

COUNCIL**Budget Committee****FINANCIAL STATEMENTS OF THE ORGANISATION FOR ECONOMIC
CO-OPERATION AND DEVELOPMENT AS AT 31 DECEMBER 2023*****Summary:***

This document sets out the Organisation's Financial Statements for 2023.

Required Action:

The Financial Statements are presented to the Budget Committee for information

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OPINION OF THE EXTERNAL AUDITOR



NAJWYŻSZA IZBA KONTROLI
SUPREME AUDIT OFFICE OF POLAND

Addressed to:

COUNCIL OF THE ORGANISATION FOR ECONOMIC CO-OPERATION AND DEVELOPMENT (OECD)

Headquarters

2, rue André-Pascal
75016 Paris

We have audited the accompanying financial statements of the Organisation for Economic Co-operation and Development (OECD), which comprise the statement of financial position as at 31 December 2023, and statement of financial performance, statement of changes in net assets and statement of cash flow for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

Audit Opinion

In our opinion, the OECD Financial Statements present fairly, in all material respects, the financial position of the Organisation for Economic Co-operation and Development as at 31 December 2023, its financial performance and its cash flows for the year then ended in accordance with the International Public Sector Accounting Standards. The underlying transactions were carried out in compliance with applicable rules and regulations considered within the realm of the financial statements audit.

Basis for Opinions

We conducted our audit in accordance with International Standards of Supreme Audit Institutions (ISSAIs). 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 audited Organisation in accordance with the INTOSAI-P-10 – Mexico Declaration of SAI¹ Independence and ethical requirements laid down in ISSAI 130 – Code of Ethics and the Code of Conduct of the Supreme Audit Office of Poland, together with other requirements that are relevant to our audit of the financial statements of an international

¹ SAI – Supreme Audit Institution

institution as set in INTOSAI Guidance GUID 5090 – Audit of International Institutions. We have fulfilled our ethical and other responsibilities in accordance with the said standards and requirements. **We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.**

Signed by:


Marian Banas

President of NIK
Chairman of OECD Audit
Steering Committee


Augustyn Kubik:

In lieu of Mission Head
of OECD External Audit

21...May 2024
Supreme Audit Office
ul. Filtrowa 57
Warsaw, Poland



REPORT OF MANAGEMENT

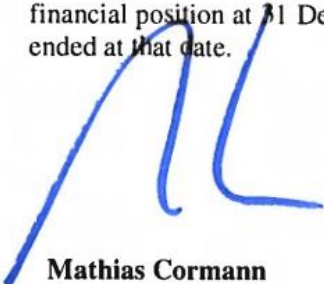
15 May 2024

The Organisation for Economic Co-operation and Development's financial statements have been prepared in accordance with International Public Sector Accounting Standards (IPSAS) and the Organisation's Financial Regulations. The Management of the Organisation, in this context the three signatories below, is responsible for these statements, as well as for establishing and maintaining adequate internal financial controls.

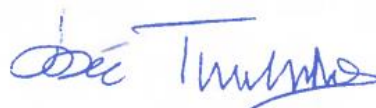
The Organisation's system of internal financial control is designed to provide reasonable assurance regarding the reliability of financial reports and the preparation of financial statements. This system includes policies and procedures that (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect transactions and dispositions of assets; (ii) permit preparation of financial statements in accordance with IPSAS; (iii) provide reasonable assurance that receipts and expenditures are being made in accordance with relevant authorisations and in compliance with the Organisation's Financial Regulations and (iv) provide reasonable assurance regarding the prevention or timely detection of unauthorised acquisition, use or disposal of the Organisation's assets. Because of their inherent limitations, internal controls may not prevent or detect all misstatements.

The Audit Committee reviews the situation of the Organisation as well as its internal control system and its risk management system. The Committee meets regularly and, among other things, reviews reports by Management, the Director of Internal Audit and the External Auditor.

In the opinion of OECD Management, these financial statements present fairly the Organisation's financial position at 31 December 2023 and of the results of operations and cash flows for the year ended at that date.



Mathias Cormann
Secretary-General



Josée Touchette
Executive Director



Ana José Varela
Head of
Programme, Budget and Financial
Management Service

OECD Statement of Financial Position

		31 December 2023	31 December 2022 (Restated)
		€'000	€'000
ASSETS*	Notes		
Current assets			
Cash and cash equivalents, unrestricted	5	339 520	293 880
Cash and cash equivalents, restricted	5	57 057	63 792
Inventories	10	27	27
Accounts receivable and prepayments	6	243 129	247 897
Staff loans receivable	7	4 147	5 060
Total current assets		643 880	610 656
Non-current assets			
Accounts receivable and prepayments	6	107 555	76 190
Staff loans receivable	7	7 053	9 320
Investments and security deposits	8	1 340 682	1 137 144
Furniture, fixtures and equipment	11	24 185	25 362
Land and buildings	12	575 931	587 683
Intangible assets	13	21 797	20 090
Total non-current assets		2 077 203	1 855 789
TOTAL ASSETS		2 721 083	2 466 445
LIABILITIES*			
Current liabilities			
Borrowings	14	10 000	13 000
Payables	15	172 042	176 522
Provisions for liabilities and charges	16	568	1 032
Employee benefits	17	132 497	124 406
Deferred revenue	18	293 638	234 817
Total current liabilities		608 745	549 777
Non-current liabilities			
Employee benefits	17	3 781 095	3 112 194
Deferred revenue	18	237 383	236 630
Total non-current liabilities		4 018 478	3 348 824
TOTAL LIABILITIES		4 627 223	3 898 601
NET ASSETS		(1 906 141)	(1 432 156)
Reserves and long-term commitments	19	(1 994 212)	(1 063 852)
Accumulated surplus / (deficit)	19**	88 071	(368 304)
TOTAL NET ASSETS		(1 906 141)	(1 432 156)

* Amounts are rounded to €'000 in these Financial Statements

** 2023 surplus of K€ 77 604 plus restated accumulated surplus from prior years of K€ 10 467

OECD Statement of Financial Performance

		31 December 2023 €'000	31 December 2022 (Restated) €'000
REVENUES*	Notes		
Assessed contributions	20	329 816	321 282
Voluntary contributions	20	303 699	268 019
Pension contributions	17 & 20	131 206	123 328
Sales of publications	20	20 290	18 735
Other	20	39 501	26 255
Total revenues		824 512	757 619
EXPENSES*			
Personnel	21	477 137	438 324
Pension and post-employment benefits	17 & 21	243 689	372 090
Consulting	21	63 018	62 620
Travel	21	23 248	15 265
Operating	21	93 720	83 031
Other	21	2 212	5 209
Total expenses		903 024	976 539
Deficit before net financial revenue		(78 512)	(218 920)
Financial revenue	22	10 603	7 466
Post-Employment Reserve Fund (PERF) investment gain / (loss)	22	155 303	(173 407)
Financial expenses	22	(9 790)	(1 259)
Net financial revenue		156 116	(167 200)
SURPLUS / (DEFICIT) FOR THE PERIOD	19 & 26	77 604	(386 120)

* Amounts are rounded to €'000 in these Financial Statements

OECD Statement of Changes in Cash Flows

		31 December 2023	31 December 2022 (Restated)
		€'000	€'000
Cash flow from operating activities	Notes		
Surplus / (deficit) from ordinary activities		77 604	(386 120)
Depreciation, net	11,12 & 13	24 370	24 320
Loss on disposal of fixed assets	11,12 & 13	115	752
(Decrease) in provisions for liabilities and charges	16	(464)	(300)
Defined benefit programmes expense	17	143 122	280 107
(Increase) / decrease in receivables	6	(26 597)	13 841
(Increase) / decrease in inventories	10	-	110
(Increase) / decrease in investments due to revaluation - PERF	8	(150 327)	168 160
(Decrease) / increase in payables	15	(4 480)	29 718
Increase / (decrease) in deferred revenue	18	59 574	(13 738)
Net cash flow from operating activities		122 917	116 849
Cash flow from investing activities			
Purchase of fixed assets	11,12 & 13	(13 927)	(15 243)
Proceeds from sale of fixed assets	11,12 & 13	16	21
Decrease / (increase) in staff loan programme	7	3 180	(1 456)
Decrease in financial assets - Staff Provident Fund	8	147	464
(Increase) / decrease in financial assets - other	8	(10)	(6)
Net purchase of investments - PERF	8	(53 348)	(53 337)
Net cash flow from investing activities		(63 942)	(69 557)
Cash flow from financing activities			
Decrease in liabilities - Staff Provident Fund	17	(147)	(464)
Proceeds from borrowings	14	23 000	27 000
Repayment of borrowings	14	(26 000)	(28 000)
Credits to Member countries and others	19	(16 924)	(22 103)
Net cash flow from financing activities		(20 071)	(23 567)
Net increase in cash and cash equivalents		38 904	23 725
Cash and cash equivalents at beginning of period	5	357 673	333 947
Cash and cash equivalents at end of period	5	396 577	357 673

Cash flows from operating activities are reported using the indirect method, whereby net surplus or deficit is adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of past or future cash receipts or payments, and items of revenue or expense associated with investing or financing cash flows.

OECD Statement of Changes in Net Assets

	Long-term commitments and associated reserves	Technical reserves	Budgetary reserves	Total reserves	Surplus / (deficit) for the period	Accumulated surplus / (deficit) (prior period)	Total
	€'000	€'000	€'000	€'000	€'000	€'000	€'000
Balance at 31 December 2021	(4 031 767)	645 824	8 592	(3 377 351)	(84 021)	(44 934)	(3 506 306)
Allocation of prior year result	(107 886)	(706)	2 108	(106 485)	84 021	22 464	-
IPSAS 17 adjustment to asset revaluation reserve	-	(62 389)	-	(62 389)	-	62 389	-
Utilisation of reserves and budget surpluses added to future budgets	-	-	-	-	-	(20 603)	(20 603)
Budget surpluses to be returned to Member countries and other donors	-	-	-	-	-	(1 500)	(1 500)
Transfers / revaluations	2 483 463	(1 090)	-	2 482 373	-	-	2 482 373
Deficit for the period	-	-	-	-	(385 392)	-	(385 392)
IPSAS 41 Expected Credit Losses (ECLs)	-	-	-	-	(728)	-	(728)
Subtotal	2 375 577	(64 185)	2 108	2 313 499	(302 099)	62 750	2 074 150
Balance at 31 December 2022 (restated)	(1 656 190)	581 638	10 700	(1 063 852)	(386 120)	17 816	(1 432 156)
Allocation of prior year result	(396 063)	(703)	2 972	(393 794)	385 392	8 402	-
Impact of IPSAS 41 restatement	-	-	-	-	728	-	728
Utilisation of reserves and budget surpluses added to future budgets	-	-	(1 901)	(1 901)	-	(15 199)	(17 100)
Budget surpluses to be returned to Member countries and other donors	-	-	-	-	-	(552)	(552)
Transfers / revaluations	(534 017)	(648)	-	(534 665)	-	-	(534 665)
Surplus for the period	-	-	-	-	77 604	-	77 604
Subtotal	(930 080)	(1 351)	1 071	(930 360)	463 724	(7 349)	(473 985)
Balance at 31 December 2023	(2 586 270)	580 287	11 771	(1 994 212)	77 604	10 467	(1 906 141)

'Long-term commitments and associated reserves' includes the commitments for pension benefits and post-employment health cover and their reserves, as detailed in Note 19.

'Technical reserves' include a reserve for fixed assets comprising Member countries' contributions for land and buildings and subsequent revaluations. Any surplus on the revaluation of property is credited directly to net assets, except if it reverses a revaluation decrease of the same asset class previously recognised as an expense in the Statement of Financial Performance (*cf. Note 12*).

'Budgetary reserves' includes a number of Part I, Part II and other reserves as detailed in Note 19.

NOTES TO THE FINANCIAL STATEMENTS

Note 1: General information

The Organisation for Economic Co-operation and Development (OECD or the “Organisation”) was founded in 1961, replacing the Organisation for European Economic Co-operation, which had been established in 1948 in conjunction with the Marshall Plan. The Organisation groups 38 Member countries committed to democratic government and the market economy, and provides a forum where governments can compare and exchange policy experiences, identify good practices and promote decisions and recommendations, in line with the mission and role set forth in the Organisation’s Convention:

- Achieve the highest sustainable growth and a rising standard of living in Member countries, while maintaining financial stability;
- Contribute to sound economic expansion, in Member as well as non-Member countries in the process of economic development; and
- Contribute to the expansion of world trade on a multilateral, non-discriminatory basis in accordance with international obligations.

The Organisation is governed by a Council composed of representatives of all the Member countries. The Council appoints a Secretary-General for a term of five years.

The 38 Members of the Organisation are Australia, Austria, Belgium, Canada, Chile, Colombia, Costa Rica, Czechia, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Iceland, Ireland, Israel, Italy, Japan, Korea, Latvia, Lithuania, Luxembourg, Mexico, Netherlands, New Zealand, Norway, Poland, Portugal, Slovak Republic, Slovenia, Spain, Sweden, Switzerland, Türkiye, United Kingdom and the United States.

Accession to the OECD Convention remains the most effective way to secure countries’ comprehensive commitment to OECD standards and to fulfil the Organisation’s mission. On 25 January 2022, the OECD Council decided to take the first step in accession discussions with six candidate countries – Argentina, Brazil, Bulgaria,

Croatia, Peru and Romania. Accession Roadmaps for Brazil, Bulgaria, Croatia, Peru and Romania were adopted at the Council meeting at Ministerial level on 10 June 2022.

The Organisation enjoys privileges and immunities, notably that of being exempt from most forms of taxation.

Financing of the Organisation

The Organisation operates within the framework of the Programme of Work and Budget (PWB). The PWB is approved by Council and its outputs are funded by assessed contributions from its Member countries and voluntary contributions. Notwithstanding that voluntary contributions are included in the PWB, they do not form part of the Budget.

Council accords the necessary commitment authorisations and makes the necessary appropriations for the functioning of the Organisation and the carrying out of its activities.

Part I of the Budget: All of the Organisation’s Member countries fund the Budget for the Part I Programme of Work, accounting for approximately 50% of total Part I resources in 2023. Their contributions are based on both a proportion that is shared equally and a scale proportional to the relative size of their economies.

Part II of the Budget: This funds programmes relating to sectors of activity not covered by Part I. Participating countries may include some or all OECD Members as well as other Members that are not Members of the OECD. Part II Programmes are funded according to a scale of contributions or other financing arrangements agreed among the participating countries.

Annex Budgets are established for certain specific activities such as Pensions, Investments and Publications.

The pre-accession budget relates to non-recurring costs associated with accession that are borne by the candidate countries.

Note 24 gives further details of the income and expenditure of the Budget and actual results for

2023. The approval of the Budget by Council empowers the Secretary-General, subject to any special conditions established by Council, to:

- commit and authorise expenditures and to make all payments to be borne by the Organisation, for the purposes assigned and within the limits of the appropriations and the commitment authority, as the case may be; and
- receive the income entered in the Budget, together with any other resources accruing to the Organisation in respect of its activities.

Location

The Organisation is based in Paris, France. All OECD Directorates and Programmes, with the exception of the International Energy Agency, are located at OECD Headquarters (La Muette) or OECD Boulogne. In addition, the Organisation has representative Centres in Washington (DC), Mexico City, Berlin and Tokyo. The Centres serve as regional contacts for a wide range of public affairs and communication activities, contributing to the visibility and impact of the work of the Organisation (*c.f.* “*Note 28: Contributions-in-kind*”).

Stakeholders

In addition to our Member countries, close to 100 partners and international organisations participate in the Organisation’s Programme of Work. Partners may participate in OECD Part I Bodies or Part II Programmes to varying degrees based on mutual interest. The [2012 Council Resolution on Partnerships in the OECD bodies](#) provides simplified rules on engagement with partners. The Organisation works closely with some of the world’s largest economies: Brazil, China, India, Indonesia, and South Africa, who are OECD Key Partners.

The Organisation also maintains active relationships with business, labour, civil society and parliamentarians. These stakeholders benefit from and make valuable contributions to the work of the OECD.

Note 2: Adoption of new and revised standards

During 2023 the Organisation adopted IPSAS 41 *Financial Instruments*. Further information is

provided in “*Note 3: Significant accounting policies*” below. 2022 comparatives have been restated where applicable.

Note 3: Significant accounting policies

Basis of accounting

The financial statements have been prepared in accordance with International Public Sector Accounting Standards (IPSASs) issued by the International Public Sector Accounting Standards Board (IPSASB), based on International Accounting Standards (IASs) and International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board (IASB).

When the IPSASB does not prescribe any specific standard, IFRSs and IASs are applied.

The financial statements have been prepared on a going-concern basis, and accounting policies have been applied consistently throughout the period.

The principal accounting policies adopted are set out below.

Foreign currencies

All assessed contributions are payable in euros. Voluntary contributions are accepted in euros and other currencies. Assets and liabilities denominated in foreign currencies are translated into euros at the exchange rates prevailing on the reporting date of the Statement of Financial Position.

Foreign-currency transactions are recorded at the exchange rates prevailing on the dates of the transactions. At each reporting date, monetary assets and liabilities denominated in foreign currencies are retranslated at the rates prevailing on the reporting date. Both realised and unrealised gains and losses resulting from the settlement of such transactions, and from the retranslation at the reporting date of assets and liabilities denominated in foreign currencies, are recognised in the Statement of Financial Performance.

Intangible assets

Intangible assets are identifiable non-monetary assets without physical substance. The Organisation capitalises software that is purchased or developed. Generally, costs associated with maintaining software are recognised as expenses when incurred. However, expenditures that enhance or extend the performance of software beyond their original specifications may be recognised as capital improvements and added to the original cost of the software.

Capitalised software with finite useful lives are amortised using the straight-line method over a period of three to ten years.

Tangible assets

Land and buildings are measured in the Statement of Financial Position at their revalued amounts, *i.e.* at their fair value at the date of revaluation, adjusted for any subsequent additions, accumulated depreciation and impairment losses. Revaluations are performed with sufficient regularity – generally every two to three years – so that carrying amounts do not differ materially from those that would be determined using fair values at the reporting date.

Any revaluation increase arising on the revaluation of land and buildings is credited to the fixed assets revaluation reserve, except if it reverses a revaluation decrease for the same asset class previously recognised as an expense, in which case the increase is credited to the Statement of Financial Performance to the extent of the decrease previously charged. A decrease in the carrying amount arising on the revaluation of land and buildings is charged as an expense to the extent that it exceeds the balance, if any, held in the fixed assets revaluation reserve relating to a previous revaluation of that asset class.

In 2023 the Organisation invoked a change of policy in accordance with IPSAS 17 paragraph 57 to transfer some of the asset revaluation reserve attributable to the revaluation of owned buildings as at 31 December 2021, the date of the last revaluation, to accumulated surplus / deficit. The amount transferred represents the cumulative amount of depreciation credited to the asset revaluation reserve based on the revalued carrying

amounts less cost. This is further detailed in “*Note 12: Land and buildings*”.

Depreciation on buildings is recognised in the Statement of Financial Performance. Due to the significantly different useful lives of the individual categories of property, the costs have been allocated to separate components: structure of buildings, roofing and windows, fixtures and fittings, which are also broken down into sub-components that are depreciated over different periods as shown below. The useful lives of all components of buildings are reviewed periodically, and if they change significantly, depreciation charges to current and future periods are adjusted accordingly.

Freehold land is not depreciated.

Furniture, fixtures and equipment are measured at cost, less accumulated depreciation and any recognised impairment loss.

Depreciation is charged to allocate the depreciable amount (cost or fair value) of assets, other than land and buildings under construction/renovation, over their estimated useful lives, using the straight-line method on the following basis:

- Structure of buildings: 50 years
- Roofing and windows: 15 - 50 years
- Fixtures and fittings: 5 - 30 years
- Other fixed assets: 2 - 10 years

The gain or loss arising on the disposal or withdrawal from use of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the Statement of Financial Performance.

Works of art

Works of art purchased or donated to the Organisation are not capitalised, as permitted by IPSAS 17 “Property, Plant and Equipment”. However, their estimated aggregate value, including some works on loan, is disclosed in the financial statements (*cf.* “*Note 11: Furniture, fixtures and equipment*”).

Impairment of tangible and intangible assets

The carrying amounts of fixed assets are reviewed for impairment if events or changes in circumstances indicate that they may exceed their recoverable service amounts. If any such indication exists, the recoverable service amounts

of the assets are estimated in order to determine the extent of the impairment loss (if any). Any provision for impairment is charged against the Statement of Financial Performance in the year concerned.

Leases

Operating leases

Operating lease rentals are recognised as an expense on a straight-line basis over the term of the relevant lease, even if the payments are not made on such a basis. Benefits received and receivable as an incentive to sign an operating lease are similarly spread on a straight-line basis over the lease term, except where the period to the review date on which the rent is first expected to be adjusted to the prevailing market rate is shorter than the full lease term, in which case the shorter period is used.

Inventories

Inventories are stated at the lower of cost and net realisable value. Costs comprise direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition. Net realisable value represents the estimated selling price less the estimated costs of completion and costs to be incurred in marketing, selling and distribution.

Financial instruments

Financial instruments represent the contractual rights or obligations to receive or pay cash or other financial assets.

Classification and measurement

In accordance with IPSAS 41 “Financial Instruments”, financial assets and liabilities are classified in the Statement of Financial Position under three categories:

- amortised cost;
- fair value through surplus or deficit; and
- fair value through net assets / equity.

Financial assets

The Organisation classifies its financial assets on the basis of both:

- its management model for financial assets; and

- the contractual cash flow characteristics of the financial asset.

An entity’s management model refers to how an entity manages its financial assets in order to generate cash flows, whether from collecting contractual cash flows, selling financial assets or both.

Financial assets are measured at amortised cost when both of the following conditions are met:

- the financial assets are held within a management model whose objective is to hold financial assets in order to collect contractual cash flows; and
- the contractual cash flows are solely payments of principal and interest (SPPI) on the principal amount outstanding.

Financial assets are measured at fair value through net assets / equity when both of the following conditions are met:

- the financial assets are held within a management model whose objective is to hold financial assets in order to collect contractual cash flows and sell financial assets; and
- the contractual cash flows are solely payments of principal and interest (SPPI) on the principal amount outstanding.

In all other cases financial assets are measured at fair value through surplus or deficit.

The Organisation has classified its financial assets as measured at amortised cost except investment assets which are measured at fair value through surplus or deficit.

Financial liabilities

The Organisation classifies all financial liabilities as measured at amortised cost. The exceptions authorised by IPSAS 41, including financial liabilities designated at fair value through surplus or deficit to avoid measurement inconsistencies or to have consistent measurement with related financial assets that are evaluated on a fair value basis, do not apply to the Organisation.

Expected credit losses (ECLs) and impairment

In accordance with IPSAS 41, the Organisation recognises a loss allowance for expected credit losses on its financial assets that are measured at

amortised cost or at fair value through net assets / equity.

The general, three-stage approach to determine ECLs under IPSAS 41 is to:

- recognise a 12-month ECL at inception of the financial asset, being the projected loss arising from default over the coming 12 months; and
- should the assessed credit risk of the financial asset deteriorate such that it is considered under-performing or non-performing, lifetime ECLs are recognised.

In accordance with IPSAS 41 the Organisation has adopted the simplified approach to receivables that are recognised from exchange transactions within the scope of IPSAS 9 or non-exchange transactions within the scope of IPSAS 23. Consequently, the Organisation recognises lifetime ECLs at the time of the initial recognition of the receivables.

Financial risks

The Organisation has developed risk-management strategies in accordance with its Financial Regulations. The Organisation is exposed to a variety of financial risks, including market risk, liquidity risk and credit risk.

Financial risks arising from financial instruments are described further in “*Note 9: Risks arising from financial instruments*”.

Provisions

Provisions are constituted when the Organisation has a present obligation arising from a past event, for which it will probably have to bear the cost. Provisions are measured at management’s best estimate of the expenditure required to settle the obligation at the date of the Statement of Financial Position.

Employee benefits

Defined-contribution scheme

The Staff Provident Fund is a defined-contribution retirement savings plan which has been closed to new entrants since 1974, when participants were given the choice of remaining in the Fund or transferring to the Organisation’s new defined-benefit Pension Scheme (*cf. “Note 17: Employee benefits”*). In 2006, administration of

the Provident Fund was transferred to the International Service for Remunerations and Pensions (ISRP). In accordance with the Fund’s rules, it constitutes a segregated entity managed by the Secretary-General on behalf of affiliated retirees. The Fund collected contributions from affiliated employees at a rate of 7%, and from the Organisation at 14%, of salaries, manages its assets and pays participants’ account withdrawals. Since the end of 2016 there have been no serving staff and no further contributions made to the Fund.

The Fund is consolidated in the accounts of the Organisation, and the Fund’s assets and liabilities are included in the Statement of Financial Position. Revenues and expenses are not reported in the Statement of Financial Performance since they accrue to the participants. Consequently, even though it is a defined-contribution plan, a liability and an equivalent asset are recognised in the Organisation’s Statement of Financial Position.

Defined-benefit schemes

The Organisation operates a number of defined-benefit plans, including pension schemes, post-employment health cover and long-service benefits (end-of-service allowances for a closed group of employees).

There are two defined-benefit pension schemes in force at the OECD: the Co-ordinated Organisations Pension Scheme (COPS), launched in 1974 to replace the Staff Provident Fund; and the New Pension Scheme (NPS), launched in 2002.

Most OECD employees and pensioners belong to these two schemes.

In 2001, the Organisation decided to close the COPS to new entrants recruited as from 1 January 2002 and adopted the NPS for those new entrants. Officials affiliated to the COPS pay a 33% share of total contributions and the minimum age for retirement on a penalty-free pension is 60. For the NPS, officials affiliated pay a 40% share of total contributions and the minimum age for retirement on a penalty-free pension is 63.

The rates of contribution to the COPS and NPS are reviewed by means of an actuarial study carried out every five years. *Table 1* below sets out the staff and employer’s contribution rates by

pension scheme for the periods 2020–2024 and 2015-2019.

Table 1. Pension Scheme Contribution Rates

	2020-2024	2015-2019
Staff Contribution		
COPS	11.80%	9.50%
NPS	11.80%	9.30%
Employer's Contribution		
COPS	23.60%	19.00%
NPS	17.70%	14.00%

The ISRP administers the pension schemes of the six Co-ordinated Organisations, including the OECD. In its capacity as the Organisation's actuary, it performs valuations of defined-benefit obligations and related expenses, which are recognised annually.

The latest actuarial valuations for the purposes of financial reporting, as at 31 December 2023, were carried out using the Projected Unit Credit Method, which attributes an additional unit of benefit entitlement for each period of service. Each unit is measured separately until the final obligation is constituted. In 2021 a change of accounting estimate was made in line with a revision to the discount rates used for the valuations (*cf* "Note 4: Accounting judgements and estimates").

The Organisation's employee benefit obligations are partially funded by assets held separately and recognised in the Organisation's Statement of Financial Position. The assets of the Pension Budget and Reserve Fund (PBRF) and those of the Staff Provident Fund are distinct from all other assets of the Organisation. Both Funds' assets may be used solely to pay out benefits and finance the Funds' expenses.

The Organisation adopted IPSAS 39 "Employee Benefits" in the Financial Statements for 2017. In accordance with IPSAS 39, actuarial gains or losses are recognised in the period in which they occur directly in net assets/equity. The Organisation's measurement of post-employment health cover liabilities reflects the obligation of employees and former employees to cover one-third of health cover costs, as set out in the Organisation's Staff Rules.

Revenue recognition

Revenue from assessed contributions for Part I, Part II, and Annex Budgets is recorded and recognised when these resources are approved. Assessed contributions are considered non-exchange transactions.

Voluntary contributions are subject to conditions related to performance, namely the implementation of the Programme of Work. Except for voluntary contributions whose transfer is subject to governmental approval, a receivable and a liability (deferred revenue) are recognised upon acceptance of the voluntary contribution by the Organisation following the negotiation and signature of a binding agreement. Revenue is recognised and the liability reduced to the extent that performance obligations are met.

Voluntary contributions are considered non-exchange transactions.

Revenue from subscriptions is recognised on a straight-line basis over the period of the subscription. Revenue from non-subscription sales of access to online publications, OECD statistics and electronic data (excluding free data) is recognised upon granting of access to the content, while revenue from non-subscription sales of printed publications is recognised upon shipment.

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable.

Other revenue includes pre-accession country contributions, services invoiced to permanent delegations, and reimbursements of costs of staff on loan. Other revenue is recognised in the period to which it relates or when acquired contractually and invoiced. In the absence of a contract, other revenue, such as non-Member partnership fees and conference/workshop participation fees, is recognised upon receipt.

The Organisation's contribution (and related expenses) to the International Service for Remuneration and Pensions (ISRP) is eliminated to avoid duplication of revenue as this is an internal transfer of funds between the Part I and Part II budgets.

Contributions-in-kind

The OECD receives contributions-in-kind primarily in the form of office space and staff-on-loan. The main components are disclosed in “*Note 28: Contributions-in-kind*”.

Note 4: Accounting judgements and estimates

In the application of the Organisation’s accounting policies, which are described in Note 3, management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised, if the estimate affects only that period, or in the period of the revision and future periods, if the revision affects both current and future periods.

Estimates include but are not limited to: the fair value of land and buildings, defined-benefit pension and other post-employment benefit obligations, amounts for litigations, valuation of publications sales returns, financial risk on inventories and accounts receivables, accrued charges, contingent assets and liabilities, and the degree of impairment of fixed assets.

In 2021, the OECD changed the reference used to determine the discount rates to measure its defined benefit obligations for pensions and post-employment health coverage.

In the case of the Staff Provident Fund, the OECD manages the assets on behalf of the Fund’s participants. As such, the OECD recognises an equal and opposite liability and carries the assets at fair value, based on a fund manager’s valuation. Income and expenditure of the Staff Provident Fund are not reported in the Statement of Financial Performance, since any investment results accrue to the participants.

Note 5: Cash and cash equivalents

Table 2. Cash and cash equivalents

	2023 €'000	2022 €'000
Unrestricted		
Cash on hand	-	1
Bank deposits & cash equivalents - Euros	328 120	284 923
Bank deposits & cash equivalents - Other currencies	11 400	8 957
Total unrestricted cash	339 520	293 881
Restricted		
Bank deposits & cash equivalents - PBRF	22 649	24 788
Bank deposits & cash equivalents - Other	34 408	39 004
Total restricted cash	57 057	63 792
Total cash and cash equivalents	396 577	357 673

Unrestricted cash

The General Treasury is composed of all cash and cash equivalents owned by the OECD, which are not restricted to a specific purpose. Unrestricted cash and cash equivalents, which constitute the Organisation’s general treasury funds, are held in interest-bearing and non-interest-bearing bank accounts, money-market accounts, bank savings accounts and in an insurance contract.

As at 31 December 2023, the general treasury balance totalled M€ 339.5, versus M€ 293.9 at year-end 2022. Net cash positions were positive throughout the year. The increase in the general treasury balance is in part due to the increase in voluntary contributions acceptances in 2023 (M€ 373 in 2023 compared to M€ 254 in 2022).

Restricted cash

Restricted cash and cash equivalents (M€ 57.1 at 31 December 2023) are deposits earmarked for specific purposes and appropriated to reserves or administered on behalf of third parties. Restricted cash, whether or not managed in separate bank accounts, is not part of the General Treasury.

Restricted cash includes:

- the cash component of funds dedicated to post-employment benefits (PBRF and PEHLR); and

- amounts dedicated to specific purposes or administered on behalf of third parties, though managed through the same bank accounts as the general treasury, including: the Capital Investment Budget and Reserve Fund (CIBRF); NEA joint undertaking project funds; and the Staff Association's Fund.

a) PBRF

PBRF assets, including cash deposits, are restricted to the payment of pension benefits and Fund administration expenses as defined by the Fund's Statutes. As at 31 December 2023, these cash holdings and bank deposits, excluding those held as part of the PERF long-term investment portfolio, accounted for M€ 22.6 or 1.7% of the PBRF's total assets (2022: 2.2%). At 31 December, these corresponded to the estimated amount of cash and cash equivalents that, along with contributions receipts, are needed for benefit disbursements.

Cash and cash equivalents held as part of the PERF are reported in "Note 8: Investments and security deposits".

b) Other

Restricted cash and cash equivalents, excluding those of the PBRF, total M€ 34.4 at 31 December 2023, and include funds allocated to the CIBRF (M€ 19.8), the PEHLR (M€ 3.5), the OECD Staff Association's funds (M€ 1.5) and NEA joint undertaking project funds (M€ 9.2).

Funds allocated to the Capital Investment Budget Reserve Fund (CIBRF) amounted to M€ 19.8 at 31 December 2023 (2022: M€ 24.7). The decrease was attributable to a net-draw down of funds for spending on building projects.

Credit facilities

The Organisation has no confirmed credit lines but does maintain limited and informal borrowing arrangements with its banks. These arrangements are non-contractual. No borrowing was done on overdraft facilities in 2023 or in 2022.

Note 6: Accounts receivable and prepayments

Table 3. Accounts receivable and prepayments

	2023 €'000	2022 Original €'000	Resta- ment	2022 Restated €'000
Current - accounts receivable and prepayments				
ACs - Member countries	66 345	62 682	-	62 682
ACs - Member countries fiscal adjustment	19	1 146	-	1 146
ACs - non-Member countries & IOs participating in Part II Programmes	4 591	5 264	(728)	4 536
Voluntary contributions	141 983	150 575	(515)	150 060
Prepayments	3 732	4 948	-	4 948
Other receivables	26 447	24 348	-	24 348
Publications	12	177	-	177
Total current - accounts receivable and prepayments	243 129	249 140	(1 243)	247 897
Non-current accounts receivable				
Voluntary contributions	107 555	76 223	(33)	76 190
Total non-current - accounts receivable and prepayments	107 555	76 223	(33)	76 190
Total accounts receivable and prepayments	350 684	325 363	(1 276)	324 087

Assessed contributions receivable from Member countries at year-end 2023 have increased by M€ 2.6 compared to end December 2022.

Outstanding assessed contributions of non-Members, including international organisations, are broadly flat when compared with their arrears at the end of December 2022.

Total voluntary contributions receivable (current and non-current) has increased by M€ 23.3 from year-end 2022 to year-end 2023. This reflects the overall value and timing of voluntary contributions accepted in 2023 and the payment terms of multi-year voluntary contributions,

noting that more voluntary contributions were accepted in 2023 compared to 2022 (see commentary in note 5 above). Non-current voluntary contributions are due more than 12 months after the period end date in accordance with the terms of the agreements and are stated at amortised cost. At 31 December 2023, an additional M€ 34.3 (2022: M€ 18.6) of voluntary contribution transfers were not recognised as receivables as they were subject to governmental approval (cf. “*Note 27: Contingencies and capital commitments*”).

Since 2013 (cf. “*Note 3: Significant accounting policies*”), non-current receivables have been carried at amortised cost and this approach remains unchanged with the implementation of IPSAS 41 “Financial Instruments” in 2023. This has resulted in a reduction in reported non-current receivables of k€ 5 159 at 31 December 2023, compared to a reduction of k€ 1 569 in 2022 giving rise to a net financial expense of k€ 3 590 (cf. “*Note 22: Financial revenue and expenses*”).

Other receivables consist mainly of:

- M€ 13.2 in reimbursable taxes (2022: M€ 9.3);
- M€ 6.0 from pre-accession countries (2022: M€ 9.2); and
- receivables from Member countries for various services rendered, including office rental and staff costs.

Expected credit losses (ECLs) and impairment

With the implementation of IPSAS 41 “Financial Instruments” in 2023 (and restatement of 2022 comparatives) the Organisation has implemented a model to measure expected credit losses for receivables that have a material value, specifically assessed contributions and voluntary contributions receivable, when they are initially recognised. Using the simplified approach of lifetime ECLs as permitted by IPSAS 41, the model incorporates three components for determining ECLs:

- Step 1. Data of historical collections by Members, participants and donors by OECD programme to determine the probability of default, defined by the Organisation as non-recoverability within 6 months of the due date, and historically observed recoverability rates;

- Step 2. Forward looking measures, comprising credit default swaps or, if unavailable, publicly available credit ratings to adjust the results based on the historical data at step 1; and
- Step 3. Management review of receivables that have either a material carrying value or a material ECL based on steps 1 and 2.

The impairment recognised by category of receivable is shown in the table below.

Table 4. Expected Credit Losses by Class of Receivable (IPSAS 41)

Financial Asset Classification	31 December 2023			31 December 2022		
	Carrying Value €'000	ECL €'000	Net value €'000	Carrying Value €'000	ECL €'000	Net value €'000
Assessed contributions (ACs) receivable						
Member countries	66 345	-	66 345	62 682	-	62 682
Member countries – fiscal adjustment	19	-	19	1 146	-	1 146
Subtotal Member countries	66 364	-	66 364	63 528	-	63 528
Non-Member countries	6 240	(1 878)	4 362	6 504	(2 007)	4 497
International organisation (IOs)	230	(1)	229	41	(2)	39
Subtotal Non-Members /IO	6 470	(1 879)	4 591	6 545	(2 009)	4 536
Non-Member countries - accession (included in Other receivables)	6 037	-	6 037	9 153	-	9 153
Total ACs	78 871	(1 879)	76 992	79 526	(2 009)	77 517
Voluntary contributions (VCs) receivable						
Invoiced (current)	40 496	(1 052)	39 444	48 237	(1 078)	47 159
Accepted and not invoiced (current)	102 709	(170)	102 539	103 175	(274)	102 901
Total current VCs			141 983			150 060
Accepted and not invoiced (non-current)	107 562	(7)	107 555	76 223	(33)	76 190
Total VCs	250 767	(1 229)	249 538	227 635	(1 385)	226 250

Note 7: Staff loans receivable

Table 5. Staff loans receivable

	2023 €'000	2022 €'000
Current	4 147	5 060
Non-current	7 053	9 320
Total staff loans receivable	11 200	14 380

The Organisation operates a staff loan programme through which staff can obtain loans subject to defined limits. Loans to staff are financed by short-term bank borrowing of M€ 10.0 at 31 December 2023 (2022: M€ 13.0), (*cf.* “*Note 14: Borrowings*”). The interest rate charged on staff loans is adjusted semi-annually, based on market rates, plus a margin for loan administration costs. Collections are assured through payroll withholding and staff severance payments.

Loans outstanding at 31 December are classified as either current assets, for repayments due within one year, or as non-current assets, for amounts due in more than one year. Staff loans receivable are measured at amortised cost.

Note 8: Investments and security deposits

Table 6. Investments and security deposits

	2023 €'000	2022 €'000
Deposits on office leases	373	363
Staff Provident Fund	11 769	11 916
Post-Employment Reserve Fund (PERF)	1 328 540	1 124 865
Total non-current investments and security deposits	1 340 682	1 137 144

Deposits

Deposits on office leases are guarantee deposits made by the Organisation with its banks as collateral related to the fulfilment of the Organisation’s obligations under operating lease agreements. Since the relocation to OECD Boulogne in 2015-16, the leased estate occupied by the Organisation has remained largely unchanged.

Staff Provident Fund

Changes in the Staff Provident Fund investments during the period were as follows:

Table 7. Changes in Staff Provident Fund

	Capitalisation contract €'000	Cash in portfolio €'000	Total €'000
Opening balance	11 797	119	11 916
Additions	277	76	353
Disposals	(500)	-	(500)
2023 Closing balance	11 574	195	11 769

Disposals were affected to fund participants’ withdrawal requests and payments to the estates of deceased participants.

Post-Employment Reserve Fund (PERF)

In 2000, the Organisation created the Pension Budget and Reserve Fund (PBRF) to “smooth out Member countries’ contributions over time, provide financial stability to the Organisation’s Programme of Work, introduce investment income as a complement to staff and Member country contributions, and, with regard to future service, meet the concerns which have arisen about the distribution of the financial burden of pensions related to past service” [C(2000)48/REV4, p. 4]. In 2005, Council carried out a comprehensive review of the Fund and agreed to continue a long-term financing plan in order to increase progressively the percentage of pension liabilities which are funded (*cf.* “*Note 27: Contingencies and capital commitments*”, section C: *Pensions*).

In December 2011, the Council approved the creation of a Post-Employment Healthcare Liability Reserve (PEHLR) dedicated to meet post-employment healthcare costs [C(2011)174/FINAL].

Funds allocated to the PEHLR amounted to M€ 161.4 at 31 December 2023 (2022: M€ 129.6). The increase in 2023 can be explained by positive investment returns in 2023 (*cf.* “*Note 22: Financial revenue and expenses*”) combined with larger savings from the reduction in expatriate allowance (for staff hired since 2012) transferred to the PEHLR, and the renegotiation and renewal of the insurance contract with its insurer in 2020 on favourable terms.

As from 1 January 2014, the long-term assets of the Post-Employment Healthcare Liability Reserve (PEHLR) were transferred into the PBRF long-term investment portfolio and the existing pension investment governance has been applied to PEHLR long-term assets. The PBRF Management Board is responsible for the investment of the PEHLR long-term assets

together with those of the PBRF [C(2013)104]. The combined investment portfolio is referred to as the Post-Employment Reserve Fund (PERF).

Changes in the PERF long-term investment portfolio during the period are shown in *Table 8* below.

Table 8. Investments – PERF

Financial Asset Class	Fair Value Hierarchy	2022 €'000	Additions €'000	Disposals €'000	2023 before Revaluation €'000	Gains / (losses) and/or foreign currency translation €'000	2023 €'000	% of Portfolio
Cash and cash equivalents								
Cash and cash equivalents	N/A	325	262 769	(262 744)	350	4	354	0.0%
Fixed income								
Global government bonds (H)	Level 1	139 951	12 090	(37 983)	114 058	4 227	118 285	8.9%
Global corporate bonds (H)	Level 2	83 481	4 070	-	87 551	5 854	93 406	7.0%
Emerging markets sovereign bonds (HC)	Level 1	-	41 983	-	41 983	2 509	44 492	3.3%
Equity								
Euro area equity	Level 1	181 073	-	(15 294)	165 779	34 415	200 194	15.1%
Global equity (H)	Level 1	203 002	-	(25 381)	177 621	41 079	218 700	16.5%
Global equity (UH)	Level 1	214 925	94	(33 763)	181 256	38 060	219 315	16.6%
Emerging markets equity (H)	Level 1	33 725	60 818	(33 582)	60 961	2 821	63 782	4.8%
Emerging markets equity (UH)	Level 1	57 350	2 922	-	60 272	3 364	63 637	4.8%
Alternative investments								
Euro area listed real estate	Level 1	56 413	9 600	-	66 013	10 170	76 183	5.7%
Global direct real estate	Level 3	-	62 388	-	62 388	(4 888)	57 500	4.3%
Infrastructure	Level 3	154 620	-	-	154 620	12 995	167 615	12.6%
European private equity	Level 3	-	5 361	-	5 361	(283)	5 078	0.4%
Total		1 124 865	462 096	(408 748)	1 178 213	150 327	1 328 540	100.0%

(H) Euro hedged
(UH) Unhedged
(HC) Hard currency

With the exception of cash and cash equivalents which are measured at amortised cost, all financial assets shown in *Table 8* above are measured at fair

value through surplus or deficit in accordance with IPSAS 41. The financial assets are held within the PERF for the objective of meeting the

Organisation's pensions and post-employment healthcare obligations over the long run. Under this management model the collection of contractual cash flows from each of the financial assets that comprise the portfolio is merely incidental to the overall purpose of long-term financial sustainability. The measurement basis of these financial assets has not changed between IPSAS 29, which applied in the year ended 31 December 2022 and prior years and IPSAS 41 which applies from the year ended 31 December 2023.

In addition to the investments disclosed in the table above, management fees totalling k€ 179 are payable to external asset managers at 31 December 2023 (2022: rebates receivable of k€ 69). These are recognised as part of other payables (cf. "Note 15: Payables"). As at 31 December 2023, of the total investment portfolio of M€ 1 328.5 (excluding management fees payable), the share of the PEHLR is M€ 161.4 (12.2%) and the share of the PBRF is M€ 1 167.1 (87.8%).

The Pension Budget and Reserve Fund is restricted to paying staff pension benefits and is managed according to its statutes. The Fund's assigned investment objectives recognise the long-term nature and the type of liabilities under the OECD pension schemes. The Fund invests in equities, fixed-income securities, real estate (listed and direct), infrastructure and private equity. In 2023, new investments in Global direct real estate and Private equity together with movements across fixed income and equity investments in the portfolio occurred to comply with the new strategic asset allocation designated for the Fund.

The Pension Budget and Reserve Fund's long-term strategic objective is to maximise total return, subject to controls over credit and liquidity risk and limited volatility. The Third Five-Year Review of the PBRF was conducted in 2021 and, upon presentation to the Budget Committee on 15 March 2022, a new Investment Policy, Investment Strategy and Environmental, Social and Governance (ESG) Strategy was approved and implemented in 2023.

The long-term investments of the PERF are at fair value through surplus or deficit in accordance with IPSAS 41 with the exception of cash and cash equivalents which are measured at amortised cost.

Consequently, unrealised gains and losses on investments are recognised in the Statement of Financial Performance. The implementation of IPSAS 41 *Financial Instruments* in 2023 has not resulted in a change to these measurement bases.

The Staff Provident Fund and the PERF are exposed to the financial risks of changes in foreign currency exchange rates, interest rates and securities market prices (cf. "Note 9: Risks arising from financial instruments"). Securities held by both funds are denominated mainly in euros with the exception of the infrastructure investment, which is denominated in US dollars. To cover the specific short-term liability for current-year pension benefit payments, a portion of the PBRF's assets are held in bank deposits (savings accounts) (cf. "Note 5: Cash and cash equivalents").

Fair value hierarchy / measurement

At the end of each reporting period, a valuation of the investments held by the PERF is performed. Fair value is based on the exit price (the price that would be received to sell a financial asset in the case of investments).

For financial reporting purposes, a fair value hierarchy applies. Fair value measurements can be categorised into Level 1, 2 or 3 based on the degree to which the inputs to the measurements are observable and their significance to the overall fair value:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (*i.e.* as price) or indirectly (*i.e.* derived from prices); and
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs)

The majority of financial instruments held within the PERF are mutual funds with daily quoted prices in active markets which are classified as Level 1 (or level 2 for global corporate bonds). These investments comprise bonds, equities and listed real estate. The fair value of these instruments is based on the quoted market prices at the close of trade on the reporting date.

Level 3 applies to all alternative investments (with the exception of listed real estate):

- Global direct real estate. The net asset values are published monthly but the underlying assets are appraised quarterly. The funds are not quoted in active markets and may be subject to restrictions on redemption. The underlying assets include unlisted property the value of which is assessed by independent property appraisers.
- Infrastructure. Underlying infrastructure assets are appraised by internationally recognised experts not involved in the management of the related funds and are reported quarterly. Unobservable inputs include cash flow forecasts and discount rates.
- European private equity. The funds are not publicly quoted / listed and asset valuations are provided by fund administrators.

Note 9: Risks arising from financial instruments

The Organisation is exposed to various risks arising from financial instruments, most notably market risk and credit risk as described below. The most significant sources of risk are the Post Employment Reserve Fund (PERF) (*cf. "Note 8: Investments and security deposits"*), cash and cash equivalents (*cf. "Note 5: Cash and cash equivalents"*) and voluntary contributions receivable (*cf. "Note 6: Accounts receivable and prepayments"*).

The Organisation has developed risk-management strategies in accordance with its Financial Regulations to mitigate these risks. The PBRF Management Board is responsible for the cash and cash equivalents of the PBRF, and for the investment of the PBRF and PEHLR long term assets, which are held and invested together in the PERF. The Management Board sets the treasury guidelines and the strategic asset allocation (SAA) of the PERF in accordance with its risk management strategy, all of which are approved and monitored regularly by the Budget Committee.

The SAA is designed to maximise total returns over the long term. Consequently, to achieve these objectives, the investments held within the PERF

portfolio have a range of risk ratings from non-existent to very high. The Management Board can undertake measures to reduce or keep risks of the PERF at a reasonable level in two instances: (i) when designing the investment strategy or SAA; and (ii) when revising the investment guidelines for the long-term investments and the treasury placements. Risks are monitored:

- during quarterly meetings (when the most relevant risk measures are presented and analysed in the performance reports);
- annually when the treasury management plan, for short-term liquidity risk and treasury management, is reviewed; and
- regularly through specific risk management reviews.
 - a) Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk.

The Organisation also manages credit risk associated with its PERF investment portfolio, primarily in the context of bonds, as a component of market risk. For consistency with the approach adopted by IPSAS 30, the credit risk arising from the PERF investment portfolio is reported separately, together with the credit risk of other OECD financial instruments (*e.g.* OECD and PBRF treasury), below.

Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

Key sources of currency risk from non-PERF OECD financial instruments are:

- Voluntary contributions denominated in non-euro currencies;
- Cash and cash equivalents held in non-euro bank accounts, which facilitate operations and transactions outside the Eurozone, including those relating to the Organisation's offices;
- Income received from the sale of publications in non-euro currencies;

- Supplier contracts denominated in non-euro currencies; and
- The payment of pensions in non-euro currencies.

The impact of the risk arising from the first two of these sources, which are the two most significant, on the Statement of Financial Position is shown by the sensitivity analysis in *Table 9* below.

Table 9. Currency risk – financial instruments (excluding PERF investment portfolio)

Financial Asset Class	Note	In €'000 at 31-12-2023 exchange rate									
		CHF	DKK	GBP	JPY	KRW	MXN	SEK	USD	AUTRE	TOTAL
Cash and cash equivalents	5	-	-	1 351	791	2 976	1 025	-	5 291	-	11 434
Voluntary Contributions receivable*	6	3 650	2 830	9 078	95	49	181	1 481	18 495	1 697	37 556
Total		3 650	2 830	10 429	886	3 025	1 206	1 481	23 786	1 697	48 990
€'000 impact of a 10% strengthening of the euro against all other currencies											
		CHF	DKK	GBP	JPY	KRW	MXN	SEK	USD	AUTRE	TOTAL
Cash and cash equivalents	5	-	-	(123)	(72)	(271)	(93)	-	(481)	-	(1 039)
Voluntary Contributions receivable*	6	(332)	(257)	(825)	(9)	(4)	(16)	(135)	(1 681)	(154)	(3 414)
Total		(332)	(257)	(948)	(81)	(275)	(110)	(135)	(2 162)	(154)	(4 454)
€'000 impact of a 10% weakening of the euro against all other currencies											
		CHF	DKK	GBP	JPY	KRW	MXN	SEK	USD	AUTRE	TOTAL
Cash and cash equivalents	5	-	-	135	79	298	102	-	529	-	1 143
Voluntary Contributions receivable*	6	365	283	908	9	5	18	148	1 849	170	3 756
Total		365	283	1 043	89	302	121	148	2 379	170	4 899

* Including voluntary contributions receivable on a cash basis (payment in full is received prior to spending)

For the PERF investment portfolio, non-euro unhedged investments across global equities, emerging markets equities, global real estate and infrastructure are subject to currency risk. The Organisation has assessed these risks as shown in *Table 10*.

Table 10. Currency risk – PERF investment portfolio

Financial Asset Class	Note	Risk Rating	Maximum Exposure to Currency Risk €'000
Cash and cash equivalents			
Cash and cash equivalents	8	NS	354
Fixed income			
Global government bonds (H)	8	NS	118 285
Global corporate bonds (H)	8	NS	93 406
Emerging markets sovereign bonds (HC) (H)	8	Very Low	44 492
Equity			
Euro area equity	8	NE	200 194
Global equity (H)	8	NS	218 700
Global equity (UH)	8	High	219 315
Emerging markets equity (H)	8	High	63 782
Emerging markets equity (UH)	8	Very High	63 637
Alternative investments			
Euro area listed real estate	8	Very Low	76 183
Global direct real estate	8	NS	57 500
Infrastructure	8	High	167 615
European private equity	8	Very Low	5 078
Total portfolio (weighted)		Medium	1 328 540

(H) Euro hedged NS - Not significant HC – Hard currency
(UH) Unhedged NE – Non existent

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

A key source of interest rate risk from non-PERF financial instruments is the variation of interest rates on bank deposits. The Organisation actively manages its interest rate risk through its investment management strategy of prioritising the safety and liquidity of its deposits while obtaining competitive interest rates as judged against the Euro Short Term Rate (€STER).

PBRF treasury and PERF bank deposits are actively managed through a Treasury Management Plan to ensure that competitive interest rates are obtained while meeting the target of capital preservation and keeping interest rate and counterparty or credit risk low. Interest rate risk associated with the PERF investment portfolio affects bonds, real estate and cash and cash equivalents in that portfolio.

Table 11 below provides a sensitivity analysis of the impact of a change of interest rates on components in the Statement of Financial Performance. Financial revenue is detailed in “Note 22: Financial revenue and expenses”. The Organisation is sensitive to variations in interest revenue on cash and cash equivalents as this is a source of funding for its Programme of Work and Budget (cf. “Note 24: Organisation’s Resources and Appropriations”).

Table 11. Interest rates sensitivity - financial instruments (excluding PERF investment portfolio)

Interest revenue (expense)	€'000					
	Notes	2023	Interest rates 25 basis points higher	Difference	Interest rates 25 basis points lower	Difference
Cash and cash equivalents	5, 8, 22	10 603	11 446	843	9 760	(843)
Voluntary Contributions receivable (amortised cost)	6, 22	(3 590)	(4 098)	(507)	(3 083)	507
Borrowings	14, 22	(498)	(532)	(34)	(464)	34
Total		6 515	6 816	301	6 215	(301)

For the PERF investment portfolio, the level of interest rate risk is assessed by the Organisation as shown in Table 12 below.

Table 12. Interest rate risk – PERF investment portfolio

Financial Asset Class	Note	Risk Rating	Maximum Exposure to Interest Rate Risk €'000
Cash and cash equivalents			
Cash and cash equivalents	8	Medium	354
Fixed income			
Global government bonds (H)	8	Very High	118 285
Global corporate bonds (H)	8	Very High	93 406
Emerging markets sovereign bonds (HC) (H)	8	Very High	44 492
Equity			
Euro area equity	8	Very Low	200 194
Global equity (H)	8	Very Low	218 700
Global equity (UH)	8	Very Low	219 315
Emerging markets equity (H)	8	Very Low	63 782
Emerging markets equity (UH)	8	Very Low	63 637
Alternative investments			
Euro area listed real estate	8	Medium	76 183
Global direct real estate	8	Medium	57 500
Infrastructure	8	Low	167 615
European private equity	8	Low	5 078
Total portfolio (weighted)		Medium	1 328 540

(H) EUR hedged (UH) Unhedged (HC) Hard currency

Interest rate risk on bond investments held as part of the PERF is assessed as very high and the exposure is quantified in the table below.

Table 13. Interest rate sensitivity on PERF bond investments

Financial Asset Class	Note	Fair value €'000	Impact on Fair Value – 1% Change in Bond Yields €'000
Fixed income			
Global government bonds (H)	8	118 285	8 539
Global corporate bonds (H)	8	93 406	5 354
Emerging markets sovereign bonds (HC)	8	44 492	2 962
Total		256 183	16 855

(H) EUR hedged (UH) Unhedged (HC) Hard currency

Other price risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

Aside from currency risk and interest rate risk, the Organisation is exposed to, and mitigates, other components of market risk and other risks in its management of the PERF investment portfolio. The management of the risks of the PERF investment portfolio is overseen by the PBRF Management Board. The Board examines the risk framework of the PERF and, in parallel, studies the best ways to reduce, monitor and control the risks. It undertakes measures to reduce risk when designing the investment strategy and strategic asset allocation, and assesses the risk measures presented in performance reports on a quarterly basis. The OECD Budget Committee approves the strategic asset allocation and monitors its performance. The Organisation has assessed the different components of other price risk across the asset classes as shown in *Table 14* (cf. *Currency risk and Interest rate risk* – see above):

Table 14. Other price risk and its components – PERF investment portfolio

Financial Asset Class	Note	Company / Business Risk Rating	Political / Regulatory Risk Rating	Economy / Growth Risk Rating	Maximum Exposure to Risk €'000
Cash and cash equivalents					
Cash and cash equivalents	8	NS	Very Low	Very Low	354
Fixed income					
Global government bonds (H)	8	NS	Very Low	Medium	118 285
Global corporate bonds (H)	8	High	Low	Medium/High	93 406
Emerging markets sovereign bonds (HC)(H)	8	NS	High	Medium/High	44 492
Equity					
Euro area equity	8	High	Very Low	High	200 194
Global equity (H)	8	High	Very Low	High	218 700
Global equity (UH)	8	High	Very Low	High	219 315
Emerging markets equity (H)	8	Very High	Medium	High	63 782
Emerging markets equity (UH)	8	Very High	Medium	High	63 637
Alternative investments					
Euro area listed real estate	8	Very High	Very Low	Medium	76 183
Global direct real estate	8	High	Medium	Medium	57 500
Infrastructure	8	Very High	Medium	Medium	167 615
European private equity	8	High	Very Low	High	5 078
Total portfolio (weighted)		High	Very Low/Low	High	1 328 540

(H) EUR hedged

(UH) Unhedged

(HC) Hard currency

NS - Not significant

The PBRF Management Board accepts to bear some market risk in order to achieve its target return. The objective of the investment strategy is to maximise the net real return with the aim of funding the OECD's pension liabilities in a sustainable manner and at a reasonable level of risk. The Organisation also considers that the PEHLR shall have the same target return and risk as the PBRF. Market risk can be reduced through portfolio diversification, which is an important factor when the PBRF Management Board designs the strategic asset allocation. The strategic asset allocation currently in place was adopted in November 2016, during the second Five-Year Review. An interim review was done in 2019 confirming the optimality of this strategy. The third Five-Year Review was completed in 2021 and presented to the Budget Committee in March 2022 and to the Council on 2 June 2022 [C(2022)12]. This resulted in the approval of a revised SAA, which was implemented during 2023 so that:

- the global sources of risk are more varied: there is less equity risk and more alternative investments risk, with investments in private equity and global direct real estate. A second euro-hedged infrastructure fund has also been chosen to complete the allocation to this asset class; and
- the total fixed income weight does not change but is more diversified through the inclusion of emerging markets sovereign debt, in addition to global developed world government bonds and investment-grade corporate bonds.

Aside from other price risk, the PBRF Management Board oversees a number of other risk sources in the PERF investment portfolio. The Organisation has assessed these risks as shown in *Table 15*.

Table 15. Other risk sources – PERF investment portfolio

Financial Asset Class	Note	Relative Risk Rating	Liquidity Risk Rating	Operational Risk Rating	Maximum Exposure to Risk €'000
Cash and cash equivalents					
Cash and cash equivalents	8	NS	Very Low	Very Low	354
Fixed income					
Global government bonds (H)	8	Medium	Very Low	Very Low	118 285
Global corporate bonds (H)	8	Low	Very Low	Very Low	93 406
Emerging markets sovereign bonds (HC) (H)	8	Medium	Low	Very Low	44 492
Equity					
Euro area equity	8	Very Low	Very Low	Very Low	200 194
Global equity (H)	8	Low	Very Low	Very Low	218 700
Global equity (UH)	8	Low	Very Low	Very Low	219 315
Emerging markets equity (H)	8	High	Low	Very Low	63 782
Emerging markets equity (UH)	8	Very Low	Low	Very Low	63 637
Alternative investments					
Euro area listed real estate	8	High	Very Low	Very Low	76 183
Global direct real estate	8	High	Medium	Low	57 500
Infrastructure	8	High	High	Low	167 615
European private equity	8	NE	Very High	Medium	5 078
Total portfolio (weighted)		Medium	Very Low/Low	Very Low/Low	1 328 540

(H) EUR hedged (UH) Unhedged (HC) Hard currency NS – Not significant NE – Non existent

Relative risk is the probability of deviation from the related benchmark's performance, which represents the target return, due to factors such as the portfolio's mechanical drift (different growth patterns of different asset classes), tactical decisions related to the strategic asset allocation and active management (investment timing or other strategies) within the asset classes. The risk is controlled with the portfolio rebalancing strategy, a static strategic asset allocation, investing in index-linked products when possible and close monitoring of active asset managers.

Liquidity risk in the PERF is the risk of losses when liquidating positions due to a lack of liquidity (*see liquidity risk of financial liabilities – section c) below*) or no possibility of liquidation. The PERF can afford some illiquidity as it is a long-term investor, and the liquidity risk is minimised by the selection of liquid asset classes and easily redeemable investment vehicles (mutual funds). Some illiquidity risk is allowed as it pays a premium. The revised SAA comprises 25% illiquid assets classified in alternative assets (global direct real estate, infrastructure and

European private equity); the period to liquidate these financial assets may take several months, if possible at all.

Operational risk is the risk of loss resulting from inadequate or failed internal processes, people and systems, or from external events.

In the performance report dated 31 December 2023, the risk and risk-adjusted return measures of the PERF investment portfolio were as shown in *Table 16*.

Table 16. Risks and risk-adjusted return measures – PERF investment portfolio

	Annualised		Annualised since the inception of the new investment strategy
	1 year	3 years	
Absolute Market Risk			
Volatility PERF [a]	7.95%	8.77%	9.84%
Volatility PERF benchmark	7.90%	8.73%	9.64%
Relative Risk			
Correlation [b]	0.99	0.98	0.99
Tracking error [c]	1.09%	1.94%	1.63%
Beta [d]	1.00	0.98	1.01
Risk-Adjusted Return			
Sharpe ratio PERF [e]	1.23	0.43	0.68
Sharpe ratio PERF benchmark	1.33	0.45	0.64
Information ratio [f]	-0.60	-0.06	0.32
Alpha [g]	-0.63%	-0.04%	0.48%

[a] Annualised standard deviation of periodic returns.

[b] Extent to which investments vary together. Figures close to +1 indicate low relative risk.

[c] Volatility of the performance difference between an investment and its benchmark index.

[d] Measure of the Fund's volatility relative to the benchmark. Should be approximately +1 for the PERF.

[e] Excess return compared to that of the risk-free rate per unit of risk taken. Should be higher than the benchmark.

[f] Benchmark-relative return gained for taking on benchmark-relative risk. Should be above zero.

[g] Measure of excess return relative to benchmark [after accounting for market risk]. Should be above zero when active management is involved.

Generally, the PERF investments follow very closely the SAA represented by the benchmark. As a result, the volatility of the PERF and benchmark are very similar. Deviations can occur when implementing a new strategy or in periods of exceptional circumstances.

The relative risk of the PERF is also low as shown by the correlation between the Fund and the benchmark, the tracking error and the Beta, with values close to 1.00. The portfolio's underperformance, compared with that of its benchmark index over the one and three-year periods, explains the negative readings for the information ratio and alpha. Over the one-year period, the higher tracking error is mostly explained by the return differences between the investment vehicles and benchmarks in global direct real estate and infrastructure, which both follow a fixed annual target return benchmark.

b) Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

The Organisation has two principal sources of credit risk:

- Cash and investments
- Receivables

The credit ratings, per class of financial asset, of the Organisation's counterparties are shown below in *Table 17*.

Table 17. Credit ratings per class of financial asset

Financial Asset Class	Note	Credit Ratings	Maximum Exposure to Credit Risk €'000
Cash, cash equivalents and receivables			
Cash and cash equivalents*	5, 8	SG/CIC/CA/BNP: S&P: A/A+/A+/A+, Moody's: A1/Aa3/Aa3/Aa3, Fitch: A/AA-/A+/A+	396 930
Insurance capitalisation contract**	5, 8	AXA: S&P: AA-, Moody's: Aa3, AM Best: A+	60 396
Staff loans receivable	7	NA	11 200
Assessed contributions receivable	6	NA	72 907
Voluntary contributions receivable	6	NA	250 767
Fixed income***			
Global government bonds (H)	8	AA- (Asset manager based on S&P/Fitch/Moody's)	118 285
Global corporate bonds (H)	8	BBB+ (Asset manager based on S&P/Fitch/Moody's)	93 406
Emerging markets sovereign bonds (HC) (H)	8	BB (Asset manager based on S&P/Fitch/Moody's)	44 492
Equity			
Euro area equity	8	NA	200 194
Global equity (H)	8	NA	218 700
Global equity (UH)	8	NA	219 315
Emerging markets equity (H)	8	NA	63 782
Emerging markets equity (UH)	8	NA	63 637
Alternative investments			
Euro area listed real estate	8	NA	76 183
Global direct real estate	8	NA	57 500
Infrastructure	8	NA	167 615
European private equity	8	NA	5 078
Total			2 120 387

* Excluding petty cash balances. Credit ratings shown for Société Générale counterparty long term / short term. Société Générale cash and cash equivalents represent M€169.2 of the M€299.2 total.

** Excluding the amount attributable to the Staff Provident Fund of K€ 11 769 at 31 December 2023. Issuer Default Ratings (IDRs) opine on an entity's relative vulnerability to default on financial obligations. The Insurer Financial Strength (IFS) Rating provides an assessment of the financial strength of an insurance organisation. The IFS Rating is assigned to the insurance company's policyholder obligations, including assumed reinsurance obligations and contract holder obligations, such as guaranteed investment contracts.

*** Average rating of underlying fund's positions.

NA – Not applicable (H) EUR hedged (UH) Unhedged (HC) Hard currency

The Organisation has limited credit risk since its Members, partners and other donors generally have excellent credit ratings. Staff loans are limited by reference to emoluments and purpose and are repaid monthly by direct payroll deduction. Collection risk is low and is secured by leaving indemnities and pensions.

The significant financial assets of the Organisation that are past due as at 31 December 2023 are summarised in *Table 18*.

Table 18. Financial assets past due as at 31 December 2023

Financial Asset Class	Note	€'000				Total
		1-90 days	91-180 days	181-365 days	More than one year	
Assessed contributions receivable – Members*	6	64 832		1 294	219	66 345
Assessed contributions receivable – non-Members	6	2 339			4 131	6 470
Voluntary contributions receivable**	6	8 999	5 490	1 495	2 093	18 077
Total		76 170	5 490	2 789	6 443	90 891

* Excluding assessed contributions – Member countries fiscal adjustment.

** Including voluntary contributions receivable on a cash basis (payment in full is received prior to spending)

c) Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset.

The Organisation has low liquidity risk as its only financial liability is a bank loan, re-drawn every six months, to finance the Organisation's staff loan programme (*cf. "Note 14: Borrowings"; Note 7: Staff loans receivable"*)

Liquidity in the context of the PBRF refers to the capacity of the Fund to settle its pension payment and investment activity obligations in full as they fall due, and or on terms that are not materially disadvantageous. The risk of the PBRF not being able to pay its pension obligations is considered low as contributions are expected to be higher than expenses until 2044, and as at 31 December 2023 83% of the investments have small liquidation time and costs, even in stressed markets. Therefore, in the event of non- or late-payment of contributions to the PBRF, Fund investments could be liquidated to meet pension payments. This is an undesirable solution as, independent of the liquidity conditions, selling investments in adverse market conditions could lead to an irrecoverable financial loss. Finally, the PBRF's external asset managers have liquidity policies in place to ensure the smooth management of their investment portfolios. Further analysis of the PBRF liquidity is provided in document [C/PBRF/MB/WD\(2021\)3](#).

Note 10: Inventories

Table 19. Inventories

	2023 €'000	2022 €'000
Finished publications	-	481
Diplomatic reserve	27	24
Gross inventories	27	505
Provision for depreciation of inventories	-	(478)
Net inventories	27	27

Finished publications include publications held for sale and publications issued free of charge. In October 2022, the Organisation's publications distribution service provider went into administration. Inventories held at the service provider's distribution centre were fully provisioned at 31 December 2022 as management considered it very unlikely that they would be returned to the Organisation. In 2023, the Budget Committee approved their write off.

Note 11: Furniture, fixtures and equipment

Changes in furniture, fixtures and equipment for the period were as follows:

Table 20. Furniture, fixtures and equipment

	31 December 2022 €'000	Acquisitions / Depreciation €'000	Disposals €'000	Transfers €'000	Revaluation €'000	31 December 2023 €'000
Cost of furniture, fixtures and equipment						
Leasehold premises - fixtures and fittings	22 331	141	-	214	-	22 685
Other furniture, fixtures and equipment	57 500	5 600	(2 833)	-	-	60 267
Fixed assets in progress	120	133	-	(214)	-	39
Total cost of furniture, fixtures and equipment	79 951	5 874	(2 833)	-	-	82 991
Depreciation						
Leasehold premises - fixtures and fittings	(11 377)	(2 159)	-	-	-	(13 536)
Other furniture, fixtures and equipment	(43 212)	(4 894)	2 836	-	-	(45 270)
Total depreciation	(54 589)	(7 053)	2 836	-	-	(58 806)
Net furniture, fixtures and equipment						
Leasehold premises - fixtures and fittings	10 954	(2 018)	-	214	-	9 149
Other furniture, fixtures and equipment	14 288	(706)	3	-	-	14 996
Fixed assets in progress	120	133	-	(214)	-	39
Total net furniture, fixtures and equipment	25 362	(1 180)	3	-	-	24 185

No significant one-off acquisitions of furniture, fixtures and equipment were made in 2023.

Acquisitions and disposals of furniture, fixtures and equipment per asset category, including transfers but excluding fixed assets in progress, in 2023 were as follows:

Table 21. Furniture, fixtures and equipment - acquisitions and disposals

Asset Category	Acquisitions & Transfers €'000	Disposals €'000	Net Movement €'000
Security and video conferencing equipment	1 411	(562)	849
Furniture	1 007	1	1 008
Desktop and portable computer equipment	1 927	(1 011)	915
IT network equipment	927	(1 250)	(323)
Other equipment	327	(10)	317
Total	5 600	(2 833)	2 767

Based on the insurance value, works of art purchased, loaned or donated to the Organisation amounted to M€ 1.1 as at 31 December 2023 (cf. "Note 3: Significant accounting policies").

Note 12: Land and buildings

The Organisation's land and buildings are comprised principally of its headquarters at La Muette, Paris.

Table 22. Land and buildings

	31 December 2022	Acquisitions / Depreciation	Disposals	Transfer	Revaluation	31 December 2023
	€'000	€'000	€'000	€'000	€'000	€'000
At cost / fair value						
Land	112 590	-	-	-	-	112 590
Buildings	486 885	2 342	(876)	1 364	-	489 716
Buildings in progress	2 405	259	-	(1 364)	-	1 300
Total land and buildings	601 880	2 601	(876)	-	-	603 606
Depreciation						
Buildings	(14 197)	(13 571)	742	-	(648)	(27 675)
Total depreciation	(14 197)	(13 571)	742	-	(648)	(27 675)
Net land and buildings						
Land	112 590	-	-	-	-	112 590
Buildings	472 688	(11 229)	(134)	1 364	(648)	462 041
Buildings in progress	2 405	259	-	(1 364)	-	1 300
Total net land and buildings	587 683	(10 970)	(134)	-	(648)	575 931

During 2023, the capitalised building works per building, including transfers but excluding works in progress, and disposals were as follows:

Table 23. Land and buildings - acquisitions and disposals

Building	Acquisitions & Transfers	Disposals	Net Movement
	€'000	€'000	€'000
Château	497	(227)	270
Franqueville	152	(90)	62
Marshall	2 444	(322)	2 123
Conference Centre	582	(207)	375
Monaco (Conseiller Colignon)	30	(29)	1
Total	3 706	(876)	2 831

The most significant projects completed in 2023 were the completion of a fit out on level 3 of the Marshall Building to adapt to new ways of working (M€ 0.3) and heating, ventilation and cooling (HVAC) works in the Chateau and Marshall Building (M€ 0.5 and M€ 1.0 respectively).

Revaluation

Land and buildings are measured at fair value and are revalued at least every three years. They were last revalued on the basis of their market values at 31 December 2021, in accordance with the valuation made by the *Service du Domaine de Paris*. These market values are primarily derived from a range of recent market transactions of comparable properties on arm's length terms.

The Organisation decided to transfer M€ 62.4 of the revaluation surplus attributable to depreciation on the revalued component of buildings to accumulated surplus / deficit. The transfer is in compliance with IPSAS 17 "Property, Plant and Equipment" and is effective as from 31 December 2021, the date of the last revaluation. Consequently, the opening balance of the asset revaluation reserve shown in the table below has been restated.

The cumulative effect of revaluations has been recognised as follows:

Table 24. Land and buildings - revaluation

	Revaluation variances	
	Recognised in the Statement of Financial Performance	Recognised in the Statement of Financial Position
	€'000	€'000
Balance 31 December 2022 (Restated)		
Revaluation increase on land		38 579
Revaluation increase on buildings		385 671
At 31 December 2023		
Revaluation increase on land		-
Revaluation decrease on buildings		(648)
Net accumulated revaluation variances at 31 December 2023		423 603

The revaluation decrease in 2023 represents a partial realisation of the reserve for land and buildings. This is due to the replacement of certain building components and is recognised in the Statement of Financial Position (cf. “*Note 19: Member countries’ contributed interest and reserves*”).

Note 13: Intangible assets

Intangible assets consist of purchased software licenses and developed software.

Table 25. Intangible assets

	2022	Acquisitions / Depreciation	Disposals	Transfers	2023
	€'000	€'000	€'000	€'000	€'000
Cost	27 491	88	-	3 305	30 884
Intangible assets in progress	7 673	5 364	-	(3 305)	9 732
Depreciation	(15 074)	(3 746)	-	-	(18 819)
Total net intangible assets	20 090	1 707	-	-	21 797

During 2023 the Organisation acquired or developed a number of software and applications assets, including evolutions of several of the Organisation’s O.N.E platforms: (M€2.4).

Intangible assets in progress at 31 December 2023 comprise the cost of digital development projects for the replacement and evolution of various corporate systems. As at 31 December 2023, several significant such projects were in train, including the renewal of the Organisation’s website, an iterative upgrade of its conference management system, and development of its IT service management platform.

Note 14: Borrowings

Table 26. Borrowings

	2023	2022
	€'000	€'000
Relating to staff loan programme	10 000	13 000
Total borrowings	10 000	13 000

Borrowings to fund the staff loan programme are reviewed and re-financed, as necessary, every six months (*i.e.* repaid and re-borrowed). The related receivables are disclosed in “*Note 7: Staff loans receivable*”. A repayment of M€ 3.0 was made in November 2023, reducing the total borrowings from M€ 13.0 to M€ 10.0. In accordance with IPSAS 41 the financial liabilities are measured at amortised cost though, as the duration of the borrowings is less than one year, the Organisation has elected not to discount them on materiality grounds.

Note 15: Payables

Table 27. Payables

	2023	2022
	€'000	€'000
Current - payables		
Suppliers and accrued charges	55 419	60 527
Payables to staff and welfare institutions	53 173	50 297
Advances on assessed and voluntary contributions	25 781	22 247
Other payables	37 668	43 451
Total current - payables	172 042	176 522
Non-current payables		
Other payables	-	-
Total payables	172 042	176 522

Suppliers and accrued charges include invoices received from suppliers not yet settled and obligations to suppliers for services performed during the year but not yet invoiced. Accrued

charges amounted to M€ 38.2 at 31 December 2023 (2022: M€ 42.0). This decrease is largely explained by a reduction due to the passage of time in the accrual for lease incentives included in the OECD Boulogne lease, which are amortised over the period of the lease.

Payables to staff primarily represent accrued annual leave, other entitlements to leave and other payments due to staff. Payables to welfare institutions consist of current contributions, the most significant of which is in respect of the health insurance contract.

Members are invited in the last quarter of each year to make an advance payment in respect of their assessed contributions due for the following financial year, and donors may make payment immediately prior to the Organisation's formal acceptance of their voluntary contributions. There has been an increase in advances for assessed contributions at 31 December 2023 of M€ 3.9.

Other payables include budget surpluses and interest amounting to M€ 3.1 (2022: M€ 4.6), and advance payments of M€ 27.0 (2022: M€ 31.3) for special projects and from pre-accession countries.

Budget surpluses are credited to an account attributable to each Member country after they are approved by Council and are then available for any use that a Member country may decide. All surpluses up to the end of 2022 have been approved by Council.

Note 16: Provisions for liabilities and charges

Table 28. Provisions

	Publications sales returns €'000	Tax provisions €'000	Other provisions €'000	Total €'000
Balance at the beginning of the year	55	697	280	1 032
Additional provisions raised	-	-	283	283
Amounts used	-	(412)	(108)	(520)
Unused amounts reversed during the year	(55)	-	(172)	(227)
Balance at the end of the year	-	285	283	568

Provisions for liabilities and charges represent the evaluation at the reporting date of payments to be made in respect of publications sales returns, taxation and various litigations to which the Organisation is party.

A group of current and former officials have been assessed taxes by a Member for the years 2014 – 2021 on their OECD remuneration, pursuant to the privileges and immunities agreement applicable to the OECD in that country. The Organisation determined that it must reimburse those taxes for the years concerned and therefore has made a provision for the reimbursement of these taxes. The total estimated amount of taxes is M€ 2.1, as calculated by the OECD Secretariat with a remaining balance of M€ 0.3 at 31 December 2023 (cf. "Note 27: Contingencies and capital commitments").

Note 17: Employee benefits

Defined-contribution scheme

The Organisation holds the Staff Provident Fund assets, which are invested for the benefit of participants (cf. "Note 8: Investments and security deposits"). A liability to the participants is recognised to offset the Fund's assets.

As at 31 December 2023, there were 82 participants in the Staff Provident Fund (2022: 88) and all are retired. There is no obligation for the Organisation to contribute further.

Defined-benefit schemes

The Organisation operates employee defined-benefit plans through the Co-ordinated Organisations Pension Scheme (COPS) and the New Pension Scheme (NPS), a post-employment health cover and a long-service benefit plan (end-of-service allowances) applicable to a closed group of employees (cf. "Note 27: Contingencies and capital commitments, section C: Pensions").

Table 29 below summarises the number of pensioners by pension scheme, the number of members with deferred rights by pension scheme and the number of officials affiliated to each pension scheme.

Table 29. Defined-benefit scheme membership

	31 December 2023	31 December 2022
Pensioners by Pension Scheme	1 776	1 752
COPS	1 659	1 647
NPS	117	105
Members with Deferred pension rights	152	140
COPS	60	64
NPS	92	76
Total Affiliated officials	3 566	3 471
COPS	343	388
NPS	3 223	3 083

Employee benefits represent the estimated actuarial liability of the defined-benefit pension schemes, post-employment health cover and long-service benefits in accordance with IPSAS 39 – “Employee Benefits”.

Actuarial assumptions

At 31 December 2023, the main actuarial assumptions used to calculate the defined-benefit liability (expressed as weighted averages) were:

Table 30. Defined-benefit liability actuarial assumptions

	Pension benefits		Post-employment health coverage	
	2023	2022	2023	2022
Discount rate	3.26%	3.94%	3.27%	3.97%
Future salary increase	2.02%	1.95%		
Future COPS and NPS increase	1.78%	1.71%		
Future health cost increase			3.78%	3.71%

Discount rate

One of the key financial assumptions for estimating defined-benefit liabilities is the discount rate used to calculate the present value of the future obligations.

IPSAS 39 states that the discount rate used to discount the defined-benefit obligation may be determined by reference to market yields of financial instruments with terms of maturity approximating the expected terms of the related benefit liabilities. The financial instruments used as a reference may be government bonds, high

quality corporate bonds or other financial instruments, which are judged to best reflect the time value of money. The reference used to calculate the discount rate is high quality (AA rated) European corporate bonds.

Other assumptions

All demographic assumptions, including mortality, turnover, career progression, invalidity, early retirement and new entrants, are reviewed every five years. In 2023 an updated mortality table, the International Civil Servants Life Table (ICSLT) 2023 is used replacing the ICSLT 2018.

Measures aimed at reducing costs and liabilities for post-employment health care were adopted in December 2011. At that time, it was estimated that 60% of new pensioners would be affiliated to their respective primary national health care schemes. Based on experience since then, this assumption has been revised to 50% of new pensioners.

The future medical inflation rate is 3.78% at year-end 2023.

The provisions for pension scheme obligations and other social obligations as at 31 December 2023 are set out in *Table 31* below:

Table 31. Provisions for pension scheme obligations and other social obligations

	31 December 2023	31 December 2022
	€'000	€'000
Staff Provident Fund	11 769	11 916
Defined contribution schemes	11 769	11 916
Pension Scheme	3 411 200	2 822 547
Post-employment health coverage	490 624	402 137
Defined benefit schemes	3 901 823	3 224 684
Total employee benefits	3 913 592	3 236 600
Employee benefits current	132 497	124 406
Employee benefits non-current	3 781 095	3 112 194

Changes in defined-benefit obligations

The Organisation performs an actuarial valuation of the various defined-benefit schemes in force at the reporting date to measure its employee benefits obligation.

The actuarial valuation of the defined-benefit obligation is determined by discounting the probable future payments required to settle the obligation resulting from employee service rendered in the current and prior periods. The

changes in the present value of the defined benefit obligations are shown in *Table 32* below:

Table 32. Changes in the present value of defined benefit obligations

	31 December 2023			31 December 2022		
	Pension benefits	Post-employment health coverage	Total benefits	Pension benefits	Post-employment health coverage	Total benefits
	€'000	€'000	€'000	€'000	€'000	€'000
Opening employee future benefits obligation	(2 822 547)	(402 138)	(3 224 684)	(4 631 769)	(796 271)	(5 428 040)
Current service cost	(134 911)	(16 218)	(151 129)	(277 535)	(50 549)	(328 084)
Interest expense	(108 737)	(15 823)	(124 561)	(61 300)	(11 341)	(72 641)
Remeasurements	(470 447)	(63 570)	(534 017)	2 033 759	449 704	2 483 463
Net benefits paid	125 442	7 126	132 568	114 298	6 320	120 618
Closing employee future benefits obligation	(3 411 200)	(490 624)	(3 901 823)	(2 822 547)	(402 137)	(3 224 684)

Current service cost is the increase in the present value of the defined-benefit obligation resulting from benefits earned through employee service in the current period.

Interest expense is the increase, during the period, in the present value of the defined-benefit obligation which arises because the benefits are one period closer to settlement.

Remeasurements comprise actuarial gains decreasing the obligation or actuarial losses increasing the obligation. Actuarial gains (or losses) arise when the actuarial assessment differs from the long-term expectation of the evolution of the obligations: they result from experience adjustments (difference between the previous actuarial assumptions and what has actually occurred) and the effects of changes in actuarial assumptions, both demographic and financial.

As at 31 December 2023, an actuarial loss of M€ 470.4 arose in respect of the pension liability (2022: actuarial gain of M€ 2 033.8). An actuarial loss of M€ 63.6 arose in respect of the post-employment health care (2022: actuarial gain of M€ 449.7). Hence, in 2023, actuarial losses of M€ 534.0 were generated in total (2022: actuarial gains of M€ 2 483.5). These movements are explained in further detail in the context of *Table 33* and *Table 34* below.

Cost of defined-benefit schemes

Amounts recognised in the Statement of Financial Performance plus remeasurements (actuarial gains or losses) that are attributable to pension benefits are shown in *Table 33*.

Table 33. Pension benefits – Statement of Financial Performance plus remeasurements

	Pension benefits						
	31 December 2023						31 December 2022
	Part I	PBRF	Non budgetary operations	Other budgets	IPSAS adjustments	Total	Total
	€'000	€'000	€'000	€'000	€'000	€'000	€'000
Net investment income/(expense)	-	133 678	-	-	-	133 678	(149 487)
Member country PBRF contributions	-	61 680	-	-	-	61 680	57 914
Employer contributions	-	60 513	-	-	-	60 513	56 420
Other contributions (tax reimbursements)	-	-	-	9 013	-	9 013	8 994
Revenues/(expenses) for the year	-	255 870	-	9 013	-	264 883	(26 159)
Benefits paid	177	125 191	75	-	(125 442)	-	-
Current service cost	-	-	-	-	134 911	134 911	277 535
Interest expense	-	-	-	-	108 737	108 737	61 300
Employee contributions from salary	-	(38 462)	-	-	-	(38 462)	(35 623)
Employee contributions – other	-	(2 791)	-	-	-	(2 791)	(2 220)
Other expenses (tax reimbursements)	-	-	-	9 013	-	9 013	8 994
Expenses for the year: pensions (cf. Note 21)	177	83 938	75	9 013	118 206	211 408	309 986
Administration expenses	-	3	-	-	-	3	3
Amount recognised in surplus / (deficit)	(177)	171 930	(75)	-	(118 206)	53 472	(336 148)
Actuarial gains / (losses) recognised in the year	-	-	-	-	(470 447)	(470 447)	2 033 759
Remeasurements recognised in net assets	-	-	-	-	(470 447)	(470 447)	2 033 759
Total surplus / (deficit) and remeasurements	(177)	171 930	(75)	-	(588 653)	(416 975)	1 697 611

The deficit in 2023 compared to the surplus in 2022 for the pension benefits can primarily be attributed to the recognition of actuarial losses in 2023 (actuarial gains in 2022) derived mainly from the evolution of the discount rate, notwithstanding the positive investment returns in 2023. The net actuarial loss of M€ 470.4 in pensions comprises losses of M€ 430.8 and M€ 112.3 attributable to a lower discount rate and changes in experience respectively, and a gain of M€ 72.7, due to changes in demographic assumptions, notably the use of the ICSLT 2023 which has shorter life expectancies than its predecessor, ICSLT 2018.

Investment returns on the PERF investments in 2023 were higher than in 2022. As at

31 December 2023, 87.8% of the PERF portfolio was invested for pension entitlements (cf. “Note 22: Financial revenue and expenses”).

Other contributions include pension tax adjustments (reimbursements by the Member countries of a portion of the taxes that retirees must pay on their pensions) which are equally reported as expenses.

Amounts recognised in the Statement of Financial Performance plus remeasurements (actuarial gains or losses) that are attributable to post-employment health coverage are shown in Table 34 below.

Table 34. PEHC – Statement of Financial Performance plus remeasurements

	Post-employment health coverage					
	31 December 2023					31 December 2022
	Part I	PEHLR	Non budgetary operations	IPSAS adjustments	Total	Total
	€'000	€'000	€'000	€'000	€'000	€'000
Investment income/(expense)	-	17 842	-	-	17 842	(17 823)
Transfer from equalisation provision	-	-	-	-	-	-
Net differential of contributions over costs	-	4 314	-	-	4 314	3 997
Expatriation allowance savings net of related administration costs	-	9 858	(9 858)	-	-	-
Revenues/(expenses) for the year	-	32 014	(9 858)	-	22 157	(13 826)
Benefits paid	3 782	-	3 344	(7 126)	-	-
Current service cost	-	-	-	16 218	16 218	50 549
Interest expense	-	-	-	15 823	15 823	11 341
Other expenses (maintenance of rights of former officials)	239	-	-	-	239	214
Expenses for the year: post-employment health coverage (cf. Note 21)	4 021	-	3 344	24 916	32 280	62 104
Amount recognised in surplus / (deficit)	(4 021)	32 014	(13 202)	(24 916)	(10 124)	(75 930)
Actuarial gains/(losses) recognised in the year	-	-	-	(63 570)	(63 570)	449 704
Remeasurements recognised in net assets	-	-	-	(63 570)	(63 570)	449 704
Total surplus / (deficit) and remeasurements	(4 021)	32 014	(13 202)	(88 486)	(73 694)	373 774

The total deficit in 2023 for the post-employment health coverage (surplus in 2022) is mainly due to actuarial losses in 2023 (actuarial gains in 2022) resulting from the discount rate, notwithstanding positive investment returns in 2023. The net actuarial loss of M€ 63.6 comprises a loss of M€ 81.8 due to a change in the discount rate, partly offset by actuarial gains of M€ 16.6 and M€ 1.6 arising from changes in demographic, most notably the use of the ICSLT 2023 as noted above, assumptions and changes in experience respectively.

Investment returns on the PERF portfolio were higher in 2023 than those achieved in 2022. As at 31 December 2023, 12.2% of this portfolio was invested for post-employment health coverage entitlements (cf. “Note 22: Financial revenue and expenses”).

Sensitivity to medical cost inflation

Assumptions in connection with health care cost trends have a significant effect on the amounts recognised in the Statement of Financial Performance and Statement of Financial Position. A one percentage point change in the assumed rate of health care cost trends would have the following effects:

Table 35. Sensitivity to medical cost inflation

	1% €'000	-1% €'000
Effect on the aggregate of the 2023 service cost and interest cost	15 584	(10 590)
Effect on the present value of the defined benefit obligation at 31 December 2023	143 779	(104 615)

Sensitivity to the discount rate

The choice of discount rate has a significant impact on the estimation of the defined benefit obligation.

A half percentage point increase and decrease in the discount rate at 31 December 2023 would have the following effects on the present value of the defined benefit obligations:

Table 36. Defined benefit obligation discount rate sensitivity

	0.50% €'000	-0.50% €'000
Pension benefits	(297 419)	343 934
Post-employment health coverage	(55 356)	65 468

History of the liability, value of financial assets and actuarial experience variances

For the defined-benefit pension plans, the five-year history and experience adjustments are shown in *Table 37*.

The Organisation has established two long-term funding mechanisms to finance the post-employment benefit liabilities (cf. “*Note 8: Investments and security deposits*” and “*Note 9: Risks arising from financial instruments*”). The

background to the establishment of the long-term pension funding mechanism is explained in “*Note 27: Contingencies and capital commitments*”, section *C: Pensions*”. Both the Pension Budget and Reserve Fund (PBRF) and Post-Employment Healthcare Liability Reserve (PEHLR) increased in value in 2023, as shown in *Table 37* below, due to positive investment returns. These reserves are planned to cover an increasing proportion of the respective liabilities in the long term.

Table 37. Evolution of defined benefit liabilities related financial assets & experience adjustments

	2023 €'000	2022 €'000	2021 €'000	2020 €'000	2019 €'000
Present value of defined benefit obligations					
[a] Pension liability	3 411 200	2 822 547	4 631 770	5 536 419	4 596 910
[b] Post employment health liability	490 624	402 137	796 271	1 040 226	799 538
Total	3 901 823	3 224 684	5 428 041	6 576 645	5 396 448
Net value of assets*					
[a] PBRF	1 186 662	1 015 415	1 127 002	930 357	844 895
[b] PEHLR	164 924	132 968	138 130	103 542	90 551
Total	1 351 586	1 148 383	1 265 132	1 033 899	935 446
Experience adjustments on scheme liabilities - % of scheme liabilities					
[a] Pension liability - %	4.0	3.1	1.9	-1.5	-2.8
[b] Post employment health liability - %	-0.4	-2.6	-1.6	-0.3	-4.9

* See Note 19.

Contributions of the Organisation expected in 2024

The Organisation expects to contribute approximately M€ 130 to its pension schemes in 2024.

Note 18: Deferred revenue

Table 38. Deferred revenue

	2023 €'000	2022 (Restated) €'000
Current - deferred revenue		
Voluntary contributions	250 225	199 874
Publications	5 006	5 336
Other operations, Part I, Part II and Annex budgets	38 406	29 607
Total current - deferred revenue	293 638	234 817
Non-current - deferred revenue		
Voluntary contributions	237 241	236 403
Publications	142	227
Total non-current - deferred revenue	237 383	236 630
Total deferred revenue	531 021	471 447

Deferred revenue corresponds to revenue that has been recorded but for which the corresponding charges will be incurred after the reporting date.

Non-current deferred revenue is in respect of activities more than 12 months after the reporting date.

Deferred revenue for voluntary contributions has been restated by a reduction of MEUR 0.5 for 2022 following the implementation of IPSAS 41 – Financial Instruments. The decrease effectively covers the increase in the provision for impairment of voluntary contributions (cf. “*Note 6: Accounts receivable and prepayments*” and “*Note 20: Revenues*”).

The split between current and non-current deferred revenue in connection with voluntary contributions is estimated based on historical

expenditure trends in meeting the performance obligations of the voluntary contribution agreements accepted by the Organisation. Voluntary contributions are accepted to fund outputs which are planned for implementation and delivery during the biennial Programme of Work. The overall increase in deferred revenue from voluntary contributions is in line with an increase in voluntary contributions acceptances in 2023.

Publications deferred revenues have decreased due to lower subscription sales relating to future

periods being invoiced and paid before 31 December 2023.

The increase in Other operations, Part I, Part II and Annex budget deferred revenues is principally due to an increase in CIBRF funded commitments (M€ 9.2) relating to fixed asset acquisitions and replacements, including M€ 5.0 for the replacement of the Chateau's stone facade.

Note 19: Member countries' contributed interest and reserves, including associated long-term commitments

Table 39. Member countries' contributed interest and reserves

	Before allocation of 2022 results	Allocation of 2022 results				Change in net assets in 2023				Before allocation of 2023 results
	31 December 2022 (Restated)	IPSAS adjustments carried forward	Budgetary surpluses to be allocated	Previous year results added to reserves	Total	Utilisation of reserves and budget surpluses	Budget surpluses to be returned to Member and non-Members	Transfers / revaluations and current year surplus	Impact of IPSAS 41 restatement	31 December 2023
	€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000
Pension benefits	(2 598 010)	-	-	(224 537)	(224 537)	-	-	(470 447)	-	(3 292 994)
Pension Budget and Reserve Fund (PBRF) reserve	1 127 002	-	-	(111 587)	(111 587)	-	-	-	-	1 015 415
Post-employment health coverage	(346 567)	-	-	(55 570)	(55 570)	-	-	(63 570)	-	(465 707)
Post-Employment Health Liability (PEHL) reserve	138 130	-	-	(5 162)	(5 162)	-	-	-	-	132 968
Capital Investment Budget and Reserve Fund (CIBRF) Class 2	21 088	-	-	(461)	(461)	-	-	-	-	20 627
CIBRF Class 3	3 019	-	-	1 040	1 040	-	-	-	-	4 059
Publications - one off adjustment	(852)	-	-	214	214	-	-	-	-	(638)
Long-term commitments and associated reserves	(1 656 190)	-	-	(396 063)	(396 063)	-	-	(534 017)	-	(2 586 270)
Indemnities and Benefits Fund (IBF)	12 214	-	-	(1 919)	(1 919)	-	-	-	-	10 295
Fixed assets - Land and Buildings (Revaluation per Note 12 and Members' Initial Contribution)	568 458	-	-	-	-	-	-	(648)	-	567 810
Exchange differences	966	-	-	1 216	1 216	-	-	-	-	2 182
Technical reserves (restated)	581 638	-	-	(703)	(703)	-	-	(648)	-	580 287

	Before allocation of 2022 results	Allocation of 2022 results				Change in net assets in 2023				Before allocation of 2023 results
	31 December 2022 (Restated)	IPSAS adjustments carried forward	Budgetary surpluses to be allocated	Previous year results added to reserves	Total	Utilisation of reserves and budget surpluses	Budget surpluses to be returned to Member and non-Members	Transfers / revaluations and current year surplus	Impact of IPSAS 41 restatement	31 December 2023
	€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000
CIBRF Class 1	777	-	-	(379)	(379)	-	-	-	-	398
Asbestos early retirement scheme	171	-	-	(52)	(52)	-	-	-	-	119
Publications (Part I)	330	-	-	605	605	(171)	-	-	-	765
Part II - IEA Reserve (ex IEA Net publications results)	7 407	-	-	2 622	2 622	(1 508)	-	-	-	8 521
Part II - IEA - Loss of Employment	1 415	-	-	176	176	-	-	-	-	1 591
Part II - SLI - Loss of Employment	41	-	-	-	-	-	-	-	-	41
Part II - Sahel	442	-	-	-	-	(222)	-	-	-	220
Part II - Agriculture	117	-	-	-	-	-	-	-	-	117
Budgetary reserves	10 700	-	-	2 972	2 972	(1 901)	-	-	-	11 771
Total reserves	(1 063 852)			(393 794)	(393 794)	(1 901)	-	(534 665)	-	(1 994 212)
Allocation of the net deficit for the prior period	(386 120)	7 348	(19 193)	397 237	385 392	-	-	-	728	-
Net surplus for the current period	-	-	-	-	-	-	-	77 604	-	77 604
Net surplus / (deficit)	(386 120)	7 348	(19 193)	397 237	385 392	-	-	77 604	728	77 604
Accumulated surplus / (deficit)	17 816	(7 348)	19 193	(3 443)	8 402	(15 199)	(552)	-		10 467
Total Member countries' contributed interest and reserves	(1 432 156)	-	-	-	-	(17 100)	(552)	(457 061)	728	(1 906 141)

Member countries' contributed interest and reserves (a net obligation of M€ 1 906 at 31 December 2023) comprise principally a reserve for Land and Buildings owned by the Organisation less liabilities for Pension benefits and Post-employment health cover as detailed in “*Note 17: Employee benefits*”.

The balance shown at 31 December 2023 excludes movements in the reserves for the current year that are included in the net surplus for the current period. The net surplus for the current period will be allocated to reserves and accumulated surplus, as shown in “*Note 26: Proposed allocation of the results for the period*”.

Long-term commitments and associated reserves

Financing reforms were put in place in 2000 to build up a reserve to fund the pension liability over the long term (cf. “*Note 27: Contingencies and capital commitments*”, section C: *Pensions*). Since 1 January 2012, savings generated by the new system of expatriation allowance are allocated to the Post-Employment Healthcare Liability Reserve (PEHLR). The movement is predominantly due to savings generated by the new system of expatriation and investment returns earned on the counterpart assets invested as part of the PERF (cf. “*Note 8: Investments and security deposits*”).

The creation of the Capital and Investment Budget and Reserve Fund (CIBRF) was approved by Council in December 2011 to provide for future investment needs for three asset classes as set out in [C\(2011\)144](#); [C\(2011\)144/FINAL](#) and [C\(2013\)152](#). Class 1 covers short and medium-term operating assets which have useful lives of less than 10 years. This part of the CIBRF is shown under the category ‘Budgetary reserves’. Class 2 covers long-term assets relating to buildings’ infrastructure with useful lives of 10 - 20 years, and Class 3 covers long-term assets relating to buildings’ infrastructure whose useful lives extend beyond 20 years. The CIBRF relating to Classes 2 and 3 are shown under the category ‘Long term commitments and associated reserves’. The CIBRF is funded mainly by cost recovery charges, interest income and Members’ assessed contributions.

Technical reserves

The Indemnities and Benefits Fund (IBF) was created as of 1 January 2009 to support both budget and human resources reforms and contribute to more efficient administration. Statutory benefits and allowances payable to officials, together with a levy to cover loss of employment indemnities, are consolidated in this fund by applying a rate, based on historical experience, to basic salaries. This rate is reviewed regularly and is generally adjusted annually based on actual experience. Surpluses are carried forward and, *ceteris paribus*, any reduction of the rate applied should also reduce the amount of future carry-forwards. The IBF average rate was 51.14% in 2023 (2022: 51.51%).

The reserve for fixed assets – Land and Buildings comprises principally the revaluation surplus of land and buildings owned by the Organisation.

The reserve for exchange differences is maintained to cover the risk of exchange rate losses. Net realised foreign exchange gains are accumulated in this reserve to offset net realised foreign exchange losses.

The Publications – one-off adjustment has been recorded following the approval of Council to move from cash-based to accruals based recognition of publications income from 1 January 2017 [[C\(2016\)149/REV1](#)] in the Publications annex budget. At 31 December 2023 the balance of this adjustment is k€ 639.

Budgetary reserves

The reserve for the Asbestos early retirement scheme was created by Council to finance an early retirement scheme for a closed group of officials who have had significant exposure to asbestos (cf. “*Note 27: Contingencies and capital commitments*”, A. *Contingencies*).

The Publications (Part I) reserve is maintained to manage publications revenue risk.

Part II reserves are intended to fund similar specific financing requirements for the purposes cited in their respective titles. Effective 1 January 2022, the IEA consolidated 2 pre-existing reserves for Net Publication Results and Office Space into a single reserve, the IEA Reserve.

The accumulated surplus / (deficit) results from IPSAS accounting adjustments carried forward.

Note 20: Revenues**Table 40. Revenues**

	2023 €'000	2022 (Restated) €'000
Assessed contributions	329 816	321 282
Voluntary contributions	303 699	268 019
Pension contributions	131 206	123 328
Sales of publications	20 290	18 735
Other revenues	39 501	26 255
Total revenues	824 512	757 619

Assessed contributions called up for Part I, Part II and Annex Budgets changed in line with the annual Budget (2023: M€ 319.8; 2022: M€ 306.8). The amounts reported for assessed contributions include accounting adjustments for deferred income, approved carry forwards of budgetary surpluses and funding from reserves.

Revenue from voluntary contributions is recognised up to the amount expensed cumulatively in the period. In line with the implementation of IPSAS 41 – Financial Instruments, revenue from voluntary contributions has been restated for 2022 with an increase of MEUR 0.5, which corresponds to the increase in the provision for impairment of voluntary contributions (cf. “*Note 6: Accounts receivable and prepayments*” and “*Note 20: Revenues*” and “*Note 18: Deferred revenue*”). The increase in income from voluntary contributions in 2023 reflects the volume of voluntary contributions accepted in 2023 as well as continuing multi-year

financing from voluntary contributions accepted in prior years.

Pension contributions include amounts paid by Member countries to the Pension Budget and Reserve Fund, employer contributions and other contributions in respect of tax reimbursements (cf. “*Note 17: Employee benefits*”, Table 33).

Publications income increased in 2023 compared with 2022, reflecting strong demand for some publications produced by the International Energy Agency (IEA).

Other revenue is broken down as follows:

Table 41. Other revenues

	2023 €'000	2022 €'000
Accession countries	16 668	4 410
Non-Member countries' participation in OECD bodies	4 155	3 867
Other	18 677	17 978
Total other revenues	39 501	26 255

Revenue from accession countries is higher in 2023 than in 2022, reflecting an increase in work related to the Accession Roadmaps for candidate accession countries.

Other revenues include employee health insurance contributions, employee salary reimbursements, supplementary contributions to ISRP, services invoiced to permanent delegations and miscellaneous cost reimbursements.

Note 21: Expenses

Table 42. Expenses

	2023 €'000	2022 (Restated) €'000
Personnel costs:		
Salaries and benefits	458 614	422 141
Temporary staff salaries and benefits	16 595	14 362
Other personnel costs (incl. training)	1 928	1 819
Total personnel costs	477 137	438 323
Employee benefits – defined benefit schemes:		
Pension expenses (cf. Note 17)	211 408	309 986
Post-employment health coverage expenses (cf. Note 17)	32 280	62 104
Total employee benefits – defined benefit schemes	243 689	372 090
Total consulting costs	63 018	62 621
Travel costs:		
Travel costs missions – personnel	17 810	11 974
Travel costs - external invitees	5 438	3 290
Total travel costs	23 248	15 264
Operating costs:		
External services	8 845	8 899
Building rentals	20 120	18 431
Licenses, small equipment, maintenance and repairs	17 381	14 688
Utilities	4 448	1 958
Consumables and supplies	4 420	3 780
Printing and reproduction	118	114
Conference, meetings, interpretation and translation	8 960	6 570
Communication	1 623	1 734
Marketing and receptions	2 175	1 758
External publications	782	764
Depreciation	24 370	24 320
Inventory variation	478	14
Total operating costs	93 720	83 031
Other costs:		
Non-refundable taxes and insurance	1 848	1 802
Other administration expenses and net operating gains and losses	542	979
Provisions for liabilities and charges, risk on uncollected receivables and publications inventories	(178)	2 428
Total other costs	2 212	5 209
Total expenses	903 024	976 539

The main variances between 2023 and 2022 are as follows:

- The increase in total personnel costs of 8.9% is due to the combined effects of an increase in staffing levels between 2022 and 2023 in line with the 2023 Programme of Work, and the effect of the approved salary adjustment in 2023.
- Pension and post-employment benefit costs show a significant decrease in 2023 compared with 2022. This is primarily due to significant reduction of the current service cost due to the evolution in the discount rate (*cf. "Note 17: Employee benefits"*).
- Travel expenses for OECD officials and external invitees increased by 52% in 2023, primarily due to a significant rise in mission volumes compared to 2022. This increase reflects the ongoing recovery from the COVID-19 pandemic. However, it is important to note that mission volumes have not yet returned to pre-COVID levels, as the Organisation continues to organise hybrid meetings.
- Building rental costs relate primarily to OECD Boulogne and office space leased by the International Energy Agency (IEA).
- Licences, small equipment, maintenance, and repairs increased by 18% in 2023 compared with 2022. This is primarily attributable to increased software costs and maintenance of technical equipment.
- Costs relating to utilities increased significantly in 2023 compared with 2022. This is due principally to increased electricity costs throughout 2023.
- The rise in conference, meeting, interpretation, and translation costs in 2023 is attributed to the resumption of in-person events following the COVID-19 pandemic. This increase aligns with the rise in costs associated with external invitees.
- Reception costs increased as more conferences, meetings and workshops were held in-person during 2023 compared with 2022.
- The increase in inventory variation in 2023 compared with 2022 is due to the write off of the publications inventory, as detailed in *"Note 10: Inventories"*.
- Further information on movements in provisions for liabilities and charges is detailed in *"Note 16: Provisions for liabilities and charges"*. Provisions for impairment on receivables have been restated for 2022 following the adoption of IPSAS 41: Financial Instruments. The provision for impairment of non-Member country assessed contribution receivables was increased by MEUR 0.7 and the provision for impairment of voluntary contributions receivables was increased by MEUR 0.5 (*cf. "Note 6: Accounts receivable and prepayments"*). Before restatement, the original charge in 2022 for provisions for liabilities and charges, risk on uncollected receivables and publications was MEUR 1.2.

Additional information is provided in *"Note 23: Segment information - Statement of Financial Performance"* which provides further analysis based on the Organisation's main activities and sources of financing.

Note 22: Financial revenue and expenses

Table 43. Financial revenue and expenses

	2023 €'000	2022 €'000
Interest income on restricted cash	1 839	745
Interest income on general treasury cash	8 764	1 393
Net foreign currency conversion gain	-	5 328
Total financial revenue	10 603	7 466
Post-Employment Reserve Fund (PERF) realised investment gain / (loss)	737	3 079
PERF unrealised investment gain / (loss)	154 566	(176 486)
PERF investment gain / (loss)	155 303	(173 407)
Interest expense	498	84
Bank charges	348	307
Net foreign currency conversion loss	5 354	-
Other financial expense (net)	3 590	868
Total financial expenses	9 790	1 259
Financial revenue, net	156 116	(167 200)

Total financial revenue (net) increased by M€ 323.3 in 2023 compared with 2022, as shown above.

Interest income on restricted cash and on general treasury increased by k€ 8 465 in 2023 as compared to 2022. Most of the restricted funds are invested with the AXA capitalisation contract, which yielded an interest rate of 2.41% in 2023 (2022: 1.81%) which explains the increase in interest income on restricted cash balances.

Short-term interest rates increased in 2023 compared to 2022 which, combined with a higher average general treasury balance in 2023 compared to 2022, resulted in higher interest revenue on general treasury funds in 2023. The general treasury funds are derived mostly from voluntary contributions received in advance of the related expenditure. In 2023 the €STER (Euro Short Term Rate) average (volume-weighted trimmed mean rate) was 3.2%, starting the year at 1.890% and ending at 3.9%. The weighted average interest rate earned by the Organisation on these funds for 2023 was 2.82% versus 0.49% in 2022. The Organisation's weighted average interest rate achieved for 2023 was inferior to the the €STER benchmark, due primarily to lower

interest rates earned on funds held in the insurance contract investment which generally follows market rates with a time lag. (The insurance contract investment rate was 2.41% in 2023, below the €STER average rate, and 1.81% in 2022).

Interest income earned by the restricted cash portion of the Pension Budget and Reserve Fund was k€ 847 for the period ending 31 December 2023 (2022: k€ 158). An increase in the interest rates earned on the AXA capitalisation contract, term deposits and savings accounts, were the drivers of this increase in interest income from 2022 to 2023.

Investment income (net realised and unrealised gains or losses), including management fee rebates and transaction costs booked through surplus or deficit, amounted to a net surplus of M€ 155.3 in 2023. In the period ending 31 December 2023, long-term investments of the PERF had a positive time-weighted return of 13.14% (2022: negative return of 13.28%). The return in 2023 is below the benchmark (13.8%). The negative relative return versus the benchmark is mostly due to the underperformance of the Emerging Markets Equity investments, and the

investments in Global Direct Real Estate and Infrastructure being compared to a fixed annual return.

Net foreign-exchange losses for the period ending 31 December 2023 totalled M€ 5.4 (versus net gains of M€ 5.3 in 2022). A significant component of the net loss in 2023 is the revaluation of a USD denominated infrastructure investment held as part of the PERF (M€ 4.4).

Interest expense, relating to borrowings to fund the staff loan programme, has increased by k€ 414 from 2022 to 2023, as the interest rate paid by the Organisation increased, notwithstanding the amount borrowed decreased from M€ 13.0 to M€ 10.0 in November 2023.

Other financial expense of k€ 3 590 in 2023 (k€ 868 in 2022) relates to the restatement of non-current voluntary contributions receivables to amortised cost at 31 December 2023. The discount rate is based on the Organisation's average borrowing rate over the last three years (*cf. "Note 6: Accounts receivable and prepayments"*).

Note 23: Segment information - Statement of Financial Performance

Segment information is based on the Organisation's main activities and sources of financing. These service segments conform to the 2023-24 Programme of Work of the Organisation. Part I is for programmes financed by the Members, whereas Part II is for special programmes financed by some or all Members and non-Members. Non-budgetary operations include the staff on loan programme, foreign-exchange variances and other sundry operations (*cf. "Note 3: Significant accounting policies", "Note 1: General information"*).

Owing to the nature of the Organisation's activities, its assets and liabilities are used jointly by all segments and cannot be separated by segment.

The following table combines budgetary and IPSAS financial reporting. IPSAS adjustments are accounting entries that are required for compliance with IPSAS but are not mandated by the Organisation's budgetary reporting rules. The primary purpose of these adjustments is to apply the accrual accounting principle with regard to

expenses and revenues, pension benefits and other personnel costs, fixed assets and related depreciation. When possible, accrual adjustments are allocated to revenue and expenses by segment. IPSAS accrual adjustments that are not allocated to a specific segment are reported in the "IPSAS" column. Internal operations reflect the estimated cost of services exchanged between segments.

Internal operations have been split into four categories:

1. Recurrent internal invoicing between services, which includes an internal levy on travel costs as part of the Organisation's 'Greening Initiative';
2. Overhead Charges re-billed between Part I and Part II of the Budget;
3. Recoveries of administration costs for voluntary contributions, as per Council Decision [\[C\(2021\)73\]](#); and
4. Internal transfers of expenditure between segments.

Table 44. Segment reporting

	Part I		Part II		Annex budgets (Incl. Pre- & Post-accession)		Voluntary contributions	
	(1)		(2)		(3)		(4)	
	2023 €'000	2022 (Restated) €'000	2023 €'000	2022 (Restated) €'000	2023 €'000	2022 (Restated) €'000	2023 €'000	2022 (Restated) €'000
Assessed contributions	207 312	200 530	116 439	110 958	2 338	2 894	7	-
Voluntary contributions	-	-	-	-	-	-	303 699	268 019
Pension contributions	-	-	-	-	9 013	8 994	-	-
Sales of publications	-	-	12 044	10 082	8 246	8 655	-	-
Other	3 025	2 965	6 980	6 301	16 668	4 410	5 652	5 409
Total revenues	210 337	203 495	135 463	127 341	36 265	24 953	309 356	273 428
Personnel	189 861	183 228	72 856	67 767	24 272	13 251	203 809	186 078
Pension & post-employment benefits	4 198	4 396	-	-	9 013	8 994	-	-
Consulting	13 764	15 724	13 741	14 696	886	611	33 700	30 890
Travel	4 376	2 937	3 567	2 422	481	140	14 817	9 760
Operating	48 688	41 828	12 282	11 288	2 136	1 373	7 762	6 334
Other	1 479	1 538	686	1 029	(1 490)	1 067	449	807
Total expenses	262 366	249 651	103 132	97 202	35 298	25 436	260 537	233 869
Surplus / (deficit) from operating	(52 029)	(46 156)	32 331	30 139	967	(483)	48 821	39 559
Other financial revenue and expenses, net	8 606	1 254	(44)	(24)	(14)	(32)	(3 593)	(871)
PERF investment income	-	-	-	-	-	-	-	-
Total financial revenue and expense, net	8 606	1 254	(44)	(24)	(14)	(32)	(3 593)	(871)
Surplus / (deficit) from ordinary activities	(43 423)	(44 902)	32 287	30 115	953	(515)	45 228	38 688
Internal invoicing	16 671	13 971	(10 313)	(9 431)	(35)	539	(6 278)	(5 038)
Overhead	11 132	10 327	(11 006)	(10 158)	-	-	(126)	(169)
Voluntary Contribution cost recoveries	30 928	26 759	6 958	6 516	-	-	(38 055)	(32 864)
Internal transfers	905	748	605	519	-	(1)	(769)	(617)
Total internal operations	59 636	51 805	(13 755)	(12 554)	(35)	538	(45 228)	(38 688)
Net surplus / (deficit) for the period	16 213	6 903	18 530	17 561	916	23	-	-

	Non-budgetary operations		Post-Employment Healthcare Liability Reserve		Pension Budget and Reserve Fund		IPSAS (Unallocated)		TOTAL	
	(5)		(6)		(7)		(8)		(1 to 8)	
	2023 €'000	2022 (Restated) €'000	2023 €'000	2022 (Restated) €'000	2023 €'000	2022 (Restated) €'000	2023 €'000	2022 (Restated) €'000	2023 €'000	2022 (Restated) €'000
Assessed contributions	3 721	6 900	-	-	-	-	-	-	329 816	321 282
Voluntary contributions	-	-	-	-	-	-	-	-	303 699	268 019
Pension contributions	-	-	-	-	122 193	114 334	-	-	131 206	123 328
Sales of publications	-	(2)	-	-	-	-	-	-	20 290	18 735
Other	1 142	1 557	6 034	5 613	-	-	-	-	39 501	26 255
Total revenues	4 863	8 455	6 034	5 613	122 193	114 334	-	-	824 512	757 619
Personnel	1 448	2 198	(9 858)	(8 664)	-	-	(5 253)	(5 534)	477 137	438 324
Pension & post-employment benefits	75	-	-	-	83 938	75 814	146 465	282 886	243 689	372 090
Consulting	1 172	951	-	-	-	-	(245)	(252)	63 018	62 620
Travel	8	6	-	-	-	-	-	-	23 248	15 265
Operating	8 514	6 553	1 720	1 582	-	-	12 618	14 073	93 720	83 031
Other	788	11	-	-	3	2	296	755	2 212	5 209
Total expenses	12 005	9 719	(8 138)	(7 082)	83 941	75 816	153 881	291 928	903 024	976 539
Surplus / (deficit) from operating activities	(7 142)	(1 264)	14 172	12 695	38 252	38 518	(153 881)	(291 928)	(78 512)	(218 920)
Other financial revenue and expenses, net	(358)	(216)	(411)	14	(3 373)	6 082	-	-	813	6 207
PERF investment income	-	-	18 253	(17 837)	137 051	(155 570)	-	-	155 303	(173 407)
Total fin. revenue and expense, net	(358)	(216)	17 842	(17 823)	133 678	(149 488)	-	-	156 116	(167 200)
Surplus / (deficit) from ordinary activities	(7 500)	(1 480)	32 014	(5 128)	171 930	(110 970)	(153 881)	(291 928)	77 604	(386 120)
Internal invoicing	(44)	(39)	(1)	(2)	-	-	-	-	-	-
Overhead	-	-	-	-	-	-	-	-	-	-
Voluntary Contribution cost recoveries	168	(411)	-	-	-	-	-	-	-	-
Internal transfers	-	-	(59)	(32)	(682)	(617)	-	-	-	-
Total internal operations	123	(450)	(59)	(34)	(682)	(617)	-	-	-	-
Net surplus / (deficit) for the period	(7 376)	(1 930)	31 955	(5 162)	171 248	(111 587)	(153 882)	(291 928)	77 604	(386 120)

Note 24: Organisation's Resources and Appropriations

The Organisation operates a results-based planning, budgeting and management framework that seeks to direct the Organisation's efforts to the identified policy impacts approved by Member governments. Resources are deployed to achieve these outcomes through the Programme of Work and performance is evaluated after the fact.

The focus on results aims to sharpen accountability at all levels in the Organisation, to reassure Member countries that the resources they entrust to the Organisation are managed efficiently and used for the purposes for which they were intended. It ensures both that the Organisation's outputs respond to the most important policy concerns of governments, and that the results achieved are the ones expected in terms of policymaking in capitals.

The Organisation's Programme of Work and Budget (PWB) forms part of an integrated, continuous management cycle linking planning, prioritisation, budgeting, reporting and evaluation.

Since 2002, the Organisation has had in place a Strategic Management Framework based on six Strategic Objectives that reflect the OECD Convention. These are:

1. Promote sustainable economic growth, financial stability and structural adjustment.
2. Provide employment opportunities for all, improve human capital and social cohesion and promote a sustainable environment.
3. Contribute to shaping globalisation for the benefit of all through the expansion of trade and investment.
4. Enhance public- and private-sector governance.
5. Contribute to the development of non-Member economies.
6. Provide effective and efficient corporate management.

These Strategic Objectives cascade down to Output Groups and, at a lower level, to Output Areas. The Strategic Management Framework provides the basis for Council decisions on resource allocation and for Committee planning, budgeting and reporting.

Table 45 shows the amount of the original Budget of income and expenditure for 2023 that was approved by Council in 2022, and the final Budget, which includes commitments carried forward from 2022, appropriations carried forward for certain Part II Programmes and, in accordance with the provisions of the Financial Regulations, new, revised and supplementary budgets approved in 2023. This Budget does not include voluntary contributions.

Table 45. Budgeted resources and appropriations

	Budget Amount		Actual*	Difference Final Budget and Actual €'000
	Original Budget	Final Budget		
	€'000	€'000		
Income				
Part I	219 622	233 892	241 340	7 447
Part II	118 669	138 902	142 441	3 539
Annex budgets	83 086	83 534	84 051	517
Pre-Accession budgets	21 817	25 720	25 720	-
Post-Accession budget	-	324	324	-
Fixed fees from post-2017 Members	2 000	2 054	2 054	-
Total income	445 194	484 426	495 930	11 504
Expenditure				
Part I	219 622	233 892	230 964	2 929
Part II	118 669	138 902	123 324	15 577
Annex budgets	83 086	83 534	83 071	463
Pre-Accession budgets	21 817	25 720	16 722	8 998
Post-Accession budget	-	324	251	73
Fixed fees from post-2017 Members	2 000	2 054	2 054	-
Total expenditure	445 194	484 426	456 386	28 040
Net result				
Part I			10 376	10 376
Part II			19 117	19 117
Annex budgets			979	979
Pre-Accession budgets			8 998	8 998
Post-Accession budget			73	73
Fixed fees from post-2017 Members			-	-
Total net result			39 544	39 544

* Actual Expenditure is the sum of disbursements plus expenditure committed but not paid at the financial period end that will be carried forward to the next financial period under Financial Regulation 10§1.

The Part I Budget shows an income surplus of M€ 7.4 and unspent appropriations of M€ 2.9.

Part I Budget income is higher than budget due principally to interest income being significantly higher than anticipated throughout 2023 (M€ +7.6) and higher than planned income from Partnership fees (M€ +0.2), despite some negative differences on other income lines, mainly on Members' assessed contributions which is the result of the application of the 300% cap on increases in assessed contributions in 2023 (M€ 0.3).

Part I Budget expenditure is under budget by M€ 2.9. This is principally due to exceptional electricity costs being M€ 2.0 less than planned in 2023. Savings were made due to measures to reduce electricity consumption, warmer weather, and tax measures from the host country. Unspent budget appropriations (M€ 0.8) will be carried

forward to 2024 in accordance with the Organisation's Financial Regulations.

Part II shows a net result of M€ 19.1. This is attributable principally to those Part II Programmes who are authorised by Council to carry over part of their budgets as a smoothing mechanism for their future financing needs.

The pre-accession budget relates to Brazil, Bulgaria, Croatia, Peru and Romania following the adoption of Accession Roadmaps on 10 June 2022. Unspent appropriations are carried forward to 2024 (cf. "Note 1: General information").

The following schedule shows the original and final expenditure budgets as well as planned expenditure on voluntary contributions, actual expenditure against the Budget and voluntary contributions, and the difference between the Budget and planned expenditure for Part I, by Output Group, and for Part II, by Programme.

Table 46. Resources and appropriations by Output and Programme

	Budget Amount		Voluntary Contributions	Total	Expenditure ²			Difference:
	Original Budget €'000	Final Budget €'000	Planned Expenditure €'000	Final Budget and Planned Expenditure €'000	Budget Actual €'000	Voluntary Contributions €'000	Total €'000	Budget & Planned and Expenditure €'000
Part I: Output Group								
Economic Surveillance	23 873	23 873	9 265	33 138	23 872	4 903	28 776	4 362
Industrial and Sectoral Policies	3 930	3 930	10 667	14 597	3 870	7 464	11 333	3 263
Science and Technology Policies	8 527	8 527	12 923	21 450	8 455	9 839	18 294	3 156
Human and Social Capital	4 728	4 728	18 825	23 552	4 728	13 360	18 088	5 464
Employment Policies and Social Cohesion	7 227	7 527	13 738	21 265	7 529	11 392	18 921	2 343
Environmental Sustainability	10 303	10 513	26 539	37 052	10 563	22 012	32 574	4 477
Health System Performance	2 747	2 747	6 521	9 268	2 712	6 937	9 649	(382)
International Trade	6 579	6 607	2 345	8 952	6 607	1 430	8 036	915
Agriculture	7 669	7 669	705	8 374	7 669	1 539	9 207	(834)
Taxation	8 355	8 355	23 145	31 500	8 421	20 648	29 070	2 430
Business Climate	6 965	6 965	18 744	25 709	7 073	16 752	23 825	1 884
Competition and Market Efficiency	5 396	5 396	7 218	12 614	5 395	6 587	11 981	633
Public Sector Economics and Governance	8 350	8 322	64 192	72 514	8 320	57 999	66 319	6 194
Development	6 023	6 023	25 669	31 691	6 023	24 805	30 828	863
Global Relations	4 166	4 456	16 980	21 436	4 597	13 362	17 959	3 477
Corporate Management	12 073	11 273	430	11 703	10 744	443	11 187	516
Statistics	11 199	11 119	2 437	13 636	11 197	2 205	13 403	233
Corporate Services	69 329	69 569	-	69 569	69 917	603	70 521	(952)
Corporate Services – additional allocation for electricity	3 439	3 439	-	3 439	1 458	-	1 458	1 981
Corporate Visibility	8 747	8 747	900	9 647	8 647	791	9 438	209
2022 Commitments carried forward		14 030		14 030	13 167	-	13 167	863
Total Part I	219 622	233 892	261 241	495 133	230 964	223 071	454 034	41 099
Part I: Difference Final Budget and Actual		233 892			230 964			2 929

	Budget	Voluntary Contributions		Total	Expenditure ²			Difference: Budget & Planned and Expenditure €'000
	Original Budget €'000	Final Budget €'000	Planned Expenditure €'000	Final Budget and Planned Expenditure €'000	Budget Actual €'000	Voluntary Contributions €'000	Total €'000	
	Part II Programmes							
International Energy Agency	31 843	33 261	42 629	75 890	33 113	31 584	64 696	11 194
Development Centre	6 501	6 695	11 260	17 955	6 658	10 376	17 034	921
The Sahel and West Africa Club	2 205	3 282	3 622	6 904	2 531	3 059	5 589	1 314
OECD Nuclear Energy Agency	12 418	12 851	5 537	18 388	12 851	5 493	18 344	44
Nuclear Energy Agency Data Bank	3 498	3 551	364	3 915	3 551	121	3 672	243
Centre for Educational Research and Innovation	3 801	4 084	5 510	9 594	3 669	2 719	6 388	3 206
International Transport Forum	6 542	7 888	5 615	13 502	7 462	6 510	13 971	(469)
Special Programme on the Control of Chemicals	1 958	2 098	1 330	3 428	2 085	1 904	3 990	(562)
Steel	724	728	936	1 664	706	1 124	1 830	(166)
Co-operative Research Programme: Sustainable Agricultural and Food Systems ¹	750	1 322	-	1 322	1 098	-	1 098	223
Co-operative Action Programme on Local Economic and Employment Develop't	1 387	1 396	4 675	6 071	1 396	5 117	6 513	(442)
Programme for the International Assessment of Adult Competencies	5 622	9 198	666	9 864	6 238	256	6 494	3 370
Financial Action Task Force	8 732	8 894	5 344	14 238	8 171	4 375	12 546	1 692
OECD Global Science Forum	624	631	321	952	618	238	856	96
Agricultural Codes and Schemes for International Trade ¹	1 466	1 807	341	2 149	1 730	206	1 936	213
Network on Fiscal Relations across Levels of Government	412	503	120	623	414	66	480	143
Shipbuilding	370	380	353	733	352	182	534	199
Global Forum on Transparency and Exchange of Information for Tax Purposes	5 231	8 528	6 740	15 268	5 766	5 966	11 732	3 536
Programme For Teaching And Learning International Survey	4 144	6 349	1 901	8 249	4 445	1 569	6 014	2 235
German Linguistic Section ¹	2 061	2 102		2 102	2 003	-	2 003	99
Italian Linguistic Section ¹	320	435		435	332	-	332	103
International Service for Remunerations and Pensions ¹	8 283	8 633		8 633	7 801	5	7 806	827
Reimbursable Posts ¹	3 010	3 010		3 010	2 858	-	2 858	152
Programme for International Student Assessment	6 766	11 276	10 533	21 808	7 477	6 892	14 369	7 439
Total Part II	118 669	138 902	107 797	246 699	123 324	87 762	211 086	35 612
Part II: Difference Final Budget and Actual		138 902			123 324			15 577
Adjustments ³						(1 476)		(1 476)
Total Part I and Part II	338 291	372 794	369 038	741 832	354 288	309 356	665 120	75 235

1. These Part II Programmes did not include 'Planned Expenditure' financed by Voluntary Contributions in their 2023 Programme of Work and Budget.

2. For the Budget, actual expenditure relates to the sum of disbursements plus expenditure committed but not paid at closing that will be carried forward to the next financial period under Financial Regulation 10§1.

3. Accounting adjustments.

The budget execution and the accounting bases differ. The financial statements of the Organisation are prepared on an accrual basis using a classification based on the nature of expenses in the Statement of Financial Performance. The budget execution is managed on a commitment basis by Output Group, Part II Programmes and Annex Budgets and on an accrual basis for the principal categories of revenue (assessed contributions and publication revenues). Commitments are defined in the Organisation’s Financial Regulations as “part or all of an appropriation that is formally reserved for identified expenditure and/or to meet a legal obligation on behalf of the Organisation”. The basis of the Budget may be considered to be on a “modified accrual basis”.

Table 47. Accounting basis - Budget vs Financial Statements

	Budget execution	Financial statements
Revenues:		
Assessed contributions	Accrual	Accrual
Voluntary contributions	N/A	Accrual
Publications	Accrual	Accrual
Other income	Cash/Accrual	Cash/Accrual
Interest income	Accrual	Accrual
Expenditures	Commitment	Accrual

Note 25 provides a reconciliation between the budgetary results and the financial statements.

Note 25: Reconciliation of budgetary results and results after IPSAS adjustments

As a general principle, the budget execution is managed on a commitment basis for expenditures (as described in “*Note 24: Organisation’s Resources and Appropriations*”) and an accrual basis for revenues whereas the financial statements recognise all income and expenditure on an accrual basis in accordance with IPSAS. IPSAS give rise to accounting adjustments which in many cases may be of a non-cash nature. In order to reconcile the Budget outturn with the results after IPSAS adjustments, this fundamental difference needs to be taken into account. The most significant differences are as follows:

a) *Revenue and expenditure*: For the budget, revenue is required to cover all committed expenditures. In accrual accounting, revenue and expenses include only amounts accruing in a given year. The difference is treated as deferred revenue or expenses in accrual accounting.

b) *Capital expenditure*: For the budget, capital expenditures are recorded as current-year expenses. In accrual accounting, these expenses are capitalised as assets and depreciated over their useful lives. These capital expenditures and the associated accumulated depreciation result in assets being recorded at their net book value in the Statement of Financial Position. The annual depreciation expense is recorded in the Statement of Financial Performance.

c) *Pensions and post-employment healthcare*: For the budget, post-employment health care expenditure is accounted for on a pay-as-you-go basis. For pension benefits, the budget contributions are estimated on an actuarial basis to represent the long-term cost of the benefits provided. In addition to the normal budget contributions, Member countries provide supplementary pension budget contributions to meet unfunded past service costs.

In accrual accounting, the expense for both pensions and post-employment health cover is estimated by an actuary in accordance with a methodology set out in accounting standard IPSAS 39. The pension and post-employment health cover benefits obligations are reported in the Statement of Financial Position as detailed in “*Note 17: Employee benefits*”.

The following *Table 48* shows the budgetary results reconciled with the results after IPSAS adjustments for the period as reported in the Statement of Financial Performance.

Table 48. Reconciliation of budgetary and accounting results

	Budgetary results to be allocated (1)	Transfer to reserves and carry-forward to 2024 (2)	Results for the period (3) = (1) + (2)	IPSAS adjustments (4)	Nature of reconciling adjustments	Net results for the period (3) + (4)
	€'000	€'000	€'000	€'000		€'000
Part I	10 376	-	10 376	5 837	a	16 213
Part II	19 117	-	19 117	(587)	a	18 530
Annex budgets	979	-	979	(63)	a	916
Pre-Accession budgets	8 998	(8 998)	-	-		-
Post-Accession budget	73	(73)	-	-		-
Fixed fees from post-2017 Members	-	-	-	-		-
Subtotal - Budget operations	39 544	(9 071)	30 472	5 187		35 659
Non-budgetary operations	-	(5 866)	(5 866)	(1 510)		(7 376)
Pension Budget and Reserve Fund (PBRF)	-	171 248	171 248	-		171 248
Post-Employment Healthcare Liability Reserve (PEHLR)	-	31 955	31 955	-		31 955
Subtotal - Other operations	-	197 337	197 337	(1 510)		195 827
Change in employee defined benefit liabilities - Pensions	-	-	-	(118 206)	c	(118 206)
Change in employee defined benefit liabilities - Healthcare	-	-	-	(24 916)	c	(24 916)
Adjustments for fixed assets	-	-	-	(10 760)	b	(10 760)
Subtotal - Accounting adjustments	-	-	-	(153 882)		(153 882)
Net result for the period	39 544	188 266	227 809	(150 205)		77 604

The most significant of the IPSAS adjustments relates to changes in employee defined benefit liabilities. These changes are the sum of the annual current service cost and interest cost less the benefits paid. These are detailed in “*Note 17: Employee benefits*”.

Note 26: Proposed allocation of the results for the period

Subject to approval by Council, the results for 2023 will be allocated as follows:

Table 49. Proposed allocation of net results

	2023	Proposed treatment of the results	
	Net results for the period	Transfer to reserves, long-term commitments and accumulated surplus / (deficit)	Budgetary net results to be allocated, transferred or carried forward
	€'000	€'000	€'000
Part I	10 376	-	10 376
Part II	19 117	-	19 117
Annex budget	979	-	979
Pre-Accession budgets	-	-	-
Post-Accession budget	-	-	-
Fixed fees from post-2017 Members	-	-	-
Subtotal 1 - Budgetary results	30 472	-	30 472
Pension Budget and Reserve Fund (PBRF)	171 248	171 248	-
Post-Employment Healthcare Liability Reserve (PEHL)	31 955	31 955	-
CIBRF - Class 1	(92)	(92)	-
CIBRF - Class 2	(1 576)	(1 576)	-
CIBRF - Class 3	(3 304)	(3 304)	-
Indemnity and Benefits Fund (IBF)	(401)	(401)	-
Exchange differences – realised	209	209	-
Publications	(765)	(765)	-
Part II – IEA Reserve	(42)	(42)	-
Part II - IEA - Loss of Employment	105	105	-
Subtotal 2 - Results associated with Reserves	197 337	197 337	-
Pension benefits liability	(118 206)	(118 206)	-
Post-employment healthcare liability	(24 916)	(24 916)	-
Subtotal 3 - Long-term commitments - IPSAS adjustments	(143 122)	(143 122)	-
Other IPSAS adjustments			
Included in Part I	5 837	5 837	-
Included in Part II	(587)	(587)	-
Included in Annex budgets	(63)	(63)	-
Included in Non-budgetary operations	(1 510)	(1 510)	-
Adjustments for fixed assets	(10 760)	(10 760)	-
Subtotal 4 - Other IPSAS adjustments	(7 083)	(7 083)	-
Net result for the period	77 604	47 132	30 472

* In accordance with the Financial Regulations and other Council decisions, including automatic authorisation in some Part II Programme mandates, K€ 847, k€ 11 008 and K€ 6 164 of the 2023 Part I, Part II and Annex budget net results respectively are carried forward to 2024. This is in addition to appropriations already included in the Organisation's 2024 Budget as "funding from prior years carry-forwards".

** See Note 19: Member countries' contributed interest and reserves.

Note 27: Contingencies and capital commitments

A. Contingencies

At 31 December 2023, an amount of M€ 34.3 of voluntary contribution transfers were subject to governmental approval (2022: M€ 18.6) (cf. “Note 6: *Accounts receivable and prepayments*”). All of these voluntary contributions have been concluded with donors and formally accepted by the Organisation to fund its Programme of Work.

The Organisation is or may be a party to a limited number of legal proceedings or technical disputes. Management believes that the liabilities or assets that might result from these litigations or disputes will not be material in relation to the Organisation’s operations or financial position.

Following discussions between the Organisation and the Member country in regard to the provisions noted in “*Note 16: Provisions for liabilities and charges*”, a sustainable solution has been found going forward.

In 2002, the Organisation set up an early retirement scheme for a closed group of employees that had been exposed to an asbestos risk. The scheme allows these employees to request early retirement if they are over 50 and less than 60 years of age, provided they meet certain conditions as to their job duties and medical condition. At 31 December 2023, no employee was receiving early retirement payments under the scheme. In the unlikely event that the last remaining eligible employee applied for benefits under the scheme, the maximum amount payable by the Organisation would be approximately M€ 0.4 over the period to June 2031.

Following a call for tender, the Organisation renewed its insurance contract for medical and other benefits for a period of five years from 1 January 2021 to 31 December 2025, with Malakoff Médéric (“the Insurer”), to cover payments of medical expenses, salary for long term sick leave, lump sum payments for death or permanent disability for any cause, and lump sum payments for death and permanent disability (partial or total) related to an accident at work or work-related illness.

This contract includes a provision under which the difference between the premiums due to the Insurer and the amounts paid out in claims each year is transferred by the Insurer to an equalisation provision, which is available to manage risk in respect of the events described above, thereby allowing premiums to be lower than would be the case had the provision not existed. The equalisation provision was re-established at M€ 5 at the start of the current contract.

B. Capital commitments

a) Operating lease commitments

Future minimum lease payments for the following periods are:

Table 50. Operating lease commitments

	31 December 2023 € million	31 December 2022 € million
Within one year	28	25
In the second to fifth years inclusive	77	94
After five years	8	13
Total operating lease commitments	113	132

Operating lease payments represent rental payments for certain properties. The decrease in the total value of lease payments as at 31 December 2023 can primarily be attributed to the end dates of the leases for OECD Boulogne and the IEA’s premises moving one year closer.

b) Bank guarantees

The Organisation’s obligations to lessors of certain office premises are guaranteed by banks for a maximum of M€ 5.3. The guarantees are for obligations under leases for offices and parking for periods up to 30 November 2027.

C. Pensions

The Organisation’s first defined-benefit Pension Scheme (COPS) was adopted by a Council Resolution of 16 November 1976 [C/M(76)20/FINAL]. The Council adopted a second defined-benefit Pension Scheme on 27 September 2001 [[C\(2000\)221](#)] and [C/M\(2001\)18/PROV](#), item 306]. These acts constitute decisions that are binding upon the

Organisation and its Member countries by virtue of Articles 5 a) of the Convention on the Organisation and 18 a) of its Rules of Procedure. The Organisation believes that this creates both a legal obligation for the Organisation towards pensioners and staff and an offsetting legal obligation for the Member countries, with the same full legal force as the treaty from which it derives, to contribute amounts needed to pay pensions. Article 40 of both defined-benefit Pension Schemes confirms that pensions are a charge on the Organisation's Budget and provides a joint guarantee of that liability by each of its Member countries. That guarantee is equivalent in amount to the accrued pension obligation at 31 December 2023 of M€ 3 411 (2022: M€ 2 823), as shown in "Note 17: Employee benefits".

The 1976 Council Resolution of the Organisation adopted the first defined-benefit Pension Scheme for staff in service as of 1 July 1974. At this time, no dedicated capital funding mechanism was established towards the liabilities generated by staff service under the Pension Scheme, initiating an unfunded liability. In addition, under Article 44 of the Pension Scheme rules, staff whose service began prior to 1 July 1974 were given the option to surrender their holding in the Staff Provident Fund (the defined-contributions scheme in operation since 1957) in exchange for credit for past service under the Pension Scheme. In 1979, the Council agreed that such Provident Fund assets corresponding to the cost of validating past service under Article 44 of the Pension Scheme Rules, as well as accrued interest, be transferred to Member countries, creating additional unfunded liabilities in respect of this past service.

In the period up to 2000, pension payments were financed by the Organisation's Budget on a "pay as you go" basis. During this time, staff service every year created additional unfunded pension liabilities, with no funding put aside in a dedicated reserve. To address this, since 2000 the Member countries participate in the constitution of a fund (Pension Budget and Reserve Fund) towards both the historical liability (pre-2000) and new liabilities resulting from staff in service every year (2000 onwards). The net assets of the Fund at 31 December 2023 were M€ 1 186.7 (2022: M€ 1 015.4).

Note 28: Contributions-in-kind

Staff-on-loan

Experts are sometimes made available to the OECD without charge mainly from Member governments as a way of increasing mutual co-operation and technical competence. As at 31 December 2023, there were 160 staff on loan at the OECD (2022: 134).

Premises

The OECD receives in-kind contributions of the right to use office space and other facilities in the execution of its Programme of Work. The Organisation has not received title to these properties which remain with the government providing the rights to use. The financial value of these facilities is not recognised in the Statement of Financial Position nor has the annual right to use been recognised in the Statement of Financial Performance.

The major contributions representing the right to use facilities are as follows:

- The Mexico Centre serves as a liaison office for the Latin America Regional Programme to support the take-up of the OECD standards and good practices by non-members. The premises are provided by the Mexican government (Ministry of Education).
- The OECD-Korea Policy Centre focuses on the following: Competition, Health and Social Policy, Public Governance and Taxation. The premises and facilities are provided by the Korean government.
- The OECD LEED Trento Centre for local development in Italy builds capacities for local development by facilitating co-operation, the transfer of expertise and the exchange of experience between OECD Members and partner countries. Facilities are provided by the Autonomous Province of Trento.
- Multilateral Tax Centres (MTCs) are established in Budapest, Vienna, Ankara, Mexico and Yangzhou as fora for dialogue between OECD countries and partners on tax matters. In all cases, the physical facilities are provided free of charge by the respective

- governments. In addition, three centres for the OECD International Academy for Tax and Financial Crime Investigation have been established. One centre is based in Ostia, Italy, in facilities provided by the Italian Guardia de Finanza, the second in Buenos Aires, Argentina, in facilities provided by Argentina's Federal Administration of Public Revenues, and the third centre is based in Wako, Japan, in facilities provided by the National Tax Agency of Japan.
- The OECD Istanbul Centre provides a platform for fostering international co-operation and high-level policy dialogue, supporting the Organisation's regional initiatives. The Centre is hosted in the premises of the Istanbul Chamber of Industry and financed by Türkiye.
 - The OECD has one official stationed in Beijing to support the Organisation's co-operation with China. Office facilities are provided by the Embassy of the Netherlands.
 - Some competition-related activities have been organised in Regional Centres for Competition (RCCs). There are currently two RCCs. One centre is in Budapest, whose office space is provided by the Hungarian Competition Authority. Another centre is hosted by the Peruvian Competition Authority in Lima.
 - The MENA-OECD Governance Programme Training Centre of Caserta, Italy was established to pursue the broadest dissemination of knowledge-sharing through innovative and cost-efficient means. The Italian National School of Administration provides office space and training facilities at its premises in Caserta to accommodate the personnel dedicated to the functioning and administration of the Centre.
 - The OECD/CVM Centre on Financial Education and Literacy in Latin America and the Caribbean in Rio de Janeiro has been established to promote efficient financial education, through a range of activities including meetings, surveys, mutual learning through peer reviews, and research. The premises are provided by the Securities and Exchange Commission of Brazil.

- The Financial Action Task Force (FATF) Training and Research Institute in Busan, Korea has been established to provide capacity-building and knowledge-sharing programmes to combat money laundering and terrorist financing. The premises are provided by the Metropolitan City of Busan.
- The OECD-Ukraine Liaison Office in Kyiv to support the Organisation's cooperation with Ukraine. The OECD has two officials and a staff on loan who rotate in and out of Kyiv. Office facilities are temporarily provided by the Slovak Republic.

Note 29: Key management personnel

The Organisation is governed by a Council composed of representatives of all the Member countries. The Organisation is under the direct control of the Member countries. It has no ownership interest in associations or joint ventures. Council Members receive no remuneration from the OECD for their roles.

The Council is presided over by the Secretary-General, who directs the Secretariat and implements the Organisation's Programme of Work, assisted by Deputy Secretaries-General and other senior managers and officers (key management personnel). They are remunerated by the Organisation. The Secretary-General also has the use of the Organisation's official residence.

Key management personnel (in FTE - full time equivalent) and their aggregate remuneration were as follows:

Table 51. Key management personnel remuneration

	2023	2022
Numbers in FTE		
• The Secretary-General, Deputies and other senior managers	6	6
• Senior officers	25	24
Total	31	30
Remuneration	€'000	€'000
Emoluments:		
• The Secretary-General, Deputies and other senior managers	2 018	1 997
• Senior officers	7 589	8 339
Subtotal	9 607	10 336
Leaving allowances:		
• The Secretary-General, Deputies and other senior managers	-	179
• Senior officers	-	236
Subtotal	-	415
Aggregate remuneration:		
• The Secretary-General, Deputies and other senior managers	2 018	2 176
• Senior officers	7 589	8 575
Total	9 607	10 751

Leaving allowances represent a lump-sum settlement of pension benefits to staff who have left the Organisation before having completed ten years' service, paid in accordance with the Staff Rules.

There was no other remuneration or compensation to key management personnel or their close family members.

Note 30: Related-party transactions

There were no material transactions with related parties during the years 2023 and 2022.

There were no loans to key management personnel or their close family members that were not available to other categories of staff.

Note 31: Events after the reporting date*Accession*

Accession to the OECD Convention remains the most effective way to secure countries' comprehensive commitment to OECD standards and to fulfil the Organisation's mission.

On 20 February 2024, the Council decided to open accession discussions with Indonesia.

On 26 March 2024, the Council adopted the Accession Roadmap for Argentina.

Publications

The Organisation will move to an "Open by Default" dissemination model for most publications from 1 July 2024, though publications published by the International Energy Agency (IEA) will continue to be sold. This decision has been communicated to its publication partners and customers.

GLOSSARY

BFMP: Budget and Financial Management Programme

CIBRF: Capital Investment Budget Reserve Fund

COPS: The Co-ordinated Organisations Pension Scheme

CVM: Centre on financial Education and Literacy

EONIA: Euro Over Night Index Average

EURIBOR: Euro Interbank Offered Rate

€STER: Euro Short Term Rate

FATF: Financial Action Task Force

IAS: International Accounting Standards

IASB: International Accounting Standards Board

IBF: Indemnities and Benefits Fund

IEA: International Energy Agency

IFRS: International Financial Reporting Standards

INTOSAI: International Organisation of Supreme Audit Institutions

IPSAS: International Public Sector Accounting Standards

IPSASB: International Public Sector Accounting Standards Board

ISRP: International Service for Remunerations and Pensions

ISSAI: International Standards of Supreme Audit Institutions

MTCs: Multilateral Tax Centres

NPS: New Pension Scheme

PBRF: Pension Budget and Reserve Fund

PEHLR: Post-Employment Healthcare Liability Reserve

PERF: Post-Employment Reserve Fund

PWB: Programme of Work and Budget

RCCs: Regional Centres for Competition

SAA: Strategic Asset Allocation

SAI: Supreme Audit Institution