

Financial Report and Audited Financial Statements

2022

International Institute for Educational Planning (IIEP)



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Introduction

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

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

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

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

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

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

More detailed reports on IIEP’s programme activities can be found in the ‘Report of the Director on the Implementation and Outcomes of IIEP’s 2022 Activities’ (63 GB/4 Part 1), available online at https://www.iiep.unesco.org/sites/default/files/63_gb_rep_appweb.pdf

https://www.iiep.unesco.org/sites/default/files/2022_report_of_ieps_activities.pdf

Overview of the Financial Statements

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

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

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

The Institute's main office is located in Paris, with two other offices situated in Dakar and Buenos Aires. IIEP strengthens the capacities of UNESCO's Member States to plan and manage their education systems. IIEP contributes to 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 Project funding (Extrabudgetary) 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).

The financial statements consist of:

A statement of financial position (page 32)

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 33)

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 34)

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 35)

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 36–37)

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 38–77)

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

Over the past year, IIEP has supported Member States more comprehensively with post-COVID-19 recovery efforts and has launched the 11th Medium-Term Strategy (MTS), which adopts a responsive approach to the continuum of planning and management and the operationalization of plans, with a focus on measurable quality educational outcomes.

The MTS repositions educational planning and management (2022–2025) and reflects the need for educational transformation and recovery efforts. The pandemic has been a wake-up call, revealing systemic threats to education with huge ramifications for poverty and inequality.

Ensuring quality education, as embodied in Sustainable Development Goal 4 (SDG 4), requires resilient education systems capable of anticipating and withstanding future shocks. Recognizing that crises, including those due to climate change or conflict, are likely to continue to disrupt education and learning worldwide, the MTS acknowledges the need to continue to invest resources and efforts in support of crisis-sensitive planning.



IIEP 11th Medium-Term Strategy (2022–2025) logic map

SOME TYPES OF TARGETED SERVICES AND SUPPORT

The **Training** and **Technical Cooperation** functions work together to offer:

- sector analysis
- policy formulation and planning
- implementation strategies
- system and budget management
- evaluation, monitoring, and learning.

SOME TYPES OF GLOBAL PUBLIC GOODS

The **Knowledge Management and Mobilisation** function provides access to:

- Knowledge products and open access publications in easily accessible formats
- Evidence syntheses and gap maps on educational management, leadership, and governance
- Policy forums and international workshops
- Access to and support on the use of diagnostic tools at sector level
- Policy databases and toolboxes for the various sub-sectors of education
- Digital solutions based on open data and free software for the management of education
- Knowledge hubs and communities of practice
- Guidance documents and manuals on analysis, planning, and management
- Primary and harmonized secondary data, complementing the data produced by the UNESCO Institute for Statistics (UIS) and the GEM Report.

PROGRAMME IMPLEMENTATION HIGHLIGHTS

Over the course of the 11th MTS, IIEP is working towards a more integrated approach to partnership building, across teams and offices.

Strategic Objective 1

To drive education systems' transformation in 2022, IIEP adapted capacity development activities to country needs and developed planning for specific sectors or contexts, such as crisis-sensitive educational planning and inclusion of all learners. Emphasis was put on data for decision-making, the development of education monitoring and information systems, and educational planning and management for middle tier actors or decentralized levels of the system to enact change.

Transforming education through technical cooperation

In 2022, IIEP provided technical cooperation to 19 countries, including eight in Africa. Support reached beyond national Education sector analysis (ESAs) and Education sector plans (ESPs), resulting in a more diversified offer with a notable increase in support for Human Resource Management (HRM), especially in Africa.

Crisis-sensitive educational planning continued to be a high priority.

Through its new operational model, IIEP has aligned itself more closely with the Global partnership for Education (GPE) at country, regional, and global levels, providing global public goods in response to countries and partners' requests via the GPE Knowledge and Innovation Exchange and Education Out Loud (EOL) mechanisms.

Transforming education through training and capacity development

IIEP is continuously investing in innovative teaching and learning methods to respond to the changing needs and demands of education policy-makers and planners worldwide. 2022 was dedicated to build the new training strategy, in April 2022 the Institute unveiled its new Global Campus as part of a new global training strategy.

Strategic Objective 2

Actionable knowledge on educational planning and management infused IIEP's capacity development activities in 2022, to drive education systems' transformation. Diverse topics and themes were explored, while many channels and formats were leveraged and optimized to support the application of new knowledge and to enact change.

Transforming education through knowledge management and mobilization

In 2022 a new Knowledge Management and Mobilization (KMM) team was established to better align IIEP's research and development priorities to the needs of countries and partners. The goal of the KMM unit is to enhance audience engagement with its knowledge products.

IIEP SNAPSHOT FOR 2022

Figure 1. Technical cooperation portfolio overview for 2022

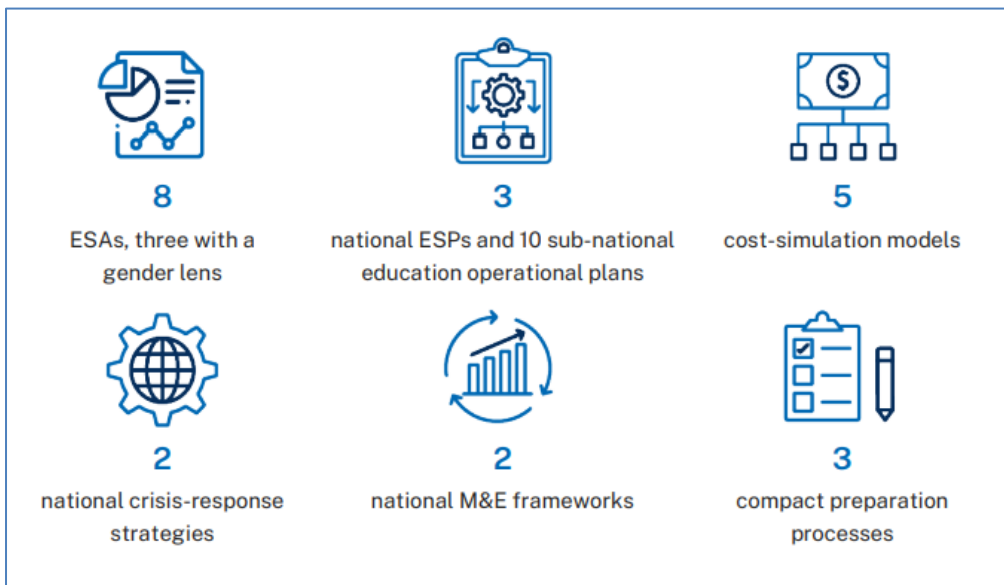


Figure 2. Countries receiving support for ESA and ESP in 2022



Figure 3. IIEP training main figures in 2022

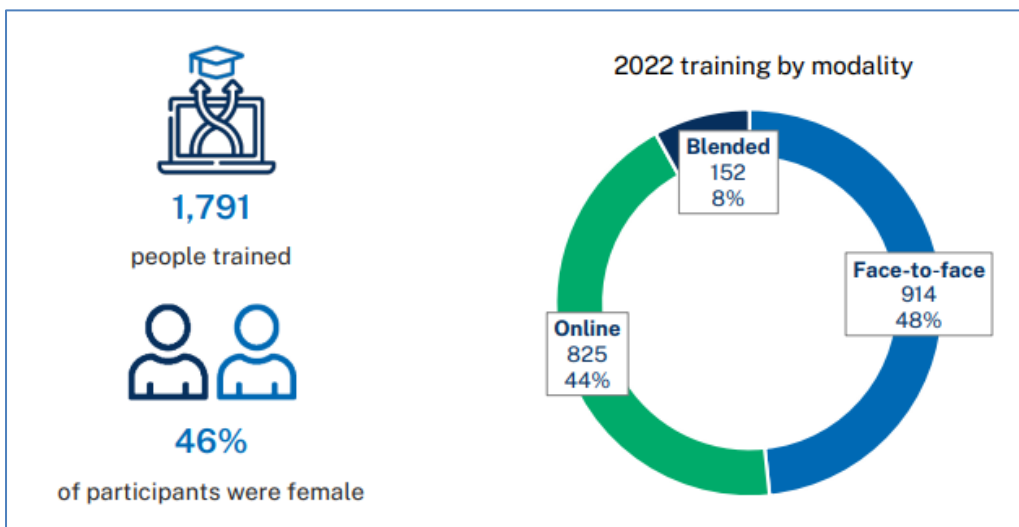


Figure 4. Knowledge management and mobilization main figures in 2022

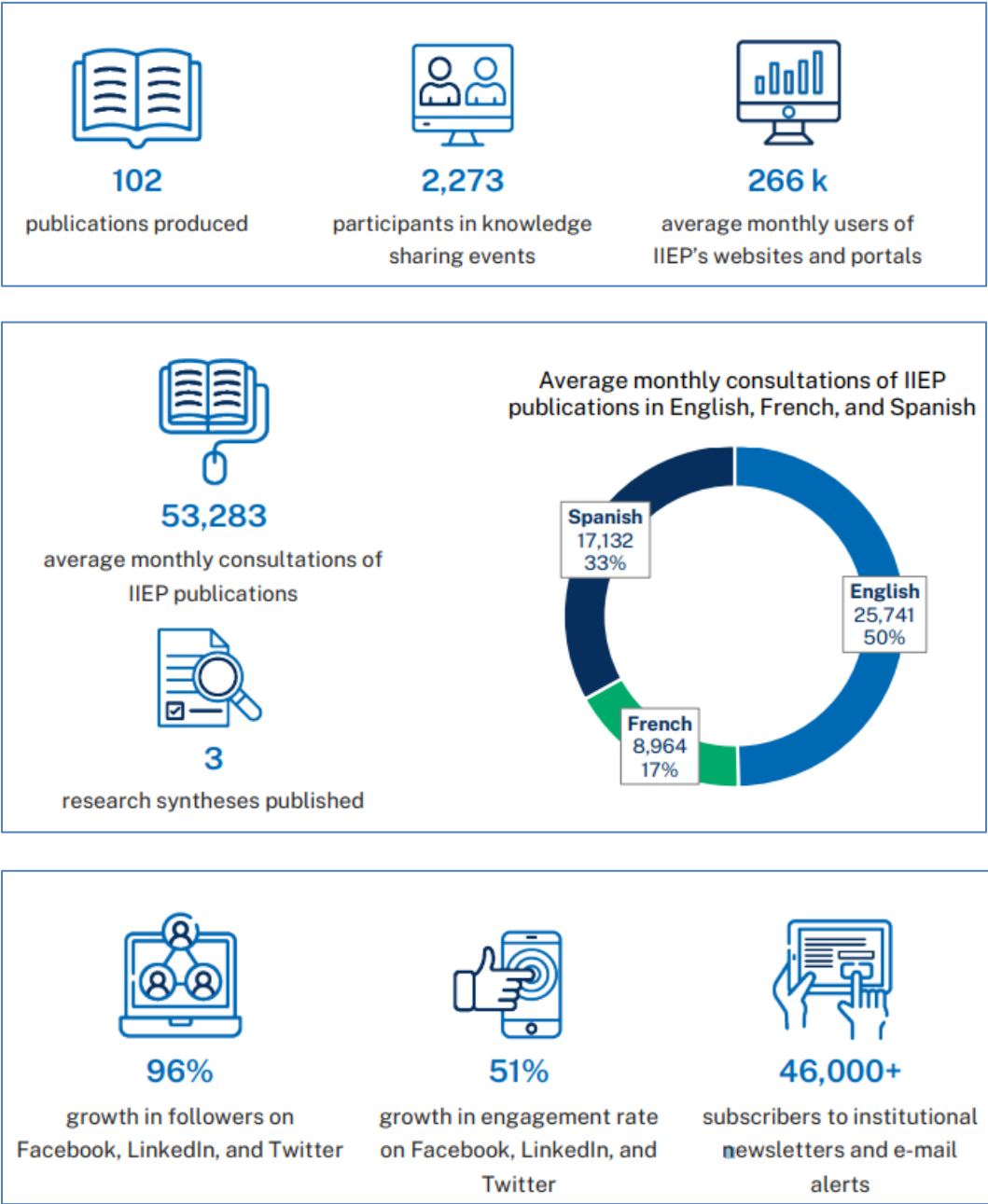
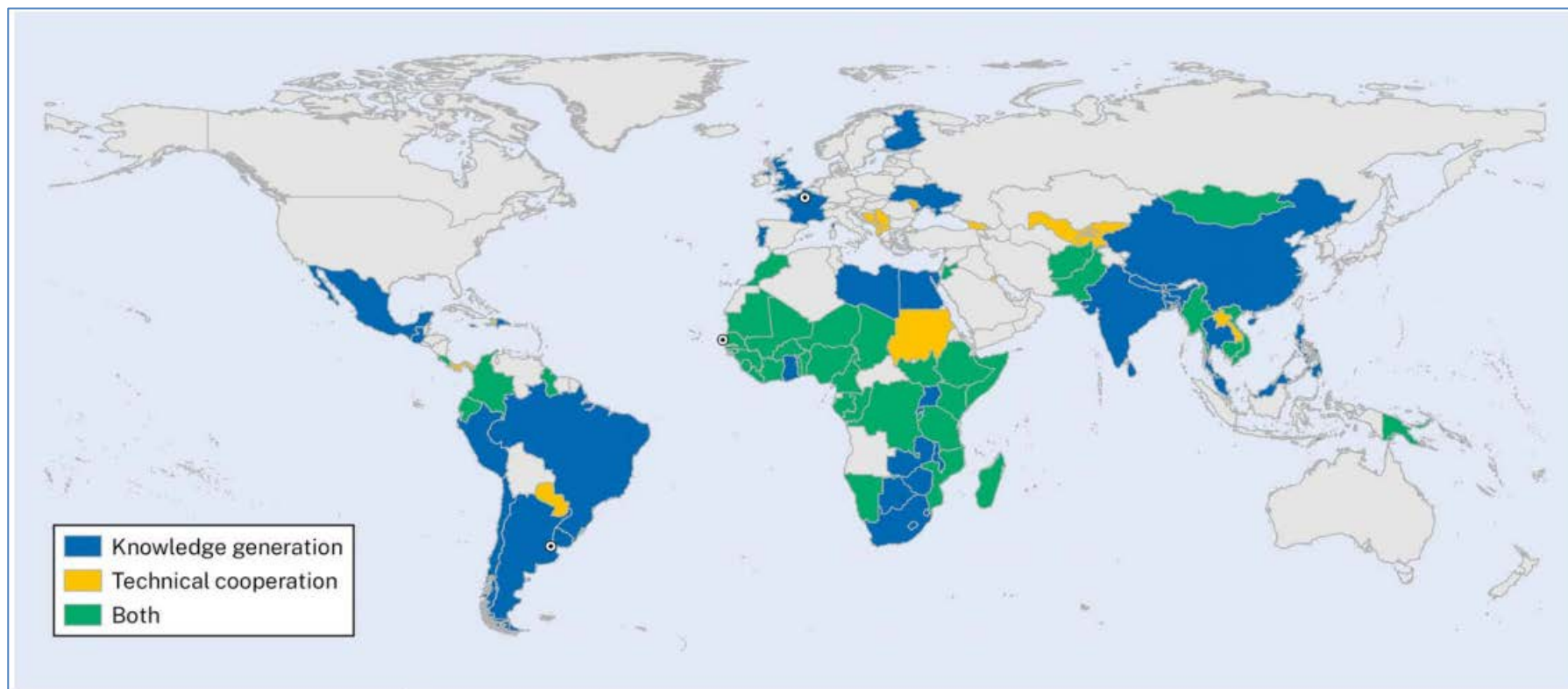


Figure 5. Geographical distribution of technical cooperation and research projects, 2022



Calculations made with data from IIEP project database extracted on 23 November 2022.

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



Financial Statements highlights

International Institute for Educational Planning (IIEP)

I. GENERAL

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

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

During 2022 the main core funding donors¹, France USD 4.6 million (2021: USD 5.7 million), Switzerland USD 2.01 million (2021: USD 4.3 million), Norway USD 1.3 million (2021: USD 3.2 million), and Sweden USD 1.8 million (2021: USD 2.3 million) continued with their support to IIEP.

There has been a significant reduction in the core funding received, a decrease of 37%², compensated with the 7% reduction of headcount in IIEP's offices, the increase of project funding contributions of 27%, and the use of previous years' reserves.

Other institutions³ continued with their support to *IIEP Paris* through earmarked projects such as the Agence Française de Développement (AFD) USD 0.191 million for Burkina Faso, in collaboration with the IIEP Dakar office. Other institutions and donors also support projects, such as the Foundation to Promote Open Society USD 0.2 million, Network for International Policies and Cooperation in Education and Training (IHEID NORRAG) USD 0.078 million, Global Partnership for Education (GPE) USD 0.141 million, Oxfam IBIS USD 0.182 million, Caribbean Development Bank USD 0.012 million and Dubai Cares USD 0.043 million. The European Union (EU) has also continued with its support to on-going projects, USD 0.670 million and UNESCO with decentralized funds for the IIEP's Paris implementation for USD 0.97 million.

IIEP Paris benefits from the use of its premises at no cost in Paris from the Government of France.

IIEP Dakar is hosted by the UNESCO regional office in Dakar. USD 2.26 million of France's core funding (2020–2023 AFD agreement signed in 2019) has been soft earmarked to support Dakar office activities in 2022, The Ministère de l'Europe et des Affaires étrangères funding (MOFA) contribution is also soft earmarked to the GCI project. In addition, AFD supports other projects, USD 1.77 million in 2022 for the Quality project: "Appuis au pilotage de la qualité de l'éducation à destination de pays d'Afrique subsaharienne". IIEP Dakar also received self-benefiting contributions from countries in the regions such as the Government of Burundi USD 0.127 million, Government of Benin USD 0.058 million, Government of Nigeria USD 0.177 million, Government of Togo USD 0.031 million. Other contributions from The United Nations Children's Fund (UNICEF) USD 0.28 million, Centre Régional de Formation en Entretien Routier PAIF USD 0.05 million and UNESCO's decentralized funds USD 1.05 million.

¹ Cash basis amounts received in 2022: Revenue for IIEP special account ([pages 24 and 25](#)). The exchange rate applied may differ from accrual basis of the Financial Statements

² Financial Statements data in accrual basis.

³ Cash basis amounts breakdown by office: Revenue for IIEP special account ([pages 24 and 25](#))

IIEP Buenos Aires benefits from the use of its premises at no cost from the Government of Argentina. It continues with its activity in the Latin America region. In 2022, IIEP received funds from the Government of Argentina USD 0.07 million, Cabo Verde USD 0.04 million, Guyana USD 0.07 million, UNICEF USD 0.048 million and The United Nations Office for Project Services (UNOPS) USD 0.047 million.

The year ended with a USD 0.6 million deficit. IIEP continues to actively seek new agreements and donors to strengthen the capacity of countries to plan and manage their education systems continuing with the 11th MTS (2022-2025).

II. STATEMENT OF FINANCIAL POSITION

Assets

At the end of 2022, IIEP's total assets were USD 26.5 million (2021: USD 30.8 million), a decrease of USD 4.3 million (14%) compared to the previous year.

A significant portion of the assets that IIEP managed is cash and receivable from UNESCO USD 24 million (2021: USD 18 million) that support its core and project funding activities.

Since November 2022, IIEP's investments are managed within the cash pool put in place by UNESCO and recorded in IIEP as receivable from UNESCO. IIEP holds USD 12.7 million (2021: USD 10.02 million) in the account receivable from UNESCO, including the amount invested under the UNESCO cash pooling mechanism.

Current assets less current liabilities (working capital) amounted to USD 21.7 million (2021: USD 13.3 million) that comprises, amongst other amounts, receivables and cash for the execution of the projects with conditions.

Assets	2022	2021	Variance	
			Thousands USD	%
Current assets	25 624	20 672	4 952	24%
Cash	11 344	7 899	3 445	44%
Inventories	6	14	(8)	(57%)
Accounts receivable	1 133	2 300	(1 167)	(51%)
Advance Payments	257	230	27	12%
Other receivables	135	210	(75)	(36%)
Receivable from UNESCO	12 749	10 019	2 730	27%
Non-current assets	877	10 116	(9 239)	(91%)
Investments	-	9 107	(9 107)	(100%)
Property, plant and equipment	760	842	(82)	(10%)
Intangible assets	117	167	(50)	(30%)
Total Assets	26 501	30 788	(4 287)	(14%)

Current assets

The increase of USD 4.95 million (24%) in current assets is mainly explained by the redemption of investments, assigned to non-current asset and transferred to the cash pooling mechanism (USD 8.5 million), it increased the amounts due from UNESCO, USD 2.7 million, from USD 10 million as at 31 December 2021 to USD 12.7 million as at 31 December 2022. Cash also increased at the end of the year (USD 3.4 million) mainly due to the amounts received from the core funders in December.

Accounts receivable decreased by USD 1.2 million (51%) due to the reception of instalments at the end of the year.

Advance payments slightly increased by USD 0.03 million (12%) attributable to the increase of staff advances due to the increase of missions in the fourth quarter of the year.

Receivable from UNESCO increased by USD 2.7 million (27%) it comprises voluntary contributions received by UNESCO for IIEP, decentralized funds from UNESCO projects, amounts to cover payroll payments centralized by UNESCO Headquarters (HQ), and the amounts to participate in the UNESCO cash pool.

Non-current assets

Non-current assets decreased by USD 9.2 million (91%), mainly due to the cancelation of the investments.

Property, plant, and equipment decreased (10%) due to the depreciation and offset by new acquisitions for USD 0.097 million. Intangible assets decreased by 30% due to the amortization.

Liabilities

Total liabilities of USD 5.09 million at the end of 2022 (2021: USD 8.78 million) show a decrease of USD 3.69 million (42%) compared to the previous year.

Liabilities	2022	2021	Variance	
			Thousands USD	%
Current liabilities	3 897	7 409	(3 512)	(47%)
Accounts payable and accruals	523	762	(239)	(31%)
Employee Benefits	1 276	1 271	5	0.4%
Voluntary contributions with conditions	1 330	4 707	(3 377)	(72%)
Other liabilities	768	669	98	15%
Non-Current liabilities	1 195	1 370	(175)	(13%)
Employee Benefits	1 195	1 370	(175)	(13%)
Total Liabilities	5 092	8 779	(3 688)	(42%)

The decrease of USD 3.5 million (47%) in current liabilities was due to the decrease in Voluntary contributions with conditions (USD 3.38 million), a slightly increase in employee benefits (USD 0.005 million), and the decrease of accounts payable and accruals for an amount of USD 0.24 million.

In 2022, IIEP recognized as revenue conditions for an amount of USD 7.02 million; the new conditions amount to USD 3.64 million.

Non-current liabilities which consist of employee benefits decreased by USD 0.175 million (13%).

Net assets

	2022	2021	Variance	
			Thousands USD	%
Net Assets	21 409	22 009	(600)	(3%)

The net assets position decreased by USD 0.6 million (3%) from USD 22.0 million as at 31 December 2021 to USD 21.4 million as at 31 December 2022.

This variance is attributed to the year's deficit USD 0.6 million. The deficit will reduce the IIEP's net assets that comprises reserves for next year activities in line with donors' agreement and IIEP's financial regulations.

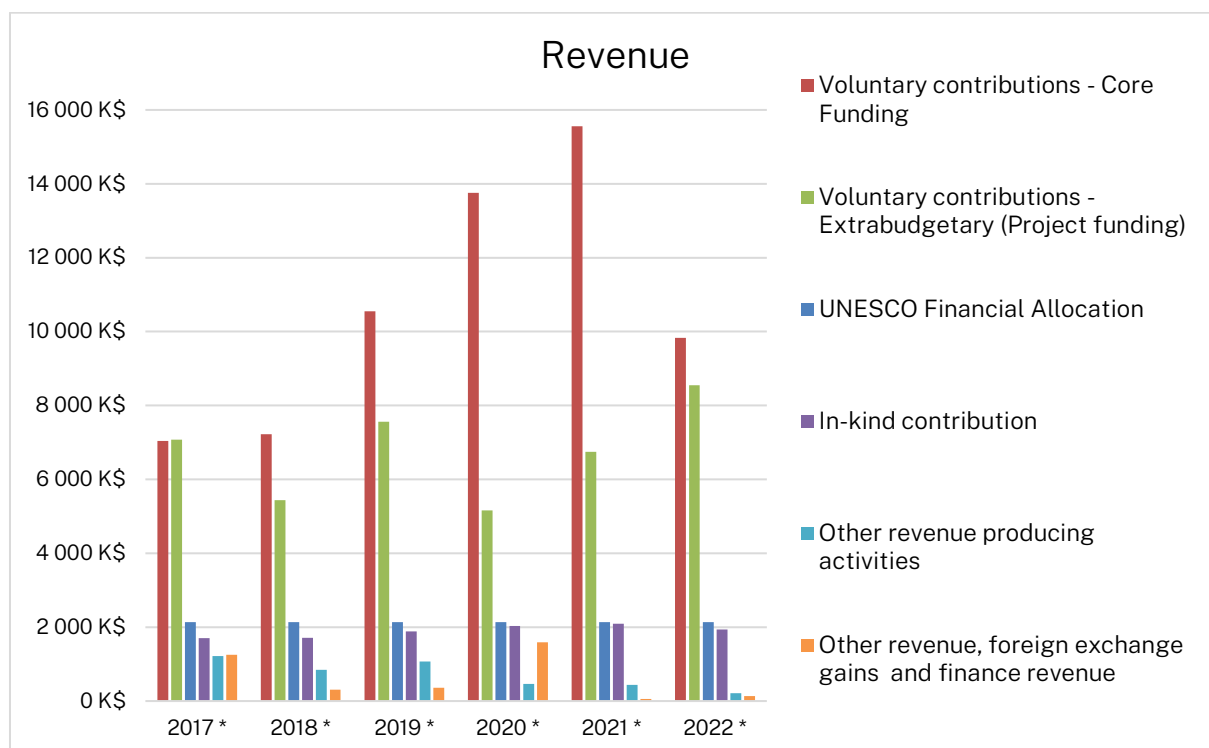
A net amount of USD 0.607 million was transferred to the Stabilization Reserve Account, reaching a total amount of USD 12.08 million at the end of 2022.

III. STATEMENT OF FINANCIAL PERFORMANCE

Income

Total revenue of USD 22.8 million decreased by 16% compared with the previous year.

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



* Agreements with conditions

Figure 2. Core funding contributors in 2022 (Including in-kind contributions)



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

Core Funding voluntary contributions decreased USD 5.7 million (37%), mainly due to the reduction of funds from the core donors including the exchange rate effect. Sweden's and Norway's contributions decreased (USD 0.539 million (24%), USD 1.947 million (61%) respectively). Switzerland's contribution decreased 53%, USD 2.3 million including the exchange rate effect⁴.

⁴ Financial Statements data in accrual basis

France contributions remain at the same level of previous years with the AFD convention and the Ministère de l'Europe et des Affaires étrangères funding, (MOFA) increased in 2022 its funding compared to previous years. The total amount received from France in 2022 decreased USD 0.924 million (16%) mainly due to the exchange rate effect. An instalment of the Gender at the Centre Initiative (GCI) project is expected to be received in 2023.

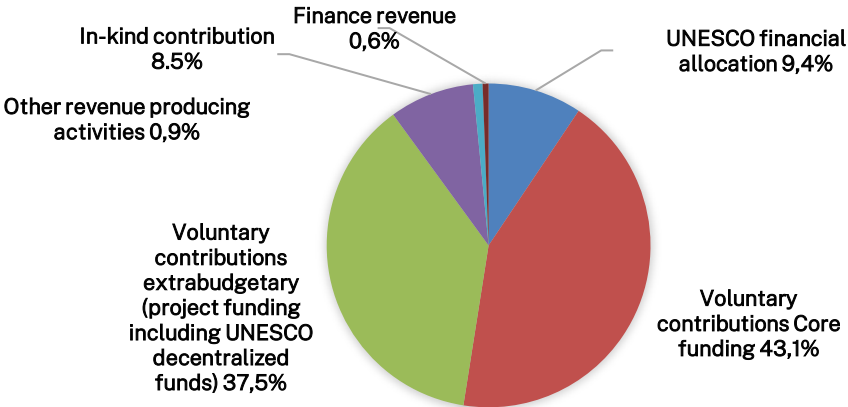
The increase of USD 1.8 million (27%) in *Project Funding* (extrabudgetary) voluntary contributions was mainly due to the increase of governments' contributions (USD 2.0 million, or 139%) mainly due to revenue recognitions. The decrease of amounts from others' donors (USD 0.7 million, or 24%), next to other factors it is due to the Project funding agreements with conditions requiring approval by the donor at the end of each implementation phase (mainly for projects financed by AFD and EU). 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.

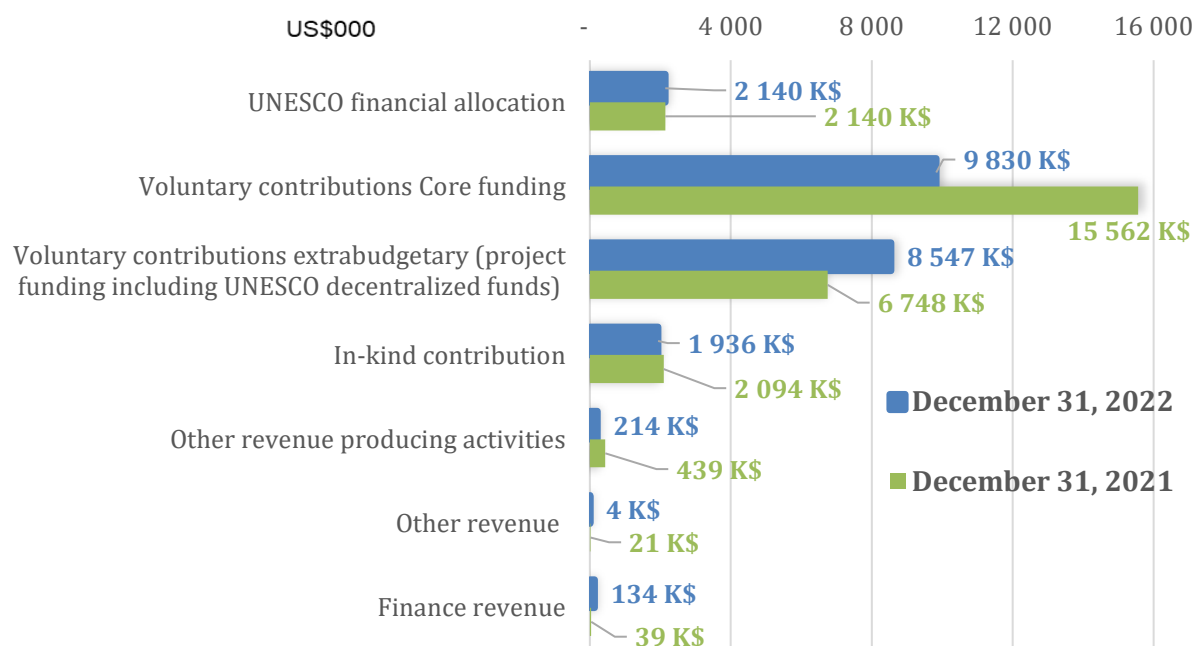
And an increase in amounts received from UN agencies (USD 0.57 million, or 153%) this heading also includes the amounts decentralized from UNESCO funds with a slightly increase of 2%.

In-kind contributions related to the rental value of the three offices' premises, whose values were updated to align with their market valuation in 2022: they decreased by 8% from the previous year and amounts to USD 1.94 million.

Other revenue from producing activities decreased in 2022 by 51% (USD 0.225 million) mainly due to Paris office training activities; finance revenue increased by 246% (USD 0.095 million) as the market interest rates of current accounts are higher.

Figure 3. IIEP revenue 2022 by source, and comparison for the year 2022-2021 (in USD)





Expenditure

Total expenditure of USD 23.4 million decreased by USD 1.5 million (6%) compared to 2021.

Personnel costs decreased (9%) due to the reduction of headcount. Consultants, external experts, and mission costs increased by 15% (USD 0.42 million) mainly due to an increase in activities after the health crisis.

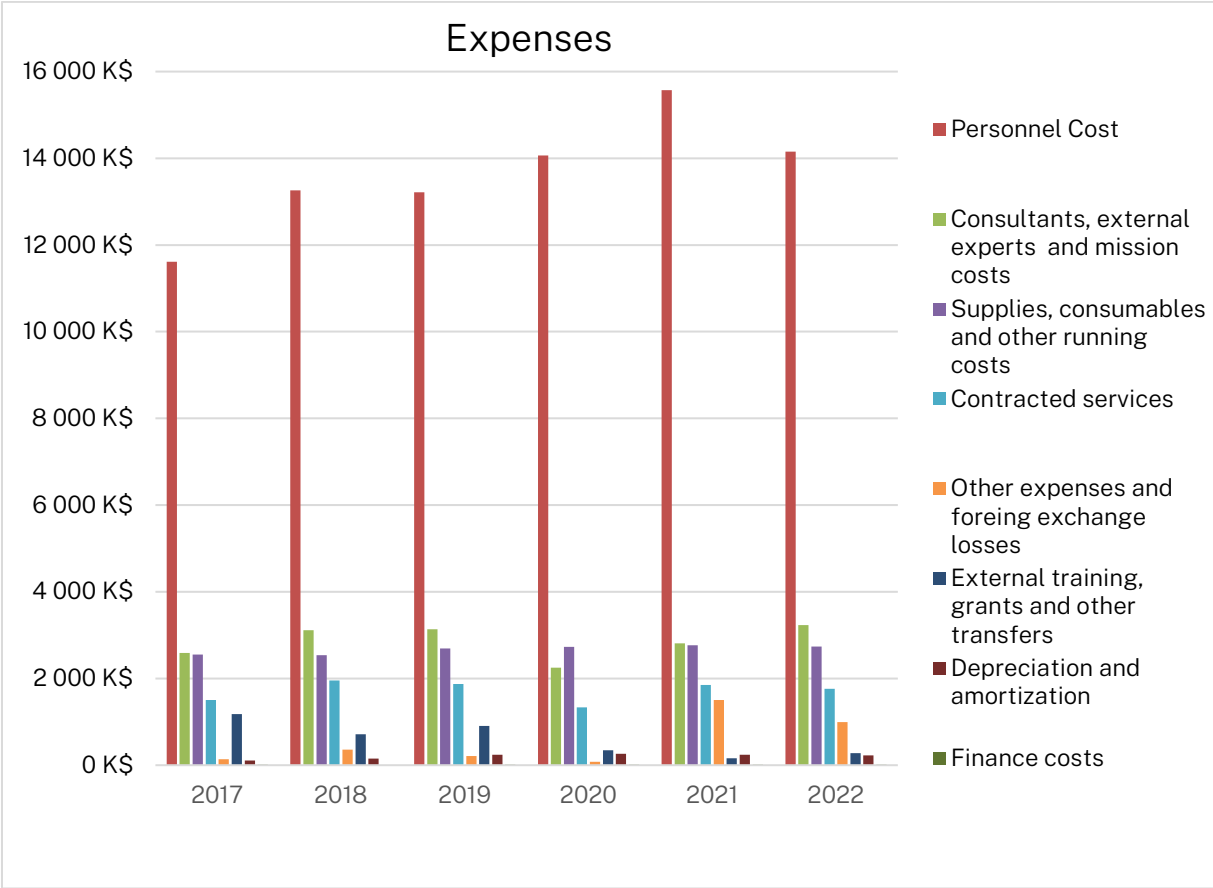
External training, grants, and other transfers increased by 73% (USD 0.12 million) due to the increase of seminars and trainings organized in 2022.

Supplies, consumables, and other running costs decreased slightly by 1% (USD 0.03 million) due to the update of the premises' rental value.

Contracted services decreased by 5% (USD 0.09 million) and depreciation and amortization decreased by 5%.

Foreign exchange losses amount to USD 0.95 million in 2022, compared to the amount of USD 1.4 million in 2021.

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



Result for the year 2022

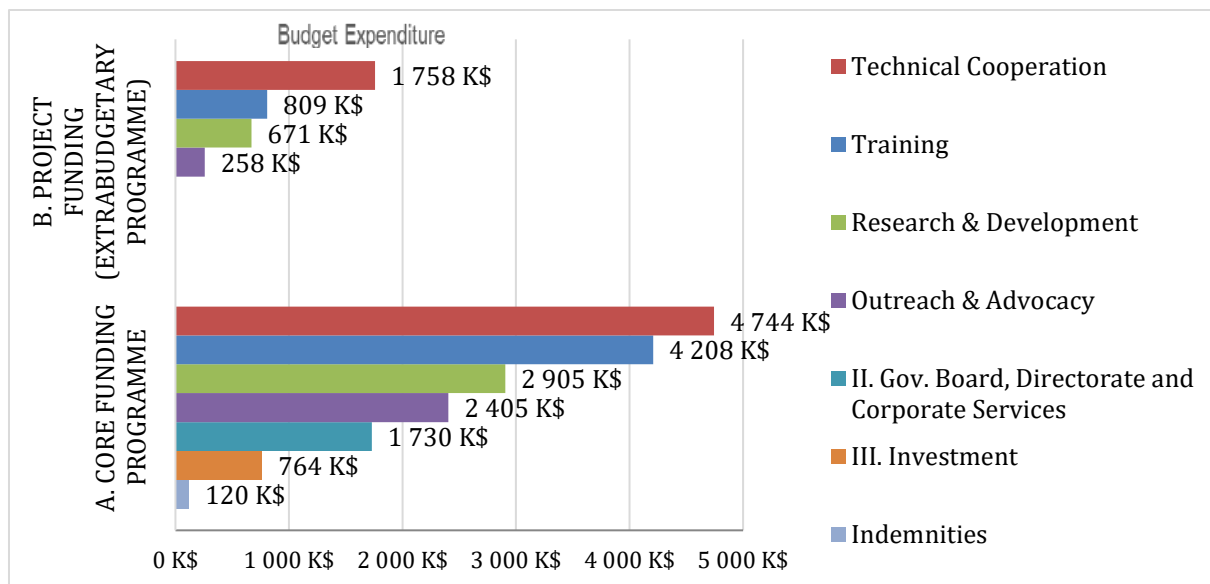
The 2022 deficit was USD 0.6 million (2021: surplus of USD 2.1 million), a decrease of USD 2.7 million compared to 2021.

The decrease was due mainly to the reduction in the core funding. Other factor was that many of IIEP’s projects (mainly those financed by AFD and the EU) continue to be funded by agreements that contain conditions whose revenue is recognized when the reporting obligations are settled and approved.

IV. BUDGETARY PERFORMANCE

The budget expenditure for 2022 amounted to USD 20.4 million (2021: USD 22.1 million). Figure 5 shows the expenditure on programmes.

Figure 5. IIEP 2022 budget expenditure by appropriation line: Project funding – extrabudgetary and Core funding



V. REVENUE FOR THE IIEP SPECIAL ACCOUNT (UNAUDITED)

Voluntary contributions in cash basis* (*exchange rate may differ from accrual basis of the Financial Statements)

	2022				2021
	Paris	Buenos Aires	Dakar	GRAND TOTAL	GRAND TOTAL
UNESCO Financial Allocation	2 140 100	-	-	2 140 100	2 140 100
UNESCO Financial Allocation	2 140 100	-	-	2 140 100	2 140 100
Voluntary contributions (Core Funding)					
Governments					
France	2 297 090	-	2 262 327	4 559 417	5 664 691
Norway	1 266 000	-	-	1 266 000	3 212 552
Sweden	1 750 000	-	-	1 750 000	2 288 598
Switzerland	2 014 943	-	-	2 014 943	4 319 704
Total Vol. Contrib. (Core Funding). Cash basis	7 328 033	-	2 262 327	9 590 360	15 485 545
Voluntary Contributions (Project Funding Prog.)					
Governments					
Argentina	-	70 000	-	70 000	-
Benin	-	-	57 827	57 827	-
Burundi	-	-	127 488	127 488	55 360
Cabo Verde	-	39 993	-	39 993	-
Ecuador	-	-	-	-	56 828
France (AFD)	-	-	1 771 031	1 771 031	-
France (AFD for Burkina Faso)	190 767	-	-	190 767	181 411
UK and Northern-Ireland (FCDO)	-	-	-	-	(880)
Guyana	-	70 030	-	70 030	-
Namibia	-	-	-	-	25 000
Nigeria	-	-	177 390	177 390	-
Norway (Norad)	-	-	-	-	57 934
Paraguay	-	-	-	-	24 000
Togo	-	-	30 638	30 638	-
Total Government contributions. Cash basis	190 767	180 023	2 164 374	2 535 164	399 653
UN Agencies					
UNICEF	-	48 000	283 362	331 362	483 320
UNOPS Nicaragua	-	46 849	-	46 849	-
Total UN agency contributions. Cash basis	-	94 849	283 362	378 211	483 320
Other Donors					
World Bank	-	-	-	-	158 765
Caribbean Development Bank	12 000	-	-	12 000	48 000
Centre Régional de Formation en Entretien Routier PAIF	-	-	50 828	50 828	84 528
Dubai Cares	43 055	-	-	43 055	-
European Union (EU)	670 495	-	-	670 495	-
Fundación ARCOR	-	-	-	-	8 885
Fundación Zamora Terán	-	-	-	-	3 770
Foundation Open Society Institute (OSI-ZUG)	200 000	-	-	200 000	80 000
Global Partnership for Education (GPE)	141 142	-	-	141 142	-
IHEID (NORRAG)	77 608	-	-	77 608	75 646
<i>Continues</i>					

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

	2022				2021
	Paris	Buenos Aires	Dakar	GRAND TOTAL	GRAND TOTAL
Organisation Internationale de la Francophonie (OIF)	-	-	-	-	84 420
Oxfam IBIS	182 456	-	-	182 456	-
EAA-PEIC Foundation (PEIC)	-	-	-	-	51 360
Save The Children	-	-	-	-	381 858
Stiftung Auxilium Foundation/ Porticus Latin America Consultoria Ltda	-	-	-	-	33 796
Total Other Donors. Cash basis	1 326 756	-	50 828	1 377 584	1 011 028
Decentralized Funds					
VC interorganization (UNESCO EXB)	611 707	3 200	930 033	1 544 940	1 532 536
VC interorganization (UNESCO EXB - Cost Recov)	355 831	-	117 916	473 747	439 343
Total Decentralized Funds. Cash basis	967 538	3 200	1 047 949	2 018 687	1 971 879
Total Vol. Contr., Project Funding Prog. Cash basis	2 485 061	278 072	3 546 513	6 309 646	3 865 880
Total, Voluntary Contributions. Cash basis	9 813 094	278 072	5 808 840	15 900 006	19 351 425
Other in-kind Voluntary Contribution	1 815 975	60 000	59 749	1 935 724	2 094 215
In-Kind Contribution	1 815 975	60 000	59 749	1 935 724	2 094 215
Revenue from Subscriptions (Fellowships)	(12 892)	-	-	(12 892)	64 315
Revenue from Subscriptions (Others)	24 799	31 310	184 135	240 244	450 726
Rec. staff costs & reimb. of other services	11 560	350	1 815	13 725	6 447
Sale of publications and printshop reimbursement	51	-	-	51	140
Staff Service Account	7 245	-	-	7 245	8 858
Other Revenue Producing Activities	30 763	31 660	185 950	248 373	530 486
Sales furniture, equipment & vehicles	951	-	-	951	-
Other operating revenue	2 944	-	-	2 944	21 441
Other Revenue	3 895	-	-	3 895	21 441
Bank interest	143 050	-	-	143 050	7 027
Gain/(Loss) on capital deposits	(9 345)	-	-	(9 345)	31 597
Finance Revenue	133 705	-	-	133 705	38 624
SUB TOTAL REVENUE	13 937 532	369 732	6 054 539	20 361 803	24 176 291
Accounting Adjustments					
Accounts receivable	33 498	1 800	(1 068 665)	(1 033 367)	1 801 390
Conditions on donor agreements	1 052 185	-	2 184 264	3 236 449	970 142
Advance receipts	-	-	-	-	-
Foreign Exchange Diff. / funds allocation	19 798	-	219 764	239 562	95 609
Total Accounting Adjustments	1 105 481	1 800	1 335 363	2 442 644	2 867 141
SUB TOTAL REVENUE (Stat II)	15 043 013	371 532	7 389 902	22 804 447	27 043 432

Opinion of the external auditor

International Institute for Educational Planning (IIEP)



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 2022, 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 2022, and its financial performance and its cash flows for the year then ended in accordance with International Public Sector Accounting Standards (IPSASs).

Basis for Opinion

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

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

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Institute's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Institute's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Institute to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

Report on Compliance with Specified Authorities

Opinion

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

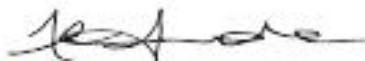
In our opinion, the transactions of the International Institute for Educational Planning that came to our notice during the audit of the financial statements have complied, in all material respects, with the specified authorities referred to above. Further, as required by the UNESCO *Financial Regulations*, we report that, in our opinion, the accounting principles in IPSAs 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.



Firyal Awada, CPA, CA
Principal
for the Auditor General of Canada

Ottawa, Canada
21 June 2023

Approval of the Financial Statements

Approval of the Financial Statements for the year ended 31 December 2022

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 2022. 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.

Mr. Martin Benavides

Director

International Institute for Educational Planning (IIEP)

21 June 2023

Mrs. Magdolna Bona

Chief Financial Officer

UNESCO

21 June 2023



Audited Financial Statements 2022

International Institute for Educational Planning (IIEP)

I. Statement of financial position

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

	Note	2022	2021
ASSETS			
Current assets			
Cash	5	11 344 248	7 898 968
Inventories		6 667	13 940
Accounts receivable	7	1 132 520	2 300 436
Advance payments	8	257 126	229 611
Other receivables	9	134 730	210 096
Receivable from UNESCO	10	12 749 006	10 019 040
Total current assets		25 624 297	20 672 091
Non-current assets			
Investments	6	-	9 107 028
Property, plant, and equipment	11	759 585	842 148
Intangible assets	12	117 302	166 777
Total non-current assets		876 887	10 115 953
TOTAL ASSETS		26 501 184	30 788 044
LIABILITIES			
Current liabilities			
Accounts payable and accruals	13	522 536	761 896
Employee benefits	14	1 276 115	1 271 237
Voluntary contributions with conditions	15	1 330 276	4 707 211
Other liabilities	16	768 474	669 502
Total current liabilities		3 897 401	7 409 846
Non-current liabilities			
Employee benefits	14	1 195 039	1 369 574
Total non-current liabilities		1 195 039	1 369 574
TOTAL LIABILITIES		5 092 440	8 779 420
NET ASSETS	17	21 408 744	22 008 624

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	2022	2021
<u>REVENUE</u>			
Voluntary contributions – Core Funding		9 829 833	15 562 188
Voluntary contributions – Extrabudgetary		8 547 347	6 747 950
UNESCO financial allocation		2 140 100	2 140 100
In-kind contribution		1 935 724	2 094 215
Other revenue producing activities		213 843	438 914
Finance revenue		133 705	38 624
Other revenue		3 895	21 441
TOTAL REVENUE	18	22 804 447	27 043 432
<u>EXPENSES</u>			
Personnel costs		14 156 706	15 573 960
Consultants, external experts, and mission costs		3 230 863	2 808 705
Supplies, consumables, and other running costs		2 736 179	2 767 826
Contracted services		1 765 745	1 854 073
External training, grants, and other transfers		277 701	160 666
Depreciation and amortization		227 258	238 423
Other expenses		42 221	84 142
Foreign exchange losses		951 599	1 417 370
Finance costs		16 055	15 165
TOTAL EXPENSES	19	23 404 327	24 920 330
SURPLUS (DEFICIT) FOR THE YEAR		(599 880)	2 123 102

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	2022	2021
BALANCE AT THE BEGINNING OF THE YEAR		22 008 624	19 885 522
Surplus (deficit) for the year		(599 880)	2 123 102
NET ASSETS AT THE END OF THE YEAR	17	21 408 744	22 008 624

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	2022	2021
Cash flows from operating activities:			
Surplus (deficit) for the year		(599 880)	2 123 102
Accrued finance revenue		-	(27 625)
Depreciation and amortization		227 258	238 423
Other non-cash expenses		25 431	1 089
Decrease (Increase) in inventories		7 274	9 402
Decrease (Increase) in accounts receivable	7	1 197 011	(1 809 369)
Decrease (Increase) in advance payments	8	(27 515)	(58 919)
Decrease (Increase) in other receivables	9	73 399	(28 413)
Decrease (Increase) in Due from UNESCO	10	5 789 736	(2 703 386)
(Decrease) Increase in accounts payable and accruals	13	(243 893)	410 648
(Decrease) Increase in current employee benefits	14	(8 565)	285 027
(Decrease) Increase in voluntary contributions with conditions	15	(3 376 935)	(1 027 126)
(Decrease) Increase in other liabilities	16	44 096	(17 446)
(Decrease) Increase in non-current employee benefits	14	(174 535)	125 673
Effect of exchange rates on operating activities		702 614	1 471 989
Net cash flows provided by/ (used in) operating activities		3 635 496	(1 006 931)
Cash flows from investing activities:			
Purchase of property, plant, and equipment	11	(97 199)	(131 840)
Acquisitions of investments		-	(3 378 390)
Redemptions of investments		-	3 378 390
Net cash flows provided by/ (used in) investing activities		(97 199)	(131 840)
Net (decrease) increase in cash		3 538 297	(1 138 771)
Cash, beginning of the year		7 898 968	9 707 887
Effect of exchange rates on cash		(93 017)	(670 148)
Cash, end of the year	5	11 344 248	7 898 968

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 2022

(Expressed in US dollars)

	APPROPRIATIONS				EXPENDITURE			FINAL BUDGET LESS ACTUAL EXPENDITURE
	Governing Board original Resolution 589	Supplementary/ other adjustments*	Governing Board approved Resolution 604	Disbursements	Unliquidated obligations	Inter-fund transactions	Total	
A. CORE FUNDING PROGRAMME								
I. Programme Operations								
Technical Cooperation and Capacity Development								
Training	4 057 829	195 938	4 253 767	4 110 652	97 160	-	4 207 812	45 955
Technical Cooperation	5 105 402	(397 358)	4 708 044	4 629 826	114 600	-	4 744 426	(36 382)
Knowledge Production and Knowledge Sharing								
Research & Development	3 727 494	(841 041)	2 886 453	2 763 627	141 192	-	2 904 819	(18 366)
Outreach & Advocacy	3 169 499	(576 499)	2 593 000	2 307 514	97 251	-	2 404 765	188 235
Indemnities	-	-	-	120 376	-	-	120 376	(120 376)
Sub-total I	16 060 224	(1 618 960)	14 441 264	13 931 995	450 203	-	14 382 198	59 066
II. Gov. Board, Directorate and Corporate Services								
Governing Board	231 738	29 408	261 146	213 971	10 765	-	224 736	36 410
Directorate/Monitoring & Evaluation	779 944	(361 181)	418 763	402 937	13 582	-	416 519	2 244
Corporate Services	1 941 849	(717 108)	1 224 741	933 296	155 517	-	1 088 813	135 928
Sub-total II	2 953 531	(1 048 881)	1 904 650	1 550 204	179 864	-	1 730 068	174 582
III. Investment								
Staff development	345 597	8 552	354 149	324 550	29 024	-	353 574	575
Renovation of building	208 792	(145 311)	63 481	23 447	61	-	23 508	39 973
IT Technology	423 512	(23 777)	399 735	373 264	13 372	-	386 636	13 099
Sub-total III	977 901	(160 536)	817 365	721 261	42 457	-	763 718	53 647
SUB-TOTAL, A. Core Funding Programme	19 991 656	(2 828 377)	17 163 279	16 203 460	672 524	-	16 875 984	287 295

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

[Continues](#)

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

INTERNATIONAL INSTITUTE FOR EDUCATIONAL PLANNING (IIEP) FOR THE YEAR ENDED 31 DECEMBER 2022

(Expressed in US dollars)

	APPROPRIATIONS			EXPENDITURE				FINAL BUDGET LESS ACTUAL EXPENDITURE
	Governing Board original Resolution 589	Supplementary/ other adjustments*	Governing Board approved Resolution 604	Disbursements	Unliquidated obligations	Inter-fund transactions	Total	
B. PROJECT FUNDING PROGRAMME (EXTRABUDGETARY)								
I. Programme Operations								
a. Technical Cooperation and Capacity Development								
Training	1 490 595	232 889	1 723 484	1 758 672	136 484	(1 086 274)	808 882	914 602
Technical Cooperation	4 167 139	(390 734)	3 776 405	2 796 033	454 681	(1 492 686)	1 758 028	2 018 377
Sub-total I a.	5 657 734	(157 845)	5 499 889	4 554 705	591 165	(2 578 960)	2 566 910	2 932 979
b. Knowledge Production and Knowledge Sharing								
Research & Development	1 156 472	122 460	1 278 932	862 075	101 404	(292 388)	671 091	607 841
Outreach & Advocacy	273 358	236 347	509 705	318 027	24 041	(84 514)	257 554	252 151
Sub-total I b.	1 429 830	358 807	1 788 637	1 180 102	125 445	(376 902)	928 645	859 992
II. Directorate and Corporate Services								
Governing Board	-	-	-	-	-	-	-	-
Directorate/Monitoring and Evaluation	-	-	-	-	-	-	-	-
Corporate Services	-	-	-	-	-	-	-	-
Programme Support Funds	-	-	-	-	-	-	-	-
Staff Service Account	-	-	-	(3 777)	-	-	(3 777)	3 777
Sub-total II	-	-	-	(3 777)	-	-	(3 777)	3 777
SUB-TOTAL, B Project Funding Programme	7 087 564	200 962	7 288 526	5 731 030	716 610	(2 955 862)	3 491 778	3 796 748
Inter-fund transactions	(2 339 087)	161 498	(2 177 589)	-	-	-	-	(2 177 589)
GRAND TOTAL	24 740 133	(2 465 917)	22 274 216	21 934 490	1 389 134	(2 955 862)	20 367 762	1 906 454

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

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

VI. Notes to the Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2022

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, 75116). It is also composed of two offices located in Buenos Aires (Argentina) and Dakar (Senegal).

Note 2: Significant accounting policies

2.1 Basis of preparation and presentation

Basis of preparation

The financial statements have been prepared on an accrual and going concern basis in accordance with the requirements of International Public Sector Accounting Standards (IPSAS) and comply with the Financial Regulations and Rules of the IIEP Special Accounts and the UNESCO Financial Regulations.

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

Financial period

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

Presentation and functional currency

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

2.2 Foreign currency transactions

Foreign currency transactions carried out during the financial year are converted into US dollars using the United Nations Operational Rate of Exchange (UNORE) prevailing at the date of the transaction. The UNORE approximates market rates as they are set 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 Segment reporting

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

IIEP segments are presented by geographical operation or by programme specificity. They form a group of assets and operations and are clearly identified and defined by their areas of operation, and they contribute to the programmes and activities of the Institute (see [Note 24](#)).

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

The segment information is provided for:

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

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

Fellowships: IIEP offers 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.

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

2.4 Financial assets

IIEP's financial assets include cash, investments, accounts receivable, receivable from UNESCO, and other receivables.

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

The subsequent measurement of financial assets depends on their classification. The classification depends on the purpose for which the financial assets are acquired and is determined at initial recognition and re-evaluated at each reporting date. Financial assets classified as L&R are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market, including term deposits with an initial maturity of more than three months from the date of acquisition, and term accounts. They are initially measured at fair value plus transaction costs and subsequently recorded at amortized cost using the effective interest rate method.

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

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

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

Impairment of financial assets at amortized cost

IIEP assesses at each reporting date whether there is objective evidence that a financial asset is impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that have occurred after the initial recognition of the asset which has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated.

The carrying amount of the asset is reduced using an allowance account and the amount of the loss is recognized in surplus or deficit. If, in a subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognized, the previously recognized impairment loss is increased or reduced by adjusting the allowance account. If a write-off is later recovered, the recovery is credited to revenue in surplus or deficit.

2.5 Financial liabilities

IIEP's financial liabilities include accounts payable and accruals, and other liabilities.

All financial liabilities are recognized initially at fair value.

IIEP has classified all its financial liabilities as amortized cost.

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

2.6 Cash

Cash includes cash in hand.

2.7 Investments

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

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

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

2.8 Accounts receivable and other receivables

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

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

2.9 Advance payments and advance receipts

Advance payments

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

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. Advance receipts 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.

2.10 Property, plant, and equipment

Property, Plant, and Equipment (PP&E) is measured 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 the Institute and the cost of the item can be measured reliably.

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

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

Disposals

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

Subsequent costs

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

Depreciation

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

Class of Property, Plant and Equipment	Useful life (in years)
Leasehold improvements	15–50 years (or the shorter of lease term and useful life)
Communication and IT equipment	4
Vehicles	5
Furniture and fixtures	5
Other equipment	5

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

Impairment

The carrying amount of fixed assets is reviewed for impairment if events or changes in circumstances indicate that the carrying amount of the asset may not be recoverable. If such an indication exists, the recoverable amount of the asset is estimated 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.

2.11 Intangible assets

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

Software acquisition and development

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

Amortization

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

Class of intangible asset	Useful life (in years)
Software acquired separately	5
Software internally developed	5

2.12 Employee benefits

The Institute recognizes the following categories of employee benefits:

Short-term employee benefits

Short-term employee benefits are expected to be settled within 12 months of the reporting date and are measured at their nominal values based on accrued entitlements at current rates of pay.

Short-term employee benefits comprise first-time employment benefits (assignment grants), regular monthly benefits (wages, salaries, allowances), and other short-term benefits (education grants, home leave, etc.). An expense is recognized when employees render service to the Institute and a liability is recognized for any entitlement that has not been settled at the reporting date.

Post-employment benefits

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

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

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

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

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

The contributions of IIEP to the UNESCO ASHI programme consists of contributions to the UNESCO Special Account for ASHI. They consist of 4% of salary of staff who participate to the UNESCO ASHI programme. IIEP'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 on the Statement of Financial Performance.

2.13 Tax

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

2.14 Provisions and contingent liabilities

Provisions are recognized for future expenditure of uncertain amount or timing when there is a present obligation (either legal or constructive) as a result of a past event; it is probable that expenditure will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Provisions are not made for future operating losses. Provisions are measured at the present value of the expenditures expected to be required to settle the obligation. The increase in the provision due to the passage of time is recognized as an interest expense.

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

2.15 Revenue recognition

Revenue from non-exchange transactions

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

- UNESCO financial allocation

Assessed contributions, made available from UNESCO, and presented as UNESCO financial allocation in the Statement of Financial Performance, are approved for each financial year and are recognized as revenue at the beginning of the relevant year as soon as the amounts are communicated to the Institute.

- Voluntary contributions

Voluntary contributions and other transfers which are supported by enforceable agreements are recognized as revenue at the time the agreement becomes binding and when control over the underlying asset is obtained, unless the agreement establishes a condition on transferred assets that requires recognition of a liability. Core Funding voluntary contributions are non-earmarked contributions that are granted to IIEP and allocated according to the IIEP Governing Board resolutions. Extrabudgetary (i.e., project funding) voluntary contributions are earmarked for specific programmes and projects. Extrabudgetary inter-organization voluntary contributions refer to contributions from other United Nations organizations.

Conditions are imposed by donors on the use of contributions and include both a performance obligation to use the donation in a specified manner, and an enforceable return obligation to return the donation if it is not used in the specified manner. The amount recognized as a liability is the best estimate of the amount that would be required to settle the obligation at the reporting date.

As IIEP satisfies the conditions on voluntary contributions through performance in the specified manner, the carrying amount of the liability is reduced and an amount of revenue equal to that reduction is recognized.

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

- In-kind contributions

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

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

Revenue from exchange transactions

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

2.16 Expenses

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

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

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

2.17 Accounts payable and accruals

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.

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

2.18 Leases

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

2.19 Budget comparison

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

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

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

Note 3: Accounting estimates, assumptions, and judgements

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

The areas where estimates, assumptions, or judgements are significant to IIEP's financial statements include, but are not limited to, in-kind contribution calculation for the use of premises, provisions for litigation and employee benefits. Changes in estimates are reflected in the year in which they become known.

Judgements

In-kind contribution calculation for the use of premises

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

The factors that impact the valuation are the following:

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

Estimates and assumptions

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

Provisions for litigation

Provisions were raised and management determined an estimate based on the information available. Provisions are measured at the management's best estimate of the expenditure required to settle the obligation at the reporting date and are discounted to present value where the effect is material. Additional disclosure of these estimates of provisions is included in [Note 16](#).

Employee benefits

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

Note 4: Accounting standards issued

Accounting standards adopted during the year

- 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 year 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 the annual reporting year beginning on or after 1 January 2023. The standard establishes principles and requirements on the recognition, measurement, and presentation of social benefits in the financial statements. IIEP has assessed that the adoption of this standard will not have any impact on the financial statements.
- IPSAS 43 – Leases: the standard is effective for annual reporting year beginning on or after 1 January 2025. The standard establishes the principles for the recognition, measurement, presentation and disclosure of leases in the financial statements. IIEP has not yet assessed the impact of the adoption of the standard.
- IPSAS 44 - Non-current assets held for sale and discontinued operation: 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 IIEP financial statements.

Note 5: Cash

Expressed in US dollars	2022	2021
Current accounts	11 344 016	7 898 968
Cash in hand	232	-
Total cash	11 344 248	7 898 968

Note 6: Investments

Expressed in US dollars	2022	2021
Current portion		
Loans and receivables (L&R)		
Term accounts	-	-
Total current portion	-	-
Non-current portion		
L&R		
Term accounts	-	9 107 028
Total non-current portion	-	9 107 028
Total investments	-	9 107 028

As of 31 December 2022, IIEP had no direct investments. The Institute has placed deposits that were invested in the investment account of UNESCO's cash pool disclosed in [Note 10](#).

Note 7: Accounts receivable

Expressed in US dollars	2022	2021
Extrabudgetary contracts	1 457 243	2 627 438
Allowance for doubtful accounts	(327 241)	(329 102)
Accounts receivable from non-exchange transactions	1 130 002	2 298 336
Amounts receivable for goods and services	2 518	2 100
Allowance for doubtful accounts	-	-
Accounts receivable from exchange transactions	2 518	2 100
Accounts receivable from non-exchange and exchange transactions	1 132 520	2 300 436

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

Expressed in US dollars	2022	2021
31-60 days	-	-
61-90 days	339 559	46 661
91-365 days	91 961	33 635
366-732 days	-	1 860
Total accounts receivable past due but not impaired	431 520	82 156

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

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

Expressed in US dollars	2022	2021
Opening balance	329 102	329 048
Additions	-	10 786
Recoveries and write-offs	(1 861)	(10 732)
Allowance for doubtful accounts	327 241	329 102

Note 8: Advance payments

Expressed in US dollars	2022	2021
Advances to staff	37 566	30 195
Other advances	219 560	199 416
Total advance payments	257 126	229 611

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

Note 9: Other receivables

Expressed in US dollars	2022	2021
VAT receivables	117 471	210 096
Other	1 101	-
Accrued interest	16 158	-
Total other receivables	134 730	210 096

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

Note 10: Receivable from UNESCO

Expressed in US dollars	2022	2021
Due from UNESCO	4 229 304	10 019 040
Deposits held by UNESCO	8 519 702	-
Total receivable from UNESCO balances	12 749 006	10 019 040

Due from UNESCO represents amounts relating to UNESCO financial allocation, voluntary contributions received on behalf of IIEP and decentralized funds from UNESCO projects used, inter alia, to cover payroll payments processed by UNESCO.

Since November 2022, in addition to the operating account described above, UNESCO manages on behalf of IIEP an investment account labelled as Deposits held by UNESCO. The receivable balance from both the operating and investment accounts are kept within UNESCO's cash pool to maximize the return on deposited funds. The net investment returns are allocated to IIEP in the proportion of its share held in UNESCO's cash pool and are recognized within the operating account of UNESCO's cash pool.

In November 2022, UNESCO sold on behalf of IIEP investments totalling USD 8 247 576 (EUR 8 016 644) and IIEP recorded Deposits held by UNESCO amounting to USD 8 230 453 (EUR 8 000 000). As these transactions did not impact IIEP's cash balance, these investing activities are excluded from IIEP's Statement of Cash Flow. As at 31 December 2022, Deposits held by UNESCO are translated at USD 8 519 702 (EUR 8 000 000).

Balances are classified as current or non-current based on IIEP's projected cash flow requirement.

Note 11: Property, plant, and equipment

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

Expressed in US dollars	Leasehold improvements	Communication and IT equipment	Furniture & fixtures	Other equipment	Vehicles	Total
1 January 2022						
Cost	766 511	1 347 086	108 341	46 320	22 202	2 290 460
Accumulated depreciation	(136 516)	(1 152 795)	(90 479)	(46 320)	(22 202)	(1 448 312)
Carrying amount	629 995	194 291	17 862	-	-	842 148
Movements 12 months to 31 December 2022						
Additions	-	67 490	-	29 709	-	97 199
Disposals	-	(112 786)	-	-	-	(112 786)
Disposals depreciation	-	110 807	-	-	-	110 807
Depreciation	(51 101)	(106 490)	(14 250)	(5 942)	-	(177 783)
Total movements	(51 101)	(40 979)	(14 250)	23 767	-	(82 563)
Cost	766 511	1 301 790	108 341	76 029	22 202	2 274 873
Accumulated depreciation	(187 617)	(1 148 478)	(104 729)	(52 262)	(22 202)	(1 515 288)
Carrying amount	578 894	153 312	3 612	23 767	-	759 585

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

The Institute has constructed improvements on leasehold property at the premises in Paris (France).

At 31 December 2022 IIEP holds fully depreciated PP&E which is still in use for a gross value of USD 1 039 542 (2021: USD 964 214).

During the period, IIEP acquired property, plant, and equipment with a total cost of USD 97 199 (2021: USD 131 840). In 2022, the cash disbursement in relation to fixed assets amounted to USD 97 199 (2021: USD 131 840).

At 31 December 2022, IIEP has nil (2021: nil) in commitments related to purchases of property, plant and equipment.

IIEP does not own any heritage assets such as historical buildings or works of art with cultural significance.

Note 12: Intangible assets

Expressed in US dollars	Software	Total
As at 1 January 2022		
Cost	247 373	247 373
Accumulated amortization	(80 596)	(80 596)
Carrying amount	166 777	166 777
Movements 12 months to 31 December 2022		
Amortization	(49 475)	(49 475)
Total movements	(49 475)	(49 475)
As at 31 December 2022		
Cost	247 373	247 373
Accumulated amortization	(130 071)	(130 071)
Carrying amount	117 302	117 302

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

Note 13: Accounts payable and accruals

Expressed in US dollars	2022	2021
Accruals	439 253	622 391
Suppliers payable	83 283	139 505
Total accounts payable and accruals	522 536	761 896

Note 14: Employee benefits

Expressed in US dollars	Actuarial valuation	IIEP valuation	2022	2021
Payroll and reimbursements	-	302 383	302 383	185 558
Termination indemnity	-	221 335	221 335	69 798
Accumulated annual leave	677 144	-	677 144	914 398
Repatriation benefits	75 253	-	75 253	101 483
Employee benefits (current)	752 397	523 718	1 276 115	1 271 237
Repatriation benefits	1 195 039	-	1 195 039	1 369 574
Employee benefits (non-current)	1 195 039	-	1 195 039	1 369 574
Total employee benefits	1 947 436	523 718	2 471 154	2 640 811

Employee benefits – current

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

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

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

Employee benefits – non-current

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

Assumptions used for annual leave and repatriation grant		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	2019 United Nations in-service mortality table for annual leave and repatriation grant		
Salary increase rate	Annual leave	2.25% per year	2.00% per year
	Repatriation grant	2.25% per year	2.00% per year
Repatriation Travel and Removal trend	For staff members without dependent	USD 5 916	USD 5 916
	For staff members with at least one dependent	USD 7 178	USD 7 718
Retirement age		65	65
Withdrawal tables	Based on a study of UNESCO’s turnover rates from 2017 and 2021		
Take up rate – Repatriation benefits	Staff eligible for repatriation benefits on leaving to actually claim their entitlement	75%	75%
Take up rate – Accumulated leave	Staff eligible for accumulated annual leave to actually claim their entitlement at separation	100%	100%

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

Expressed in US dollars	Accumulated annual leave	Repatriation benefits	2022 Total
Defined benefit obligation 1 January	914 398	1 471 057	2 385 455
Employee benefits	914 398	1 471 057	2 385 455
Movements for year ended 31 December			
Service cost	67 870	106 988	174 858
Interest cost	9 914	16 334	26 248
Benefits paid	(169 956)	(79 339)	(249 295)
Actuarial losses (gains)	(131 641)	(244 748)	(376 389)
Foreign exchange difference	(13 441)	-	(13 441)
Defined benefit obligation at 31 December	677 144	1 270 292	1 947 436

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

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

Expressed in US dollars	Accumulated annual leave	Repatriation benefits	2022 Total
Service cost	67 870	106 988	174 858
Interest cost	9 914	16 334	26 248
Actuarial losses (gains)	(131 641)	(244 748)	(376 389)
Total expenses recognized for the year	(53 857)	(121 426)	(175 283)

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

The expected contribution of IIEP in 2023 to the AAL and repatriation benefits is respectively USD 62 679 and USD 75 253, which represents expected benefit payments for the year.

After-service health insurance

Contributions made during the year consist of 4% of salary of staff who participate to the UNESCO ASHI programme and amount to USD 375 487 (2021: USD 382 149). Expected contributions due in 2023 are USD 368 409.

United Nations Joint Staff Pension Fund (*UNJSPF*)

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

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

The latest actuarial valuation for the Fund was completed as of 31 December 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

During 2022, contributions paid to the Fund amounted to USD 2 183 538 (2021: USD 2 261 930). Expected contributions due in 2023 are approximately USD 2.1 million.

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

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

Note 15: Voluntary contributions with conditions

Expressed in US dollars	2022	2021
Voluntary contributions with conditions 1 January	4 707 211	5 734 337
Movements for the year ended 31 December		
Amounts recognized as revenue	(7 015 539)	(7 260 462)
New contributions received	3 638 604	6 233 336
Voluntary contributions with conditions at the year ended 31 December	1 330 276	4 707 211

The Institute recognizes as a liability condition attached to contracts. Conditions are imposed by donors on the use of funds and include both a performance obligation to use the funds in a specified manner, and an enforceable obligation to return the funds if they are not used in the specified manner.

The amount recognized as a liability is the best estimate of the amount that would be required to settle the obligation at the reporting date. As the Institute satisfies the conditions on these projects/contracts through performance in the specified manner, the balance of the liability is reduced and an amount of revenue equal to that reduction is recognized.

In 2022, IIEP recognized as revenue amounting to USD 7 015 539: USD 2 758 760 for the Agence Française de Développement (AFD) Convention 2020-2023 (France core funding); USD (30 577) for the AFD project Plateforme d'expertise en formation professionnelle (PEFOP); USD 2 087 189 for the AFD project Quality: appuis au pilotage de la qualité de l'éducation a destination de pays d'Afrique subsaharienne; USD 645 349 for the project Foreign Policy Instruments EU funding; USD 833 538 for the project in Haiti EU funding and USD 711 280 for the Burkina Faso projects.

The new contributions received in 2022 amount to USD 3 638 604: USD 2 758 760 for the AFD Convention 2020-2023 core funding; USD 97 050 for the Foreign Policy Instruments EU funding; USD 590 487 for the project in Haiti EU funding and USD 182 307 for the Burkina Faso projects.

Note 16: Other liabilities

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

A best estimate of the amount to settle these outstanding obligations has been included in these financial statements, updated with the exchange rate applicable at the end of the year. The total amount accrued amounts to USD 449 324 (2021: USD 490 838).

Expressed in US dollars	2022	2021
Provision for litigation	449 324	490 838
Deferred income	319 150	178 664
Total other liabilities	768 474	669 502

The deferred income of USD 319 150 (2021: USD 178 664) includes cash receipt in advance for services that are expected to be provided in 2023.

Provision for litigation movements

Expressed in US dollars	2022	2021
As at 1 January		
Current portion	490 838	519 598
Non-current portion	-	-
Total	490 898	519 598
Movements during the year	(41 514)	(28 760)
As at 31 December		
Current portion	449 324	490 838
Non-current portion	-	-
Total	449 324	490 838

The USD 449 324 provision for litigation is mainly due to outstanding cases against the Institute related to staff members' claims pending resolution by the competent tribunal. The timing of the outflows of resources to settle the obligations is unknown at this time.

The movements during the year of the Provision for litigation were due to an increase of provision of USD 13 362 and a decrease of USD 54 876 due to the effect of exchange rates.

Note 17: Net assets

Expressed in US dollars	1 January 2022 opening reserves	Surplus (Deficit) for the year	Other adjustments to reserves	31 December 2022
Stabilization Reserve Account	11 474 236	-	607 439	12 081 675
Accumulated surplus	10 534 388	(599 880)	(607 439)	9 327 069
Total net assets	22 008 624	(599 880)	-	21 408 744

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 2021:

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

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

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

The Account is administered in accordance with the Financial Regulations and Rules of the IIEP Special Accounts for Education Planning. During 2022, an amount of USD 725 118 (2021: USD 652 712), representing 5% of the Institute's previous year's payroll, and USD 5 484 (2021: USD 214 656) 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	2022	2021
Balance of Stabilization Reserve		
Account as at 1 January	11 474 236	10 827 699
Transfers of interest from previous year	5 484	214 656
5% of the Institute's previous year's payroll	725 118	652 712
Sub-total	12 204 838	11 695 067
Termination indemnity from previous year	(123 163)	(220 831)
Total Stabilization Reserve Account	12 081 675	11 474 236

Note 18: Revenue

Expressed in US dollars	2022	2021
Voluntary contributions – Core Funding	9 829 833	15 562 188
Voluntary contributions – Extrabudgetary	5 587 000	4 398 444
Voluntary contributions – Extrabudgetary inter-organization	2 960 347	2 349 506
Total Voluntary contributions – Extrabudgetary	8 547 347	6 747 950
UNESCO financial allocation	2 140 100	2 140 100
In-kind voluntary contributions	1 935 724	2 094 215
Other revenue producing activities		
Revenue producing activities	193 023	427 992
Income from services rendered	20 820	10 922
Total other revenue producing activities	213 843	438 914
Finance revenue	133 705	38 624
Other revenue	3 895	21 441
Total revenue	22 804 447	27 043 432

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 59 749 (Senegal), USD 1 815 975 (France), and USD 60 000 (Argentina). Estimated rental value for the year 2021 amounted to: USD 63 125 (Senegal), USD 1 911 090 (France), and USD 120 000 (Argentina).

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

Income from services rendered include services provided to internal and external partners for consultation towards programme activities in line with UNESCO's mandate, and specifically IIEP's mandate.

USD 37 779 of interest received is included in the net cash flows provided by operating activities (2021: USD 5 484).

Note 19: Expenses

Expressed in US dollars	2022	2021
Personnel costs		
International and national staff	12 787 699	14 313 840
Temporary staff	766 238	766 033
Other personnel costs	602 769	494 087
Total personnel costs	14 156 706	15 573 960
Consultants, external experts, and mission costs		
Consultants	2 526 155	2 505 641
Staff mission costs	565 533	181 401
Delegates' and external individuals' missions	49 278	-
Other contracts	89 897	121 663
Total consultants, external experts, and mission costs	3 230 863	2 808 705
Supplies, consumables, and other running costs		
Communications	120 351	136 743
Equipment	285 008	196 201
Leases	1 964 356	2 146 028
Utilities	176 048	131 256
Maintenance and repairs	74 782	74 492
Other supplies	115 634	83 106
Total supplies, consumables, and other running costs	2 736 179	2 767 826
Contracted services		
Contracted seminars and meetings	14 436	28 861
Contracted document production	6 400	19 739
Other contracted services	1 744 909	1 805 473
Total contracted services	1 765 745	1 854 073
External training, grants, and other transfers		
Grants and fellowships	2 377	-
External training and seminars	275 324	160 666
Total external training, grants, and other transfers	277 701	160 666
Depreciation and amortization	227 258	238 423
Other expenses		
Other operating expenses	40 242	83 053
Loss on disposal	1 979	1 089
Total other expenses	42 221	84 142
Foreign exchange losses	951 599	1 417 370
Finance costs	16 055	15 165
Total expenses	23 404 327	24 920 330

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

19.1 Personnel costs

International and national staff expenses include salaries, post adjustments, entitlements, and pension and health plan contributions for Professional and General Service category staff. The contribution of IIEP to the health plan is USD 384 050 (2021: USD 414 617). This line also includes movements in the actuarial liability for AAL and repatriation benefits. Temporary staff expenses include all costs relating to the employment of temporary staff. Other personnel costs include contribution to ASHI, and staff travel expenses which are not related to mission costs (home leave, family visits, education grants, interviews, separation).

19.2 Consultants, external experts, and mission costs

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

19.3 Supplies, consumables, and other running costs

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

19.4 Contracted services

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

19.5 External training, grants, and other transfers

Financial contributions include contributions made to UN joint activities, publications, conferences, and programme activities. Grants and fellowships include study grants, fellowships, subventions,

sponsorships, and grant-in-aid. Expenses for external training and seminars are mainly travel and per diem costs for participants.

19.6 Depreciation and amortization

Depreciation is the expense resulting from the systematic allocation of the depreciable amounts of PP&E over their useful lives (see [Note 11](#)). Amortization is the expense resulting from the systematic allocation of the amortizable amount of intangible assets over their useful lives (see [Note 12](#)).

19.7 Other expenses, foreign exchange, and finance costs

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

Finance costs are mainly due to bank charges and commissions.

Note 20: Budget

20.1 Adjustments to appropriation

Appropriations represent amounts that have been approved by the Governing Board (GB or ‘the Board’) for different programme elements to the extent that funds are available. The GB of IIEP approves the budget of the Institute on an annual basis. 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° 589 (paras. d and e) of the 61st GB, the Director is authorized to accept additional voluntary contributions, increase appropriations accordingly, and make transfers between appropriations lines within the limits authorized by the Board.

20.2 Governing Board Resolution

A comparison between the GB Resolution and the year-end total expenditure is provided. The presentation of the reconciliation of the accounts and budget, Statement V, separates the core funding budget as voted in Resolution n° 604 from the Extrabudgetary programme of the same Resolution.

20.3 Extrabudgetary programme and other funds expenditure

The Director of IIEP is authorized to receive funds or assistance in kind from governments; international, regional, or national organizations; governmental or non-governmental institutions; and other bodies, as well as from individuals, for the implementation of the programmes, projects, or other activities consistent with the aims, policies, and activities of IIEP and of UNESCO, and to incur

obligations for such activities in accordance with the Regulations and Rules of the IIEP Special Accounts and/or the Regulations and Rules of UNESCO and the agreements made with the donors.

The approved budget covers the financial year from 1 January 2022 to 31 December 2022. The budget situation as at 31 December 2022, which concerns only allotments for the year 2022, shows non-implemented activities of USD 1 906 454. The total expenditure figure of USD 20 367 762 at this date contains unliquidated obligations (ULOs) amounting to USD 1 389 134 and a reduction of USD 2 955 862 for inter-fund transactions.

A Statement of Comparison of Budget and Actual Amounts is provided in these financial statements (see Statement V). The overall appropriations received in 2022 was lower than budgeted, including the estimated project funding. The reduction in expenditure (Statement V) is explained both by projects which have not yet been signed and by delays in the implementation of projects / no cost extensions.

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 2022 are presented.

20.4 Reconciliation: Budgetary result with surplus (deficit)

Expressed in US dollars	2022
Surplus (Deficit) for the year	(599 880)
Less of income (GB Approv. Res. 604 less revenue)	(530 231)
Unliquidated obligations (Current year ULOs)	(1 389 134)
Accounting basis adjustments:	
Rental of premises (in-kind)	1 935 724
Foreign exchange losses	951 599
Payments against prior year ULOs	1 564 622
Depreciation and amortization	227 258
Accruals reversal	(397 593)
Accruals current year	318 869
Advance payments reversal	122 157
Advance payments current year	(114 803)
Operating gains/(losses)	12 943
Employee benefits	(95 291)
New acquisitions PP&E and intangible assets	(97 199)
Other adjustments	(2 587)
Total accounting adjustments	4 425 699
Budget result on budgetary basis	1 906 454

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

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

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

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

20.5 Reconciliation: Budgetary result with net cash flow

2022 Expressed in US dollars	Operating activities	Investing activities	Total
Actual net surplus as per the Statement of Comparison of Budget and Actual Amounts	1 906 454	-	1 906 454
Basis differences	1 729 042	(97 199)	1 631 843
Actual amount in the Statement of Cash Flow	3 635 496	(97 199)	3 538 297

Basis differences

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

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

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

- Budget allotment disbursement (USD 0.530 million): this amount represents the difference between the budget allotted in 2022 and the revenue recognized under the Statement of Financial Performance in line with the IPSAS standards.
- Some expenses and revenues, such as the 2022 foreign exchange losses (USD 0.952 million) and net accruals (USD 0.079 million), do not affect the budget but are part of the accounting surplus (deficit) in line with IPSAS, resulting in a difference between the 2022 budget surplus and the 2022 surplus (deficit) under the Statement of Financial Performance.
- Employee benefits (USD 0.095 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 1.565 million): the unliquidated obligations (ULOs) pertaining to 2021 have been expensed in 2022. They were included in 2021 Statement V and contributed to the budget surplus. However, if they are not part of the 2022 budget surplus they have been recorded as expenses incurred in 2022 through the Statement of Financial Performance.
- Fixed assets addition (USD 0.097 million), depreciation and amortization (USD 0.227 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 1.936 million): valued and recognized in the Statement of Financial Performance at fair value (based on the commercial rate for renting the three IIEP offices' buildings). The In-kind contribution is not included in the Statement V.
- Non-cash elements such as unliquidated obligations (USD 1.389 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 2022. As such there are no timing differences in the reconciliation.

20.6 Unliquidated obligations (ULOs)

Expressed in US dollars	2022	2021
Opening balance, 1 January	2 340 842	1 486 172
Payments against ULOs	(1 564 622)	(949 328)
Savings on prior year ULOs	(648 766)	(492 633)
Total prior year ULOs	127 454	44 211
Current year ULOs	1 389 134	2 297 131
Current year adjustment	(131)	(500)
Total unliquidated obligations	1 516 457	2 340 842

For budgetary purposes the Institute records ULOs, which are commitments that are not recognized in the Statement of Financial Position. These ULOs concern budget commitments which have not yet given rise to the delivery of a service at the reporting date and real accruals for goods and services received but not yet invoiced and for travel which has taken place during the year. ULOs are included in the actual amounts of the budget expenditure as of 31 December 2022. Total ULOs at the reporting date are USD 1 516 457 (2021: USD 2 340 842).

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

Note 21: Financial risk management

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

The Institute's financial risks are managed in accordance with the risk management policies of UNESCO. UNESCO's risk management policies, along with its Investment Policy and the Financial Regulations and Rules of the IIEP Special Accounts, aim to minimize potential adverse effects on the resources available to IIEP to fund its activities.

The primary objective of UNESCO's Investment Policy is the preservation of the value of resources of the Organization. Within this general objective, the principal considerations for investment management are, in order of priority, security of principal, liquidity, and rate of return.

UNESCO has an Investment Committee comprised of senior management representatives and external member(s) who advise the Chief Financial Officer on the investment and cash management policy of UNESCO, on overall investment strategy, and on related risk management.

21.1 Fair value of financial assets and liabilities

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

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

21.2 Credit risk

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

IIEP 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

IIEP 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 UNESCO's policies. As such, the credit risk exposure related to cash is not significant.

Receivables

Receivables are mainly from donors and fellowships included under the heading Accounts receivable. An allowance is established when there is objective evidence, based on a review of

outstanding amounts at the reporting date that a counterparty will not comply with the original terms of the receivables. The credit risk exposure related to receivables is not significant as contributions are primarily from governments and related bodies.

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.

21.3 Liquidity risk

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

As at the year end, IIEP's cash, and receivable from UNESCO amount to USD 24 093 254 (2021: USD 17 918 008) which is substantially more than the current liabilities equalling USD 3 897 401 (2021: USD 7 409 846). Therefore, the Institute is not exposed to a significant liquidity risk.

21.4 Currency risk

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

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

21.5 Interest rate risk

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

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

21.6 Concentration risk

IIEP has a significant concentration of risk with UNESCO, who are the counterparty for 48% of IIEP's total assets at 31 December 2022 (2021: 62%). IIEP considers this concentration of risk is sufficiently mitigated by the strong short-term liquidity position of UNESCO.

Note 22: Capital management

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

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

Note 23: Related party disclosures

23.1 Governing bodies

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

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

23.2 IIEP / UNESCO transactions

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

The main services received without charge are the following:

- payroll management services,
- information technology services, and
- legal services.

23.3 Key management personnel

Key management personnel are the members of the management team, which has the authority and responsibility for planning, directing, and controlling the activities of IIEP. There are currently 9 positions considered key management personnel in 2022:

- IIEP's Director
- Assistant Director
- Technical Cooperation Team Leader
- Training and Education Programmes Team Leader
- Knowledge Management and Mobilization Team Leader
- Administration Team Leader
- Head of Office (Buenos Aires)
- Head of Office (Dakar)
- Deputy Head of Office (Dakar)

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

Key management personnel also qualify for post-employment benefits (see [Note 14](#)) at the same level as other employees. Key management personnel are ordinary members of the UNJSPF.

	2022	2021
Number of individuals	13	13
Expressed in US dollars		
Compensation and post adjustment	1 460 602	1 535 371
Entitlements (allowances, grants, and subsidies)	200 412	313 586
Pension and health plans	428 454	434 397
Total remuneration	2 089 468	2 283 354
Outstanding advances against entitlements	55 598	42 958
Reimbursement of US income tax	-	11 188

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

Note 24: Segment information

FINANCIAL POSITION BY SEGMENT AS AT 31 DECEMBER 2022

Expressed in US dollars	IIEP Paris	IIEP Buenos Aires	Fellowships	IIEP Dakar	Inter-fund transactions	TOTAL
ASSETS						
Current assets						
Cash	9 503 795	776 794	557 015	506 644	-	11 344 248
Inventories	6 667	-	-	-	-	6 667
Accounts receivable	420 139	1 800	(23)	710 604	-	1 132 520
Advance payments	165 300	16 317	-	75 509	-	257 126
Other receivables	133 629	-	-	1 101	-	134 730
Receivable from UNESCO	16 013 452	-	-	908 445	(4 172 891)	12 749 006
Total current assets	26 242 982	794 911	556,992	2 202 303	(4 172 891)	25 624 297
Non-current assets						
Property, plant, and equipment	756 116	-	-	3 469	-	759 585
Intangible assets	117 302	-	-	-	-	117 302
Total non-current assets	873 418	-	-	3 469	-	876 887
TOTAL ASSETS	27 116 400	794 911	556,992	2 205 772	(4 172 891)	26 501 184
LIABILITIES						
Current liabilities						
Accounts payable and accruals	276 668	34 756	76 257	134 855	-	522 536
Employee benefits	863 320	72 021	-	340 774	-	1 276 115
Voluntary contributions with conditions	821 719	-	-	508 557	-	1 330 276
Other liabilities	425 787	53 280	52 000	237 407	-	768 474
Payable to UNESCO	-	4 060 695	112 196	-	(4 172 891)	-
Total current liabilities	2 387 494	4 220 752	240,453	1 221 593	(4 172 891)	3 897 401
Non-current liabilities						
Employee benefits	698 601	31 998	-	464 440	-	1 195 039
Total non-current liabilities	698 601	31 998	-	464 440	-	1 195 039
TOTAL LIABILITIES	3 086 095	4 252 750	240,453	1 686 033	(4 172 891)	5 092 440
NET ASSETS	24 030 305	(3 457 839)	316 539	519 739	-	21 408 744

FINANCIAL POSITION BY SEGMENT AS AT 31 DECEMBER 2021

Expressed in US dollars	IIEP Paris	IIEP Buenos Aires	Fellowships	IIEP Dakar	Inter-fund transactions	TOTAL
ASSETS						
Current assets						
Cash	4 143 877	713 268	652 355	2 389 468	-	7 898 968
Inventories	13 940	-	-	-	-	13 940
Accounts receivable	406 798	-	1 094	1 892 544	-	2 300 436
Advance payments	170 262	8 093	-	51 256	-	229 611
Other receivables	209 747	-	-	349	-	210 096
Receivable from UNESCO	12 970 367	-	929 057	-	(3 880 384)	10 019 040
Total current assets	17 914 991	721 361	1 582 506	4 333 617	(3 880 384)	20 672 091
Non-current assets						
Investments	9 107 028	-	-	-	-	9 107 028
Property, plant, and equipment	826 651	1 375	-	14 122	-	842 148
Intangible assets	166 777	-	-	-	-	166 777
Total non-current assets	10 100 456	1 375	-	14 122	-	10 115 953
TOTAL ASSETS	28 015 447	722 736	1 582 506	4 347 739	(3 880 384)	30 788 044
LIABILITIES						
Current liabilities						
Accounts payable and accruals	311 683	48 713	127 746	273 754	-	761 896
Employee benefits	913 033	53 703	-	304 501	-	1 271 237
Voluntary contributions with conditions	2 253 782	-	-	2 453 429	-	4 707 211
Other liabilities	451 860	68 721	52 000	96 921	-	669 502
Payable to UNESCO	-	2 424 899	1 071 344	384 141	(3 880 384)	-
Total current liabilities	3 930 358	2 596 036	1 251 090	3 512 746	(3 880 384)	7 409 846
Non-current liabilities						
Employee benefits	820 075	34 406	-	515 093	-	1 369 574
Total non-current liabilities	820 075	34 406	-	515 093	-	1 369 574
TOTAL LIABILITIES	4 750 433	2 630 442	1 251 090	4 027 839	(3 880 384)	8 779 420
NET ASSETS	23 265 014	(1 907 706)	331 416	319 900	-	22 008 624

FINANCIAL PERFORMANCE BY SEGMENT FOR THE YEAR ENDED 31 DECEMBER 2022

Expressed in US dollars	IIEP Paris	IIEP Buenos Aires	Fellowships	IIEP Dakar	Inter-fund transactions	TOTAL
REVENUE						
Voluntary contributions – Core Funding	7 343 106	-	-	2 486 727	-	9 829 833
Voluntary contributions – Extrabudgetary	3 608 485	278 072	-	4 660 790	-	8 547 347
UNESCO financial allocation	2 140 100	-	-	-	-	2 140 100
In-kind contribution	1 815 975	60 000	-	59 749	-	1 935 724
Other revenue producing activities	10 639	33 460	(12 892)	182 636	-	213 843
Finance revenue	133 705	-	-	-	-	133 705
Other revenue	3 895	-	-	-	-	3 895
Inter-fund transfers	174 330	15 495	-	59 474	(249 299)	-
TOTAL REVENUE	15 230 235	387 027	(12 892)	7 449 376	(249 299)	22 804 447
EXPENSES						
Personnel costs	9 125 362	1 272 436	-	3 758 908	-	14 156 706
Consultants, external experts, and mission costs	1 053 406	459 158	-	1 718 299	-	3 230 863
Supplies, consumables, and other running costs	2 368 757	117 337	1 875	248 210	-	2 736 179
Contracted services	889 990	55 265	-	820 490	-	1 765 745
External training, grants, and other transfers	11 715	-	-	265 986	-	277 701
Depreciation and amortization	215 692	1 375	-	10 191	-	227 258
Other expenses	30 176	13 446	-	(1 401)	-	42 221
Foreign exchange losses	710 038	(27 398)	-	268 959	-	951 599
Finance costs	334	12 193	110	3 418	-	16 055
Inter-fund transfers	59 474	33 350	-	156 475	(249 299)	-
TOTAL EXPENSES	14 464 944	1 937 162	1 985	7 249 535	(249 299)	23 404 327
SURPLUS (DEFICIT) FOR THE YEAR	765 291	(1 550 135)	(14 877)	199 841	-	(599 880)

FINANCIAL PERFORMANCE BY SEGMENT FOR THE YEAR ENDED 31 DECEMBER 2021

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



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