACTUAL EXPENDITURE
	Governing Board original Resolution 563	Supplementary / other adjustments*	Governing Board approved Resolution 576	Disbursements	Unliquidated obligations	Inter-fund eliminations	Total		
B. EXTRABUDGETARY PROGRAMME									
I. Programme Operations									
a.									
Training	1 939 151	(208 532)	1 730 619	1 611 599	175 613	(1 042 135)	745 077	985 542	
Tech. Cooperation	6 670 037	(1 745 812)	4 924 225	3 467 093	550 716	(1 391 998)	2 625 811	2 298 414	
Sub-total I a.	8 609 188	(1 954 344)	6 654 844	5 078 692	726 329	(2 434 133)	3 370 888	3 283 956	
b.									
Research & Development	347 709	76 735	424 444	313 273	78 940	(137 812)	254 401	170 043	
Outreach & Advocacy	229 326	2 533	231 859	201 090	14 636	(134 366)	81 360	150 499	
Sub-total I b.	577 035	79 268	656 303	514 363	93 576	(272 178)	335 761	320 542	
II. Directorate and Corporate Services									
Governing Board	—	—	—	—	—	—	—	—	
Directorate	—	—	—	—	—	—	—	—	
Corporate Services	—	—	—	—	—	—	—	—	
Programme Support Funds	—	—	—	5 154	—	—	5 154	(5 154)	
Staff Service Account	—	11 761	11 761	23 964	—	—	23 964	(12 203)	
Sub-total II	—	11 761	11 761	29 118	—	—	29 118	(17 357)	
SUB-TOTAL, B Extrabudgetary Programme	9 186 223	(1 863 315)	7 322 908	5 622 173	819 905	(2 706 311)	3 735 767	3 587 141	
Inter-fund eliminations	(2 212 099)	(23 349)	(2 235 448)					(2 235 448)	
GRAND TOTAL	25 134 063	(4 407 057)	20 727 006	20 654 692	1 377 525	(2 706 311)	19 325 906	1 401 100	

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

VI. NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020

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

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.

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.

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 28](#)).

Financial assets

IIEP's financial assets include cash, investments, accounts receivable from exchange and non-exchange transactions, 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 in excess of 12 months or not expected to be realized within 12 months at the reporting date are categorized as non-current assets. Other financial assets are classified as current assets.

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 from exchange transactions	L&R	Amortized cost
Accounts receivable from non-exchange transactions	L&R	Amortized cost
Receivable from UNESCO	L&R	Amortized cost
Other receivables	L&R	Amortized cost

Impairment of financial assets

IIEP assesses at each reporting date whether there is objective evidence that a financial asset is impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that 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 through the use of 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.

Financial liabilities

IIEP's financial liabilities include accounts payable (exchange transactions) and accruals, payable to UNESCO, and other current 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.

Cash

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

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

Inventories

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

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

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

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

Receivables are initially measured at fair value and then their carrying value is adjusted for any allowance for estimated irrecoverable amounts. An allowance is established when there is objective evidence, based on a review of outstanding amounts at the reporting date, that IIEP will not be able to collect all amounts due according to the original terms of the receivables. 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.

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.

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, but appropriate disclosure is made in the notes to 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 subsequent to initial acquisition are capitalized only when it is probable that future economic benefits or service potential associated with the item will flow to the Institute and the cost of the item can be measured reliably.

Depreciation

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

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

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

Impairment

The carrying 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 in order 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.

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
Licenses and rights	2–6 years (or period of license or right if shorter)

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), compensated absences (accumulated leave), 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.

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

In addition, the Institute participates in the UNESCO after service health insurance (ASHI) programme. UNESCO provides health insurance coverage to retired staff and their dependents. The right to benefit for such coverage (ASHI) is acquired and accumulated during the retirees' active service in the Institute. The contributions of the Institute to the UNESCO ASHI programme consists of contributions to the UNESCO Medical Benefits Fund assessed in accordance with the Rules of the UNESCO Medical Benefits Fund.

Both the UNJSPF and the ASHI programmes expose participating organizations to actuarial risks associated with the current and former employees of other organizations participating in the plans, 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 plans. IIEP, in line with the other participating organizations in the plans, is not in a position to identify IIEP's proportionate share of the defined benefit obligation, the plan assets, and the costs associated with the plans with sufficient reliability for accounting purposes. Hence, IIEP has treated both plans as if they were defined contribution plans in line with the requirements of IPSAS 39 - Employee Benefits. IIEP's contributions to both plans during the financial year are recognized as staff costs 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. The liability recognized for these other long term benefits is the present value of the defined benefit obligations at the reporting date. The liability is calculated by an independent actuary using the Projected Unit Credit Method. Interest cost, current service costs, and actuarial gains or losses arising from changes in actuarial assumptions or experience adjustments are recognized in the Statement of Financial Performance.

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.

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.

Revenue recognition

Revenue from non-exchange transactions

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

- **UNESCO financial allocation**

Assessed contributions, made available from UNESCO in force of a specific signed agreement 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.

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.

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.

Leases

Lease agreements entered into 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.

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.

Furthermore, in early March 2020, the World Health Organization declared the COVID-19 coronavirus outbreak to be a pandemic. 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 future 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 19**.

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 16**.

Note 4: Accounting standards issued

Accounting standards adopted during the year

There are no new accounting standards or amendments that are effective in the current year.

Accounting standards issued and to be adopted at a later 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 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.
- **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 standard will have no accounting impact other than increased note disclosure in the financial statements.

Note 5: Cash

Expressed in US dollars	2020	2019
Current accounts	9 707 887	11 425 634
Total cash	9 707 887	11 425 634

As at 31 December 2020, USD 5 734 337 (2019: USD 7 107 436) available under ongoing contracts for projects with conditions and nil (2019: USD 7 268) received in advance for future years and programmes is considered restricted cash. The remaining balance of USD 3 973 550 (2019: USD 4 310 930) is for other programme operations and the Stabilization Reserve Account.

Note 6: Investments

Expressed in US dollars	2020	2019
Current portion		
Loans and receivables (L&R)		
Term accounts	3 680 970	5 000 000
Term deposits	—	5 580 350
Total current portion	3 680 970	10 580 350
Non-current portion L&R		
Term accounts	6 134 950	—
Total non-current portion	6 134 950	—
Total investments	9 815 920	10 580 350

The total amount at the end of 2020 includes the 2020 investment of USD 6 134 950 term account, generating an interest rate of 0.40 %, that will mature on 2 November 2027 and the investment of USD 3 680 970 in a term account, generating an interest rate of 0.150 %, that will mature on 16 December 2021.

Note 7: Inventories

Expressed in US dollars	2020	2019
Publications for sale	61 370	57 235
Publications for distribution	6 819	6 360
Gross inventories	68 189	63 595
Write-down	(44 847)	(37 308)
Net inventories	23 342	26 287

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

The publications stock comprised the Fundamentals of Educational Planning series and other categories such as Working papers, case studies, monographs, and other works carried out by the Institute's researchers within its area of operation.

Note 8: Accounts receivable (non-exchange transactions)

Expressed in US dollars	2020	2019
Extrabudgetary contracts	795 180	1 699 338
Allowance for doubtful accounts	(321 616)	(342 276)
Total accounts receivable (non-exchange transactions)	473 564	1 357 062

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

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

Expressed in US dollars	2020	2019
Opening balance	342 276	337 804
Additions	12 468	14 786
Recoveries and write-offs	(33 128)	(10 314)
Allowance for doubtful accounts (non-exchange transactions)	321 616	342 276

Note 9: Accounts receivable from exchange transactions

Expressed in US dollars	2020	2019
Amounts receivable for goods and services	7 820	26 694
Allowance for doubtful accounts	(7 432)	(10 156)
Net receivables from exchange transactions	388	16 538

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

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

Expressed in US dollars	2020	2019
Opening balance	10 156	12 362
Additions	3 457	4 703
Recoveries and write-offs	(6 181)	(6 909)
Allowance for doubtful accounts (exchange transactions)	7 432	10 156

Note 10: Advance payments

Expressed in US dollars	2020	2019
Advances to staff	20 300	183 661
Other advances	150 392	265 444
Total advance payments	170 692	449 105

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

Note 11: Other receivables

Expressed in US dollars	2020	2019
VAT receivables	188 385	98 310
Accrued interest	1 513	30 877
Total other receivables	189 898	129 187

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

Accrued interest is for term accounts maturing in 2021 and 2027 (see [Note 6](#)).

Note 12: Receivable from UNESCO

Expressed in US dollars	2020	2019
Due from UNESCO HQ	7 315 654	1 145 558
Total receivable from UNESCO balances	7 315 654	1 145 558

Receivable from UNESCO represents payments made by IIEP on behalf of UNESCO HQ or field offices. Balances are agreed upon by both parties and repaid on demand.

Note 13: 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 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
1 January 2019						
Cost	606 685	1 278 166	104 071	132 874	22 202	2 143 998
Accumulated depreciation	—	(932 460)	(41 024)	(124 605)	(15 171)	(1 113 260)
Carrying amount	606 685	345 706	63 047	8 269	7 031	1 030 738
Movements 12 months to 31 December 2019						
Additions	89 995	153 481	3 556	—	—	247 032
Disposals	—	(84 413)	—	(460)	—	(84 873)
Disposals depreciation	—	81 611	—	261	—	81 872
Depreciation	(42 467)	(157 223)	(16 759)	(3 124)	(4 441)	(224 014)
Total movements 12 months to 31 December 2019	47 528	(6 544)	(13 203)	(3 323)	(4 441)	20 017
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

At 31 December 2020 there are no heritage assets to declare, consistent as at 31 December 2019. The Institute has constructed improvements on leasehold property at the premises in Paris (France). At 31 December 2020 IIEP holds fully depreciated PP&E which is still in use for a gross value (USD 811 161).

Note 14: Intangible assets

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

Expressed in US dollars	Software	Software (work in progress)	Total
As at 1 January 2019			
Cost	—	142 330	142 330
Carrying amount	—	142 330	142 330
Movements 12 months to 31 December 2019			
Additions	53 007	28 562	81 569
Reclassifications	91 819	(91 819)	—
Amortization	(19 247)	—	(19 247)
Total movements 12 months to 31 December 2019	125 579	(63 257)	62 322
As at 31 December 2019			
Cost	144 826	79 073	223 899
Accumulated amortization	(19 247)	—	(19 247)
Carrying amount	125 579	79 073	204 652

Note 15: Accounts payable (exchange transactions) and accruals

Expressed in US dollars	2020	2019
Accruals	331 335	686 534
Suppliers payable	14 431	70 057
Total accounts payable (exchange transactions) and accruals	345 766	756 591

Note 16: Employee benefits

Expressed in US dollars	Actuarial valuation	IIEP valuation	2020	2019
Payroll and reimbursements	-	271 135	271 135	153 807
Accumulated annual leave	637 900	-	637 900	618 092
Repatriation benefits	54 103	-	54 103	91 006
Employee benefits (current)	692 003	271 135	963 138	862 905
Repatriation benefits	1 243 901	-	1 243 901	1 151 797
Employee benefits (non-current)	1 243 901	-	1 243 901	1 151 797
Total employee benefits	1 935 904	271 135	2 207 039	2 014 702

Employee benefits – current

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

Notwithstanding that AAL is fully included in short term as required by the standards since IIEP does not have an unconditional right to defer settlement of the liability for at least 12 months, expected payments in the next year are anticipated to be USD 31 515 for AAL.

Accumulated annual leave

IIEP staff can accumulate unused annual leave up to a maximum of 60 working days. Due to COVID-19, it was decided that staff could carry forward up to an additional 15 days (above the existing 60 days), to be used by end 2021

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. This includes 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 2020:

Discount rate	0.70% – the rate used is based on the Mercer Yield Curve as of 31/12/2020 with a maturity around 10 years (1.00% at 31/12/2019).
Inflation rate	1.75% (1.75% at 31/12/2019).
Pre-retirement mortality tables	2019 United Nations in-service mortality table for annual leave and repatriation grant;
Salary increase rate	2.00% for annual leave (2019: 2%) and for repatriation grant a linear increase from 1.21% to 1.75% between 2020 and 2030 and 1.75% per year from 2030 and beyond (1.75% at 31/12/2019).
Retirement age	65 for all employees
Turnover	Based on a study of UNESCO's turnover rates from 2017 to 2019.
Repatriation benefits	It is assumed that 75% of staff eligible for repatriation benefits on leaving actually claim their entitlement (75% at 31/12/2019). Repatriation Travel and Removal are estimated at USD 5 916 for staff members without dependent and USD 7 718 for staff members with at least one dependent (USD 5 916 and USD 7 718 respectively at 31/12/2019).
Accumulated annual leave	As the accumulation of annual leave by employees historically remains stable year on year, it is assumed that the total accumulated balance is a long-term employee benefit taken by staff members on separation from IIEP.

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

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 the year ended 31 December	637 900	1 298 004	1 935 904
Expressed in US dollars	Accumulated annual leave	Repatriation benefits	2019 Total
Defined benefit obligation 1 January	560 437	1 120 568	1 681 005
Employee benefits	560 437	1 120 568	1 681 005
Movements for year ended 31 December			
Service cost	34 551	70 071	104 622
Interest cost	9 578	19 212	28 790
Benefits paid	(22 543)	(51 919)	(74 462)
Actuarial loss	39 671	84 871	124 542
Foreign exchange difference	(3 602)	—	(3 602)
Defined benefit obligation for the year ended 31 December	618 092	1 242 803	1 860 895

Actuarial loss for AAL and repatriation benefit obligations recognized amount to USD 41 138 for the year ended 31 December 2020. For year ended 31 December 2019 the actuarial loss for AAL and repatriation benefits obligations amount to USD 124 542.

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

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

Expressed in US dollars	Accumulated annual leave	Repatriation benefits	2019 Total
Service cost	34 551	70 071	104 622
Interest cost	9 578	19 212	28 790
Actuarial loss	39 671	84 871	124 542
Total expenses recognized for the year	83 800	174 154	257 954

The expected contribution of IIEP in 2021 to the AAL and repatriation benefits is respectively USD 31 515 and USD 54 103, which represents expected benefit payments for the year.

After-service health insurance

Contributions made during the year amount to USD 360 049. For the year ended 31 December 2019, the contributions amounted to USD 336 632.

United Nations Joint Staff Pension Fund

- IIEP participates in UNESCO's financial obligation to the United Nations Joint Staff Pension Fund (UNJSPF or 'the Fund') which was established by the United Nations General Assembly to provide retirement, death, disability and related benefits to employees. The Fund is a funded, multi-employer defined benefit plan. As specified in Article 3(b) of the Regulations of the Fund, membership in the Fund shall be open to the specialized agencies and to any other international, intergovernmental organization which participates in the common system of salaries, allowances and other conditions of service of the United Nations and the specialized agencies.
- The Fund exposes participating organizations to actuarial risks associated with the current and former employees of other organizations participating in the Fund, with the result that there is no consistent and reliable basis for allocating the obligation, plan assets and costs to individual organizations participating in the Fund. UNESCO and the Fund, in line with the other participating organizations in the Fund, are not in a position to identify IIEP's proportionate share of the defined benefit obligation, the plan assets and the costs associated with the plan with sufficient reliability for accounting purposes. Hence, IIEP has treated this plan as if it were a defined contribution plan in line with the requirements of IPSAS 39, Employee Benefits. IIEP's contributions to the Fund during the financial period are recognized as expenses in the Statement of Financial Performance.
- 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's financial obligation to the Fund consists 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.

5. The latest actuarial valuation for the Fund was completed as of 31 December 2019, and a roll forward of the participation data as of 31 December 2019 to 31 December 2020 has been used by the Fund for its 2020 financial statements.
6. 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 144.2% (139.2% in the 2017 valuation). The funded ratio was 107.1 (102.7% in the 2017 valuation) when the current system of pension adjustments was taken into account.
7. 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.
8. 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 (2017, 2018 and 2019) amounted to USD 7 546.92 million, of which 2.23% was contributed by UNESCO.
9. 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.
10. 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 Fund's website.
11. The Institute's contributions made during the year amount to USD 2 105 333. For the year ended 31 December 2019, the contributions amounted to USD 1 992 462.

Note 17: Voluntary contributions with conditions

Expressed in US dollars	2020	2019
Voluntary contributions with conditions		
1 January	7 107 436	5 225 291
Movements for the year ended 31 December		
Amounts recognized as revenue	(5 441 698)	(4 893 091)
New contributions received	4 068 599	6 775 236
Voluntary contributions with conditions at the year ended 31 December	5 734 337	7 107 436

The Institute recognizes as a liability conditions 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 2020, IIEP recognized as revenue amounting to USD 5 441 698: USD 2 833 405 for the Agence Française de Développement (AFD) Convention 2020-2023 (France core funding); USD 710 773 for the AFD project Plateforme d'expertise en formation professionnelle (PEFOP); USD 1 337 661 for the project AFD Quality; USD 184 938 for the AFD projects in Burkina Faso and USD 91 285 for the Annual Training Programme (ATP) and 283 636 for the Ministère de l'Éducation, et de la Formation Technique et Professionnelle projects in Burundi.

The new contributions received in 2020 amount to USD 4 068 599: USD 2 833 405 for the AFD Convention 2020-2023 core funding; USD 535 243 for the Foreign Policy Instruments EU funding; USD 397 595 for the EU Near project; USD 274 668 for the AFD projects in Burkina Faso; and USD 27 688 for the ATP.

Note 18: Advance receipts

The Institute recognizes as a liability advance receipts related to future years and within the framework of future programme activities. The amount in 2020 for advance receipts is zero.

Expressed in US dollars	2020	2019
Voluntary contributions received in advance	-	7 268
Advance receipts	-	7 268

Note 19: Other current 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 519 598 (USD 480 450 in 2019).

Expressed in US dollars	2020	2019
Provision for litigation	519 598	480 450
Deferred income	121 680	188 838
Total other current liabilities	641 278	669 288

The deferred income of USD 121 680 (2019: USD 188 838) shows cash receipt in advance for services that are expected to be provided in 2021.

Provision for litigation movements:

Expressed in US dollars	2020
As at 1 January 2020	
Current portion	480 450
Non-current portion	—
Total	480 450
Movements during the year	39 148
As at 31 December 2020	
Current portion	519 598
Non-current portion	—
Total	519 598

Note 20: Net assets

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

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 2019:

Expressed in US dollars	1 January 2019 opening reserves	Surplus / (Deficit) for the year	Other adjustments to reserves	31 December 2019
Stabilization Reserve Account	9 666 267	—	351 303	10 017 570
Accumulated surplus	4 869 886	1 262 878	(320 491)	5 812 273
Total net assets	14 536 153	1 262 878	30 812	15 829 843

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

- to provide resources, through interest gained, which would enable the Institute to finance its yearly programme at a level compatible with the expectations of the Member States;
- to cover the payment of separation and other benefits of retiring or departing staff members of the Institute; and
- to provide resources, from the accrued capital, in order to finance the Institute's yearly programme, should exceptional economic or financial conditions warrant it, on the understanding that these resources will be returned to the Account within a financial year not exceeding three years.

The Account is administered in accordance with the Financial Regulations and Rules of the IIEP Special Accounts for Education Planning. During 2020, an amount of USD 615 912 (2019: USD 591 157), representing 5% of the Institute's previous year's payroll, and USD 240 017 (2019: USD 178 863) 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	2020	2019
Balance of Stabilization Reserve		
Account as at 1 January	10 017 570	9 666 267
Transfers of interest from previous year	240 017	178 863
5% of the Institute's previous year's payroll	615 912	591 157
Sub-total	10 873 499	10 436 287
Termination indemnity	(45 800)	(418 717)
Total Stabilization Reserve Account	10 827 699	10 017 570

Note 21: Revenue

Expressed in US dollars	2020	2019
UNESCO financial allocation	2 140 100	2 140 100
Voluntary contributions		
Voluntary contributions – Core Funding	13 754 874	10 546 632
Voluntary contributions – Extrabudgetary	3 529 531	6 237 117
Voluntary contributions – Extrabudgetary inter-organization	1 097 383	1 318 530
In-kind voluntary contributions	2 034 771	1 887 397
Total voluntary contributions	20 416 559	19 989 676
Other revenue producing activities		
Revenue producing activities	449 419	894 761
Income from services rendered	545 916	173 758
Total other revenue producing activities	995 335	1 068 519
Finance revenue	208 059	356 492
Other revenue	63 617	252
Foreign exchange gains	1 314 666	-
Total revenue	25 138 336	23 555 039

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 54 177 (Senegal), USD 1 848 594 (France), and USD 132 000 (Argentina). Estimated rental value for the year 2019 amounted to: USD 45 253 (Senegal), USD 1 714 645 (France), and USD 127 500 (Argentina).

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

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.

Note 22: Expenses

Expressed in US dollars	2020	2019
Staff costs		
International and national staff	12 783 730	12 006 327
Temporary staff	774 717	765 806
Other personnel costs	504 665	444 021
Total staff costs	14 063 112	13 216 154
Consultants, external experts, and mission costs		
Consultants	1 914 743	1 859 883
Staff mission costs	235 805	1 005 091
Delegates' and external individuals' missions	2 499	125 397
Other contracts	95 639	144 449
Total consultants, external experts, and mission costs	2 248 686	3 134 820
Supplies, consumables, and other running costs		
Communications	97 775	144 314
Equipment	238 607	221 839
Leases	2 114 764	1 958 546
Utilities	136 760	190 851
Maintenance and repairs	31 292	62 666
Other supplies	112 024	112 997
Total supplies, consumables, and other running costs	2 731 222	2 691 213
Contracted services		
Contracted seminars and meetings	9 653	24 854
Contracted document production	17 026	31 216
Other contracted services	1 310 005	1 818 002
Total contracted services	1 336 684	1 874 072
External training, grants, and other transfers		
Financial contributions	-	6 389
Grants and fellowships	159 644	376 271
External training and seminars	185 322	522 470
Total external training, grants, and other transfers	344 966	905 130
Depreciation and amortization	259 808	243 261
Other expenses		
Other operating expenses	80 338	106 655
Loss on disposal	898	3 001
Total other expenses	81 236	109 656
Foreign exchange losses	-	103 052
Finance costs	16 472	14 803
Total expenses	21 082 186	22 292 161

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

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. 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 reimbursement of medical benefits funds and medical claims. This line also includes staff travel expenses which are not related to mission costs (home leave, family visits, education grants, interviews, separation).

Consultants, external experts, and mission costs

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

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.

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.

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.

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 13](#)). Amortization is the expense resulting from the systematic allocation of the amortizable amount of intangible assets over their useful lives (see [Note 14](#)).

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 23: Commitments and Contractual rights

Commitments

IIEP enters into operating lease arrangements for the use of photocopying and printing equipment. Future minimum lease rental payments for the following years are:

.Expressed in US dollars	2020	2019
Within one year	41 280	41 280
Later than one year and not later than five years	55 816	97 096
Total operating lease commitments	97 096	138 376

Contractual rights

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

As at 31 December 2020, there are voluntary contributions with an approximate value of USD 28 976 847 (2019: USD 31 036 008) under existing agreements where it is considered probable that IIEP will meet the stipulations set out in the agreement.

Note 24: Budget

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° 563 (paras. d and e) of the 59th GB, the Director is authorized to accept additional voluntary contributions, increase appropriations accordingly, and make transfers between appropriations lines within the limits authorized by the Board.

Governing Board Resolution

A comparison between the GB Resolution and the year-end total expenditure is provided. The presentation of the reconciliation of the accounts and budget, Statement V, separates the core funding budget as voted in Resolution n° 576 from the Extrabudgetary programme of the same Resolution.

Extrabudgetary programme and other funds expenditure

The Director of IIEP is authorized to receive funds or assistance in kind from governments; international, regional, or national organizations; governmental or non-governmental institutions; and other bodies, as well as from individuals, for the implementation of the programmes, projects, or other activities consistent with the aims, policies, and activities of IIEP and of UNESCO, and to incur obligations for such activities in accordance with the Regulations 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 2020 to 31 December 2020. The budget situation as at 31 December 2020, which concerns only allotments for the year 2020, shows non-implemented activities of USD 1 401 100. The total expenditure figure of USD 19 325 906 at this date contains unliquidated obligations (ULOs) amounting to USD 1 377 525 and a reduction of USD 2 706 311 for inter-fund eliminations.

The budget and the accounting bases differ. The budget is prepared on a modified cash basis whereas the financial statements are prepared on the accrual basis. A Statement of Comparison of Budget and Actual Amounts is provided in these financial statements (see Statement V). Reconciliations between the actual amounts on a comparable basis as presented in the Statement of Comparison of Budget and Actual Amounts and the actual amounts in the financial statements for the year ended 31 December 2020 are presented.

Reconciliation: Budgetary result with net surplus

Expressed in US dollars	2020
Surplus / (Deficit) for the year	4 056 150
Less of income	(3 096 664)
ULOs	(1 377 525)
Accounting basis adjustments:	
Rental of premises (in-kind)	2 034 771
Foreign exchange gains	(1 314 666)
Prior year ULO expenditure	1 182 416
Depreciation	259 808
Accruals reversal	(612 577)
Accruals	219 068
Advance payments	(18 461)
Operating gains/(losses)	20 645
Employee benefits	223 373
New acquisitions PP&E and intangibles	(136 365)
Other adjustments	(38 873)
Total accounting adjustments	1 819 139
Budget result on budgetary basis	1 401 100

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

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

- ULOs not recognized under accrual accounting.
- Capital expenditures capitalized and depreciated over useful lives under accrual accounting (generally recorded as current-year expenses in the budget).

In accrual accounting, employee benefit obligations are reported in the Statement of Financial Position, and movements in the obligation can impact the Statement of Financial Performance.

Reconciliation: Budgetary result with net cash flow

2020 Expressed in US dollars	Operating activities	Investing activities	Financing activities	Total
Actual net surplus as per the Statement of Comparison of Budget and Actual Amounts	1 401 100	-	-	1 401 100
Basis differences	(5 213 222)	1 358 965		(3 854 257)
Timing differences	-	-	-	-
Actual amount in the Statement of Cash Flow	(3 812 122)	1 358 965	-	(2 453 157)

Basis differences

The budget is prepared on a 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 have to be taken into account.

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

- Budget allotment disbursement (USD 3.1 million): this amount represents the difference between the budget allotted in 2020 and the revenue recognized under the statement of financial performance in line with the IPSAS standards;
- Some expenses and revenues, such as the 2020 foreign exchange gain (USD 1.3 million) and accruals (USD 0.4 million), do not affect the budget but are part of the accounting surplus in line with IPSAS, resulting in a difference between the 2020 budget surplus and the 2020 surplus under the statement of financial performance;
- Employee benefits (USD 0.223 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 1.2 million): the unliquidated obligations (ULOs) pertaining to 2019 have been expensed in 2020. They were included in 2019 statement V and contributed to the budget surplus. However, if they are not part of the 2020 budget surplus they have been recorded as expenses incurred in 2020 through the statement of financial performance;
- Fixed assets addition (USD 0.14 million), depreciation and amortization (USD 0.3 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 million): valued and recognized in the statement of 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 1.4 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 2020. As such there are no timing differences in the reconciliation.

Unliquidated obligations

Expressed in US dollars	2020	2019
Opening balance, 1 January	2 038 540	1 689 039
Less payments against ULOs	(1 182 416)	(1 046 051)
Savings on prior year ULOs	(747 477)	(603 418)
Total prior year ULOs	108 647	39 570
Current year ULOs	1 377 525	1 998 970
Total ULOs	1 486 172	2 038 540

For budgetary purposes the Institute records ULOs, which are commitments that are not recognized in the Statement of Financial Position. These ULOs concern budget commitments which have not yet given rise to the delivery of a service at the reporting date and real accruals for goods and services received but not yet invoiced and for travel which has taken place during the year. ULOs are included in the actual amounts of the budget expenditure as at 31 December 2020. Total ULOs at the reporting date are USD 1 486 172 (USD 2 038 540 in 2019).

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

Note 25: 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. In response to the stress in financial markets in March 2020, actions were taken to apply additional risk controls on investment counterparts and to shorten the duration of investments.

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.

Fair value of financial assets and liabilities

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

The fair value of accounts payable (exchange transactions) and accruals, payable to UNESCO, and other current liabilities approximate their carrying value.

Credit risk

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

Investments and cash

The investment management function is centralized at UNESCO 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.

The credit risk exposure related to cash and investments is not significant as they are readily convertible into cash and not subject to a significant change in value.

Receivables

Receivables are mainly from donors and fellowships. An allowance is established when there is objective evidence, based on a review of outstanding amounts at the reporting date that a 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.

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 20 704 511 (2019: USD 23 151 542) which is substantially more than the current liabilities equaling USD 7 684 519 (2019: USD 9 403 488). Therefore, the Institute is not exposed to a significant liquidity risk.

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.

Interest rate risk

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

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

Concentration risk

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

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

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

All investments were compliant with UNESCO's Investment Policy.

Note 26: 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 27: Related party disclosures

Governing bodies

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

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

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.

In 2020 IIEP has transferred to UNESCO the assets related to a project in Afghanistan.

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 individuals considered key management personnel in 2020:

- 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 (retirement)
- 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 16](#)) at the same level as other employees. Key management personnel are ordinary members of the UNJSPF.

	2020	2019
Number of individuals	13	12
Expressed in US dollars		
Compensation and post adjustment	1 516 141	1 485 571
Entitlements (allowances, grants, and subsidies)	201 066	128 399
Pension and health plans	437 746	433 790
Total remuneration	2 154 953	2 047 760
Outstanding advances against entitlements	44 187	29 816
Reimbursement of US income tax	15 000	15 012

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 28: Segment information

Segment information is based on geographical operation and programme specificity. 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.

FINANCIAL POSITION BY SEGMENT AS AT 31 DECEMBER 2020

Expressed in US dollars	IIEP Paris	IIEP Buenos Aires	Fellowships	IIEP Dakar	Inter-fund eliminations	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
Account receivable (non-exchange transactions)	155 465	-	11 057	307 043	(1)	473 564
Account receivable (exchange transactions)	388	-	-	-	-	388
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 (exchange transactions) 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
Advance receipts	-	-	-	-	-	-
Other current 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
TOTAL NET ASSETS BALANCE AT THE BEGINNING OF THE YEAR	15 624 073	(51 425)	382 595	(125 400)	-	15 829 843
Return of funds to donors	(471)	-	-	-	-	(471)
Total items recognized directly in Net Assets	(471)	-	-	-	-	(471)
Surplus/(Deficit) for the year	2 996 314	(956 750)	(100 243)	2 116 830	(1)	4 056 150
Total recognized revenue and expense for the year	2 995 843	(956 750)	(100 243)	2 116 830	(1)	4 055 679
NET ASSETS AT THE END OF THE YEAR	18 619 916	(1 008 175)	282 352	1 991 430	(1)	19 885 522

FINANCIAL POSITION BY SEGMENT AS AT 31 DECEMBER 2019

Expressed in US dollars	IIEP Paris	IIEP Buenos Aires	Fellowships	IIEP Dakar	Inter-fund eliminations	TOTAL
ASSETS						
Current assets						
Cash	6 139 124	1 011 189	649 410	3 625 911	—	11 425 634
Investments	10 580 350	—	—	—	—	10 580 350
Inventories	26 287	—	—	—	—	26 287
Account receivable (non-exchange transactions)	1 020 274	8 800	38 061	289 927	—	1 357 062
Account receivable (exchange transactions)	5 297	—	11 032	209	—	16 538
Advance payments	321 984	26 800	—	100 321	—	449 105
Other receivables	129 187	—	—	—	—	129 187
Receivable from UNESCO	1 499 695	(701)	884 666	712 102	(1 950 204)	1 145 558
Total current assets	19 722 198	1 046 088	1 583 169	4 728 470	(1 950 204)	25 129 721
Non-current assets						
Property, plant, and equipment	994 103	6 183	—	50 469	—	1 050 755
Intangible assets	204 652	—	—	—	—	204 652
Total non-current assets	1 198 755	6 183	—	50 469	—	1 255 407
TOTAL ASSETS	20 920 953	1 052 271	1 583 169	4 778 939	(1 950 204)	26 385 128
LIABILITIES						
Current liabilities						
Accounts payable (exchange transactions) and accruals	576 198	50 301	—	130 092	—	756 591
Employee benefits	668 660	16 594	—	177 651	—	862 905
Voluntary contributions with conditions	2 916 917	—	91 285	4 099 234	—	7 107 436
Advance receipts	7 268	—	—	—	—	7 268
Other current liabilities	415 051	65 399	119 642	69 196	—	669 288
Payable to UNESCO	—	960 557	989 647	—	(1 950 204)	—
Total current liabilities	4 584 094	1 092 851	1 200 574	4 476 173	(1 950 204)	9 403 488
Non-current liabilities						
Employee benefits	712 786	10 845	—	428 166	—	1 151 797
Total non-current liabilities	712 786	10 845	—	428 166	—	1 151 797
TOTAL LIABILITIES	5 296 880	1 103 696	1 200 574	4 904 339	(1 950 204)	10 555 285
NET ASSETS	15 624 073	(51 425)	382 595	(125 400)	—	15 829 843
TOTAL NET ASSETS BALANCE AT THE BEGINNING OF THE YEAR	14 497 029	327 921	139 389	(428 186)	—	14 536 153
Other adjustments	63 794	—	—	13 316	—	77 110
Return of funds to donors	(10 111)	—	—	(36 187)	—	(46 298)
Total items recognized directly in Net Assets	53 683	—	—	(22 871)	—	30 812
Surplus/(Deficit) for the year	1 073 361	(379 346)	243 206	325 657	—	1 262 878
Total recognized revenue and expense for the year	1 127 044	(379 346)	243 206	302 786	—	1 293 690
NET ASSETS AT THE END OF THE YEAR	15 624 073	(51 425)	382 595	(125 400)	—	15 829 843

FINANCIAL PERFORMANCE BY SEGMENT FOR THE YEAR ENDED 31 DECEMBER 2020

Expressed in US dollars	IIEP	IIEP	Fellowships	IIEP		TOTAL
	Paris	Buenos Aires		Dakar	Eliminations	
REVENUE						
Voluntary contributions – Core Funding	10 921 469	-	-	2 833 405	-	13 754 874
Voluntary contributions – Extrabudgetary	1 453 459	268 380	(3 463)	2 908 538	-	4 626 914
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	632 066	50 846	175 555	136 868	-	995 335
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-segment 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-segment 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

FINANCIAL PERFORMANCE BY SEGMENT FOR THE YEAR ENDED 31 DECEMBER 2019

Expressed in US dollars	IIEP	IIEP	Fellowships	IIEP		TOTAL
	Paris	Buenos Aires		Dakar	Eliminations	
REVENUE						
Voluntary contributions – Core Funding	10 091 568	—	—	455 064	—	10 546 632
Voluntary contributions – Extrabudgetary	2 639 672	649 898	—	4 266 077	—	7 555 647
UNESCO financial allocation	2 140 100	—	—	—	—	2 140 100
In-kind contribution	1 714 644	127 500	—	45 253	—	1 887 397
Other revenue producing activities	249 293	51 115	613 411	154 700	—	1 068 519
Finance revenue	356 492	—	—	—	—	356 492
Other revenue	252	—	—	—	—	252
Inter-segment transfers	381 426	700	232 208	4 645	(618 979)	—
TOTAL REVENUE	17 573 447	829 213	845 619	4 925 739	(618 979)	23 555 039
EXPENSES						
Staff costs	9 958 905	475 712	—	2 781 537	—	13 216 154
Consultants, external experts, and mission costs	1 887 434	470 657	—	776 729	—	3 134 820
Supplies, consumables, and other running costs	2 334 987	177 475	—	178 751	—	2 691 213
Contracted services	1 197 519	95 623	—	580 930	—	1 874 072
External training, grants, and other transfers	420 002	—	328 043	157 085	—	905 130
Depreciation and amortization	216 248	4 859	—	22 154	—	243 261
Other expenses	98 979	—	—	10 677	—	109 656
Foreign exchange losses	146 692	(26 091)	—	(17 549)	—	103 052
Finance costs	2 467	10 324	—	2 012	—	14 803
Inter-segment transfers	236 853	—	274 370	107 756	(618 979)	—
TOTAL EXPENSES	16 500 086	1 208 559	602 413	4 600 082	(618 979)	22 292 161
SURPLUS/(DEFICIT) FOR THE YEAR	1 073 361	(379 346)	243 206	325 657	—	1 262 878



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