

UNESCO IICBA

Financial Statements 2022



INTERNATIONAL INSTITUTE FOR CAPACITY BUILDING IN AFRICA (IICBA)

**APPROVAL OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

In accordance with the Financial Regulations (article 11) of the United Nations Educational, Scientific and Cultural Organization (UNESCO), attached are the financial statements and accompanying notes for the year ended 31 December 2022.

The financial statements are the responsibility of Management and they have been prepared in accordance with the International Public Sector Accounting Standards (IPSAS), and comply with the Financial Regulations of the UNESCO. They include certain amounts that are based on Management's best estimates and judgements.

Accounting procedures and related systems of internal control, developed by Management provide reasonable assurance that assets are safeguarded and that the books and records properly reflect all transactions.

The financial statements numbered I to IV and the accompanying notes are hereby approved and submitted to the Governing Board of the International Institute for Capacity Building in Africa (IICBA).

The External Auditor, in line with Article 12 of the Financial Regulations, provides an opinion on the consolidated financial statements of UNESCO. IICBA's financial statements are included within the scope of consolidation for the preparation of the UNESCO financial statements.

Mr Quentin Wodon
Director
International Institute for Capacity Building in Africa (IICBA)

(SIGNED)

Mrs Bona Magdolna
Chief Financial Officer
UNESCO

(SIGNED)

Date: 29 June 2023

CONTENTS

I. STATEMENT OF FINANCIAL POSITION	3
II. STATEMENT OF FINANCIAL PERFORMANCE	4
III. STATEMENT OF CHANGES IN NET ASSETS	5
IV. STATEMENT OF CASH FLOW	6
V. NOTES TO THE FINANCIAL STATEMENTS	7
NOTE 1: REPORTING ENTITY	7
NOTE 2: SIGNIFICANT ACCOUNTING POLICIES	7
NOTE 3: ACCOUNTING ESTIMATES, ASSUMPTIONS AND JUDGEMENTS	13
NOTE 4: ACCOUNTING STANDARDS ISSUED	14
NOTE 5: ADVANCE PAYMENT	15
NOTE 6: OTHER RECEIVABLES	15
NOTE 7: PROPERTY, PLANT & EQUIPMENT	15
NOTE 8: ACCOUNTS PAYABLE AND ACCRUALS	16
NOTE 9: EMPLOYEE BENEFITS	17
NOTE 10: VOLUNTARY CONTRIBUTIONS WITH CONDITIONS	19
NOTE 11: NET ASSETS	20
NOTE 12: REVENUE	20
NOTE 13: EXPENSES	21
NOTE 15: CONTINGENT LIABILITIES AND CONTINGENT ASSETS	22
NOTE 16: FINANCIAL RISK MANAGEMENT	23
NOTE 17: RELATED PARTY DISCLOSURES	24

INTERNATIONAL INSTITUTE FOR CAPACITY BUILDING IN AFRICA (IICBA)
STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER
(STATEMENT I)

Expressed in US dollars	Note	2022	2021
<u>ASSETS</u>			
Current Assets			
Cash		23 645	72
Advance payments	5	2 755	13 183
Other receivables	6	1 697 942	2 357 744
Total Current Assets		1 724 342	2 370 999
Non-Current Assets			
Property, plant and equipment	7	93 272	129 771
Total Non-Current Assets		93 272	129 771
<u>TOTAL ASSETS</u>		1 817 614	2 500 770
<u>LIABILITIES</u>			
Current Liabilities			
Accounts payable and accruals	8	9 917	137 778
Employee benefits	9	62 109	182 657
Voluntary Contributions with conditions	10	753 446	1 621 553
Total Current Liabilities		825 472	1 941 988
<u>TOTAL LIABILITIES</u>		825 472	1 941 988
<u>NET ASSETS</u>	11	992 142	558 782

The accompanying notes are an integral part of the financial statements.

**INTERNATIONAL INSTITUTE FOR CAPACITY BUILDING IN AFRICA (IICBA)
STATEMENT OF FINANCIAL PERFORMANCE
FOR THE YEAR ENDED 31 DECEMBER
(STATEMENT II)**

Expressed in US dollars	Note	2022	2021
<u>REVENUE</u>			
UNESCO Financial Allocation		990 450	990 450
Voluntary contributions		1 687 195	990 099
In-kind contribution		44 599	44 599
Other revenue		97 890	141 264
Finance Revenue		30 328	3 972
Total Revenue	12	2 850 462	2 170 384
<u>EXPENSES</u>			
Personnel cost		1 313 973	1 425 448
Consultants, external experts and mission costs		265 442	257 930
External training, grants and other transfers		126 231	19 377
Supplies, consumables and other running costs		192 064	131 151
Contracted services		478 643	864 110
Depreciation		36 499	44 132
Foreign exchange losses		3 633	7 012
Finance costs		617	3 444
Total Expenses	13	2 417 102	2 752 604
SURPLUS/(DEFICIT) FOR THE YEAR		433 360	(582 220)

The accompanying notes are an integral part of the financial statements.

**INTERNATIONAL INSTITUTE FOR CAPACITY BUILDING IN AFRICA (IICBA)
STATEMENT OF CHANGES IN NET ASSETS
FOR THE YEAR ENDED 31 DECEMBER
(STATEMENT III)**

Expressed in US dollars	Note	2022	2021
Net Assets at the beginning of the year		<u>558 782</u>	<u>1 141 002</u>
Surplus/(Deficit) for the year		<u>433 360</u>	<u>(582 220)</u>
Total change in net Assets		<u>433 360</u>	<u>(582 220)</u>
Net Assets at the end of the year	11	<u>992 142</u>	<u>558 782</u>

The accompanying notes are an integral part of the financial statements.

**INTERNATIONAL INSTITUTE FOR CAPACITY BUILDING IN AFRICA (IICBA)
STATEMENT OF CASH FLOW
FOR THE YEAR ENDED 31 DECEMBER
(STATEMENT IV)**

	Note	2022	2021
Expressed in US dollars			
Cash flows from operating activities			
Surplus/(Deficit) for the year		433 360	(582 220)
Depreciation		36 499	44 132
Decrease/(Increase) in advance payments		10 428	(10 231)
Decrease in other receivables		659 802	344 775
(Decrease)/Increase in accounts payable and accruals		(127 861)	94 058
(Decrease)/Increase in employee benefits		(120 548)	79 419
(Decrease) in Voluntary contributions with conditions		(868 107)	-
Loss on disposal on Property Plant and equipment		-	(584)
Effect of exchange rate on operating activities		5 309	14 673
Net cash flows from operating activities		28 882	(15 978)
Cash flows from investing activities			
Purchase of property, plant and equipment		-	29 446
Net cash flows from investing activities		-	29 446
Net Increase / (decrease) in cash		28 882	13 468
Cash, beginning of the year		72	351
Effect of foreign exchange gain/loss on foreign denominated cash		(5 309)	(13 747)
Cash, end of year		23 645	72

The accompanying notes are an integral part of the financial statements.

**V. INTERNATIONAL INSTITUTE FOR CAPACITY BUILDING IN AFRICA (IICBA)
NOTES TO THE FINANCIAL STATEMENTS FOR
THE YEAR ENDED 31 DECEMBER 2022**

NOTE 1: REPORTING ENTITY

The International Institute for Capacity Building in Africa (IICBA or the Institute) is an integral part of the United Nations Educational, Scientific and Cultural Organization (UNESCO). UNESCO is considered the controlling entity of IICBA, which is included within the UNESCO consolidated Financial Statements.

The UNESCO International Institute for Capacity Building in Africa (IICBA) was established in 1999. As the only UNESCO Category 1 Institute in Africa, it is mandated to strengthen the capacities of teachers and teachers training institutions of the 53 Member States. It does this by introducing information and communication technologies (ICTs) for education, establishing networks of partner institutions to foster the sharing of experiences, undertaking research and development on teacher education institutions in Africa, utilizing distance education for improving the capacities of teacher's training institutions and providing technical support on policy issues on teachers to member states. The Statutes of IICBA were approved at the 30th session of the UNESCO General Conference by Resolution 8 which was adopted at the 24th & 26th plenary meetings, on 16 and 17 November 1999.

As a Category 1 Institute, IICBA enjoys functional autonomy in programme implementation. The Governing Board of IICBA is composed of eight members. The Governing Board approves the Institute's annual budget and determines the nature of its activities. It also approves the yearly report of activities presented to it by the Director of IICBA. The Director of IICBA is appointed by the Director-General of UNESCO and is responsible for day-to-day operations. The Director of IICBA also serves as the secretary to the Governing Board.

NOTE 2: SIGNIFICANT ACCOUNTING POLICIES

2.1 BASIS OF PREPARATION AND PRESENTATION

Basis of preparation

The financial statements have been prepared on an accrual and going concern basis in accordance with the requirements of International Public Sector Accounting Standards (IPSAS) and comply with the financial regulations of the special account for IICBA.

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

Financial period

The financial statements are prepared on an annual basis, beginning on the first day of January and ending on the thirty-first day of December each year.

Presentation and Functional Currency

The presentation currency of the financial statements is the United States (US) dollars which is also the functional currency of IICBA.

2.2 FOREIGN CURRENCY TRANSACTIONS

Foreign currency transactions carried out during the financial year are converted into US dollars using the United Nations Operational Rate of Exchange (UNORE) prevailing at the date of the transaction. The UNORE approximates market rates as they are set bi-monthly, and revised if there are significant exchange rate fluctuations relating to individual currencies.

Non-monetary items that are measured in terms of historical cost or fair value in a foreign currency are translated using the UNORE prevailing at the date of the initial transaction or when the fair value was determined. Monetary assets and liabilities that are denominated in foreign currencies are translated into US dollars at the exchange rate prevailing on the date of the Statement of Financial Position.

Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the Statement of Financial Performance.

2.3 FINANCIAL ASSETS

IICBA's financial assets include cash, advance payments, and other receivables.

Financial assets need to be classified at initial recognition. The subsequent measurement of financial assets depends on this 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.

All financial assets were classified as loans and receivables (L&R) and are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and subsequently measured at amortized cost.

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

Financial assets	Classification	Subsequent Measurement
Cash	L&R	Amortized cost
Advance payments	L&R	Amortized cost
Other receivables	L&R	Amortized cost

Impairment of financial assets at amortized cost

IICBA 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, occurring after the initial recognition of the asset, which have 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.

2.4 FINANCIAL LIABILITIES

IICBA's financial liabilities include Accounts payable and accruals.

The measurement of financial liabilities depends on their classification.

- (a) Financial liabilities at fair value through surplus or deficit include financial liabilities classified as held for trading and financial liabilities designated upon initial recognition as at fair value through surplus or deficit
- (b) Financial liabilities classified as amortized cost are, after initial recognition, 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.

IICBA has classified all its financial liabilities as amortized cost and are therefore, measured at amortized cost.

2.5 CASH

Cash includes cash in hand.

2.6 ADVANCE PAYMENTS

IICBA can advance funds to third parties under non-exchange contracts for the delivery of IICBA's programs and activities. Such transfers to third parties, as and when made, are treated as Advance Payments if the conditions on the transferred assets are not fulfilled at the reporting date.

2.7 OTHER RECEIVABLES

Receivables are initially measured at fair value and then, their carrying value 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 IICBA will not be able to collect all amounts due according to the original terms of the receivables. In establishing the allowance for financial and host contribution, the fair value of receivables is calculated as the estimated discounted cash flows arising from receivables to be collected in the future. The level of accounts receivable related to voluntary contributions does not require discounting. Other receivables including monies held in UNESCO cash pool do not require discounting.

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

2.8 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 as applicable.

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 IICBA 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.

Disposals

Gains and losses on disposal are determined by comparing the proceeds with the carrying amount of the asset and are recognized 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 IICBA and the cost of the item can be measured reliably.

Depreciation

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

Class of Property, Plant and Equipment	Depreciation Period
Communications and IT equipment	4 years
Vehicles	5 years
Furniture and Fixtures	5 years
Other equipment	5 years

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.

2.9 ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

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

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

2.10 EMPLOYEE BENEFITS

IICBA recognizes the following categories of employee benefits:

Short-term employee benefits

Short-term employee benefits are expected to be settled within 12 months of the reporting date and are measured at their nominal values based on accrued entitlements at current rates of pay. Short-term employee benefits comprise first-time employment benefits (assignment grants); regular monthly benefits (wages, salaries, allowances) and other benefits (education grant, home leave, etc.). An expense is recognized under personnel costs when employees render service to IICBA and a liability is recognized for an entitlement that has not been settled at the reporting date.

Post-employment benefits

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

UNESCO is a member organization participating in the United Nations Joint Staff Pension Fund (the "Fund"), which was established by the United Nations General Assembly to provide retirement, death, disability and related benefits to employees. IICBA contributes to UNJSPF through UNESCO. The Fund is a funded, multi-employer defined benefit plan. As specified in Article 3(b) of the Regulations of the Fund, membership in the Fund shall be open to the specialized agencies and to

any other international, intergovernmental organization which participates in the common system of salaries, allowances and other conditions of service of the United Nations and the specialized agencies.

The Fund exposes participating organizations to actuarial risks associated with the current and former employees of other organizations participating in the Fund, with the result that there is no consistent and reliable basis for allocating the obligation, plan assets and costs to individual organizations participating in the Fund. UNESCO and the Fund, in line with the other participating organizations in the Fund, are not in a position to identify UNESCO's proportionate share, and thereby IICBA's proportionate share, of the defined benefit obligation, the plan assets and the costs associated with the plan with sufficient reliability for accounting purposes. Hence, UNESCO has treated this plan as if it were a defined contribution plan in line with the requirements of IPSAS 39 Employee Benefits. IICBA's contributions to the Fund during the financial year are recognized as expenses in the Statement of Financial Performance.

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

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

The contributions of IICBA to the UNESCO ASHI scheme consists of 4% charge on salary of the participating staff. IICBA's contributions to the Special Account for ASHI during the financial year are recognized as personnel costs expenses in the Statement of Financial Performance.

Other long-term employee benefits

Other long-term employee benefits are benefits, which are expected to be settled more than 12 months after the end of the reporting period and relates to repatriation grants and compensated absences (accumulated leave). The liability recognized for these other long-term benefits is the present value of the defined benefit obligations at the reporting date. These liabilities are calculated by an independent actuary using the Projected Unit Credit Method. Interest cost, current service costs, and actuarial gains or losses arising from changes in actuarial assumptions or experience adjustments are recognized in the Statement of Financial Performance.

In addition, IICBA participates in the Terminal Payment Fund (TPF). This Fund was set up in accordance with Article 6, paragraph 6, of the Financial Regulations of UNESCO to cover costs of separation of staff members such as: termination payments, repatriation grants and death grants. IICBA, in line with the other participating organizations in the Fund, is not in a position to identify IICBA's proportionate share of the liability associated with this other long-term benefit with sufficient reliability for accounting purposes. Hence, IICBA has treated this benefit as if it were a defined contribution plan in line with the requirements of IPSAS 39. IICBA's contributions to the TPF during the financial year are recognized as personnel costs expenses in the Statement of Financial Performance. IICBA's contributions to UNESCO's TPF made during the year amount to USD 14 489 (2021: USD 14 589).

2.10 TAX

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

2.11 PROVISIONS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS

Provisions are recognized for future expenditure of uncertain amount or timing when there is a present obligation (either legal or constructive) as a result of a past event, it is probable that expenditure will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are not made for future operating losses.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation. The increase in the provision due to the passage of time is recognized as interest expense.

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

Contingent assets will be disclosed for cases where an event will give rise to a probable inflow of economic benefits.

2.12 REVENUE RECOGNITION

Revenue from non-exchange transactions

Revenue from non-exchange transactions is measured based on the increase in net assets recognized.

The revenues from non-exchange transactions are as follows:

- UNESCO financial allocation

The financial contribution made available from UNESCO's biennial budget approved by its General Conference, presented as UNESCO financial allocation in the Statement of Financial Performance, are recognized as revenue at the beginning of the relevant year as soon as the amounts are communicated to IICBA.

- Voluntary contributions

Voluntary contributions and other transfers which are supported by enforceable agreements are recognized as revenue at the time the agreement becomes binding and when control over the underlying asset is obtained, unless the agreement establishes a condition on transferred assets that requires recognition of a liability.

Conditions are imposed by donors on the use of contributions and include both a performance obligation to use the donation in a specified manner, and an enforceable return obligation to return the donation if it is not used in the specified manner. The amount recognized as a liability is the best estimate of the amount that would be required to settle the obligation at the reporting date. As IICBA 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 comprise of the use of storage space. The contribution value is based on the commercial rate for renting the building.

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

Revenue from exchange transactions

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

2.13 EXPENSES

Expenses are defined as decreases in economic benefits or service potential during the reporting period in the form of outflows or consumption of assets or incurrences 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 condition on transferred assets fulfilled consistent with the terms of the agreement.

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

2.14 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 risks and rewards of ownership. Lease payments under an operating lease are recognized as an expense on a straight-line basis over the lease term.

NOTE 3: ACCOUNTING ESTIMATES, ASSUMPTIONS AND JUDGEMENTS

The preparation of financial statements in accordance with IPSAS requires IICBA to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the 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 periods.

The areas where estimates, assumptions or judgement are significant to IICBA's financial statements include, but are not limited to: employee benefits, in-kind contributions for the use of storage space and useful lives of property, plant and equipment. Changes in estimates are reflected in the year in which they become known.

Estimates and assumptions

IICBA 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 IICBA.

Below is a list of key assumptions:

a) Useful lives of Property, plant and equipment

The useful lives of Property, plant and equipment are assessed using the following indicators to inform potential future use and value from disposal and impairment:

- The condition of the asset based on the assessment of experts employed by IICBA;
- The nature of the asset, its susceptibility and adaptability to changes in technology and processes;

- The nature of the processes in which the asset is deployed ;
- Availability of funding to replace the asset;
- Changes in the market in relation to the asset.

Note 2.8 provides information on the determined current useful lives.

b) Employee benefits

Employee benefits 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 9.

Judgements

IICBA undertakes a valuation of the in-kind contribution for the use of storage space. The principal factor that impacts the valuation is the availability of similar assets for rent.

NOTE 4: ACCOUNTING STANDARDS ISSUED

Accounting standards adopted during the year

No accounting standard was adopted during the year.

Accounting standards issued and to be adopted at a later date

- IPSAS 41 – Financial Instruments: the 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. Preliminary assessment suggests that the adoption of this standard will mainly have implication for disclosure in the notes to the financial statements, but no significant impact on the statements.
- IPSAS 42 – Social Benefits: the standard is effective for 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. IICBA has assessed that the adoption of the standard will not have any impact on the financial statements.
- IPSAS 43 – Leases: the standard is effective for annual reporting year beginning on or after 1 January 2025. The standard establishes the principles for the recognition, measurement, presentation and disclosure of leases in the financial statements. IICBA has not yet assessed the impact of the adoption of the standard.
- IPSAS 44 - Non-current assets held for sale and discontinued operations: the standard is effective for annual reporting year beginning on or after 1 January 2025. The standard specifies the accounting for assets held for sale and the presentation and disclosure of discontinued operations. The adoption of the standard has no impact on IICBA’s financial statements.

NOTE 5: ADVANCE PAYMENTS

	2022	2021
Expressed in US dollars		
Advances to staff	2 412	11 726
Other advances	343	1 457
Total advance payments	2 755	13 183

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

NOTE 6: OTHER RECEIVABLES

	2022	2021
Expressed in US dollars		
VAT receivables	29 756	8 471
Receivable from UNESCO	1 668 186	2 349 273
Total other receivables	1 697 942	2 357 744

IICBA enjoys the privilege of tax-exemption, However, it makes cash payment for VAT due to its suppliers and contractors. The VAT receivables relate to value-added Tax (VAT) paid to suppliers and contractors which is recoverable from fiscal authorities (VAT Office).

The receivable from UNESCO represents amounts due by UNESCO relating to the UNESCO financial allocation, voluntary contributions received on behalf of IICBA and decentralized funds from UNESCO projects used, inter alia, to cover payroll payments processed by UNESCO. The receivable balance is kept within the operating account of UNESCO's cash pool to maximize the return on deposited funds. Interest revenues are allocated to IICBA in the proportion of its share held, in the operating account, of UNESCO's cash pool.

NOTE 7: PROPERTY PLANT AND EQUIPMENT

	Comms & IT Equipm't	Vehicles	Furniture and Fixtures	Other Equipm't	2022
Expressed in US dollars					
1 January 2022					
Cost	83 233	106 545	158 350	14 692	362 820
Accumulated depreciation	(74 621)	(103 907)	(42 454)	(12 067)	(233 049)
Carrying amount	8 612	2 638	115 896	2 625	129 771
Movements 12 months to 31 December 2022					
Depreciation	(2 770)	(2 638)	(29 591)	(1 500)	(36 499)
Total movements	(2 770)	(2 638)	(29 591)	(1 500)	(36 499)
31 December 2022					
Cost	83 233	106 545	158 350	14 692	362 820
Accumulated depreciation	(77 391)	(106 545)	(72 045)	(13 567)	(269 548)
Carrying amount	5 842	-	86 305	1 125	93 272

Expressed in US dollars	Comms & IT Equipm't	Vehicles	Furniture and Fixtures	Other Equipm't	2021
1 January 2021					
Cost	77 618	106 545	193 411	14 692	392 266
Accumulated depreciation	(66 857)	(98 629)	(13 448)	(10 567)	(189 501)
Carrying amount	10 761	7 916	179 963	4 125	202 765
Movements 12 months to 31 December 2021					
Additions	5 615	-	-	-	5 615
Depreciation	(7 764)	(5 278)	(29 590)	(1 500)	(44 132)
Adjustment Depreciation	-	-	584	-	584
Adjustment cost	-	-	(35 061)	-	(35 061)
Total movements	(2 149)	(5 278)	(64 067)	(1 500)	(72 994)
31 December 2021					
Cost	83 233	106 545	158 350	14 692	362 820
Accumulated depreciation	(74 621)	(103 907)	(42 454)	(12 067)	(233 049)
Carrying amount	8 612	2 638	115 896	2 625	129 771

As at 31 December 2022, IICBA holds fully depreciated PP&E which is still in use for a gross value of USD197 617 (2021: USD169 459).

During the period, IICBA did not acquire property, plant, and equipment (2021 USD5 615). At the end of 2022, no cash payment and no commitments were made in relation to fixed assets acquisition IICBA does not own any heritage assets such as historical buildings or works of art with cultural significance.

NOTE 8: ACCOUNTS PAYABLE AND ACCRUALS

Expressed in US dollars	2022	2021
Suppliers Payable	-	23 488
Accruals	9 917	114 290
Total accounts payable and accruals	9 917	137 778

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

NOTE 9: EMPLOYEE BENEFITS

			2022	2021
	Actuarial valuation	Institute valuation	Total	
Expressed in US dollars				
Payroll and reimbursement	-	8 973	8 973	115 172
Accumulated annual leave	53 136	-	53 136	67 485
Employee benefits (current)	53 136	8 973	62 109	182 657
Total employee benefits	53 136	8 973	62 109	182 657

Employee benefits – current

Current employee benefits include payroll and allowances, education grant, home leave and accumulated annual leave (AAL).

Accumulated annual leave (AAL) – IICBA staff can accumulate unused annual leave up to a maximum of 60 working days. Upon separation, staff members are entitled to receive a sum of money for AAL that they hold at the date of separation.

Notwithstanding that AAL is fully included as current as required by the standards since IICBA 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 2 741.

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 IICBA 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 July 1st, 2016 this 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 IICBA.

Actuarial valuations

An actuarial valuation was carried out to calculate IICBA’s estimated liability related to AAL. The following assumptions and methods have been used to determine the value of this benefit for IICBA as at 31 December:

Assumptions used for annual leave		2022	2021
Discount rate	The rate used is based on the Mercer Yield Curve	4.15% (maturity around 11.5 years)	1.15% (maturity around 11.5 years)
Inflation rate	For all benefits	2.00%	1.75%
Pre-retirement Mortality Tables before the retirement age assumption	2019 United Nations in-service mortality table		
Salary increase rate		2.25%	2.00%
Retirement Age		65	65
Withdrawal tables	Based on a study of UNESCO’s turnover rates from 2017 and 2021		
Take up rate –	Staff eligible for accumulated annual leave to actually claim their entitlement at separation	100%	100%

The following tables and text provide additional information and analysis on accumulated annual leave liability calculated by actuaries.

Expressed in US dollars	2022	2021
Defined benefit obligation beginning of the year	67 485	85 318
Movement for period ended 31/12		
Service cost	2 657	5 238
Interest cost	758	461
Actuarial (gains)/losses	(15 252)	21 419
Benefits paid	-	(44 951)
Foreign exchange difference	(2 512)	-
Defined benefit obligation at year end	53 136	67 485

Actuarial gains for accumulated annual leave obligations recognized through the Statement of Financial Performance amount to USD 15 252 for the year ended 31 December 2022 (an actuarial loss in 2021: USD 21 419).

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

Expressed in US dollars	2022	2021
Service cost	2 657	5 238
Interest cost	758	461
Actuarial (gains)/losses	(15 252)	21 419
Foreign exchange difference	(2 512)	-
Total expenses	(14 349)	27 118

Service cost is the increase in the present value of the defined obligation resulting from employee service in the current year. Interest cost is the increase during the year in the present value of the defined benefit obligation which arises because the benefits are one year closer to settlement.

Contributions to UNESCO ASHI scheme made during the year amount to USD 58 450. (2021: USD 36 501).

United Nations Joint Staff Pension Fund (UNJSPF)

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

IICBA participates in UNESCO's financial obligation to the Fund consisting of its mandated contribution, at the rate established by the United Nations General Assembly (currently at 7.9% for participants and 15.8% for member organizations) together with any share of any actuarial deficiency payments under Article 26 of the Regulations of the Pension Fund. Such deficiency payments are only payable if and when the United Nations General Assembly has invoked the provision of Article 26, following determination that there is a requirement for deficiency payments based on an assessment of the actuarial sufficiency of the Fund as of the valuation date. Each member organization shall contribute to this deficiency an amount proportionate to the total contributions which each paid during the three years preceding the valuation date.

The latest actuarial valuation for the Fund was completed as of 31 December 2021, and a roll forward of the participation data as of 31 December 2021 to 31 December 2022 will be used by the Fund for its 2022 financial statements.

The actuarial valuation as of 31 December 2021 resulted in a funded ratio of actuarial assets to actuarial liabilities of 117.0% (107.1% in the 2019 valuation). The funded ratio was 158.2% (144.4 % in the 2019 valuation) when the current system of pension adjustments was not taken into account.

After assessing the actuarial sufficiency of the Fund, the Consulting Actuary concluded that there was no requirement, as of 31 December 2021, for deficiency payments under Article 26 of the Regulations of the Fund as the actuarial value of assets exceeded the actuarial value of all accrued liabilities under the plan. In addition, the market value of assets also exceeded the actuarial value of all accrued liabilities as of the valuation date. At the time of this report, the General Assembly has not invoked the provision of Article 26.

Should Article 26 be invoked due to an actuarial deficiency, either during the ongoing operation or due to the termination of the Fund, deficiency payments required from each member organization would be based upon the proportion of that member organization's contributions to the total contributions paid to the Fund during the three years preceding the valuation date. Total contributions paid to the Fund during the preceding three years (2019, 2020 and 2021) amounted to USD 8,505.27 million, of which 2.19 % was contributed by UNESCO.

IICBA's contribution made during the year 2022 amounts to USD 160 578, compared to USD 162 748 in 2021.

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

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

NOTE 10: VOLUNTARY CONTRIBUTIONS WITH CONDITIONS

Expressed in US dollars	2022	2021
Voluntary contributions with conditions	753 446	1 621 533
Total voluntary contributions with conditions	753 446	1 621 533

The voluntary contribution with conditions of USD 1.6 million relates to a 2020 signed agreement with International Development Research Centre (IDRC). In April 2022, revenue was recognized by reducing this liability upon acceptance of the first report by the donor and the receipt of the second tranche of USD 753 446 was recognized as liability with conditions.

NOTE 11: NET ASSETS

Expressed in US dollars	01/01/2022 Opening Balance	Surplus for the period	31/12/2022
Other surpluses	527 839	433 360	961 199
Actuarial gains and losses	30 943	-	30 943
Net assets	558 782	433 360	992 142

NOTE 12: REVENUE

Expressed in US dollars	2022	2021
UNESCO Financial Allocation	990 450	990 450
Voluntary Contributions		
Voluntary contributions	1 518 426	990 099
Voluntary Contribution inter-organization	168 769	-
In-kind contribution	44 599	44 599
Total Voluntary Contributions	2 722 244	1 034 698
Other Revenue		
Other revenue	97 890	141 264
Total Other revenue	97 890	141 264
Total Finance Revenue	30 328	3 972
Total Revenue	2 850 462	2 170 384

UNESCO Financial Allocation represents allocation from UNESCO to IICBA for the sum of USD 990 450 per year. Voluntary contributions represent the sum of USD 1.5 million received from donors and the sum of USD 168 769 is realized through inter-organization contributions.

In-kind contribution corresponds to the market price of storage used by IICBA at the Ministry of Education premises, IICBA uses this storage at no cost and the estimated annual rental value for this storage is USD 44 599 (2021: USD 44 599).

Other income of USD 97 890 (2021: 141 264) is associated with income received from cost recoveries. Finance revenue of USD 30 328 relates to bank interest received for 2022 (2021 USD 3 972).

NOTE 13: EXPENSES

Expressed in US dollars	2022	2021
Personnel costs		
International & National Staff	1 044 094	1 174 497
Temporary Staff	238 702	213 202
Other personnel costs	31 177	37 749
Total Personnel costs	1 313 973	1 425 448
Consultants, External Experts and Mission Costs		
Staff mission costs	58 728	27 886
Consultants	206 714	230 044
Total Consultants, External Experts and Mission Costs	265 442	257 930
External training and seminars	126 231	19 377
Total External Training, Grants and Other Transfers	126 231	19 377
Supplies, Consumables and Other Running Costs		
Communications	2 593	8 342
Equipment	18 464	9 109
Leases	107 088	103 647
Maintenance and repairs	2 080	1 827
Other supplies	61 839	8 226
Total Supplies, Consumables and Other Running Costs	192 064	131 151
Contracted Services		
Contract for Research	-	216 809
Other contracted services	478 643	647 301
Total Contracted Services	478 643	864 110
Depreciation	36 499	44 132
Other expenses	23	-
Foreign Exchange Losses	3 633	7 012
Finance Costs	617	3 444
Total Expenses	2 417 102	2 752 604

Personnel costs

International & National staff expenses include salaries, post adjustments, entitlements, pensions, and health plan contributions for Professional and General Service category staff. This line also includes movements in the actuarial liability for Accumulated Annual Leave. Temporary staff expenses include all costs relating to the employment of temporaries and service contracts. Other personnel costs include payroll charge for ASHI as well as staff travel expenses, which are not related to mission costs (home leave, family visit, education grant, interview, 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 IICBA staff, temporaries and service contracts. These concerns principally travel and per diem expenses.

External training, Grants and Other Transfers

Expenses for external training and seminars are mainly travel and per diem costs for participants.

Supplies, Consumables and Other Running Costs

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

Contracted Services

Contracted services represent expenses where IICBA has engaged a third party to perform work on behalf of IICBA. Major categories of these types of arrangements include research. Other contracted services include, among others, implementing partner agreements and contract for services.

	2022	2021
Expressed in US dollars		
Implementation partners agreement	227 625	334 103
Contract for Services	242 854	305 538
Other	8 164	7 660
Other contracted services	478 643	647 301

Depreciation

Depreciation is the expense resulting from the systematic allocation of the depreciable amounts of property, plant and equipment over their useful lives

Other Expenses, Foreign exchange and Finance Costs

Finance Cost are mainly due to bank charges and commissions.

NOTE 15: CONTINGENT LIABILITIES AND CONTINGENT ASSETS

As at 31 December 2022, there are no contingent liabilities or contingent assets.

NOTE 16: FINANCIAL RISK MANAGEMENT

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

IICBA's financial risks are managed in accordance with the risk management policies of UNESCO. UNESCO's risk management policies, along with its Investment Policy and the Financial Regulations and Rules of the Special Account of IICBA, aim to minimize potential adverse effects on the resources available to IICBA 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 comprising senior management representatives and external members that advise the Chief Financial Officer on investment and cash management policy of UNESCO, on overall investment strategy and on related risk management.

16.1 Fair value of financial assets and liabilities

The fair value of cash, Receivable from UNESCO, other receivables as well as advance payments approximate their recorded carrying amount due to their short-term nature.

The fair value of accounts payables and accruals approximate their recorded carrying amount due to their short-term nature.

16.2 Credit risk

Credit risk is the risk of financial loss to the Institute if customers or counterparties to financial instruments fail to meet their contractual obligations. It mainly arises from IICBA's cash, and receivables. The maximum exposure to credit risk is the carrying amount of those financial assets.

IICBA participates in UNESCO's cash pooling mechanism. Participation in UNESCO's cash pool implies sharing the risk and returns with all participants. Given that the funds from all participants are commingled and invested on a pool basis, each participant is exposed to the overall risk of the cash pool to the extent of the amount of cash participated.

Cash:

IICBA only held cash at 31 December 2022 and did not hold any cash equivalents nor direct investments at year-end. To mitigate the credit risk, cash is held with major international banks of high credit standing selected in accordance with IICBA's policies. As such, the credit risk exposure related to cash is not significant.

Receivables

Receivables from exchange and non-exchange transactions are mainly from sovereign Member States or other Agencies. An allowance is established when there is objective evidence, based on a review of outstanding amounts at the reporting date that a State will not comply with the original terms of the receivables.

Receivable from UNESCO relates to funds held in UNESCO's cash pool. The credit risk exposure to that receivable is limited to its carrying amount. This risk is not significant due to the restrictions on the credit ratings (minimum A-) of banking institutions that UNESCO can transact with, and UNESCO's strong short-term liquidity position.

Liquidity risk

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

As at the year-end, IICBA's cash and other receivables amount to USD 1 721 587, which is higher than the current liabilities equalling USD 825 472. Therefore, IICBA 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. IICBA is exposed to foreign exchange risk on revenues and expenses denominated in foreign currencies. A 1% increase or decrease in the exchange rate would not have a material impact on the financial statements.

Foreign currency risk related to voluntary contribution is managed through individual project budget planning for foreign currency expenditure. Therefore, IICBA 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. IICBA is mainly exposed to interest rate risk on its financial interest-bearing assets. IICBA did not hold any investments as at 31 December 2022 and is not exposed to any significant interest rate risk.

Concentration risk

IICBA has a significant concentration of risk with UNESCO, who are the counterparty for 92% of IICBA's total assets at 31 December 2022 (2021: 94%). IICBA considers this concentration of risk is sufficiently mitigated by the strong short-term liquidity position of UNESCO.

NOTE 17: RELATED PARTY DISCLOSURES

Governing Bodies

The Institute is administered by its Governing Board (The Board) which is composed of eight members. The members are chosen for their competence and sit in a personal capacity. They do not receive any remuneration from IICBA.

The Board meets once a year. As such, IICBA incurs the costs related to travel and subsistence of the members for the execution of their duties.

Key Management Personnel

Key management personnel is the Director and one Program Specialist, who has the authority and responsibility for implementing and directing the programme voted by IICBA Governing Board. 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 (Note 9). Key management personnel are ordinary members of UNJSPF.

The remuneration of key management personnel is as follows:

	Number of Individuals	Compensation and Post Adjustment	Entitlements (Allowances, Grants and Subsidies)	Pension and Health Plans	Total Remuneration
Expressed in US dollars					
2022	3*	303 502	148 648	89 873	542 023
2021	2	295 609	84 163	92 112	471 884

* Including incoming and outgoing Director, and Programme Specialist



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