



International IDEA

**The International Institute for Democracy
and Electoral Assistance**

Financial Statements for the year ended 31 December 2007

www.idea.int

Auditor's Report

To the Council of the International Institute for Democracy and Electoral Assistance

We have audited the accompanying balance sheet of the International Institute for Democracy and Electoral Assistance as of December 31, 2007, and the related statement of income for the year then ended. These financial statements are the responsibility of the Institute's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with International Standards on Auditing. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Institute as of December 31, 2007, and of the results of its operations for the year then ended and comply with the Institute's Finance Regulations.

Deloitte AB



Stockholm, April 25, 2008

THE INTERNATIONAL INSTITUTE FOR DEMOCRACY AND ELECTORAL ASSISTANCE

STATEMENT OF ACTIVITIES AND ACCOUNTING POLICIES

For the year ended December 31, 2007

1. STATEMENT OF ACTIVITIES

Created in 1995, the International Institute for Democracy and Electoral Assistance (IDEA) is an intergovernmental organisation with 25 member states from six continents. It has a mandate to support sustainable democracy worldwide. IDEA brings together those who analyse and monitor trends in democracy and those who engage directly in political reform or act in support of democracy at home and abroad. IDEA works with new and long-established democracies, helping to develop and strengthen the institutions and culture of democracy. It operates at international, regional and national levels, working in partnership with a range of institutions.

The work of the Institute was restructured in 2007 bringing the three previous thematic areas – Electoral Processes, Political Parties, and Democracy and Conflict Management (DCM) – solely its Constitution Building component – together under Design of Democratic Institutions and Processes (DDIP); and the cross-thematic components of Gender (previously in Political Parties), Conflict Management and State of Democracy Assessment (previously under External Relations) brought together under Democracy Analysis and Assessment (DAA). In addition External Relations and Evaluation were moved under the Secretary-General's office rather than being regarded as cross-thematic activities as previously, and Communications and Publications were transferred to Operations to enhance control and co-ordination. The Institute's activities in DDIP and DAA are directed from its Stockholm Headquarters in liaison with its field offices. This work is funded both by way of core contributions mostly from member states and by way of earmarked funding from various donors. 2007 saw the first policy papers which represented a component of the new strategic focus for the Institute to play a greater catalytic role in influencing policy, including the South-South dimension, amongst democracy actors including donors; and a significant growth in support for democracy reform in selected countries with particular emphasis on Sudan, Bolivia and Nepal.

2. PRINCIPAL ACCOUNTING POLICIES

The accounts are prepared on a historical cost basis and incorporate the following principal accounting policies:

2.1 Depreciation

All Fixed Assets are written off in full at the time of acquisition.

2.2 Foreign Currencies

The accounts are expressed in Euro. Assets and Liabilities in other currencies are translated to Euro at rates of exchange ruling at the end of the financial year as published by the Swedish Central Bank.

Transactions in other currencies are translated to Euro at the average rate of exchange as published by the Swedish Central Bank for the month in which the transaction took place.

Significant exchange gains and losses are transferred to or from the Currency Fund.

2.3 Income

Income from core contributions is recognised either on receipt or where there is a clear commitment that a specific amount will be paid in respect of the financial year in question. Sums received by way of project contributions are carried as liabilities on the Balance Sheet and are only recognised as income to the extent that corresponding expenditure is incurred.

2.4 Expenditure

All expenditures are recorded on an accruals basis.

**BALANCE SHEET AS AT 31 DECEMBER 2007
(EURO)**

		31 December 2007	31 December 2006
ASSETS			
Cash and Bank	Note 1	11 400 732	8 570 654
Receivables			
Contributions	Note 2	69 670	76 125
Prepaid Expenses/Accrued Income		82 841	141 801
		<u>152 510</u>	<u>217 926</u>
Other Receivables			
Value Added Tax Repayable (VAT)		60 109	92 282
Project Advances		378 083	494 291
Travel and other Personnel Advances		42 017	14 608
Claims on Suppliers		128 178	65 849
		<u>608 387</u>	<u>667 030</u>
TOTAL ASSETS		<u>12 161 630</u>	<u>9 455 610</u>

LIABILITIES AND CAPITAL

Accounts Payable			
Trade Creditor/Accrued Liabilities		1 258 299	988 258
Personnel Liabilities	Note 3	1 000 672	707 984
Project Contributions	Note 4	4 080 311	2 202 552
carried forward			
Refundable to Donors	Note 4	149 233	27 254
		<u>6 488 516</u>	<u>3 926 047</u>
Capital			
General Reserve Fund	Note 5	836 917	836 917
Working Capital Fund	Note 6	2 098 852	2 098 852
Social Security Reserve	Note 7	728 206	935 073
Currency Fund	Note 8	491 302	504 590
Operating Reserve	Note 22	1 517 837	1 154 131
		<u>5 673 114</u>	<u>5 529 563</u>
TOTAL LIABILITIES AND CAPITAL		<u>12 161 630</u>	<u>9 455 610</u>


Vidar Helgesen
Secretary-General


Malcolm Turner-Kerr
Director of Finance & Administration

Our auditors report is submitted on 2008-04-25

Deloitte AB



**STATEMENT OF INCOME AND EXPENDITURE FOR THE YEAR
ENDED 31 DECEMBER, 2007
(EURO)**

INCOME		2007	2006
Contributions	Note 9	12 363 798	9 816 866
Interest Income		167 434	133 904
Other income	Note 10	538 755	543 488
Total Income		13 069 987	10 494 258
EXPENDITURE (Note 25)			
Operating Expenditure			
Core Programme			
Design of Democratic Institutions and Processes	Note 11	1 811 475	-
Democracy and Conflict Management	Note 11	-	811 861
Electoral Processes		-	1 439 351
Political Parties		-	832 741
Democracy Assessment and Analysis	Note 11	797 866	-
Cross Thematic	Note 11	1 047 087	1 466 782
Regional Programmes	Note 12	1 720 715	1 711 190
Programme Development and Follow-Up	Note 13	55 545	33 913
Total Core Programme		5 432 689	6 295 838
Earmarked Project Expenditure	Note 14	4 193 076	1 624 544
Total Operations		9 625 765	7 920 382
Administration Expenditure			
Governing Bodies	Note 24	163 180	170 423
Personnel Costs	Note 15/16	1 637 077	1 121 903
Management	Note 17	368 250	124 745
Human Resources	Note 18	184 325	244 523
Audit and Accounting	Note 19	92 173	77 525
Office Expenditures	Note 20	864 705	804 167
Total Administration		3 309 710	2 543 286
Financing costs			
Exchange (gains) and losses	Note 21	13 288	155 067
Overhead Recovered		(229 194)	(129 401)
Total Financing		(215 905)	25 666
Total Expenditure		12 719 569	10 489 334
EXCESS/(SHORTFALL) OF INCOME OVER EXPENDITURE		350 418	4 924

STATEMENT OF ACCUMULATED OPERATING RESERVE AS AT 31 DECEMBER, 2007

		2007	2006
Balance brought forward 1 January	Note 22	1 154 131	1 101 175
Excess/(Shortfall) of Income over Expenditures		350 418	4 924
Transfer (to)/from Currency Fund	Note 8	13 288	155 067
Transfer (to)/from Working Capital Fund	Note 6	0	(107 035)
ACCUMULATED OPERATING RESERVE		1 517 837	1 154 131

Notes to the Financial Statements

Balance Sheet

1. Cash and Bank

The Institute operates bank accounts in Australian Dollars, British Pounds, Canadian Dollars, US Dollars, Euros, South African Rand, Swiss Francs and Swedish Kronor.
The balances on the accounts as at 31 December 2007 are as follows:

	2007	2006
Cash		
SEK	935	800
USD	831	21
Total Cash	1 766	822
Bank		
CHF	16 155	456 422
USD	68 579	225 707
EURO	9 059 970	6 583 557
SEK	2 042 666	1 126 200
AUD	1 317	111 413
CAD	93 024	7 318
GBP	117 202	59 138
ZAR	53	78
Total Bank Deposit	11 398 966	8 569 833
Total Cash & Bank Deposits	11 400 732	8 570 654

Represented by:

Working Capital Fund in EUR	2 098 852	1 991 817
General Reserve Fund EUR	836 917	836 917
Currency Fund in EUR	491 302	659 657
Complementary Funds carried forward	5 727 618	2 229 806
Social Security Reserve	728 206	935 073
Operating Funds	1 517 837	1 917 384
	11 400 732	8 570 654

2. Contributions Receivable

These receivables from Member States and others represent contributions committed but not yet received at 31 December, 2007.

Mexico core contribution		
Spain core contribution		
Namibia core contribution		1 519
CIDA Canada - earmarked project contribution		10 629
Costa Rica core contribution		3 779
Sudan PP Capacity Enhancement	20 035	
Barbados core contribution	7 126	
EU Commission earmarked project contribution	24 200	13 741
Netherlands Institute for Multi-Party Democracy earmarked project contribution	17 410	5 000
Cataluna Regional Government earmarked project contribution	899	4 328
UNDP Zambia earmarked project contribution		37 129
Total	69 670	76 125

3. Liabilities Personnel

Accrued Vacation Salary	388 994	303 322
Accrued Pension Benefits	206 966	156 068
Accrued Separation	188 187	96 842
Accrued Parental Leave	150 595	73 494
Accrued Social Charges for Resident Staff	12 781	20 230
Employee Withholding Taxes	53 150	58 028
	1 000 672	707 984

Notes to the Financial Statements (continued)

4. Project Contributions carried forward

Earmarked project contributions received or receivable but not used in current year:

Electoral Management Training	Australia	-	
UN & Democracy	Norway	-	
Gaccacca Process Rwanda	Belgium	43 932	111 339
Arab World Fund	Germany	-	
Electoral Management Training Pretoria	Australia	-	
Regional Parliament in Indonesia	Australia	-	
Democratic Dialogue Handbook (CIDA)	Canada	-	
Strengthening Local Democracy in Haiti	Chile		59 211
DCHS FA	Canada	-	
Arab World Study	Denmark	-	
Direct Democracy Feasibility Study	Switzerland	-	
Research and Dialogue in the Andean Region (IMD)	Netherlands	-	
Seminar in Political Parties and Promotion of Poverty Reduction - Bolivia (DFID)	UK	-	
Bridge Mozambique	Ireland	-	
Political Parties West Africa	Finland	-	
Indonesia Regional Parliament	World Bank	-	
Agora Support to the Political Parties System in Ecuador (IMD)	Netherlands	23 250	56 648
Andean Region Gender (CIDA)	Canada		11 555
Arab World	Italy	1 037 111	1 614 896
Bridge East & South Africa	Australia	52 359	38 540
Constitution Building Process in Nepal	Norway	179 402	108 779
Con Caucuses in eru, Colombia and Ecuador (IADB)			5 490
Developing a Reconciliation Resource Network	Switzerland		10 360
Forum Latin America (IADB)			12 000
Governance Profile (IADB)			1 510
Nepal Project	Norway		1 812
Political Systems, Governance and Developm in Andean Countries (DFID)	UK	6 842	24 100
Strengthening political Parties in Sudan (FCO)	UK		7 060
World of Direct Democracy Conference "WOOD 08"	Switzerland		84 783
CBP Norway	Norway	550 265	
Pol. and Electoral Reform in L.A.	AECI - Spain	129 298	
CBP JPO	FDFA - Swiss	4 660	
CBP Bolivia	Norway	507 233	
Agora Andean Region	Norway	578 692	
ACE EU	UNDP	63 217	
BRIDGE Kenya	AusAID - Australia	0	
Reforms for a Better Democracy in L.A.	AECI - Spain	300 000	
Traineeship Programme	Hirosh Univ Japan	7 425	
DLL Arab World	AECI - Spain	431 300	
Total contributions carried forward		3 914 986	2 148 083
Interest income on project contributions		165 325	54 469
Total		4 080 311	2 202 552

Notes to the Financial Statements (continued)

Contributions Refundable/(Repaid):

UN & Democracy	Norway	17 835	17 835
Arab World Dialogue	Germany	12 367	6 942
DLL Haiti	Chile	9 631	
Arab World	Denmark	2 477	2 477
Nepal preparatory phase	Norway	1 812	
WODD '08 Conference	SDC - Switzerland	59 259	
BRIDGE Kenya	AusAID - Australia	0	
CBP SPO South Africa	Norway	19 792	
EPA Workshop Ottawa	DFAIT - Canada	26 060	
Total		149 233	27 254

5. General Reserve Fund

The purpose of the Fund is to provide long-term protection for the Institute by safeguarding it from unforeseen developments that could seriously affect its stability and effectiveness. Appropriations may only be made in extreme circumstances. No appropriations were made from the Fund during the year.

6. Working Capital Fund

Balance at 1 January	2 098 852	1 991 817
Transfer from Operating Reserve	-	107 035
Balance at 31 December	2 098 852	2 098 852

The purpose of the Fund is to provide liquidity when contributions from member states are received at a slower rate than approved operational expenditure. Every effort is to be made to maintain the Fund at 20% of the annual income received in the immediately preceding year. No appropriations were made from the Fund during the year. As the fund exceeds this level its value has been maintained at the level of the preceding year for reasons of prudence.

7. Social Security Reserve

Balance at 1 January	935 073	1 572 044
Received during the year	20 845	179 230
Paid out during the year	(262 108)	(816 201)
Exchange revaluation	34 396	-
Balance at 31 December	728 206	935 073

This reserve represents amounts set aside from refunds of social charges by the Swedish Tax Authority to meet possible future commitments to staff and former staff in respect of possible loss of state pension rights (see note 16) or other social insurance benefits. Payments amounting to Euro 262,108 were made from this reserve during the year.

8. Currency Fund

Balance at 1 January	504 590	659 657
Exchange rate gains/(losses) generated during the year	(13 288)	(155 067)
Balance at 31 December	491 302	504 590

The purpose of the Exchange Rate Adjustment Fund is to provide a facility to overcome distortions caused by fluctuations in the exchange rate between the Euro and other currencies.

Income Statement

9. Contributions

	Non Earmarked Core		Earmarked Project Contributions					Total Contributions	
	2007	2006	2007	2007	2006			2007	2006
			Knowledge Resources	Policy Development	Democratic Reform	Earmarked Total	Earmarked Total		
Member States									
Australia		0			151 956	151 956	163 365	151 956	163 365
Barbados	7 126	7 766						7 126	7 766
Belgium		0			67 407	67 407	48 101	67 407	-
Bolswana	14 800	15 608						14 800	15 608
Canada	323 100	364 150		78 725	46 951	125 676	177 501	448 776	541 651
Cape Verde		0						-	-
Chile	51 800	47 280			49 580	49 580	74 975	101 380	122 255
Costa Rica	3 646	3 864						3 646	3 864
Denmark	405 401	402 565						405 401	402 565
Finland	345 000	345 000				0	119 935	345 000	464 935
Germany	400 000	400 000						400 000	400 000
India	44 886	46 581						44 886	-
Mauritius	7 460	7 898						7 460	7 898
Mexico*	36 005	39 250						36 005	39 250
Namibia	1 492	1 519						1 492	1 519
Netherlands	700 000	700 000			392 150	392 150	210 602	1 092 150	910 602
Norway	570 911	566 584	805 317	43 084	831 432	1 679 833	49 896	2 250 744	616 480
Peru		7 765						0	7 765
Portugal		59 445						0	59 445
South Africa	10 270	13 300						10 270	13 300
Spain	150 000	101 247			20 702	20 702	4 328	170 702	105 575
Sweden**	4 495 000	4 425 000		72 234		72 234		4 567 234	4 425 000
Switzerland	603 600	637 500	79 099	85 874		164 973	16 446	768 573	653 946
Uruguay		-						-	-
Others									
DFID, UK					55 511	55 511	110 955	55 511	-
EU Commission				24 200		24 200	13 741	24 200	-
FCO, UK					356 803	356 803	76 602	356 803	-
IADB				17 710	17 393	35 103	76 489	35 103	-
Ireland						0	1 485	0	1 485
Italy			43 865	193 040	340 880	577 785	385 104	577 785	385 104
UNDP			415 026			415 026	91 654	415 026	-
Others					4 136	4 136	3 365	4 136	3 365
Total Contributions	8 170 497	8 192 322	1 343 307	514 868	2 334 901	4 193 076	1 624 544	12 363 798	9 816 866

**Mexico provided office facilities and seconded an individual from its Ministry of Foreign Affairs in support of the Institute's work in Mexico and Central America until 31 May when the office was closed.

*** In addition to the contribution from the Government of Sweden a further contribution was made under the terms of the Headquarters' Agreement of Euro 510,905 (see note 10) and the City of Stockholm provided office facilities free of charge for which the Swedish Ministry of Foreign Affairs paid SEK 2.5 million to the city.

Notes to the Financial Statements (continued)
10. Other Income

Book Sales*	11 918	8 719
Additional Swedish Contribution**	510 905	458 460
Other Income	15 931	76 309
	538 755	543 488

* Represents net sales after deduction of distribution costs.

**Under the terms of the Headquarters' Agreement between the Government of Sweden and IDEA, the equivalent value of income taxes deducted from the salaries of certain of those staff who were citizens or residents of Sweden prior to taking up appointment with IDEA, and remitted on their behalf, is paid to IDEA as an additional contribution. Individuals were also sponsored as secondees or interns by institutions of several member states and others. In addition IDEA supports work experience for Swedish students.

11 Headquarters' Programmes

	2007				2006			
	Design of Democratic Institutions and Processes	Democracy Assessment and Analysis	Cross Thematic	Total	Democracy and Conflict Mngmnt	Electoral Processes	Political Parties	Cross Thematic Total
Personnel Costs	908 810	624 600	729 386	2 262 796	503 780	763 018	526 519	864 277
Programme costs	902 665	173 266	317 701	1 393 632	308 081	676 333	306 222	602 505
Total	1 811 475	797 866	1 047 087	3 656 428	811 861	1 439 351	832 741	1 466 782

12 Field Programmes*

	2007				2006			
	Constitution Building	Electoral Processes	Political Parties	Cross Thematic Total	Democracy and Conflict Mngmnt	Electoral Processes	Political Parties	Cross Thematic Total
Latin America	0	50 183	144 804	628 824	823 811	18 021	24 479	347 945
Africa (includes Arab World in 2007)	0	22 692	130 368	597 059	750 118	74 999	116 031	226 586
Asia	0	0	0	146 786	146 786	247 902	19 932	70 887
Total	0	72 874	72 874	1 372 669	1 720 715	340 922	160 442	645 418

* Includes Field Personnel costs - see note 15.

13. Programme Development and Follow-Up

	2007				2006			
	Constitution Building	Electoral Processes	Political Parties	Cross Thematic Total	Democracy and Conflict Mngmnt	Electoral Processes	Political Parties	Cross Thematic Total
		43 501		12 044	55 545	25 000	-	8 913
					-			33 913

14. Earmarked Project Expenditure

	2007				2006			
	Constitution Building	Electoral Processes	Political Parties	Cross Thematic Total	Democracy and Conflict Mngmnt	Electoral Processes	Political Parties	Cross Thematic Total
Arab World (Italy, Germany, Denmark)		80 036	304 180	193 569	577 785	39 345	200 000	145 759
Electoral Management Training (Australia, Ireland, Netherlands, Finland and Norway)		378 133		5 619	383 752	240 537		240 537
Effective Electoral Assistance (CIDA Canada, EC)				24 200	24 200	85 681		85 681
Andean Region (CIDA Canada, IMD Netherlands, DFID UK, IADB)			494 148		494 148		150 605	17 800
Political Party Strengthening (Finland, FCO UK, UNDP)			356 803		356 803		251 062	
Regional Parliament DPD (AusAID, IALDF and Worldbank)				0	82 128			82 128
Constitution Process in Nepal (Norway)				436 194	436 194	49 896		49 896
Traditional Justice (Belgium)				67 407	67 407	48 101		48 101
Country Governance Profiles/Forum Europe (IADB)			17 710		17 710	75 191		75 191
Political Representation of Women (CIDA Canada)				0			31 649	31 649
RRN (FDFA - Switzerland)	9 638				9 638			
WODD '08 Conference (SDC-Switzerland)		85 874			85 874			
CBP JPO (FDA - Switzerland)	69 461				69 461			
CBP Norway	721 490				721 490			
CBP Bolivia (Norway)	171 633				171 633			
ACE (UNDP)		415 026			415 026			
CBP SPO South Africa	102 422				102 422			
Seminar 'Challenges to Dem Build'				59 167	59 167			
EPA Workshop Ottawa			73 106		73 106			
Other (Chile, CIDA Canada, EC, Spain, Sweden, UNDP and African Development Bank)				127 260	127 260	87 607	43 935	75 248
	1 074 644	959 068	1 245 948	913 416	4 193 076	342 923	409 498	633 316
								238 807
								1 624 544

	2007				2006			
	HQ Operations	Field Operations	Mngmt & Admin	Total	HQ Operations	Field Operations	Mngmt & Admin	Total
Salaries and Entitlements	2 083 396	1 285 894	1 262 723	4 632 013	1 969 201	757 032	841 726	3 567 959
Pensions (see note 16)	473 980	137 825	303 404	915 209	474 741	126 379	209 362	810 482
Installation and Separation Allowances	174 404	45 436	23 763	243 603	107 262	9 837	27 393	144 492
Other	60 317	126 233	47 187	233 737	106 390	63 501	43 422	213 313
Total Personnel costs	2 792 097	1 595 388	1 637 077	6 024 562	2 657 594	956 749	1 121 903	4 736 246

Notes to the Financial Statements (continued)

16. Pensions

IDEA has three separate pension arrangements. International staff receive an annual payment in lieu of pension. For Swedish staff on international contracts monthly contributions are made into Swedish registered pension funds. For full time staff on local Swedish contracts, IDEA contributes monthly to the Swedish State pension scheme and to a Swedish registered pension fund. In all cases IDEA plays no role in the management of the pension funds or in any investment decisions. Towards the end of the 2004 and in early 2005 the Swedish Tax Authority (Skatteverket) wrote to staff, including former staff, who are or were amongst the third category indicating that their pension credits have been adjusted retrospectively to zero in respect of those years from 1998 to 2003 that the individual had worked for IDEA in that staff category. The Authority's decision is based on an interpretation of the Headquarters' Agreement between Sweden and IDEA which alters the practice since IDEA's foundation. Similar action ensued with respect to the 2004 and 2005 tax years. Some sixty individuals proved to be affected to the Institute's best knowledge. In parallel the Skatteverket refunded to the Institute the employer's portion of social charges, paid for the years 1998 to November 30 2005 by the Institute, in respect of staff on local Swedish contracts. These represent the employer's contribution towards pension and other state benefits up to that date. Moneys repaid including interest at year end amounted to € 1,806,515. These funds have been set aside in a 'Social Security Reserve' in these financial statements (see note 7) to meet the Institute's commitment to keep these employees and former employees whole as if they had continued to earn pension cover under the Swedish pension provisions. Offers of compensation amounting to €1,078,309 were issued to meet this commitment up to and including the year 2005 and all of this had been paid out by the Balance Sheet date. As of 1 December, 2005 new employment contracts were entered into to bring the Institute's arrangements into line with Skatteverket's new practice, thereby preventing an ongoing recurrence of the matter. The final level of obligation assumed by the Institute as a result of the actions of the Skatteverket has not yet been fully determined, however, and although there is every indication that further obligations can be met from the funds still remaining, a recent action by the Social Insurance Agency, Försäkringskassan, suggests that remaining funds should be held in the reserve in the meantime until the Institute is satisfied that further commitments in this respect are unlikely to arise.

17. Management

	2007	2006
Legal and Professional Fees	112 481	15 894
Travel	40 263	66 132
Other	215 506	42 719
Total	368 250	124 745

18. Human Resources

Consulting fees	34 509	78 815
Training and Development	21 795	90 068
Recruitment	33 099	23 552
Other	94 923	52 088
Total	184 325	244 523

19. Audit and Accounting

Accounting Services	47 692	17 017
Audit Fee	24 066	34 400
Other	20 415	26 108
Total	92 173	77 525

Notes to the Financial Statements (continued)

20. Office Expenditures

	2007			2006		
	HQ	Regions	Total	HQ	Regions	Total
Fixed Assets	36 599	43 189	79 788	101 287	16 301	117 588
Travel/Ext Entertainment	49 007	21 620	70 627	1 787	19 764	21 551
Information Technology	30 276	6 929	37 206	94 109	8 315	102 424
Telecommunications	56 431	59 312	115 743	48 195	42 681	90 876
Postage/Courier	26 184	18 470	44 653	19 725	12 760	32 485
Transport	0	12 130	12 130		10 324	10 324
Office Running Costs	247 544	217 025	464 568	124 154	98 719	222 873
Consultancy	5 313	28 253	33 566		87 064	87 064
Other	2 367	4 057	6 423	71 622	47 360	118 982
Total Office Expenditures	453 720	410 985	864 705	460 879	343 288	804 167

21. Exchange Gains and Losses

	2007	2006
Exchange (gain)/loss realized	(15 701)	73 083
Exchange (gain)/loss unrealized	28 989	81 984
Total Exchange (gains)/losses	13 288	155 067

22. Operating Reserve and Excess (Shortfall) of Income over Expenditures

During the year € 350,418 was expended less than the income received. Over-expenditure had been planned, given the intention to use under-expenditures carried forward from previous years. However, income was close to planned levels while expenditure fell below plan mostly as a result of the ambitiousness of the plan and concomitant change management necessitated by the major strategy shift implemented at the start of 2007 as approved by Council in June 2006. This results in a cumulated Operating Reserve to carry forward to 2008 of € 1,517,837 which together with the Currency Reserve of € 491,302 brings operating funds available and planned for use in ensuing financial periods of the current programming cycle to € 2,009,140.

23. Headquarters' Agreement

The relationship between the Institute and the host country, Sweden, is governed by a Headquarters' Agreement which, inter alia, defines the immunities and privileges of IDEA, its officials and its staff. Given issues arising from the uncertainties referred to in Note 16 above, the Institute commenced discussions with Sweden in 2005 with a view to re-negotiating parts of the agreement so as to definitively clarify the immunities and privileges of its staff, particularly those of Swedish nationality or resident in Sweden at the time of their employment by IDEA. The Government of Sweden, in response to such discussions and other representations, appointed a Commission to look into Sweden's Host Country agreements with international organisations. The Commission issued its report on 28 February 2006. (SOU 2006:26; ISBN 91-38-22543-3). An electronic version is available on www.regeringen.se. The Institute has responded to the report and has requested a resumption of discussions both on amending the Agreement and to explore other avenues for improving the position of its staff. A response from Sweden regarding opening such discussions had not been received at the time of completion of these financial statements.

24. Governing Bodies

At an extraordinary Council meeting on 24 January 2006 the Council adopted new Statutes which will enter into force after ratification by two-thirds of the members. At the date of these financial statements the new Statutes have not yet entered into force.

25. Comparative Figures

Following approval of a new strategy a reorganisation was implemented from January 2007. The cost of External Relations and Evaluation were reclassified from Operations to Management and within Operations there were reclassifications of some activities as Cross Thematic while the balance of the thematic groups were integrated. The result of this is that comparative figures between 2006 and 2007 are not available across all categories of expenditure.