



Education International  
**6<sup>th</sup> World Congress**



# Financial Reports

Congress Book 3

## Financial Reports



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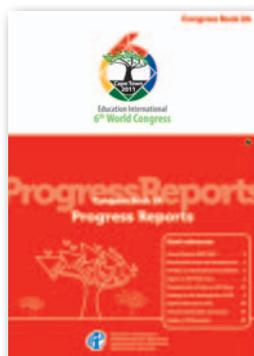
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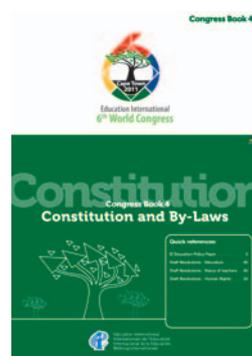
## Congress Book 3 Financial Reports

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Dues Structure, Audited  
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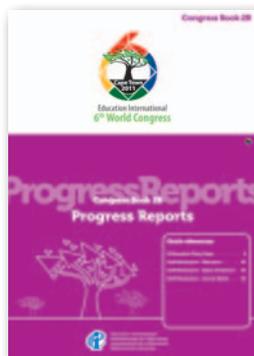
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Education International  
**6th World Congress**



# 1. Report of Special Committee on Finances and Structures

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### 1. Chairperson's introduction

### 2. Background

### 3. Issues, conclusions and recommendations

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Summary of Recommendations

### 1. Chairperson's introduction

The Special Committee was charged with the difficult task of examining the financial policy management of Education International and making recommendations for improvements. It had to achieve these tasks within a relatively short timeframe and within the constraints imposed by the distances to be travelled by members of the Special Committee to attend meetings and the necessary practical constraints on the duration and frequency of meetings in this context.

I would like to thank my colleagues on the Special Committee for the enthusiasm and commitment which they brought to the tasks. All members of the Committee worked together with a view to improving the financial policy management, financial operations and accountability of the organisation. They contributed openly and wholeheartedly to each meeting. The report and recommendations reflect the consensus on the issues.

The report and recommendations to the Executive Board are necessarily succinct in the context of the time available to the Special Committee. It is the view of the Special Committee that the Executive Board should develop the recommendations, as appropriate, for implementation. Where necessary this would include bringing proposals for amendments to the Constitution and By-Laws to the next World Congress.

I would also like to thank the staff of the organisation which cooperated fully and provided invaluable assistance to the Special Committee. In the course of its work the Special Committee became familiar with the diligent and careful working methods of the staff in the EI Finance Unit and recognised their determination to safeguard the finances of the organisation. Nothing in this report or its recommendations should be construed as a criticism of the staff or its work.

It has been my privilege to chair this Special Committee and it is now my further privilege to present its recommendations and conclusions to the Executive Board. I trust that the recommenda-

tions will contribute to the further development of our organisation so that it will continue to be a respected advocate for the advancement and improvement of quality public education and of the terms and conditions of employment for education workers throughout the world.

**Haldis Holst**, Chairperson of the Special Committee on Finances and Structures.  
October, 2009

## 2. Background

The 2007 World Congress adopted a resolution mandating the Executive Board to establish a special committee to examine EI's financial policy management and to review the organisation's membership dues structure. The resolution, as adopted by Congress, and the section of the Congress proceedings report that refers to discussion of the resolution by Congress, are set out below:

Resolution:

Congress mandates the Executive Board to set up a working group comprising of at least five representatives of member organizations who will examine the financial policy management of Education International, especially with a view to the organisation's efficiency and the effectiveness of its programme of activities in relation to the level of its membership dues. The working group will submit its findings and recommendations to the Executive Board which will give a report on them to the World Congress of 2010 (2011).

*Submitted by AOb, The Netherlands*

### Extract from Congress Debate

Walter Dresscher (AOb, The Netherlands) explained that *the major motivation behind proposing a committee as outlined in resolution 5.01 was not the proposal for a new dues structure, but the proposal to be discussed later in the Congress for a 15 per cent increase in the membership dues in three years. He added that the role of this new committee proposed by his union would be to clarify the financial documents presented to the Congress, providing greater transparency as to how finances and budget are used in the implementation of actions and policies. Finally, Walter Dresscher suggested that this committee should be independent from the Executive Board. [...]*

*Fred van Leeuwen responded to the interventions, clarifying that if motion 5.01 was approved, the committee that would be created would not be fully independent from the Executive Board, but nominated by this body and partly composed of Executive Board members and partly by representatives from other member organisations. Finally, he endorsed the Committee's tasks as explained by Walter Dresscher in his intervention.*

*The resolution 5.01, submitted by AOb, The Netherlands, and seconded by NEA, the United States, was carried.*

## Executive Board decisions

### • **The composition of the Committee should be as follows:-**

Chair	H. Holst
(Executive Board)	S. Eswaran J. Pavez Urrutia T. Birungi Mayanja
(Member organisations)	AOb/Netherlands W. Dresscher
	CTF/Canada C. Fraser
	ACUT/Sri Lanka A. Wijesinghe
	NEA/USA C. Swann <sup>1</sup>
	ESEUR/Russian Fed. G. Merkulova

The General Secretary and Chair of the EI Finance Committee should be ex-officio members of the Committee.

### • **The following should be the terms of reference and schedule for the Committee:**

*The terms of reference:-*

1. To examine the financial policy management of EI;
2. To examine the organisation's efficiency;
3. To examine the effectiveness of the programme activities in relation to the level of membership dues;
4. To examine alternative dues payment systems;
5. To clarify the financial documents which are presented to Congress;
6. To show how the budget and the financial provisions are used in the implementation of actions and policies.

*Schedule:*

The Working Group should be required to submit its findings and recommendations to the Executive Board by its scheduled meeting at the end of 2009 because the Executive Board was required to report on the findings and recommendations to the World Congress in 2011.

### Meetings of the Special Committee

The Special Committee met on three occasions in 2008 and 2009. It was assisted in its work by Charlie Lennon, Deputy General Secretary, responsible for administration, and by Stephane Ponsard and Olivier Odermatt, the staff of the EI Finance Unit.

- 1 At the second meeting of the Committee Cynthia Swann of the NEA was replaced by Dennis Van Roekel, who was represented at two meetings of the Committee by Mike McPherson of the NEA staff.



At its initial meeting the Special Committee received detailed presentations from the staff on the financial operations of EI and on its accounting practices and procedures, which informed its subsequent deliberations.

### 3. Issues, conclusions and recommendations

#### a. Development of the Programme and Budget

The Special Committee received detailed accounts of the procedures followed for the development of the Programme and Budget which is presented for adoption to each World Congress. It also received reports on the refinement of that Programme and Budget into annual programmes of work and budgets which are presented to and endorsed each year by the Executive Board. The Special Committee was of the view that opportunities ought to be made available for input from member organisations to the development of the quadrennial Programme and Budget, since this determines much of the work of the organisation over the period between congresses.

The Special Committee took the view that the Budget should be developed from the aims and strategic plan for the organisation for the period in question. The Budget (or amounts of money to be provided) should be determined based upon the priority to be accorded to issues and areas of work during the relevant period. In this context it was important that there should be opportunities for member organisations to influence the selection of priorities in the Programme and Budget.

#### ***The Special Committee recommends that:***

- 1. An outline of the timeline for the development of the quadrennial Programme and Budget should be prepared and published;*
- 2. An outline of the process involved in the development of the quadrennial Programme and Budget and the points at which input will be taken into account from various sources (internal committees, etc), including member organisations, should be prepared and published;*
- 3. The first stage in the process should be the development of a strategic plan based on the aims of the organisation.*
- 4. At the appropriate points input should be invited from member organisations and others;*
- 5. An outline standardised framework for the Programme and Budget should be developed and made available;*
- 6. The quadrennial Budget should be a general budget with global amounts assigned to each area of work;*
- 7. A more detailed and precise Budget, with specific activities and amounts assigned to them, should be developed each year, based on the Congress approved Programme and*

*Budget, and approved by the Executive Board before implementation.*

The Special Committee noted that all of the projected income for the organisation each year is assigned to Programme items. It considered the problem which arises each year in relation to providing for unforeseen events. For example, the need for the campaign on the economic crisis could not have been foreseen in September, 2008, when the Programme and Budget for 2009 was completed and approved. The funding for the campaign in 2009 had to be provided by curtailing budgeted expenditure in other areas.

#### ***The Special Committee recommends that:***

- 8. An amount of 0.5 per cent of the budgeted income should be held in reserve each year to cater for any contingencies, as identified by the Officers and/or the Executive Board, which might arise during the year;*
- 9. In the event that the money is not used by the end of the year it should be added to the organisation's reserves.*

In the context of making provision for unforeseen events, the Special Committee noted that at each World Congress resolutions with financial implications for the Programme and Budget are adopted without regard to the fact that no provision has been made for them in the Programme and Budget. When adopting resolutions Congress should be aware of the implications for the Programme and Budget.

#### ***The Special Committee recommends that:***

- 10. a method of reconciling the financial implications of World Congress resolutions with the Programme and Budget should be developed, which would present the information to Congress delegates during debate and before voting on resolutions. Various solutions were proposed by members of the Special Committee. It noted that some member organisations had found solutions and decided to recommend that the Executive Board investigate these and implement an appropriate solution.*

The Special Committee also considered existing processes for reviewing the implementation of the Programme and Budget. This is undertaken essentially through the Quadrennial Reports to Congress and through Progress Reports to the Executive Board. The Special Committee recognised that the current evaluations of the implementation of the Programme and Budget focus mainly on the political consequences of the implementation or otherwise of activities.

#### ***The Special Committee recommends that:***

- 11. staff develop a process for reviewing the implementation of the Programme and Budget which matches the expenditure to the objectives of the Programme and Budget to show sufficiency, efficiency and effectiveness.*

## b. Presentation of Financial Report and Information to Congress

The Special Committee considered that there is a lacuna in the checks and balances which operate in the organisation in relation to finances. The Special Committee recognised the important role of the Finance Committee in relation to EI finances but regards it as a committee of the Executive Board which advises the Executive Board and is answerable to it. The Special Committee concluded that there is a need for a body separate from, and independent of, the Executive Board to look at the financial statements on behalf of the World Congress and to report thereon directly to Congress.

### *The Special Committee recommends that:*

12. The World Congress should establish an internal Audit Committee, composed of one representative with some financial expertise from each region, to report to it on the audited accounts. The Chair of the Finance Committee, the General Secretary, or a designate, should also be ex-officio members of the Audit Committee. The Committee should meet between Congresses to review the accounts and prepare a report on the financial statements for the next Congress.

The Special Committee expressed concerns about a perceived lack of clarity in the presentation of the financial statements to Congress and the difficulties which some delegates indicated they had in understanding the financial statements.

### *The Special Committee recommends that:*

13. EI provides an opportunity for member organisations to ask questions on the financial statements and receive replies by email, after their publication but prior to the opening of Congress; the questions and answers to be circulated to Congress delegates;
14. The financial statements to Congress be presented visually in a simple format, with graphs and bar charts;
15. The presentation of the accounts be in a format that takes account of the differences in the interests of the audiences to which the accounts are being presented, e.g. regional, programme-based, operational;
16. The presentation be layered to present an overall picture first, then a detailed breakdown reflecting the original Programme objectives;
17. The presentation of the report on the implementation of the Programme and Budget to Congress should link clearly expenditure and achievement of Programme aims.

The Special Committee considered that administrative costs, including salary costs, were an essential and substantial part of the cost of implementing any programme activity. In order to evaluate the real cost of an implementing a programme activity they had to be integrated into the cost figures.

### *The Special Committee recommends that:*

18. Administrative and salary costs should be integrated in the first layer of the Programme and Budget presentation with an indication in the budget notes of what and how administrative costs have been allocated to the programme.

The Special Committee received a report on the auditing procedures which are followed currently by Ernst & Young, the EI auditing firm, appointed by the World Congress. The Special Committee was advised of the conventions followed and of the process of reporting back to EI, adopted by the Auditors.

### *The Special Committee recommends that:*

19. The auditors be charged with presenting the audited financial statements to the Finance and Audit Committees and being available to those Committees to answer questions on them;
20. Management letters issued by the Auditors after the audit should be made available to the Finance Committee;
21. Putting the audit out to tender after each Congress should be considered.

## c. Dues System

The Special Committee received reports from the General Secretary and staff on the current operation of the dues collection system and on previous efforts which had been made to reform the system. The difficulties in finding a fairer system which would be capable of implementation across the globe on the same or a similar basis for all organisations were outlined. The variable impacts of changing the system, even on a modest basis, on member organisations were identified. The importance of the dues system retaining credibility and confidence among member organisations was emphasised.

### *In all of the circumstances the Special Committee recommends that:*

22. EI retain the existing dues calculation system, based on a country's GNI, as the fairest and most equitable of the systems considered.

However, the Special Committee also considered that steps should be taken to alleviate the plight of organisations in countries where the GNI of the country improved significantly and/or the organisation grew rapidly and/or any increase in the dues rate affected significantly the amount due to EI. The Special Committee considered various ways in which these circumstances could be addressed in order to relieve the burden on the organisation concerned. It did not have the time to conduct the necessary assessment of the impact of implementation of any changes proposed.



## ***The Special Committee recommends that:***

23. EI investigate the impact of raising the existing GNI ceiling in order to create more categories and reduce the burden on organisations which move from a lower to a higher category;
24. EI investigate the possibility of providing for transition periods of a specified number of years within which dues rates would be calculated to spread the burden of increases due to higher GNI and dues rates over a longer period;
25. EI investigate setting a maximum percentage by which dues may increase in any one year for an organisation because of changes in the GNI rating of a country and increases in the dues rate;
26. EI investigate calculating GNI ratings for a country for the purposes of calculating dues rates by averaging the GNI over four years.

The Special Committee recognised that dues rates could stabilise or even fall if all member organisations paid their fair share of the dues burden. The Special Committee expressed concern that dues are being paid for less than 40 per cent of the total claimed membership of EI. The Special Committee suggested that an examination of the ways in which other GUFs calculate and collect dues might be helpful.

It had a discussion about the difficulties which some member organisations reported in collecting dues and about the different practices which exist globally among member organisations in relation to the funding of their activities. It was the view of the Special Committee that there were some organisations which could pay a greater share of the dues burden and that all organisations should be required to pay some dues in order to demonstrate their commitment to the values of EI. The Special Committee advised that EI should make it known that it would provide advice and support to member organisations which wished to improve their own systems of collection of membership dues.

## ***The Special Committee recommends that:***

27. an investigation be undertaken to outline clearly why organisations do not pay dues and the report of this investigation presented for consideration to the World Congress;
28. organisations which pay dues for significantly less than their declared membership should be asked to increase their contribution and be offered advice and support to assist them in achieving this objective;
29. the enforcement of the existing dues payment regulations should be improved, including exclusion of organisations which do not pay dues for membership, with a view to increasing dues income and reducing the burden on everyone.

In the course of discussing the level of dues income, the Special Committee considered whether or not there were ways in which EI could increase its income without increasing its dues rates. The Special Committee recognised that EI already receives substantial support for its solidarity and development programmes from external agencies and donor organisations. It noted that many EI affiliates implement important and sustainable programmes of cooperation with affiliates in developing countries. The Special Committee stated that it was important, in the interests of the efficient use of scarce resources, to ensure that there was programmatic coherence between these activities and the EI programme and budget, without interfering with the autonomy of these member organisations.

Some members of the Special Committee reported that their organisations sought sponsorship for some of their activities or financial support for activities from charitable foundations and agencies. Others reported that their organisations received sponsorship from commercial sponsors with which their organisations had a relationship for the provision of services.

There was concern that such relationships might lead to conflicts of principle between EI and the sponsors. The Special Committee stated that a protocol setting out the terms under which such sponsorship would be acceptable to EI would need to be established.

## ***Nonetheless, the Special Committee recommends that:***

30. EI investigate ways of reducing the cost of expenditure on certain activities, such as aspects of the organisation of Congress, by seeking external commercial or charitable sponsorship for such activities;
31. Member organisations be asked to assist with finding sponsors for aspects of Congress activities.

The Special Committee noted that one of the major costs for the organisation was travel and costs associated with the holding of meetings. The Special Committee recognised that there was an intrinsic value in face to face meetings which could not be achieved using electronic means of convening groups of people. Nonetheless, the Special Committee believed that some savings could be achieved by greater use of modern tele- and video conferencing communications systems and by greater use of email forums and other electronic group consultation systems.

## ***The Special Committee recommends that:***

32. EI use the latest advances in telecommunications technology to reduce the costs of meetings which it believes might be convened efficiently and effectively by teleconference or videoconference or other electronic means.

## **d. Role of the Finance Committee**

In the course of its deliberations the Special Committee reviewed the role and structure of the Finance Committee. It considered



that the Finance Committee has an important role to play in the checks and balances within the organisation and in relation to the design and implementation of financial practices and procedures. It monitors the work of the secretariat in relation to financial matters and advises the Executive Board on financial matters. The Special Committee considered that the Finance Committee should be responsible for supervising the production of an accounting policies and procedures manual by the secretariat. During the course of its work such a manual was produced by the Secretariat and endorsed by the Finance Committee. The Special Committee recognised that such a manual could not provide a static set of procedures since they would have to be adapted regularly to address new regulations and developments in the organisation.

***The Special Committee recommends that:***

33. The financial procedures manual be reviewed annually and updated as required by the secretariat and submitted to the Finance Committee for endorsement;
34. The present composition of the Finance Committee be maintained, that is, the Officers plus two other members of the Executive Board;
35. The Finance Committee continue to be responsible for advising the Executive Board on the salaries of those who are not covered by the Collective Agreement and review them every two years.

#### **4. Conclusions**

EI is perceived as a significant global organisation which is recognised internationally as the voice of teachers and education workers. It has built this reputation on a relatively small and efficient administrative and governing structure. Levels of staffing in EI are well below those of many of the national organisations of which it is composed. In that context the Special Committee is pleased to recognise that EI makes a remarkable impact and does so with relatively efficient use of its limited financial and staffing resources.

The Special Committee concluded that, in so far as it could establish, everyone involved in the financial administration of the organisation, whether in the governing structures or in the secretariat, approaches their tasks with the interests of the organisation in mind. Within the limitations of the staffing and financial resources available internal monitoring and supervision of expenditure are satisfactory.

The Special Committee's recommendations are intended to provide for additional clarity for member organisations about the current financial operations and procedures of EI and also additional opportunities for engagement by member organisations in determining the policies on expenditure by the organisation through its quadrennial Programme and Budget.

It is the intention of the Special Committee that the implementation of its recommendations provide added value to the organisation by improving its financial operations and enhancing financial accountability within the organisation.

We hope that the report and recommendations will receive the support of the Executive Board and will be implemented in full.

## Appendix:

expenditure to the objectives of the Programme and Budget to show sufficiency, efficiency and effectiveness;

## Summary of Recommendations

### *The Special Committee on Finances and Structures recommends that:*

1. an outline of the timeline for the development of the quadrennial Programme and Budget be prepared and published;
2. an outline of the process involved in the development of the quadrennial Programme and Budget and the points at which input will be taken into account from various sources (internal committees, etc), including member organisations, be prepared and published;
3. the first stage in the process be the development of a strategic plan based on the aims of the organisation;
4. at the appropriate points input be invited from member organisations and others;
5. an outline standardised framework for the Programme and Budget be developed and made available;
6. the quadrennial Budget be a general budget with global amounts assigned to each area of work;
7. a more detailed and precise Budget, with specific activities and amounts assigned to them, be developed each year, based on the Congress approved Programme and Budget, and approved by the Executive Board before implementation;
8. an amount of 0.5 per cent of the budgeted income be held in reserve each year to cater for any contingencies, as identified by the Officers and/or the Executive Board, which might arise during the year;
9. in the event that the money is not used by the end of the year for which it is allocated it should be added to the organisation's reserves;
10. A method of reconciling the financial implications of World Congress resolutions with the Programme and Budget be developed, which would present the information to Congress delegates before they adopted resolutions. Various solutions were proposed by members of the Special Committee. It noted that member organisations had found solutions and decided to recommend that the Executive Board investigate these and implement an appropriate solution;
11. staff develop a process for reviewing the implementation of the Programme and Budget which matches the expenditure to the objectives of the Programme and Budget to show sufficiency, efficiency and effectiveness;
12. the World Congress establish an internal Audit Committee, composed of one representative with some financial expertise from each region, to report to it on the audited accounts. The Chair of the Finance Committee and the General Secretary or designate also be ex-officio members of the Audit Committee. The Committee should meet between Congresses to review the accounts and prepare a report on the accounts and financial statements for the next Congress;
13. EI provides an opportunity for member organisations to ask questions on the financial statements and receive replies by email, after their publication but prior to the opening of Congress;
14. the Financial statements to Congress be presented visually in a simple format, with graphs and bar charts;
15. the presentation of the accounts be in a format that takes account of the differences in the interests of the audiences to which the accounts were being presented, e.g. regional, programme-based, operational;
16. the presentation be layered to present an overall picture first, followed by a detailed breakdown reflecting the original Programme objectives;
17. the presentation of the report on the implementation of the Programme and Budget to Congress should link clearly expenditure and achievement of Programme aims;
18. administrative costs be integrated in the first layer of the Programme and Budget presentation with an indication in the budget notes of what and how administrative costs have been allocated to the programme;
19. the auditors be charged with presenting the audited financial statements to the Finance and Audit Committees and being available to those Committees to answer questions on them;
20. Management letters issued by the Auditors after the audit should be made available to the Finance Committee;
21. the question of putting the audit out to tender periodically be investigated;
22. EI retain the existing dues calculation system, based on a country's GNI, as the fairest and most equitable of the systems considered;
23. EI investigate the impact of raising the existing GNI ceiling in order to create more categories and reduce the burden on organisations which move from a lower to a higher category;
24. EI investigate the possibility of providing for transition

periods of a specified number of years within which dues rates would be calculated to spread the burden of increases due to higher GNI and dues rates over a longer period;

25. EI investigate setting a maximum percentage by which dues may increase in any one year for an organisation because of changes in the GNI rating of a country and increases in the dues rate;
26. EI investigate calculating GNI ratings for a country for the purposes of calculating dues rates by averaging the GNI over four years;
27. an investigation be undertaken to outline clearly why organisations do not pay dues;
28. organisations which pay dues for significantly less than their declared membership be asked to increase their contribution;
29. better enforcement of the existing dues payment regulations, including exclusion of organisations from membership, be implemented with a view to increasing dues income and reducing the burden on everyone;
30. EI investigate ways of reducing the cost of expenditure on certain activities, such as aspects of the organisation of Congress, by seeking external commercial or charitable sponsorship for such activities;
31. Member organisations be asked to assist with finding sponsors for aspects of Congress activities;
32. EI use the latest advances in telecommunications technology to reduce the costs of meetings which it believed might be convened efficiently and effectively by teleconference or videoconference or other electronic means;
33. the financial procedures manual be reviewed annually and updated as required by the secretariat and submitted to the Finance Committee for endorsement;
34. the present composition of the Finance Committee be maintained, that is, the Officers plus two other members of the Executive Board;
35. the Finance Committee continue to be responsible for advising the Executive Board on the salaries of those who are not covered by the Collective Agreement and review them every two years.



## 2. Implementation of Report of Special Committee on Finances and Structures

### (i) Decisions of the Executive Board

At its 34th meeting, held in Brussels on 1-3 December, 2009, the Executive Board adopted the report of the Special Committee on Finances and Structures, which is now being presented to Congress. In the same meeting, the Executive Board also decided to implement the 35 recommendations contained in the report of the Committee.

### (ii) Report on Dues System

The Executive Board decided to examine the dues system as recommended by the Special Committee. The following is the report of that investigation:

**The Special Committee recommended that:**

- (1) *El retain the existing dues calculation system, based on a country's GNI, as the fairest and most equitable of the systems considered.*
- (2) *El investigate the impact of raising the existing GNI ceiling in order to create more categories and reduce the burden on organisations which move from a lower to a higher category;*
- (3) *El investigate the possibility of providing for transition periods of a specified number of years within which dues rates would be calculated to spread the burden of increases due to higher GNI and dues rates over a longer period;*
- (4) *El investigate setting a maximum percentage by which dues may increase in any one year for an organisation because of changes in the GNI rating of a country and increases in the dues rate;*
- (5) *El investigate calculating GNI ratings for a country for the purposes of calculating dues rates by averaging the GNI over four years.*

1. In relation to the second recommendation the impact of the economic crisis has meant that it is unlikely that the GNI of countries generally will arise over the next four years. Previous attempts to introduce additional categories into the dues system have been rejected because inevitably organisations in some countries find themselves just above the next lowest category and were, in their view, affected adversely by the proposed changes to the system. Raising the ceiling on its own imposes an additional burden on those organisations which are already paying the majority of the dues income to El. In the present straightened circumstances any substantial increase in the dues burden on these organisations is unlikely to be welcomed. In any event many of these organisations are facing reductions in their membership as a result of economic cutbacks in their countries.
2. Since the foundation of El dues income has been bolstered each financial year by increases in the dues paying membership. This has generally been the result of new organisations joining El and some existing member organisations increasing the number of members for which they paid dues. The number of potential new member organisations has now reduced to the point where it is unlikely that this avenue will produce significant additional income over the coming decade. It is now also the case that reductions in expenditure on education as a result of the economic crisis is leading to cuts in the numbers of teachers and, therefore, the number of members in organisations which pay dues at the full rate.
3. In relation to recommendations (3) to (5) the following changes were examined:
  - (i) *The calculation of GNI for the purposes of dues payments to El made for all organisations on the basis of a country's average GNI over the three years prior to the year in which the dues payment must be made.*
  - (ii) *A limit of five per cent on the increase in the rate of dues payment for any organisation irrespective of the effects of combined increases in the actual dues rate and increases in*

*the GNI rating of the country in which the organisation is based.*

4. The following would have been the impact of such provisions on the dues income for 2009:

(i) *If the dues in 2009 had been paid on the basis of the average GNI for the previous three years then the total amount paid would have been €8,460,643. The actual amount paid under the existing system was €8,641,431. Therefore, EI would have received € 180,788 less in dues, which would be a reduction of –minus two per cent.*

(ii) *If the dues in 2009 had been paid with a provision that no organisation should have to suffer an increase of more than five per cent in their dues rate then the total amount paid would have been €8,554,292. EI, therefore, would have received € 87,139 less in dues, which would be a reduction of approximately minus one per cent.*

5. In the context of the financial resources necessary to maintain the operations of EI, €170,000 would be equivalent to the administrative costs of running, say, the EIRAF Office. EI could not afford such a substantial loss without it affecting adversely services and activities. In the context of the current Program and Budget and the Program and Budget proposals for the next four year period a loss of even one per cent of dues income would be significant and difficult to sustain.

6. It is proposed, therefore, not to introduce such systematic provisions into the regulations governing the operation of the dues system but, instead, to address the concern expressed by inserting a provision whereby an organisation which incurs a substantial increase of, say, 10 per cent or more, in the amount of dues which it is required to pay as a result of an increase in the GNI of the country in which it is based, may apply to have the effects of the increase phased in over four years, with one quarter of the increase applied in the first year, half applied in the second year, three quarters applied in the third year and the full increase applied in the fourth year. Substantial increases in successive years would have to be accumulated and added in on the same basis. Applications for such arrangements would be processed in the normal way, as special agreements, through the Executive Board.

7. Over the past three years steps have been taken administratively to improve the dues collection system. These steps have included earlier notification of dues to member organisations so that they could provide for the EI dues in their own annual budgets and reminders after 30 June if dues have not been paid by an organisation. It is also the case that organisations which have not paid dues for the previous three years are now advised that their membership has lapsed and that they will have to reapply if they wish to resume membership. It is hoped that the more effective implementation of such measures will help to maintain the EI income level from dues.

8. The Report of the Special Committee on Finances and Structures also raised the issue of the under-payment by some organisations of membership dues through the use of membership figures for the calculation of dues which were known to be below their actual number of members. Some organisations apply for special agreements regularly in order to obtain

formal approval for such arrangements. Their requests are generally granted. They make such requests on the basis of low income levels at national level for their organisations or because they already have financial difficulties meeting the development needs of their organisations. It is proposed at secretariat level to undertake a systematic review, after Congress 2011, of all such arrangements and to include in the review organisations which advertise nationally substantially larger memberships than they declare for the purpose of paying EI dues. When such organisations are identified they will be asked for an explanation. A report and recommendations will then be prepared for the consideration of the Executive Board at its meeting in 2012.

**The Executive Board endorsed this report and decided to propose to Congress that organisations which incur a substantial increase of 10 per cent or more in the amount of dues which they are required to pay as a result of an increase in the GNI of the country in which they are based, be allowed to apply to have the effects of the increase phased in over four years, with one quarter of the increase applied in the first year, half applied in the second year, three quarters applied in the third year and the full increase applied in the fourth year; that substantial increases in successive years be accumulated and added in on the same basis; and that applications for such arrangements be processed as special agreements through the Executive Board.**

### (iii) \*Financial Procedures (2011 Edition)

\* In order to save space the appendices referred to in the text are not included in this extract from the Procedures.

This document describes the financial procedures followed by EI at all levels of the organisation. It sets out the accounting conventions which are followed and the bookkeeping practices used to record accounts. It indicates how checks and balances are applied to expenditure and reports prepared and submitted. The principles set out in this document apply to all accounts maintained by EI at head office and regional and sub-regional office levels. The principles apply irrespective of the source of income, that is, whether or not the income is from dues payments, donations or sponsored projects.

#### 1. Accounting

1.1 EI maintains its head office bank accounts with ING Bank in Brussels. It maintains cash reserves in short-term investment accounts, as recommended by the bank from time to time. EI has a number of other bank accounts for specific purposes, including those for the regional and sub-regional offices. These are listed in Appendix A.

1.2 EI accounts are maintained mainly in euro at head office level and in US dollars and local currency at regional and sub-regional office level. EI accounting is affected



significantly by fluctuations in the values of the currencies in which it deals. Such fluctuations also have a significant effect on the cost of dues for member organisations.

- 1.3 El makes a distinction in its accounts between funds which are budgetary and those which are extra-budgetary. Budgetary funds are those which are received through the regular dues income of the organisation and extra-budgetary funds are usually received from special donations from member organisations in response to urgent appeals or donations for specific solidarity and development projects. These funds are all processed through the El accounts system but the accounting procedures may vary depending on the financial regulations which apply to a particular project. Such financial regulations are usually specified in the contract for the implementation of the project or activity between the donor organisation and El.
- 1.4 The El head office accounts are maintained on a computer accounts system known as Bob. The Bob system is based on a standard double entry bookkeeping system which has been adapted to meet Belgian banking and other fiscal regulations and procedures. This system is already operational in the African regional Office and will be installed in the regional offices in future months. More information is given on the accounting system and software in Appendix B.
- 1.5 El's principal income is from dues payments by member organisations. A notice of dues owed is issued each year to member organisations in January. The notice is generally based on the last membership figure advised to El head office and invites member organisations to indicate if there has been a significant change in their membership. According to the El Constitution dues must be paid by 30 June of each year. Accordingly a reminder notice is issued in September to member organisations which have not paid their dues by 30 June. If an organisation does not pay dues for three consecutive years the Executive Board is invited to remove the organisation from the membership list. Organisations are entitled to seek a special agreement in relation to the payment of dues. Such applications must be considered by the Executive Board which may or may not approve them.
- 1.6 El also receives income from interest on the short-term investment of cash reserves and from subletting a part of its office premises. El receives donations for solidarity and development work from member organisations and funding for specific projects from various sources. Examples of projects with external funding would be the EFAIDS project which is funded by the Dutch Government, the Tsunami project which was funded by Oxfam Novib, and the 'Let's Go' Project which was funded by the European Commission.
- 1.7 El expenditure is primarily on funding activities designed to promote El policies and on paying salaries and administrative costs. Expenditure from solidarity and development extra-budgetary funds received for special projects

is made in accordance with the contracts entered into with donor organisations for the implementation of projects. These contracts usually specify the items on which such funds may be expended and set out principles for the maintenance of records of expenditure and for reporting to the donor organisation, which may be different to those applying in El.

- 1.8 A general Programme and Budget is prepared every four years and submitted to Congress for approval. The approved Programme and Budget is implemented on a year by year basis between Congresses. The Executive Board approves each annual adaptation of the Programme and Budget. The Programme and Budget contains provision for activities which are designated for implementation at regional level as well as for the operation of regional and sub-regional offices.
- 1.9 El obtains independent advice on financial and taxation issues, as required, from external accountancy firms.

## 2 Approval of expenditure

- 2.1 Each area of expenditure has a system of control and monitoring to try to ensure that expenditure does not exceed the budgeted amount and is in accordance with El principles.
- 2.2 Travel costs, for example, are a major expenditure for El. Every journey, undertaken by an El representative at El expense, must be approved in advance on the appropriate travel authorisation form. (see Appendix C below)
- 2.3 Expense claims are monitored through the use of a number of claim forms, which make provision for advance payments and post-travel reconciliation of expenses. (see Appendix C below).
- 2.4 Recurring administrative expenses are monitored to highlight variations and the causes checked and addressed, if necessary. A system of control over the purchasing of office requisites and other goods is in place. (see Appendix D below)
- 2.5 The cost of translations is one of the highest recurring costs in El. A system of controlling and monitoring the ordering and costs of translation is in place (see Appendix E)
- 2.6 Communications costs are monitored by the Finance Unit to ensure that there are no unanticipated costs or unexpected increases in costs.
- 2.7 Major costs like photocopying are also monitored and costs assigned to the various units and their activities.
- 2.8 All staff in a supervisory position are expected to monitor and control expenditure within their area of responsibility. In principle each item of expenditure must be authorised by a person with a supervisory responsibility in relation to the area of expenditure.

- 2.9 Before an invoice is paid the Finance Unit must ensure that there is a budget reference inserted and that it is approved by the person who ordered the goods or services and that the payment of the invoice is approved by an authorised person.

### 3 Budgeting

- 3.1 The Congress Programme and Budget specifies amounts of money which are to be expended on the implementation of policies and activities in the areas of operation of the organisation over the four years between congresses.
- 3.2 Each year a more specific budget is prepared based on the Congress budget which specifies the amounts to be used for the implementation of the specific policies and activities from the approved Congress Programme which will be undertaken in the particular year. Specific budgets are prepared for each area of activity. These budgets contain estimates of expenditure for each activity and for the administrative and salary costs likely to be incurred each year.
- 3.3 The annual budget also contains provisions for activities which may occur only once or twice in each four year cycle between congresses. Congress itself is a good example. Each year an amount is set aside which is then spent in the fourth year on the actual congress. The amounts set aside each year are recorded in the Balance Sheet of the annual accounts but are not accumulated in the budget each year. An event may also take place in the first year or second year after a congress which is paid for by making provisions over the full period between congresses. The over expenditure in the year of the event will be accounted for as a reducing deficit until the fourth year of the provision overtakes it.
- 3.4 The overall annual Budget will also include an amount to provide for any contingency which may arise in any year as a result of major social or political developments. This amount will equal one per cent of the provision made for implementing activities at head office level.
- 3.5 In addition the person responsible for implementing a specific activity must prepare a budget estimate of all of the anticipated costs (accommodation, facilities, interpretation and translation costs, speakers, travel, participants' support and other administration costs). This must be within the financial parameter provided by the annual budget and it must be submitted in advance to the Chief Regional Coordinator or in the case of head office to the supervisor of the unit concerned and to the Finance Coordinator. This will form the basis for a cost benefit assessment of the activity afterwards. In the event that the person responsible for implementing the activity forms the view that it is not possible to undertake the activity within the set Budget parameter, the person must obtain specific approval to exceed the amount budgeted from the General Secretary or a person designated by him.

### 4 Monitoring

- 4.1 All expenditure is monitored by the Finance Unit and reports on expenditure provided regularly to the Management of EI.
- 4.2 A similar process operates in each Regional Office.
- 4.3 The process of monitoring also requires that the staff of the Finance Unit check that expenditure has the necessary authorisation and is provided for within the budgetary framework.
- 4.4 Each invoice for payment is stamped with a rubber stamp with boxes which provide for the insertion of the budget reference, the signature of the person who approves the invoice for payment (the person who ordered the goods or services thereby confirming receipt of the goods or delivery of the services), and the signature of the person authorising payment (usually the General Secretary, Deputy General Secretary (Administration) or Senior Coordinator Finance or, in the case of a regional office, the Chief Regional Coordinator).

### 5 Reporting

- 5.1 A system of reporting with a number of strands is in place. Reports on the general financial situation and on expenditure under budgetary headings are prepared and submitted to management every six weeks or so. Reports on expenditure are prepared and submitted to meetings of the Finance Committee and of the Executive Board.
- 5.2 The regional and sub-regional offices are required to report in detail on their financial situation to head office every three months.
- 5.3 After each project or activity has been completed a report is prepared on expenditure incurred.
- 5.4 At the end of each financial year the accounts are prepared and submitted for audit by the organisation's auditors.
- 5.5 All financial reports to the Finance Unit from regional and sub-regional offices or for external projects or programmes must include a balance sheet and income and expenditure statement, and copies of recent bank statements.
- 5.6 Reports from regional and sub-regional offices must state:
- Budgetary Income
  - Budgetary Expenditure
  - Balance sheet summary
  - Solidarity fund inc./exp. Statement
  - Extra-budgetary (+bi-lateral) inc./Exp. Statement
  - Other donor income & expenditure



5.7 The information regarding the above reports must be detailed. All incoming and outgoing transactions have to be reported and supported with copies of relevant documentation and explanatory comments where necessary.

5.8 Audited financial statements must be submitted annually by the regional and sub-regional offices.

### 6 Regional and Sub-Regional Offices

6.1 The person responsible for implementing a specific activity at regional level must prepare a budget estimate of all of the anticipated costs (accommodation, facilities, interpretation and translation costs, speakers, travel, participants' support and other administration costs). This detailed budget estimate must be within the financial parameter provided by the annual budget and it must be submitted in advance to the Chief Regional Coordinator (if the Chief Regional Coordinator is not directly responsible), to the Deputy General Secretary (Administration) and to the Finance Coordinator. This will form the basis for payment from central funds of any advance payment to fund the activity concerned and for a cost benefit assessment of the activity afterwards. An advance payment from central funds of up to 80 per cent of the estimate in the detailed budget may be paid, if it is approved. Any outstanding balance may be paid when the financial report on the cost of implementing the activity is available and approved. In the event that the person responsible for implementing the activity forms the view that it is not possible to undertake the activity within the set budgetary parameter, the person must obtain specific approval to exceed the amount budgeted from the General Secretary or a person designated by him.

6.2 The Chief Regional Coordinators should submit expenditure accounts and the balance of each bank account to the head office finance coordinator on a quarterly basis. The head office finance coordinator monitors expenditures made by the Regional Offices based on original documents, copies of receipts, invoices, tickets, etc, which justify the Regional or sub-regional Office's financial income and expenditure report.

6.3 The Head Office Finance Unit verifies that these expenditures were made in accordance with the budgetary allocations and provides a consolidated quarterly income and expenditure account.

6.4 If the Regional Office used the services of an external and independent accountancy office for the financial administration of a particular account or accounts the seal of the office must be affixed to such a financial report.

6.5 Each time a Regional or sub-regional Office sends a financial report to head office copies of the invoices, tickets, balance of the bank account other relevant information must be attached systematically and especially to the quarterly financial report.

6.6 If a donor wishes to finance a project, an activity or event organised through or in collaboration with a Regional Office, without first entering into an agreement with the EI head office in relation to it, the Regional or Sub-regional Office must send the Head office Finance Coordinator, the General Secretary and the Deputy General Secretary a copy of the agreement or correspondence between the Regional Office and the donors involved. In the normal course of events any such contractual agreements should be signed on behalf of EI by the General Secretary. The EI Finance Unit should have an opportunity to analyse in advance the financial terms of any such agreement, the operational implications and calculate the financial risk to EI which may arise from such contract or agreement.

6.7 Any external income received by a Regional or Sub-regional Office directly for a specific social activity or event, should be reported in the income and expenditure statement of the financial report but set out in a place separate from the reports on budgetary activities and extra budgetary projects.

6.8 All expenditures made by the regional staff, including travel expenditures, require a signed pre-travel authorisation form approved by the administrative or/and chief regional coordinator. In the event that proposed expenditures exceeds the budgetary allocation, specific approval must be given by the Chief Regional Coordinator or a Deputy General Secretary, or the General Secretary.

6.9 Activities for which extra budgetary resources are required shall not be undertaken until those resources are secured in writing.

6.10 If the Chief Regional Coordinator or other coordinator or a staff member of the Regional Office receives cash from the EI Headquarters or another donor, this cash movement has to be registered as an income in the Regional Office's petty cash account. Before the closing of the financial year, all cash advances held by the regional staff should be settled.

6.11 The regional office finance staff may be required to report directly to the finance coordinator in head office.

6.12 The regional office coordinators and finance staff are responsible for the application of the above procedures and the implementation of other financial regulations including the travel and expense regulations at regional office level.

### 7 Auditing

7.1 The EI auditors for the global organisation are appointed by the World Congress. Regional and sub-regional offices engage local firms of accountants to conduct annual audits of their accounts. Funds which are provided by donors to support major projects may have to be audited before the final accounts for the project may be completed.

7.2 At the end of the financial year EI head office and regional and sub-regional office accounts must be prepared for audit for the official EI auditors. The end of year accounts must be prepared at head office by the second week of February. The regional and sub-regional office accounts must be submitted to head office within four weeks of the end of the financial year (31 December).

7.3 The annual audit should take place at the beginning of February each year. The report of the audit should be available to the next following meeting of the Finance Committee and Executive Board.

7.4 The auditors review each regional and sub-regional office accounts in detail in turn at the rate of at least one each year between congresses.

#### LIST OF APPENDICES (Not Included):

Appendix A: List of Bank Accounts

Appendix B: Accounting System and Software

Appendix C: Travel Regulations

Appendix D: Purchasing and Ordering Regulations

Appendix E: Translation Ordering Regulations

Appendix F: Use of Corporate EI Credit Cards

Appendix G: EI Constitution and By-Laws: financial regulations

#### (iv) Appointment of internal audit committee

One of the recommendations of the Special Committee was to appoint an internal audit committee. For this purpose constitutional amendments are required. Please refer to section 4.3 of the document on proposed amendments to the Constitution and By-Laws in Book 4. If the amendments are adopted, the Executive Board will make a proposal to Congress regarding the composition of the internal audit committee.



# 3. Audited Financial Statements 2007-2010

**Note:** Following 5 pages are PDF documents placed as images.



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## Statutory Auditor's report to the World Congress of Education International on the financial statements for the year ended December 31, 2010

We report to you on the performance of our mandate as statutory auditor of the Association of Education International. This report contains our opinion on the financial statements as of December 31, 2010, composed of a balance sheet, a detail of assets and liabilities and a summary of income and expenditure accounts. This report also contains additional comments and information.

### Unqualified opinion on the financial statements

We have audited the financial statements for the year ended December 31, 2010, which were prepared for the purpose of the World Congress of Education International and which are not intended to be a presentation in conformity with the accounting principles generally accepted in Belgium.

These financial statements show a balance sheet total of € 6.383.983,45 and a profit for the year of € 6.836,67.

### *Responsibility of Management and the Board for the preparation and fair presentation of the financial statements*

Management and the Board are responsible for the preparation and fair presentation of the financial statements. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error, selecting and applying appropriate accounting policies, and making accounting estimates that are reasonable in the circumstances.

### *Responsibility of the statutory auditor*

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in Belgium. These standards require that we plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

Société civile ayant emprunté la forme d'une société coopérative à responsabilité limitée  
Burgerlijke vennootschap die de rechtsvorm van een coöperatieve vennootschap met beperkte aansprakelijkheid heeft aangenomen  
RPM Bruxelles - RPR Brussel - T.V.A. - B.T.W. BE 0446.334.711  
Banque - Fortis - Bank 210-0905900-69



**Audit report dated May 17, 2011 on the financial statements  
of Education International for the year ended December 31, 2010**

In accordance with these standards, we have performed procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

In making those risk assessments, we have considered internal control relevant to the Association's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Association's internal control. We have evaluated the appropriateness of accounting policies used, the reasonableness of significant accounting estimates made by the Association and the presentation of the financial statements, taken as a whole. Finally, we have obtained from management and the Association's officials the explanations and information necessary for executing our audit procedures. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

*Opinion*

In our opinion, the financial statements for the year ended December 31, 2010 give a true and fair view of the Association's financial position and the results of its operations in accordance with the financial reporting framework as adopted by Education International.

**Additional comments and information**

Our responsibility is to include in our report the following additional comments and information, which do not modify the scope of our opinion on the special purpose financial statements:

- Without prejudice to formal aspects of minor importance, the accounting records were maintained in accordance with the legal and regulatory requirements applicable in Belgium. The financial statements are presented in a specific format as adopted by Education International.
- The accounting policies applied when preparing these special purpose financial statements are in line with those as applied in prior periods.
- This report was prepared solely for the information and use of the World Congress of Education International and is not intended to be and should not be used by anyone other without our prior written approval.

A handwritten signature in black ink, consisting of a stylized, cursive letter 'A'.



**Audit report dated May 17, 2011 on the financial statements  
of Education International for the year ended December 31, 2010**

- We would like to inform you that we audited the financial statements for the years ended December 31, 2007, 2008 and 2009 to which we have issued the attached statutory auditor's interim reports to the Board of Education International.

Diegem, May 17, 2011

Ernst & Young Reviseurs d'Entreprises SCCRL  
Statutory auditor  
represented by

Herman Van den Abeele  
Partner

11HVA0081



## Education International

<i>Income and Expenditure 2007-2010</i>	
<b>Membership Dues</b>	
Floor Rate: 0.035	
GNI/GDP Fraction: 07:14281 08: 13798, 09: 13331, 10: 12880	
Ceiling Rate: 07: 1,208 08: 1.25, 09: 1.294, 10: 1.339	
<b>Sub Total</b>	
<b>Other Income</b>	
Interest and Currency fluctuation	
Sub Let	
Subsidies of salaries	
<b>Sub Total</b>	
<b>GRAND TOTAL</b>	

<i>Realized</i>	<i>Realized</i>	<i>Realized</i>	<i>Realized</i>
2007	2008	2009	2010
38.380	18.276	12.953	18.817
662.813	644.071	599.153	824.944
7.205.767	7.593.457	8.050.065	8.363.366
<b>7.906.960</b>	<b>8.255.804</b>	<b>8.662.171</b>	<b>9.207.127</b>
143.302	96.183	-53.414	46.762
49.658	49.658	45.505	45.505
0	0	507.170	504.514
<b>192.960</b>	<b>145.841</b>	<b>499.262</b>	<b>596.781</b>
<b>8.099.920</b>	<b>8.401.644</b>	<b>9.161.433</b>	<b>9.803.907</b>

**Expenditure**

<b>Program Activities</b>
<b>Education and Employment</b>
Activities
Salaries and Services
<b>Sub Total</b>
<b>Human and Trade Union Rights and Equality</b>
Activities
Salaries and Services
<b>Sub Total</b>
<b>Communications</b>
Activities
Salaries and Services
<b>Sub Total</b>
<b>Campaigns and Solidarity Programs</b>
Activities
Salaries and services
Salaries and Services HQ
Salaries and Services RO
Salaries and Services EB
<b>Sub Total</b>
<b>Research</b>
Activities
Salaries and Services
<b>Sub Total</b>
<b>Other programs</b>
Council of Global Unions
M. Futrell Scholarships
<b>Sub Total</b>
<b>Total Program Activities</b>

2007	2008	2009	2010
263.385	302.501	315.240	272.342
0	641.264	535.708	510.222
<b>263.385</b>	<b>943.764</b>	<b>850.948</b>	<b>782.564</b>
165.373	214.102	258.473	290.042
0	720.323	536.001	547.922
<b>165.373</b>	<b>934.425</b>	<b>794.474</b>	<b>837.964</b>
291.250	227.197	187.229	260.929
0	728.125	628.308	587.960
<b>291.250</b>	<b>955.321</b>	<b>815.537</b>	<b>848.889</b>
260.965	261.736	320.379	309.255
0	762.550	0	0
0	0	263.663	264.697
0	0	454.705	460.767
0	0	434.141	341.355
<b>260.965</b>	<b>1.024.286</b>	<b>1.472.888</b>	<b>1.376.074</b>
149.424	115.517	113.668	130.475
0	527.690	350.445	345.788
<b>149.424</b>	<b>643.207</b>	<b>464.113</b>	<b>476.263</b>
104.162	103.345	75.238	90.032
18.226	20.000	20.000	20.000
<b>122.388</b>	<b>123.345</b>	<b>95.238</b>	<b>110.032</b>
<b>1.252.785</b>	<b>4.624.347</b>	<b>4.493.197</b>	<b>4.431.786</b>

<b>Governance</b>
<b>Global, (Sub) Regional and Other Bodies</b>
World Congress
Executive Board and Officers Meetings (Budget/Provision)
Committee of Experts
President's special expenses
Regional Conferences and Committee meetings (Budget/Provision)
Sub Regional Bodies
Missions and consultations
Salaries and Services HQ
Salaries and Services RO
<b>Sub Total</b>
<b>Administration</b>
<b>Offices/Administration</b>
Head Office
Regional Offices
<b>Sub Total</b>
<b>Salaries and Services Governance and Administration</b>
Salaries and Services HQ
Salaries and Services RO
Salaries and Services (EUROPE)
Training, miscellaneous staff costs
<b>Sub Total</b>
<b>Total Governance and Administration</b>

2007	2008	2009	2010
693.345	450.000	285.750	580.000
196.375	196.702	207.080	200.438
35.277	32.462	15.419	20.929
0	14.000	25.875	25.000
168.064	97.004	221.916	351.744
65.517	51.445	50.500	46.460
243.053	245.578	224.963	236.329
0	423.770	424.572	445.766
0	0	110.004	115.192
<b>1.401.631</b>	<b>1.510.961</b>	<b>1.566.078</b>	<b>2.021.857</b>
961.873	1.277.848	1.313.948	1.310.621
246.160	364.638	448.330	445.546
<b>1.208.033</b>	<b>1.642.486</b>	<b>1.762.278</b>	<b>1.756.167</b>
4.163.148	0	1.137.441	1.148.626
0	608.520	110.004	115.192
0	0	91.271	91.958
0	0	0	231.485
<b>4.163.148</b>	<b>608.520</b>	<b>1.338.716</b>	<b>1.587.261</b>
<b>6.772.812</b>	<b>3.761.967</b>	<b>4.667.072</b>	<b>5.365.285</b>

**GRAND TOTAL****8.025.596 8.386.314 9.160.269 9.797.071****Excess of Income over Expenditure****74.324 15.330 1.163 6.837**

## Education International Financial Statements 2007 - 2010

### 1. Balance sheet

1. Assets	Balance 31/12/2007 Euro	Balance 31/12/2008 Euro	Balance 31/12/2009 Euro	Balance 31/12/2010 Euro
1.1. Fixed assets	438.120,12	466.377,50	725.723,85	600.896,01
1.2. Cash and deposits	4.323.353,56	4.002.707,41	2.758.415,61	4.316.652,77
1.3. EI Regional offices advances	773.639,85	778.516,22	574.846,37	397.388,11
1.4. Accounts receivable	138.976,63	590.304,03	462.313,44	372.678,65
1.5. Social security receivable	0,00	0,00	0,00	0,00
1.6. Income receivable	388,13	323.185,53	349.509,70	178.489,57
1.7. Deferred charges	304.901,51	427.050,34	464.366,14	517.878,34
<b>Total assets</b>	<b>5.979.379,80</b>	<b>6.588.141,03</b>	<b>5.335.175,11</b>	<b>6.383.983,45</b>

2. Liabilities	Balance 31/12/2007 Euro	Balance 31/12/2008 Euro	Balance 31/12/2009 Euro	Balance 31/12/2010 Euro
2.1. Reserve/Building fund	2.580.920,53	2.655.244,41	2.670.574,00	2.671.737,23
2.2. General provisions budget	270.569,38	552.339,48	897.149,80	1.330.247,40
2.3. Accounts payable	523.846,97	1.006.074,98	732.997,94	876.887,35
2.4. Provision for holiday allowance	300.155,42	345.099,88	348.282,17	354.805,81
2.5. Solidarity projects	476.040,53	472.524,58	461.594,27	614.754,76
2.6. Extra-budgetary projects	1.461.873,90	955.333,53	-23.414,55	100.494,37
2.7. European supplement fund	105.865,89	27.398,68	-9.216,17	29.046,21
2.8. Expenses to be paid	184.100,92	104.805,16	253.856,81	80.921,94
2.9. Income received in advance	1.682,38	453.990,74	2.187,61	318.251,71
<b>Total liabilities</b>	<b>5.905.055,92</b>	<b>6.572.811,44</b>	<b>5.334.011,88</b>	<b>6.377.146,78</b>

<b>Excess of assets over liabilities</b>	<b>74.323,88</b>	<b>15.329,59</b>	<b>1.163,23</b>	<b>6.836,67</b>
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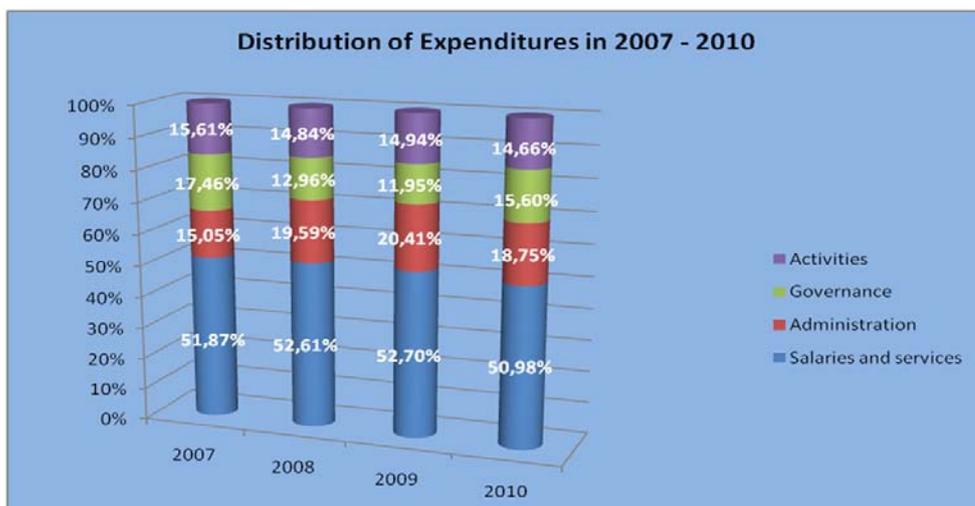
# 4. Analysis of 2007-2010 Expenditure

The EI general budget is made up of four areas of expenditure: Program Activities; Governance; Administration, and Salaries and Services. "Extra Budgetary Programs" are not covered by the EI general budget. These are funded by external sources. In 2007, 2008, 2009 and 2010 the expenditures were distributed as shown in **Table One**:

<b>Table One: Distribution of Expenditures</b>	<b>2007 actual</b>	<b>2008 actual</b>	<b>2009 actual</b>	<b>2010 actual</b>
Program Activities	1,252,785	1,244,398	1,290,227	1,373,076
Governance	1,401,631	1,087,191	1,031,503	1,460,900
Administration	1,208,033	1,642,486	1,762,278	1,756,167
Salaries and services	4,163,148	4,412,242	4,550,851	4,773,617
<b>Total</b>	<b>8,025,597</b>	<b>8,386,317</b>	<b>8,634,859</b>	<b>9,363,759</b>
Extra Budgetary Programs	5,853,977	3,882,845	2,833,481	2,553,565
<b>Total</b>	<b>13,879,574</b>	<b>12,269,162</b>	<b>11,468,340</b>	<b>11,917,324</b>

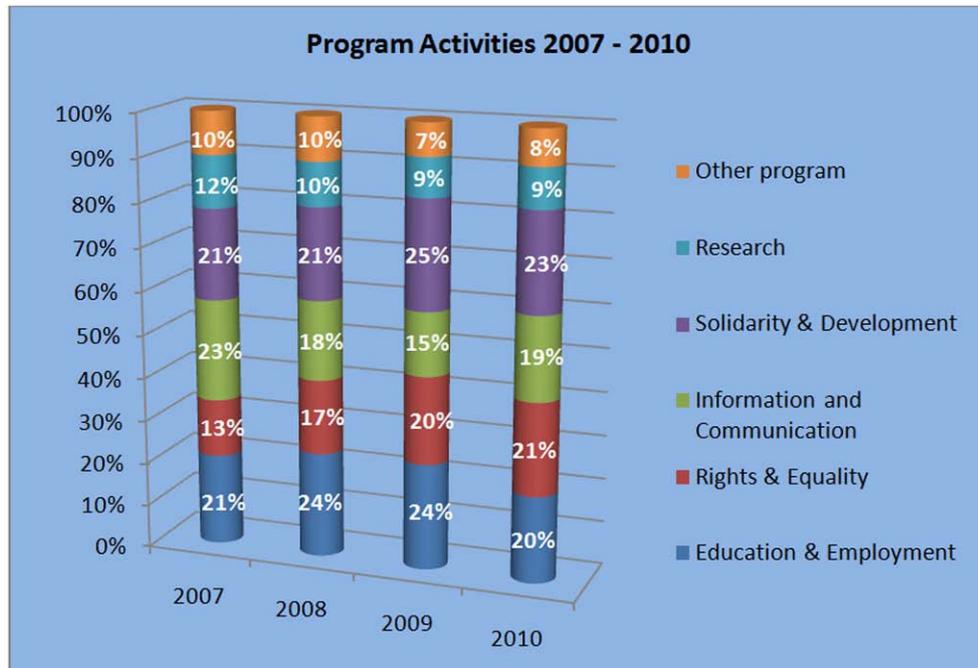
The cost of salaries and services, governance and administration, constitute almost 85 per cent of the budget. As shown in Figure 1 below, in 2010, Governance expenditures represented 15.6 per cent of the total budget. The administrative cost amounted to 18.75 per cent of the budget, while 50.98 per cent covered personnel costs (salaries and services). These **recurrent expenditures** – which total approximately €7.9 million - are the basic operational costs of EI (**Figure 1**).

Figure 1



The **Program Activities** are the main tools to achieve the targets set for a four year period. These targets derive from EI's principal aims. Funds are allocated to five main program areas, i.e. 'Education and Employment', 'Human and Trade Union Rights and Equality', 'Information and Communication', 'Solidarity and Development' and 'Research'. **Figure 2** shows the percentages spent in these areas between 2007 and 2010, excluding personnel costs:

Figure 2



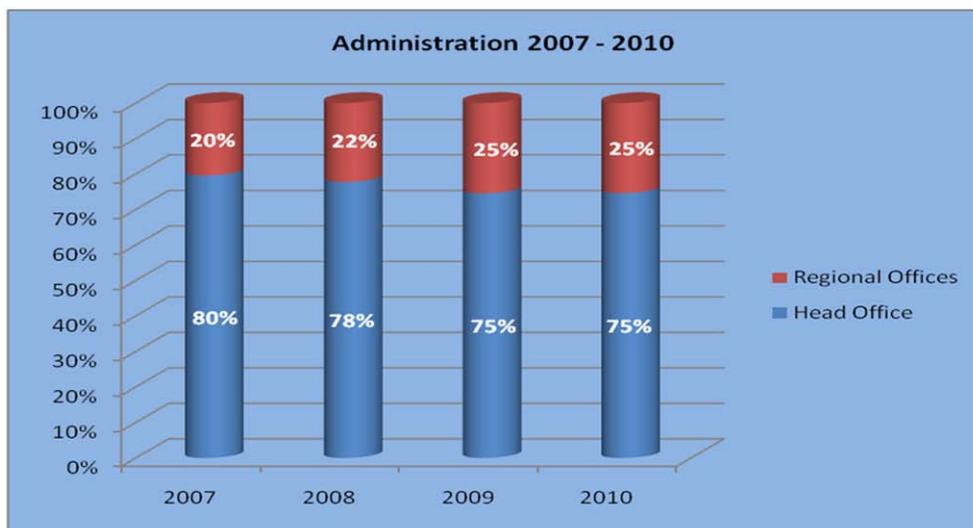
**Governance** expenditures are related to the World Congress, Executive Board meetings, Regional Conferences and Regional Committee meetings, as well as other expenditures made to meet constitutional obligations (**Figure 3**).

Figure 3



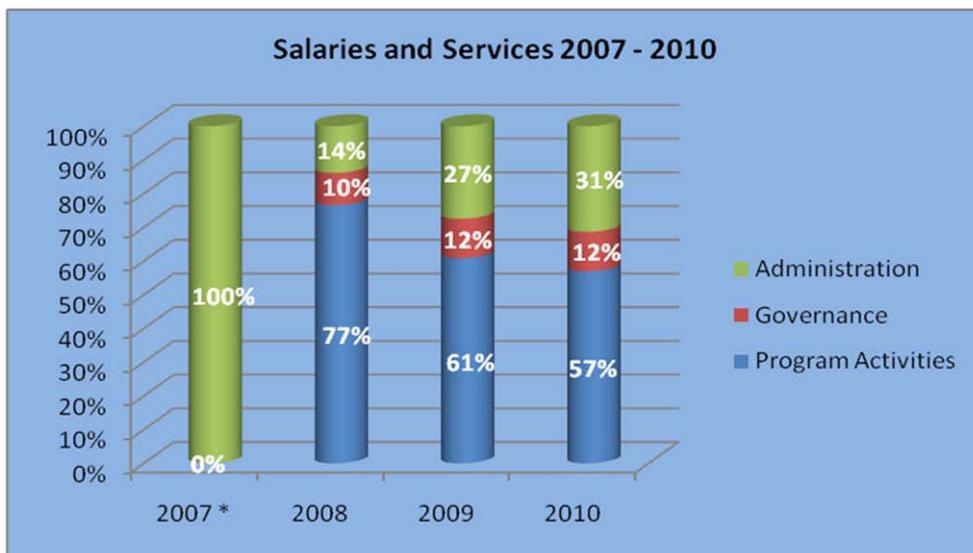
The cost of **Administration** relates to the cost of maintaining a head office in Brussels and regional offices in Accra (Ghana); Kuala Lumpur (Malaysia), and San Jose (Costa Rica), in addition to sub-regional offices in Castries (St Lucia), Beirut (Lebanon) and Suva (Fiji) (**Figure 4**).

Figure 4



**Salaries and services** (personnel costs) are distributed over the three main budget groups, Program Activities, Governance, and Administration (**Figure 5**).

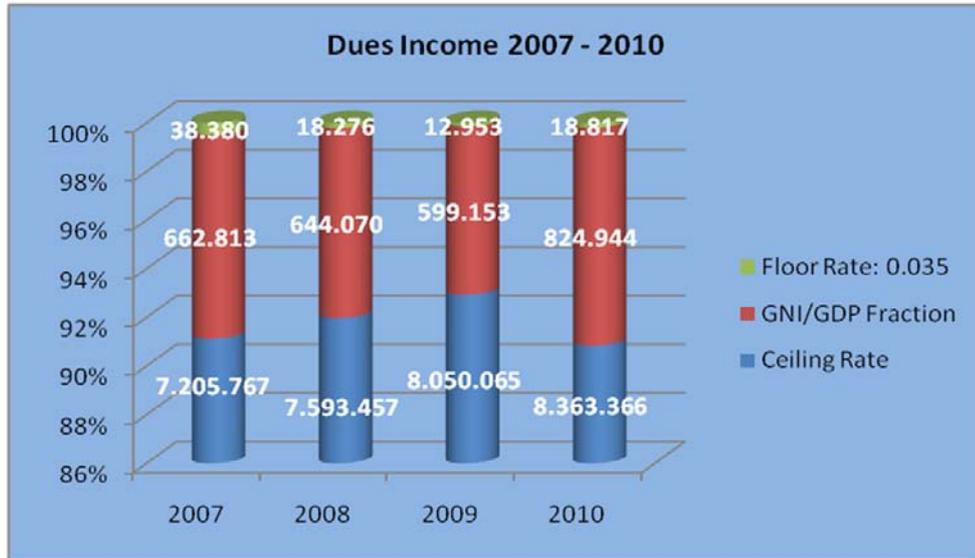
Figure 5



\* In 2007, all the salaries were accounted for under the Administration heading.

In the period 2007-2010 the **dues income** increased from €7,906,960 in 2007 to €9,207,127<sup>1</sup> in 2010. **Figure 6** shows the amounts paid on the basis of the ceiling rate, the GNI/GDP of countries of member organisations and the floor rate. The increases of the per capita membership dues rate prevented a loss of "purchasing power" due to inflation, unfavorable currency fluctuations, and general price increases.

Figure 6



<sup>1</sup> The expenditures in 2007, 2008, 2009 and 2010 were covered by dues income as well as other income, which included bank interest, sub-let and subsidies (See Financial Reports 2007-2010).



# 5. Draft Programme and Budget 2012-2015

## 1. Introduction

The Program and Budget provides the tools for the implementation of Education International's policies and objectives as well as for the achievement of tasks as prescribed by EI's governing documents. Each Program and Budget covers a four year period from 1 January of the year following Congress until 31 December of the year which is four years later. EI's principal aims are likely to remain unchanged and, therefore, many activities for each new period are follow-up activities or based on the work undertaken during the previous period. This work is reported on in the Annual Reports and in the quadrennial report to the World Congress.

The Program and Budget provides for "Program Activities" which are directly aimed at achieving the five principal aims that were determined by the Third World Congress in Jomtien, 2001. It also covers activities and events related to the governing bodies of EI, as well as EI's administrative tasks. These recurrent expenditures, together with personnel costs, constitute more or less 85 per cent of budgeted expenditure.

The Executive Board decided, on the recommendation of the Special Committee on Finances and Structures which was established by the 2007 Congress, that the Program and Budget should be developed through a consultative process with member organisations prior to its submission to Congress for endorsement. It also decided that the Program and Budget should be presented in a format which was simplified in order to make it more transparent and to emphasise the link between the aims of the organisation and its program of work. A consultative document was prepared accordingly and issued to member organisations in June, 2010. Four written responses were received to the document. This final document has been developed taking into account the submissions made and the reflections of the Executive Board.

In the responses to the consultative document organisations emphasised the need to focus on the core objectives of EI and to prioritise work and activities towards the achievement of those objectives. They expressed the concern that EI was spreading itself too thinly in trying to respond to too many aspects of the broad agenda which it pursues. The submissions also highlighted the importance of using the scarce financial resources available to maximum effect. In the prevailing economic climate value for money should be an important part of EI's financial planning. One submission highlighted, in particular, the importance of development cooperation in EI activities, while another questioned the wisdom of seeking increases in dues rates as the response to the impact of automatic Belgian provisions for increasing salaries.

EI is facing increasing challenges in its efforts to promote its principal aims. Education has moved up the agenda of priorities for many of the influential global inter-governmental agencies and global financial institutions. Their policies and strategies on education and their recommendations to member governments are, however, too often inconsistent with EI principles, in particular, with the defence of public education. EI has to respond and interact with these organisations to a greater extent than ever before to try to protect its core values and have them enshrined in the policy documents and development projects undertaken by such organisations. EI also has to interact with many civil society organisations in its pursuit of its aims and objectives. The increasing use of technology facilitates this interaction. However, it has also led to an increasing demand for participation by EI representatives in other organisations' debates and discussion forums and activities. In addition improvements in communication have led to increasing demands from member organisations for more frequent contacts and collaboration with EI and participation by EI representatives in their activities. All of these developments place a burden on overstretched staffing and financial resources.

Since the publication of the Report on Finances and Structures a review of administrative financial procedures and practices has been undertaken with a view to improving the value for money which EI obtains from its dues income. New procedures were introduced, where it was judged necessary, to control expenditure. A handbook has been prepared setting out all of the current financial procedures. This handbook was submitted to and approved by the Finance Committee.

In the development of activities designed to promote the aims of EI in the next Program period every effort will be made to maximise cooperation and collaboration both internally, between the individual units and regional and sub-regional offices in EI, and externally, with individual member organisations, which are also working towards the same aims in the same geographical areas. EI will also work in close collaboration with its Global Union partners in order to maximise the use of resources and to be most effective in the pursuit of common aims.

No detailed budgets are provided under each Program sub-heading in this Program and Budget. The detailed budgets will be devised on an annual basis and approved by the Executive Board in the context of implementing the decisions of Congress.

In this document some priority areas for expenditure over the four year budgetary period from 2012 to 2015 are identified. The document also makes estimates for general increases in income and expenditure but these will be subject to review by the Executive Board on an annual basis. The figures, where they appear, are calculated on the 2010 income and expenditure figures and on 2011 budget estimates.

In accordance with the recommendations of the Special Committee on Finances and Structures aspects of the proposed Program and Budget may have to be revised further in the light of the financial implications of decisions of Congress on the adoption of resolutions. This Programme and Budget was revised after the development of Executive Board resolutions for Congress and, therefore, takes the financial implications of implementing most of those resolutions into account.

Fred van Leeuwen,  
General Secretary

March, 2011

## 2. Program 2012-2015

### 2.1. Principal Aims

**The Third World Congress, held Jomtien, Thailand from 25-29 July 2001, adopted the following Principal Aims:**

1.	The right to quality education for all people through publicly-funded and publicly-regulated systems of education.
2.	Improvement of the welfare and status of teachers and other education employees through the effective application of their human and trade union rights and professional freedoms
3.	Elimination of all forms of discrimination in education, whether based on gender, race, marital status, disability, sexual orientation, age, religion, political affiliation or opinion, social or economic status, or national or ethnic origin, and the promotion of understanding, tolerance and respect for diversity in communities
4.	Promotion of democracy, sustainable development, fair trade, basic social services and health and safety, through solidarity and cooperation among member organisations, the international trade union movement and civil society.
5.	Strengthening of Education International through the participation of all affiliated organisations in the life of EI, and the promotion of unity in the education sector.

The above aims continue to determine the course of EI. The program activities for the period 2012 - 2015 will be part of the strategies designed to achieve these aims. The Program is presented under headings which reflect the aims and areas of work in the EI administrative structures. There are many Program items where the areas of work overlap. In order to maximise efficiency and effectiveness every effort will be made to coordinate the work at secretariat level and to ensure the most efficient use of resources. Campaigns and solidarity programs, for example, contain elements which cross over many Aims and work areas and require a coordinated and integrated approach to ensure their effective implementation. Many policies, for example policy on the promotion of gender equality, must be pursued and promoted across many or all areas of the organisation's work.



The Aims as stated above provide the overall framework of priorities for the Organisation. In developing a Program for the four year period between congresses it is difficult to assert specific priorities for each year of that Program at this remove. Such priorities may be overtaken by events. In that context during the next Program period every effort will be made to build on the work already done towards achieving the overall Aims. Priorities will be developed on an annual basis, as determined by the Executive Board, within the overall framework provided in the Program and other relevant decisions of the World Congress. These priorities should not only respond to immediate concerns and advance towards achievement of the Aims but also be attainable within the timescale and resources available.

## 2.2. Program Activities

### Education and Employment (Aims 1, 2 and 5)

#### Quality Public Education For All

1. "Hands up for education", the EI campaign to offset the worst **effects of the economic crisis on education provision**, launched in 2009, will continue until the global recession has abated and its effects have been mitigated. EI will undertake research and develop capacity building programs to support member organisations resisting austerity measures in their countries. EI will also continue to play a leading role in the Quality Public Services Campaign launched in 2010 by the Global Unions. Both campaigns will seek to mobilise public opinion in support of an international financial transaction tax and other fiscal instruments needed to generate public funds required to provide basic social services. Global advocacy will be centered on the international financial institutions, OECD, UNESCO, ILO, WTO and G8/20 Summits.
2. **Privatisation and commercialisation of education services** and the introduction of detrimental market mechanisms in public education systems will continue to be a focal point. Special attention will be given to sectors particularly vulnerable to these trends, including **Early Childhood Education (ECE), Vocational Education and Training (VET) and Higher Education and Research**. A regular higher education and research conference, a VET Taskforce and an ECE Taskforce will be convened to develop policy and strategies on specific challenges facing these sectors.
3. To accomplish the Millennium Development Goals (MDGs), in particular the achievement of universal primary education (EFA), the promotion of gender equity and the combat of HIV/AIDS, malaria and other diseases, EI member organisations will be encouraged to maximise pressure on national governments which fail to attain the EFA and MDG targets. The **Global Campaign for Education** and Global Action Week, initiated by EI in 1995, are key tools to mobilise public opinion and will continue to be a high priority for EI. Assistance will be provided to member organisations to produce and distribute campaign material and organise public events. In its advocacy with UNESCO and the World Bank, extra emphasis will be placed on the recruitment of qualified teachers and the development of quality teacher education as a basic condition for the achievement of EFA.

#### The Teaching Profession

4. Emphasis will be placed on actions to reverse the world-wide **decline in the status of the teaching profession**, particularly the decline in salaries and terms and conditions of employment. EI will seek to counter "de-professionalisation" and its most worrisome features, such as the employment of unqualified teachers, the erosion of teachers' professional autonomy, the introduction of standardised testing and related high stake teacher evaluation models. Research will be undertaken to assist member organisations in addressing these issues.
5. EI will encourage member organisations to advocate for high quality **teacher education** and continuous professional development programs. It will further develop teacher competency profiles and produce more language versions of the Declaration on Professional Ethics as tools for member organisations addressing professional standards. EI will actively engage in the 'Quality Educators For All project' and the 'Global Network for Teaching Quality and Effectiveness'.
6. Common action will be developed among member organisations in OECD member states, as well as those countries seeking entry into the OECD, addressing issues that directly concern teachers in the industrial economies, including the use of indicators such as PISA (for students), TALIS (for teachers) and AHELO (for Higher Education) as instruments for policy analysis and development, as well as for political debate. Building on the First Summit on the Teaching Profession, held in New York in March 2011, EI will seek to establish a **mechanism for an international dialogue** between education unions and education ministers on education reform and other issues related to the teaching profession.

7. Member organisations will be encouraged to target **early stage teachers and researchers** in their recruitment activities, to facilitate the involvement of young members in union activities, and remove obstacles to such involvement. International events will be organised for young education union activists.
8. EI will promote the status of the work of **education support staff**. It will advocate for the improvement of their terms and conditions of employment and collect data and identify good practices. To that end it will establish a taskforce to develop strategies and a program of action.
9. EI will campaign for the development of international instruments protecting the rights of **migrant teachers** and their families. It will support international, regional and national efforts to develop and implement policies designed to protect and promote the interests of migrant teachers. It will establish a Taskforce on Migrant Teachers to develop strategies and programs.
10. **World Teachers' Day (October 5)** will be used as a means to advocate for the application of the ILO/UNESCO Recommendations on the Status of Teachers and Higher Education Teaching Personnel (1966/1997) and other measures needed to advance the interests of the teaching profession.

## Human and Trade Union Rights and Equality (Aims 2, 3 and 5)

### Human and Trade Union Rights

11. The achievement of human rights and democracy in all countries is a core objective of EI. Trade union rights are a pre-condition to make progress towards that objective. EI will focus on the implementation of the **international Labour standards** which are more important than ever in an era of globalisation, inter-linked economic and environmental crises and intense competition. EI will work with its Global Union partners in a renewed campaign for respect for key ILO Conventions by governments and international agencies, especially the conventions protecting freedom of association, collective bargaining, gender equality and non-discrimination, and the convention protecting children against child labour. It will support member organisations in making full use of the relevant complaint mechanisms available through the ILO, the Human Rights Commission of the United Nations, and the Committee of Experts on the ILO/UNESCO Recommendation on the Status of Teachers (1966), as well as through regional inter-governmental bodies such as the European Union, the Council of Europe, the Organisation of American States, and the African Union.
12. **Building dialogue and understanding between cultures** will remain an EI priority. Activities will be developed to reassert universal values of human rights, peace and democracy and mutual respect through education. Activities will be undertaken that build on current programs, such as those in the MENA countries. With its member organisations in Israel and Palestine, EI will continue its efforts to make meaningful contributions to the Middle East peace process.
13. EI will mobilise support for **schools as safe sanctuaries** for students and teachers. It will advocate for education conditions in which all who wish to learn, teach and research, at all levels, can do so in safety, security, dignity and equality. Additional language versions of the EI Declaration will be produced and widely disseminated.
14. Member organisations will be encouraged to actively engage in eliminating **child labour** in their countries. Assistance programs will be developed in close cooperation with the ILO, the Global Unions and the Global March against Child Labour.
15. EI will actively promote the transition towards a low carbon economy and sustainable economic growth. To that end programs will be developed to engage education unions, the teaching profession and schools in the global drive to combat the negative effects of **climate change**. A partnership will be established with Greenpeace International.

### Equality

16. Global and regional programs promoting equality and non-discrimination in education and society will be further developed and expanded in **all recognised equality areas**, including gender, marital status, family status, sexual orientation, religion, age, disability, and race or indigenous origin. EI will undertake research into persistent forms of stereotyping in education and encourage the development of course content and training by member organisations supporting these objectives.
17. EI will focus, in particular, on the promotion of **women's rights** and gender equity. It will continue to support EI (sub) regional women's networks. Special attention will be given to decent work policies and poverty reduction strategies including equity in pay, employment conditions and pensions. Global advocacy with the UN Commission on the Status of Women, the ILO, and the UN Human Rights Commission will aim at the achievement of commitments made in relation to the CEDAW, CRC, the Beijing Platform for Action and the Millennium Development Goals.

18. EI will address other equality areas, with a particular focus on **indigenous teachers** and indigenous education, as well as on the achievement of equal rights for **LGBT teachers** and support staff. It will organise seminars and workshops at sub-regional and national level and seek the expansion of the EI-PSI LGBT Forum to other Global Unions.

### Communications (Aims 1 – 5)

19. EI will advance the **quality of information** provided to member organisations and improve communication with and among the EI membership. The EI Web Portal will be expanded. Accessibility to all available data, including documents presented to, and adopted by, EI governing bodies, will be facilitated. Extra attention will be given to an effective use of social media as a mobilising tool. The current two-pronged approach of print and electronic media will be gradually transformed into an internet based information and communication system, depending on the accessibility member organisations have to internet services.
20. Special efforts will also be made to outreach to the **public media** with the purpose of achieving a higher profile for EI policies, activities and advocacy. Member organisations will be urged to make references to EI in their (press) statements, when appropriate, and to carry the EI logo on their stationery.
21. To help develop the most effective information, communication and public relations' strategies, EI will bring together on a regular basis the communication experts of member organisations (**ComNet**). For that same purpose cooperation with other Global Unions will be intensified.

### Solidarity and Development (Aims 4 and 5)

#### **Capacity Building**

22. **Capacity building** is one of the key priorities of EI's solidarity and development work. Trade union education and other assistance programs will be developed with and for member organisations in Africa, Asia-Pacific, Latin America, the Caribbean and Central and Eastern Europe. A particular focus will be placed on development work in the countries of North Africa, the Middle East, and Central Asia, where the building of active, independent education unions is one of the most crucial factors to democratic development and social progress.
23. Cooperating organisations will be brought together regularly (**DCNet**) to address development strategies, share best practices in development work and coordinate programs.
24. EI will mount campaigns to counter the trend among governments in OECD countries to cut-back or eliminate altogether their financial commitment to **Overseas Development Assistance (ODA)**. Member organisations will be encouraged to persuade governments to maintain their development assistance pledges, especially in relation to the achievement of the EFA and MDG goals.

#### **Organising**

25. Organising is the lifeblood of trade unions. EI will encourage the development of **pro-active recruitment strategies** among member organisations and develop and disseminate materials and useful promotional ideas. It will establish an EI network of organising experts of member organisations (OrgNet) to share best practices in organising work.
26. EI will focus organising efforts on **Arab language countries** and on sectors where EI membership is not yet fully developed, such as higher education and research, vocational education and training, early childhood education, and education support staff. For that purpose promotional materials will be produced.
27. Efforts will be made to establish relationships with independent teachers' groups and organisations in **China** and develop programs to assist these groups and organisations to promote teachers' rights and pay and employment conditions.

#### **Research (Aims 1 – 5)**

28. In today's knowledge-based society argumentation based on solid and credible research is essential to the success of organisations in promoting and defending their members' interests. EI will undertake **independent research** to support its proposals and policies and provide member organisations with credible evidence to support their work. Such research will be undertaken directly by the EI staff concerned or by commissioning the research from independent agencies or through the EI Research Institute. Among the research plans are a study on tax evasion by international corporations and its effect on public expenditure,

trade union rights in the education sector, and models for the delivery of inclusive education, addressing language in instruction, curriculum content and other elements which affect peoples' attitudes to equality issues.

29. The **expert analysis** of the reports and surveys of other research bodies and international institutions will be made available to member organisations. Policies promoted by international bodies and, especially, by inter-governmental bodies and financial institutions will be analysed and their potential impact assessed. Information on such developments will be made available regularly to member organisations.

#### **EI Research Institute**

30. The **EI Research Institute** will be developed as an independent and credible source of information and data to support EI's advocacy work and that of the member organisations. It will be encouraged to develop indicators and build databases needed by member organisations for their advocacy, to collect and disseminate information, to undertake studies on key issues affecting educators in relation to education and in human and trade unions rights, and to help develop the research capacity of member organisations.

#### **Other Programs (Aims 1 -5)**

31. EI is a member of the **Council of Global Unions** which brings together the international trade union movement, i.e. the Global Union Federations, ITUC and the Trade Union Advisory Committee to the OECD. EI will continue play an active role in the CGU and participate in its campaigns and actions. In carrying out the above programs it will seek the cooperation and support of all global unions.

### **2.3. Governance and Administration**

32. In compliance with the constitution a World Congress will be organised in 2015. Meetings of the Executive Board will be held every nine months. Officers will meet prior to, and in between, Executive Board meetings. Provisions will be made for meetings of the Committee of Experts and the Auditing Committee to be established by the World Congress. The regional structures in Africa, Asia-Pacific and Latin America will be enabled to convene Regional Congress and Regional Committee meetings, while assistance will be provided for a meeting of member organisations in the North America and Caribbean region. Furthermore, support will be provided to the SAARC Teachers' Federation (STF), the Council of Pacific Education (COPE), and the Caribbean Union of Teachers (CUT).
33. EI will maintain its current offices in Brussels (Belgium), Accra (Ghana), Kuala Lumpur (Malaysia) and San Jose (Costa Rica); and sub-regional offices in Castries (St Lucia), Suva (Fiji), as well as sub-regional program offices in Beirut (Lebanon) and Tashkent (Uzbekistan) for the duration of the MENA and STAN programs.



### 3. 2012-2015 Budget

#### 3.1. Projections of 2008-2010 Expenditure

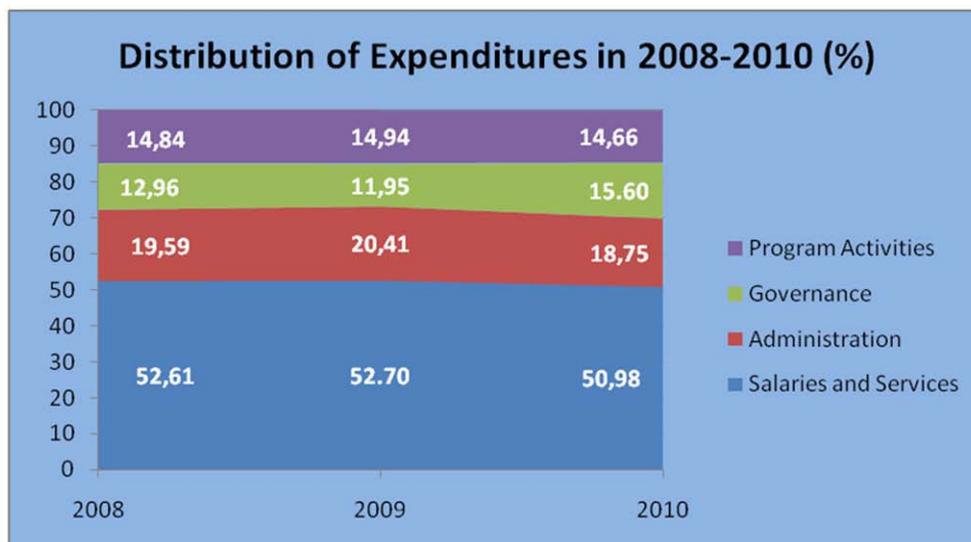
The EI general budget is made up of four areas of expenditure: Program Activities; Governance; Administration, and Salaries and Services. "Extra Budgetary Programs" are not covered by the EI general budget. These are funded by external sources. In 2008, 2009 and 2010 the expenditures were distributed as shown in Table One:

Table One:

<b>Table One: Distribution of Expenditures</b>	<b>2008 actual</b>	<b>2009 actual</b>	<b>2010 actual</b>	<b>2011 budget</b>
Program Activities	1,244,398	1,290,227	1,373,076	1,427,015
Governance	1,087,191	1,031,503	1,460,900	1,680,000
Administration	1,642,486	1,762,278	1,756,167	1,541,500
Salaries and Services	4,412,242	4,550,851	4,773,617	4,592,303
<b>Total</b>	<b>8,386,317</b>	<b>8,634,859</b>	<b>9,363,759</b>	<b>9,240,818</b>
Extra Budgetary Programs	3,882,845	2,833,481	2,553,565	1,247,518
<b>Total</b>	<b>12,269,162</b>	<b>11,468,340</b>	<b>11,917,324</b>	<b>10,488,336</b>

The cost of salaries and services, governance and administration, constitute almost 85 per cent of the budget. As shown in Figure 1 below, in 2010, Governance expenditures represented 15.6 per cent of the total budget. The administrative cost amounted to 18.75 per cent of the budget, while 50.98 per cent covered personnel costs (Salaries and services). These recurrent expenditures – which total approximately €7.9 million – are the basic operational costs of EI (Figure 1).

Figure 1



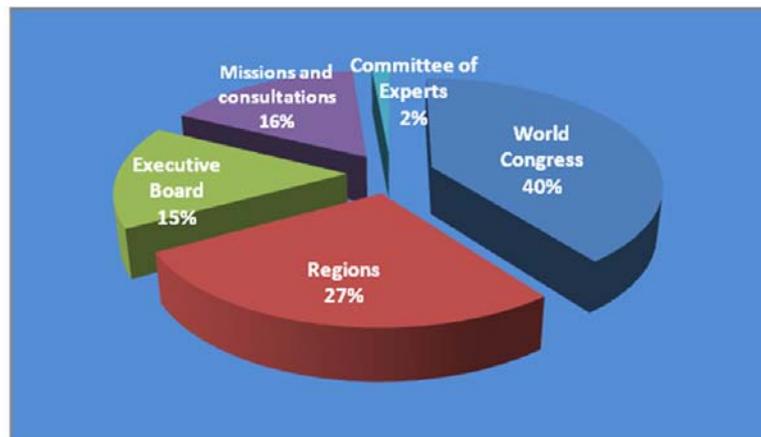
The Program Activities are the main tools to achieve the targets set for a four year period. These targets derive from EI's principal aims. Funds are allocated to five main program areas, i.e. 'Education and Employment', 'Human and Trade Union Rights and Equality', 'Information and Communication', 'Solidarity and Development' and 'Research'. Figure 2 shows the amounts spent in these areas in 2010, excluding personnel costs:

Figure 2 - Program Activities (2010): €1,373,076



Governance expenditure relates to World Congress, Executive Board meetings, Regional Conferences, Regional Committee meetings, and other expenditures to be made to meet constitutional obligations (Figure 3):

Figure 3 - Governance (2010): €1,460,900



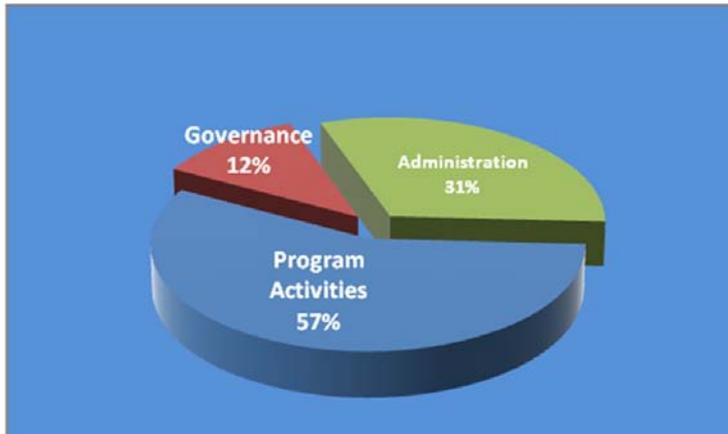
The cost of Administration concerns the cost of maintaining a head office in Brussels, regional offices in Accra (Ghana); Kuala Lumpur (Malaysia), and San Jose (Costa Rica); in addition to sub-regional offices in Castries (St Lucia); Beirut (Lebanon), and in Suva (Fiji). (Figure 4):

Figure 4 - Administration (2010): €1,756,167



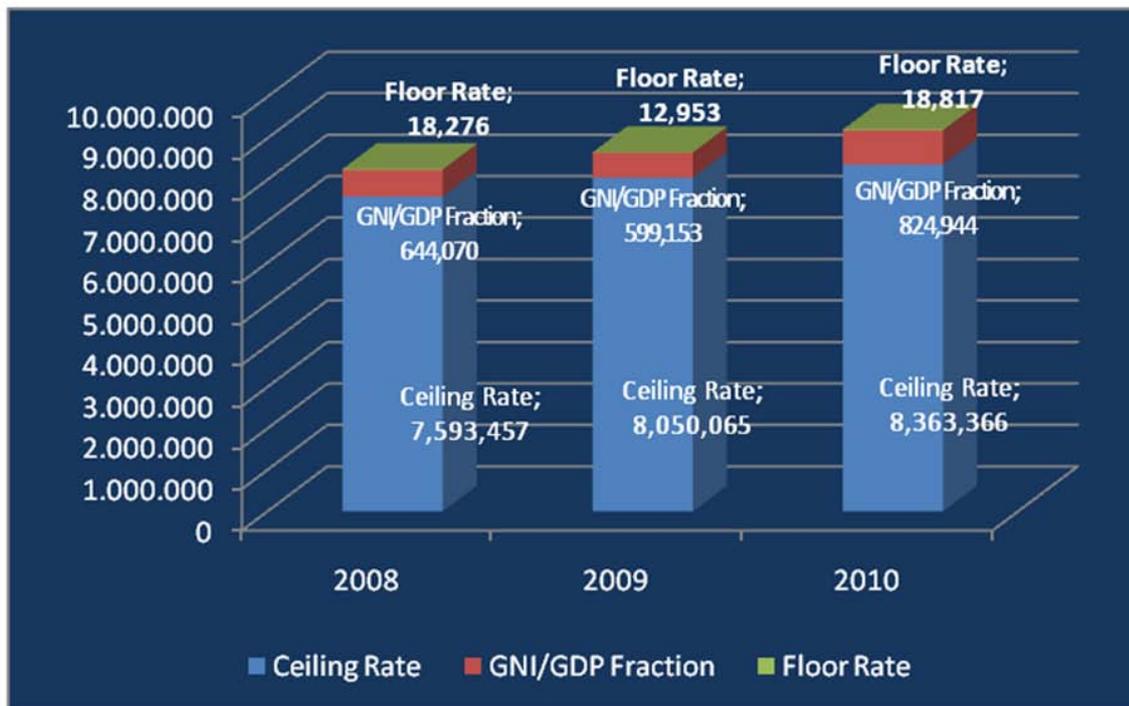
Salaries and Services (personnel costs) are distributed over the three main budget groups: Program Activities; Governance, and Administration. The total amount shown in Figure 5 does not include the personnel costs for the European Region which are covered by a regional budget:

Figure 5 - Salaries and Services (2010): €4,773,617



In the period 2008-2010 the dues income increased from €8,255,803 in 2008 to €9,207,127<sup>1</sup> in 2010 (11 per cent). Figure 6 shows the amounts paid on the basis of the ceiling rate, the GNI/GDP of countries of member organisations and the floor rate.

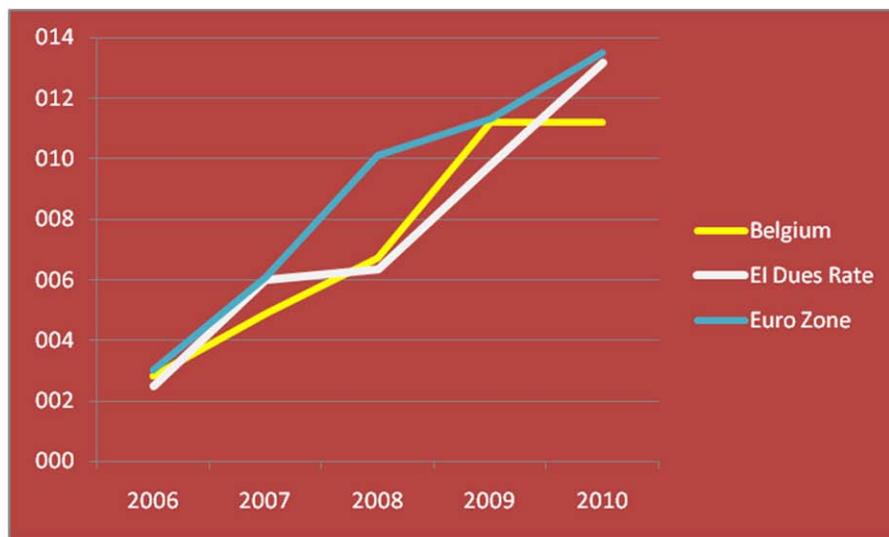
Figure 6 - Dues Income 2008-2010



<sup>1</sup> The expenditures in 2008, 2009, 2010 were covered by dues income as well as other income, which included bank interest, sub-let and subsidies (See Financial Reports 2007-2010).

The increases of the per capita membership dues rate prevented loss of “purchasing power” due to inflation, unfavorable currency fluctuations and general price increases. Figure 7 shows the increase of dues rates in the period 2006-2010 in comparison with inflation in Belgium and the Euro Zone.

Figure 7 - Inflation compared to Dues Rates 2006 - 2010



### 3.2. Developing a budget for 2012-2015

#### 3.2.1. Program Activities

The programs 1-31 outlined above under sub-heading 2.2. are distributed over six areas, directly related to the Principal Aims: **Education and Employment** (Programs 1-10); **Human and Trade Union Rights and Equality** (Programs 11-18); **Information and Communication** (Programs 19-21); **Solidarity and Development** (Programs 22-27); **Research** (Programs 28-30), and **Other Programs** (31).

The main tools for the implementation of these programs, which have a global and a regional component, are *Advocacy* (representation and consultation with international agencies); *Assistance* (legal support, solidarity assistance, grants to member organisations); *Information* (reports, bulletins, brochures, magazine, databases); *Research* (surveys, data analyses, reports, commissioned research), and *Capacity Building* (trade union training and other assistance programs).

The program activities budgets also cover expenditure related to **Campaigns**, (Hands Up for Public Education; Global Campaign for Education; World Teachers' Day; Quality Public Services, and Climate Change); the convening of **International Conferences** (such as the Higher Education and Research Conference; a second EI Women's Conference 'On the Move for Equality', and a Young Teachers and Learners' Conference); and **Taskforces, Advisory Committees, and Networks**.

An estimated amount of **€1,620,000** (2012) would be required to carry out the **programs 1-31**. This amount is increased by one per cent in 2013, 2014 and 2015 (**Table Two**):

Table Two: Program Activities (1-31)	2012	2013	2014	2015
Education and Employment (Pr. 1-10)	420,000	424,200	428,442	432,726
Human/Trade Union Rights and Equality (Pr. 11-18)	290,000	292,900	295,829	298,787
Information and Communication (Pr. 19-21)	270,000	272,700	275,427	278,181
Solidarity and Development (Pr. 22-27)	440,000	444,400	448,844	453,332
Research (Pr. 28-30)	120,000	121,200	122,412	123,636
Other Programs (Pr. 31)	80,000	80,000	80,000	80,000
<b>Total</b>	<b>1,620,000</b>	<b>1,635,400</b>	<b>1,650,954</b>	<b>1,666,664</b>



### 3.2.2. Governance

In 2012 an amount of €1,390,000 will be required to carry out program 32, mainly concerning global and regional statutory meetings which are to be convened regularly. The main spending items are meeting costs, simultaneous translation services and travel grants. Annual provisions are made for the World Congress in 2015, the cost of which is estimated at €2,030,000; for regional conferences and committee meetings in Africa, Asia Pacific and Latin America, the total cost over a four year period is estimated at €1,275,000; and for conferences in the North America/Caribbean region. Furthermore, annual grants are projected for SAARC, COPE and CUT.

The cost of six Executive Board and six Officers' meetings in the period 2012-2015 is estimated at €850,000. Annual provisions are made to cover those costs. The estimated costs of meetings and missions of the Committee of Experts and of the newly established Auditing Committee (four meetings in the period 2012-2015) are, respectively, €126,000 and €86,000. Annual provisions are made to cover those costs.

The Governance budget also provides for missions and representations (€260,000) and President's expenses (€25,000). The latter amounts are increased by one per cent in 2013, 2014 and 2015 (Table Three):

<b>Table Three: Governance (32)</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>
<b>Global Bodies</b>				
World Congress	500,000	505,000	510,000	515,000
Executive Board and Officers	205,000	210,000	215,000	220,000
President's Expenses	25,000	25,250	25,503	25,758
Committee of Experts	30,000	31,000	32,000	33,000
Auditing Committee	20,000	21,000	22,000	23,000
<b>Sub Total</b>	<b>780,000</b>	<b>792,250</b>	<b>804,503</b>	<b>816,758</b>
<b>(Sub) Regional Bodies</b>				
Conference and Committee Africa (EIRAF)				
Conference and Comm. Asia-Pacific (EIAP)	270,000	300,000	330,000	375,000
Conference and Comm. Latin America (EIAL)				
Conference North-America/Caribbean	30,000	31,000	32,000	33,000
SAARC (STF)				
Pacific (COPE)	50,000	50,000	50,000	50,000
Caribbean (CUT)				
<b>Sub Total</b>	<b>350,000</b>	<b>381,000</b>	<b>412,000</b>	<b>458,000</b>
<b>Other</b>				
Missions and Representations	260,000	262,600	265,226	267,878
<b>Sub Total</b>	<b>260,000</b>	<b>262,600</b>	<b>265,226</b>	<b>267,878</b>
<b>Total</b>	<b>1,390,000</b>	<b>1,435,850</b>	<b>1,481,729</b>	<b>1,542,636</b>

### 3.2.3. Administration

The cost of maintaining the Head Office in Brussels amounts to €1,268,000, including rent and upkeep, furniture and equipment, communication costs, insurance costs and legal expenses. For the cost of the regional offices in Accra (Ghana); Kuala Lumpur (Malaysia), and San Jose (Costa Rica), as well as sub-regional offices in Castries (St Lucia) and Suva (Fiji), an amount of €500,000 is projected. The amounts are increased by one per cent in 2013, 2014 and 2015. The Administration budget also provides for a contribution to a contingency fund of one per cent of the dues income (€95,000) (Table Four):



<b>Table Four: Administration (33)</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>
<b>Head Office</b>				
Rent and upkeep	486,060	490,920	495,829	500,788
Furniture and equipment	307,289	310,362	313,466	316,600
Other office expenditure	283,520	286,355	289,219	292,111
Communication costs	167,819	169,497	171,192	172,904
Insurance costs	23,312	23,545	23,781	24,019
<b>Sub Total</b>	<b>1,268,000</b>	<b>1,280,680</b>	<b>1,293,487</b>	<b>1,306,422</b>
<b>Regional Offices</b>				
Accra, Ghana	180,000	181,800	183,618	185,454
Kuala Lumpur, Malaysia; Suva, Fiji	135,000	136,350	137,714	139,091
San Jose, Costa Rica	135,000	136,350	137,714	139,091
Castries, St. Lucia	50,000	50,500	51,005	51,515
<b>Sub Total</b>	<b>500,000</b>	<b>505,000</b>	<b>510,050</b>	<b>515,151</b>
<b>Contingency Fund (one per cent)</b>				
<b>Sub Total</b>	<b>95,000</b>	<b>96,900</b>	<b>98,838</b>	<b>100,815</b>
<b>Total</b>	<b>1,863,000</b>	<b>1,882,580</b>	<b>1,902,375</b>	<b>1,922,387</b>

### 3.2.4. Salaries and Services

The personnel costs ('Salaries and Services') are 'spread' over the program activities, governance, and administration, reflecting the staff time needed for the implementation of these programs, as shown in Table Five below:

<b>Table Five: Personnel Cost by Program</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>
<b>Program Activities</b>				
Education and Employment	579,877	592,858	606,129	619,697
Human/Trade Union Rights and Equality	523,567	535,287	547,269	559,520
Information and Communication	550,699	563,026	575,630	588,515
Solidarity and Development	875,279	894,872	914,904	935,384
Research	263,443	269,340	275,369	281,533
<b>Sub Total</b>	<b>2,792,865</b>	<b>2,855,383</b>	<b>2,919,301</b>	<b>2,984,649</b>
<b>Governance</b>	<b>418,975</b>	<b>428,354</b>	<b>437,942</b>	<b>447,746</b>
<b>Administration</b>	<b>1,414,647</b>	<b>1,446,315</b>	<b>1,478,693</b>	<b>1,511,795</b>
<b>Total</b>	<b>4,626,487</b>	<b>4,730,053</b>	<b>4,835,936</b>	<b>4,944,190</b>

Salary costs are a major element of expenditure. In Belgium, where EI's Head Office is located, these costs increase automatically by two per cent each time inflation reaches two per cent and remains at that level for two months. In addition salaries are paid on the basis of incremental scales and, therefore, increase annually by about 3.5 per cent for those who are on the lower points of the scales. The projected impact on personnel costs is likely to be an increase of approximately three per cent per annum.

<b>Table Six: Inflation Rates in Belgium 2006-2010</b>	
<b>Year</b>	<b>Inflation Rate (consumer prices)</b>
2006	2.80 %
2007	2.10 %
2008	1.80 %
2009	4.50 %
2010	0%

In the event that, as a result of mandatory salary increases, salary costs exceed the budgeted amounts, saving measures will be inevitable, which may include an adjustment of the number of staff positions. However, such developments are not anticipated. The total amount to be projected for personnel costs in 2012 is: €4,626,487. The projected personnel cost in 2013, 2014 and 2015 will amount to €4,730,053, €4,835,936 and €4,944,190 respectively.

Increases in costs are often difficult to predict. The impact of the financial crisis has been felt in different ways throughout the globe. It has led to volatility in consumer prices and in currency exchange rates. It is likely that transportation and communication costs will continue to rise significantly. Therefore, the projected increase of expenditures in the budgets presented in the previous paragraph is not likely to fully cover the actual price increases. While for most activities an annual increase has been projected of one per cent, the increase of personnel costs has been set at 2.22385% per annum.

Steps have been taken to reduce and control costs in recent years, and steps will continue to be taken to offset rising costs, especially by the increased use of technology and the internet, allowing for a reduction in travel, communication cost and print. Furthermore, extra efforts will be made to ensure that all member organisations meet their financial obligations.

### 3.2.5. Projected Income

Income in the past has been boosted by receipts from **bank interest** and gains from **currency exchange**. However, since the onset of the financial crisis such income has largely disappeared.

The income for the projects funded through **extra-budgetary grants** is the subject of contractual arrangements which specify the amounts which will be provided in each year. Income for the Solidarity Fund is supplemented by grants from some member organisations on an annual basis or in response to specific appeals.

EI's income, therefore, is obtained almost exclusively from **dues payments**. Although the membership of EI is still growing, most of the new organisations are from low income countries and, therefore, they are unable to contribute significant sums to the income of EI. In addition, such organisations frequently place increased demands on expenditure since they require subsidies to participate in EI activities. The membership of some organisations in the countries from which members are required to pay dues at the ceiling rate is reducing as a result of reductions in the school-going populations of those countries, which will have the effect of reducing the anticipated income of EI. Figure 8 shows a modest growth of member organisations paying a fraction of the GNI/GDP of their countries and those paying at the floor rate. Expectations are that the organisations paying at the ceiling level will decline in 2011 by approximately 100,000.

Figure 8



The income required for the implementation of the proposed Program and Budget (excluding extra-budgetary and Solidarity Fund projects) is estimated at €9,499,487 in 2012, €9,683,883 in 2013, €9,870,993 in 2014 and €10,075,876 in 2015.

### 3.2.6. Membership Dues Rates

Based on the expected membership for which in 2011 dues are paid at the ceiling level (6,150,000) an increase of two per cent of the ceiling dues rate in 2012 would be required. Additional increases of two per cent in 2013, 2014, and 2015 may also be required, unless:

- inflation rates are lower than projected;
- favourable currency fluctuations allow for a reduction of projected expenditures outside the Euro zone;
- a growth in membership is achieved generating the required funds

This level of dues increase on its own is unlikely to maintain the current value of income in the face of rising costs and inflation. In the current economic climate it is the minimum necessary, when taken together with stringent financial controls on expenditure, to maintain services and achieve Program objectives. The Executive Board will carefully monitor income and expenditure during the period covered by the Program and Budget and make any necessary adjustments.

#### In light of the above the Executive Board proposes

- **an increase of the ceiling per capita fee of two per cent for 2012 and to review the need for further increases of maximum two per cent in the dues rates for each of the following years on the basis of the financial information available in the autumn of each preceding year.**

For 2012 no increase of the floor rate is proposed, while the GNI/GDP Fraction will remain unchanged.

## 4. Proposals

### 4.1. GENERAL BUDGET 2012 - 2015

#### Income

Membership Dues	2012	2013	2014	2015
Per Capita Floor Rate: 0.035				
GNI/GDP Fraction: 2012: 1/12445				
Per Capita Ceiling Rate: 2012 : €1.413				
<b>Sub Total</b>	<b>9,500,000</b>	<b>9,690,000</b>	<b>9,883,800</b>	<b>10,081,476</b>
<b>Other Income</b>				
Sub Total	0	0	0	0
<b>GRAND TOTAL</b>	<b>9,500,000</b>	<b>9,690,000</b>	<b>9,883,800</b>	<b>10,081,476</b>

#### Expenditure

Programs	2012	2013	2014	2015
Program Activities (Program 1-31)				
Education and Employment (Program 1-10)				
Activities	420,000	424,200	428,442	432,726
Salaries and Services	579,877	592,858	606,129	619,697
<b>Sub Total</b>	<b>999,877</b>	<b>1,017,058</b>	<b>1,034,571</b>	<b>1,052,423</b>



Programs	2012	2013	2014	2015
<b>Program Activities (Program 1-31)</b>				
<b>Human and Trade Union Rights and Equality (Program 11-18)</b>				
Activities	290,000	292,900	295,829	298,787
Salaries and Services	523,567	535,287	547,269	559,520
<b>Sub Total</b>	<b>813,567</b>	<b>828,187</b>	<b>843,098</b>	<b>858,307</b>
<b>Information and Communication (Program 19-21)</b>				
Activities	270,000	272,700	275,427	278,181
Salaries and Services	550,699	563,026	575,630	588,515
<b>Sub Total</b>	<b>820,699</b>	<b>835,726</b>	<b>851,057</b>	<b>866,696</b>
<b>Solidarity and Development (Program 22-27)</b>				
Activities	440,000	444,400	448,844	453,332
Salaries and Services	392,438	401,223	410,204	419,387
Salaries and Services Regional Staff	482,841	493,649	504,700	515,997
<b>Sub Total</b>	<b>1,315,279</b>	<b>1,339,272</b>	<b>1,363,748</b>	<b>1,388,716</b>
<b>Research (Program 28-30)</b>				
Activities	120,000	121,200	122,412	123,636
Salaries and Services	263,443	269,340	275,369	281,533
<b>Sub Total</b>	<b>383,443</b>	<b>390,540</b>	<b>397,781</b>	<b>405,169</b>
<b>Other programs (31)</b>				
Contribution to Council of Global Unions	60,000	60,000	60,000	60,000
Mary Futrell Scholarships	20,000	20,000	20,000	20,000
<b>Sub Total</b>	<b>80,000</b>	<b>80,000</b>	<b>80,000</b>	<b>80,000</b>
<b>Total Program Activities</b>	<b>4,412,865</b>	<b>4,490,783</b>	<b>4,570,255</b>	<b>4,651,312</b>

Governance (Program 32)	2012	2013	2014	2015
<b>Global Bodies</b>				
World Congress 2015	500,000	505,000	510,000	515,000
Executive Board and Officers' Meetings	205,000	210,000	215,000	220,000
President's special expenses	25,000	25,250	25,503	25,758
Committee of Experts	30,000	31,000	32,000	33,000
Auditing Committee	20,000	21,000	22,000	23,000
<b>Sub Total</b>	<b>780,000</b>	<b>792,250</b>	<b>804,503</b>	<b>816,758</b>
<b>Regional, Sub-Regional and Other Bodies</b>				
Regional Conferences and Committee Africa				
Regional Conferences and Committee Asia-Pacific	270,000	300,000	330,000	375,000
Regional Conferences and Committee Latin America				
North America and Caribbean	30,000	31,000	32,000	33,000
South Asia (STF)				
Pacific (COPE)	50,000	50,000	50,000	50,000
Caribbean (CUT)				
<b>Sub Total</b>	<b>350,000</b>	<b>381,000</b>	<b>412,000</b>	<b>458,000</b>
<b>Other Governance Expenditures</b>				
Missions and consultations	260,000	262,600	265,226	267,878
<b>Sub Total</b>	<b>260,000</b>	<b>262,600</b>	<b>265,226</b>	<b>267,878</b>

Governance (Program 32)	2012	2013	2014	2015
<b>Salaries and Services Governance</b>				
Salaries and Services	298,265	304,942	311,768	318,747
Salaries and Services Regional Staff	120,710	123,412	126,175	128,999
<b>Sub Total</b>	<b>418,975</b>	<b>428,354</b>	<b>437,942</b>	<b>447,746</b>
<b>Total Governance</b>	<b>1,808,975</b>	<b>1,864,204</b>	<b>1,919,671</b>	<b>1,990,382</b>

Administration (Program 33)	2012	2013	2014	2015
<b>Head Office</b>				
Rent and upkeep	486,060	490,920	495,829	500,788
Furniture and equipment	307,289	310,362	313,466	316,600
Other office expenditure	283,520	286,355	289,219	292,111
Communication costs	167,819	169,497	171,192	172,904
Insurance costs	23,312	23,545	23,781	24,019
<b>Sub Total</b>	<b>1,268,000</b>	<b>1,280,680</b>	<b>1,293,487</b>	<b>1,306,422</b>
<b>Regional Offices</b>				
Accra, Ghana	180,000	181,800	183,618	185,454
Kuala Lumpur, Malaysia; Suva, Fiji	135,000	136,350	137,714	139,091
San Jose, Costa Rica	135,000	136,350	137,714	139,091
Castries, St. Lucia	50,000	50,500	51,005	51,515
<b>Sub Total</b>	<b>500,000</b>	<b>505,000</b>	<b>510,050</b>	<b>515,151</b>
<b>Other</b>				
Contingency provision (one per cent)	95,000	96,900	98,838	100,815
<b>Sub Total</b>	<b>95,000</b>	<b>96,900</b>	<b>98,838</b>	<b>100,815</b>
<b>Sub Total</b>	<b>1,863,000</b>	<b>1,882,580</b>	<b>1,902,375</b>	<b>1,922,387</b>
<b>Salaries and Services Administration</b>				
Salaries and Services	1,145,734	1,171,382	1,197,605	1,224,415
Salaries and Services Regional Staff	213,913	218,702	223,598	228,603
Training, miscellaneous staff costs	55,000	56,231	57,490	58,777
<b>Sub Total</b>	<b>1,414,647</b>	<b>1,446,315</b>	<b>1,478,693</b>	<b>1,511,795</b>
<b>Total Administration</b>	<b>3,277,647</b>	<b>3,328,895</b>	<b>3,381,068</b>	<b>3,434,182</b>

<b>GRAND TOTAL</b>	<b>9,499,487</b>	<b>9,683,883</b>	<b>9,870,993</b>	<b>10,075,876</b>
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<b>Excess of Income</b>	<b>513</b>	<b>6,117</b>	<b>12,807</b>	<b>5,600</b>
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## 6. Proposal in relation to the EI Dues Rate for 2012-2015

Based on the expected membership for which in 2011 dues are paid at the ceiling level (€6,150,000) an increase of two per cent of the ceiling dues rate in 2012 would be required. Additional increases of two per cent in 2013, 2014, and 2015 may also be required, unless:

- inflation rates are lower than projected;
- favourable currency fluctuations allow for a reduction of projected expenditures outside the Euro zone;
- a growth in membership is achieved generating the required funds

This level of dues increase on its own is unlikely to maintain the current value of income in the face of rising costs and inflation. In the current economic climate it is the minimum necessary, when taken together with stringent financial controls on expenditure, to maintain services and achieve Program objectives. The Executive Board will carefully monitor income and expenditure during the period covered by the Program and Budget, and will make any necessary adjustments.

### In light of the above the Executive Board proposes

- **an increase of the ceiling per capita fee of two per cent for 2012 and to review the need for further increases of maximum two per cent on the dues rates for each of the following years on the basis of the financial information available in the autumn of each preceding year.**

For 2012 no increase of the floor rate is proposed, while the GNI/GDP Fraction will remain unchanged.

#### 1. 2012

The ceiling dues rate for the year 2012 may be increased by two per cent (€ 1.413)

#### 2. 2013/2014/2015

The maximum by which all EI dues rates may be increased in each of the years 2013, 2014 and 2015 is two per cent.

The Executive Board is hereby authorised to determine in advance of each year whether or not an increase in dues rates of up to two per cent is required for any of the years 2013, 2014 or 2015.



## 7. Appointment of auditors

(1) The Education International Sixth World Congress meeting in Cape Town from 22 to 26 July 2011:

Is invited to appoint:

**Ernst and Young (Réviseurs d'Entreprises)**  
**De Kleetlaan 2,**  
**1831 Diegem**  
**Belgium**

as EI Auditors for 2011, 2012, 2013 and 2014.

(2) The Education International Sixth World Congress meeting in Cape Town from 22 to 26 July 2011

mandates the Executive Board to implement the procedure for the selection of Auditors for the 2015-2018 period by putting it out to tender, as recommended by the Special Committee on Finances and Structures..









Education International  
Internationale de l'Éducation  
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Bildungsinternationale

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# Financial Report

Congress Book 3  
Financial Report



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