



ECONOMIC COMMUNITY OF WEST AFRICAN STATES (ECOWAS)

**ANNUAL REPORT AND CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

Economic Community of West African States
Annual Report
Year ended 31 December 2021

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CORPORATE INFORMATION

Management

Dr. Jean-Claude Kassi Brou - President
Mrs. Finda E. M. Koroma – Vice President
Mrs. Halima Ahmed - Commissioner for Finance
Dr. Kofi Konadu Apraku - Commissioner for Macroeconomic Policy and Economic Research
Mr. Tei Konzi – Commissioner for Trade, Customs and Free Movement
Mr. Sekou Sangare – Commissioner for Agriculture, Environment and Water Resources
Mr. Pathe Gueye- Commissioner for Infrastructure
Gen. Francis Awagbe Behanzin- Commissioner for Political Affairs, Peace & Security
Dr. Siga Fatima Jagne- Commissioner for Social Affairs & Gender
Mr. Vafolay Mbandoe Tulay- Commissioner for General Administration & Conference
Dr. Jeremias Dias Furtado- Commissioner for Human Resources
Prof. Leopoldo Amado- Commissioner for Education, Science and Culture
Mr. Sediko Douka- Commissioner for Energy and Mines
Dr. Zouli Bonkougou- Commissioner for Telecommunications and Information Technology
Mr. Mamadou Traore – Commissioner for Industry and Private Sector

Registered office

114 Yakubu Gowon Crescent
Asokoro, Abuja

Independent auditor

PricewaterhouseCoopers
Chartered Accountants
PwC Tower
A4 Rangoon Lane
Cantonment City
PMB CT 42
Cantonments
Accra

CORPORATE INFORMATION (cont'd)

Bankers	Ecobank Group Plc
	UBA Plc
	Zenith Bank Plc
	Access Bank Plc
	Banque Togolaise pour le Commerce et l'Industrie (BTCI)
	Banque International pour l'Afrique Occidentale (BIAO)
	Bank of Africa Plc
	ECOWAS Bank for Investment and Development
	Bank of Ghana
	Banque Centrale des États de l'Afrique de l'Ouest (BCEAO)
	Central bank of Cape Verde
	Central Bank of Gambia
	Central Bank of Guinea Conakry
	Central bank of Liberia
	BICIS Senegal
	First Bank Nigeria Plc
	Banco Interatlantico
	Standard Chartered Bank Plc

REPORT OF MANAGEMENT

The management of the ECOWAS submits their report together with the audited financial statements of the Community for the year ended 31 December 2021.

Statement of Management's responsibilities

Management is responsible for the preparation of financial statements for each financial year which gives a true and fair view of the state of affairs of the Community and of the surplus or deficit and cash flows for that period. In preparing these financial statements, Management has selected suitable accounting policies and applied them consistently, made judgements and estimates that are reasonable and prudent and followed International Public Sector Accounting Standards (IPSAS) and in the manner required by the Financial Regulations of the ECOWAS Community.

Management is responsible for ensuring that the Community keeps proper accounting records that disclose with reasonable accuracy at any time the financial position of the Community. Management is also responsible for safeguarding the assets of the Community and taking reasonable steps for the prevention and detection of fraud and other irregularities.

Going concern

Management has made an assessment of the Community's ability to continue as a going concern and have no reason to believe the Community will not be a going concern.

Principal activities

The Economic Community of West African States (ECOWAS) was established on May 28 1975 via the treaty of Lagos. ECOWAS is a 15-member regional group with a mandate of promoting economic integration in all fields of activity of the constituting countries. Member countries making up ECOWAS are Benin, Burkina Faso, Cape Verde, Cote d' Ivoire, The Gambia, Ghana, Guinea, Guinea Bissau, Liberia, Mali, Niger, Nigeria, Sierra Leone, Senegal and Togo.

ECOWAS was set up to foster the ideal of collective self-sufficiency for its member states. As a trading union, it is also meant to create a single, large trading bloc through economic cooperation.

Financial results

The financial results of the Community are set out on page 9 of the financial statements.

BY ORDER OF MANAGEMENT


.....
CHIEF EXECUTIVE OFFICER


.....
CHIEF FINANCIAL OFFICER

**INDEPENDENT AUDITOR’S REPORT
TO THE COUNCIL OF MINISTERS OF ECONOMIC COMMUNITY OF WEST
AFRICAN STATES (ECOWAS)**

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Our opinion

In our opinion, the accompanying financial statements give a true and fair view of the financial position of ECOWAS (the “Community”) as at 31 December 2021, and of its financial performance and its cash flows of the Community for the year then ended in accordance with International Public Sector Accounting Standards (IPSAS) and in the manner required by the Financial Regulations of the ECOWAS Community.

What we have audited

We have audited the financial statements of ECOWAS (the “Community”) for the year ended 31 December 2021.

The financial statements comprise:

- the consolidated statement of financial position as at 31 December 2021;
- the consolidated statement of financial performance for the year ended;
- the consolidated statement of changes in net assets for the year ended;
- the consolidated statement of cash flows for the year then ended; and
- the notes to the consolidated financial statement, which include a summary of significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor’s responsibilities for the audit of the financial statements section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Community in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) (the Code) issued by the International Ethics Standards Board for Accountants. We have fulfilled our other ethical responsibilities in accordance with the Code.

Other information

Management is responsible for the other information. The other information comprises the Report of Management and corporate information but does not include the financial statements and our auditor’s report thereon.

Our opinion on the separate and consolidated financial statements does not cover the other information and we do not express any form of assurance conclusive thereon.

In connection with our audit of the separate and consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the separate and consolidated financial

**INDEPENDENT AUDITOR'S REPORT
TO THE COUNCIL OF MINISTERS OF ECONOMIC COMMUNITY OF WEST
AFRICAN STATES (ECOWAS)**

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (continued)

Other information (continued)

statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management for the financial statements

Management is responsible for the preparation of separate and consolidated financial statements that give a true and fair view in accordance with International Public Sector Accounting Standards (IPSAS) and in the manner required by the Financial Regulations of the Community and for such internal control as Management determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Management is responsible for overseeing the Community's financial reporting process.

Auditor's responsibilities for the audit of the financial statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control;

**INDEPENDENT AUDITOR'S REPORT
TO THE COUNCIL OF MINISTERS OF ECONOMIC COMMUNITY OF WEST
AFRICAN STATES (ECOWAS)**

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

Auditor's responsibilities for the audit of the financial statements (continued)

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management;
- Conclude on the appropriateness of Management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Community's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the institution to cease to continue as a going concern; and
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

We also provide Management with a statement that we have complied with relevant ethical requirements regarding independence, and have communicated with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

The engagement partner on the audit resulting in this independent auditor's report is Maxwell Darkwa (ICAG/P/1143).

PricewaterhouseCoopers
PricewaterhouseCoopers (ICAG/F/2022/028)
Chartered Accountants
Accra, Ghana
24 August 2022



Economic Community of West African States
Financial Statements
for the year ended 31 December 2021

STATEMENT OF FINANCIAL POSITION

(All amounts are in Unit of Account)

		Consolidated	
	Notes	At 31 December 2021	At 31 December 2020
ASSETS			
Current assets			
Cash and cash equivalents	7	294,470,170	192,324,147
Short term investments	8	243,633	225,299
Accounts receivables and prepayments	9	38,835,214	34,953,389
Recoverables from non-exchange	10	123,526,913	127,843,359
Due from representation offices	11	3,083,770	2,664,823
Inventory	13	<u>4,665,276</u>	<u>2,719,313</u>
Total current assets		<u>464,824,976</u>	<u>360,730,330</u>
Non-current assets			
Property, plant and equipment	14	45,371,376	45,426,123
Intangible assets	15	<u>76,819</u>	<u>156,145</u>
Total non-current assets		<u>45,448,195</u>	<u>45,582,268</u>
Total assets		<u>510,273,171</u>	<u>406,312,598</u>
LIABILITIES			
Current liabilities			
Accounts payable and accrued liabilities	16	31,055,880	38,032,223
Employee benefit obligation	17	<u>5,283,825</u>	<u>5,172,161</u>
Total current liabilities		<u>36,339,705</u>	<u>43,204,384</u>
Non-current liabilities			
Employee benefit obligation	17	18,906,788	17,724,155
Restricted funds	18	<u>64,485,519</u>	<u>59,271,621</u>
Total non-current liabilities		<u>83,392,307</u>	<u>76,995,776</u>
Total liabilities		<u>119,732,012</u>	<u>120,200,160</u>
Net assets		<u>390,541,159</u>	<u>286,112,438</u>

**Economic Community of West African States
Financial Statements
for the year ended 31 December 2021**

STATEMENT OF FINANCIAL POSITION (CONTINUED)

(All amounts are in Unit of Account)

	Consolidated	
	At 31 December 2021	At 31 December 2020
NET ASSETS		
Accumulated surplus	327,728,130	223,299,409
Other reserves	<u>62,813,029</u>	<u>62,813,029</u>
	<u>390,541,159</u>	<u>286,112,438</u>

The accompanying notes on pages 12 to 53 form an integral part of these financial statements.

The financial statements on pages 7 to 53 were approved by Management on 6th July 2022 and signed on their behalf by:

BY ORDER OF MANAGEMENT

.....
CHIEF EXECUTIVE OFFICER

.....
CHIEF FINANCIAL OFFICER

Economic Community of West African States
Financial statements
for the year ended 31 December 2021

STATEMENT OF FINANCIAL PERFORMANCE

(All amounts are in Unit of Account)

	Notes	31-Dec- 2021	31-Dec- 2020
REVENUE			
Revenue from non-exchange transactions			
Community Levy and member states contributions	19	256,029,609	184,912,014
Donor contributions	20	45,061,726	48,196,416
Revenue from other non-exchange transactions	21	<u>68,621</u>	<u>1,615,365</u>
		<u>301,159,956</u>	<u>234,723,795</u>
Revenue from exchange transactions			
Revenue from other exchange transactions	22	<u>5,028,175</u>	<u>8,881,746</u>
Total revenue		<u>306,188,131</u>	<u>243,605,541</u>
EXPENSES			
Program expenses	23	170,787,260	298,158,937
Depreciation & Amortisation Expense	24	<u>3,878,754</u>	<u>2,780,555</u>
Total expenses		<u>174,666,014</u>	<u>300,939,492</u>
Other (losses)/gains	25	<u>(27,093,396)</u>	<u>24,931,860</u>
Surplus/(Deficit) for the year		<u>104,428,721</u>	<u>(32,402,091)</u>

The notes on pages 12 to 53 are an integral part of these financial statements.

Economic Community of West African States
Financial statements
for the year ended 31 December 2021

STATEMENT OF CHANGES IN NET ASSETS

(All amounts are in Unit of Account)

Year ended 31 December 2021

	Accumulated surplus/(deficit)	Other reserves	Total net asset/equity
At 1 January	223,299,409	62,813,029	286,112,438
Surplus for the year	<u>104,428,721</u>	-	<u>104,428,721</u>
Balance at 31 December	<u>327,728,130</u>	<u>62,813,029</u>	<u>390,541,159</u>

Year ended 31 December 2020

	Accumulated surplus/(deficit)	Other reserves	Total net asset/equity
At 1 January	255,701,500	62,813,029	318,514,529
Deficit for the year	<u>(32,402,091)</u>	-	<u>(32,402,091)</u>
Balance at 31 December	<u>223,299,409</u>	<u>62,813,029</u>	<u>286,112,438</u>

Economic Community of West African States
Financial statements
for the year ended 31 December 2021

STATEMENT OF CASH FLOWS

(All amounts are in Unit of Account)

		Consolidated	
	Notes	Year ended 31-Dec-2021	Year ended 31-Dec- 2020
Cash flow from operating activities	26	<u>104,363,159</u>	<u>2,067,579</u>
Cash used in investing activities			
Purchase of property, plant and equipment	14	<u>(2,217,136)</u>	<u>(3,257,916)</u>
		<u>-</u>	<u>-</u>
Net used in investing activities		<u>(2,217,136)</u>	<u>(3,257,916)</u>
Cash generated from financing activities		<u>-</u>	<u>-</u>
Net changes in cash and cash equivalents		<u>102,146,023</u>	<u>(1,190,337)</u>
Cash and cash equivalents at beginning of year		<u>192,324,147</u>	<u>193,514,484</u>
Cash and cash equivalents at end of year	7	<u>294,470,170</u>	<u>192,324,147</u>

The notes on pages 12 to 53 are an integral part of these financial statements.

Economic Community of West African States
Financial statements
for the year ended 31 December 2021

NOTES

1. General information

1.1 Reporting Entity

The Economic Community of West African States (ECOWAS) was established on May 28 1975 via the treaty of Lagos. ECOWAS is a 15-member regional group with a mandate of promoting economic integration in all fields of activity of the constituting countries.

Member countries making up ECOWAS are Benin, Burkina Faso, Cape Verde, Cote d' Ivoire, The Gambia, Ghana, Guinea, Guinea Bissau, Liberia, Mali, Niger, Nigeria, Sierra Leone, Senegal and Togo

ECOWAS was set up to foster the ideal of collective self-sufficiency for its member states. As a trading union, it is also meant to create a single, large trading bloc through economic cooperation.

1.2 Legal Basis and Scope of the Financial Statements

The consolidated financial statements of the Community have been prepared and presented in accordance with the International Public Sector Accounting Standards (IPSAS) and in line with the Financial Regulations of the ECOWAS Community that were adopted by the Council of Ministers in conformity with Article 74 of the Revised ECOWAS Treaty as amended. The financial statements present the accounts and transactions of the Community.

NOTES (continued)

2. Summary of significant accounting policies

The principal accounting policies applied in the preparation of the financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 Basis of preparation and adoption of IPSAS

The consolidated financial statements of the Community have been prepared in accordance with International Public Sector Accounting Standards (IPSAS) and the requirements of the Financial Regulations of the Community. The measurement base applied is historical cost adjusted for revaluations of assets.

In the absence of an International Public Sector Accounting Standard (IPSAS) that specifically applies to a transaction, other event or condition, management uses its judgement in developing and applying an accounting policy that results in information that is relevant to the decision-making needs of users of the institution's financial statements.

The preparation of financial statements in conformity with IPSAS requires the use of certain critical accounting estimates. It also requires Management to exercise judgement in the process of applying the institution's accounting policies. Changes in assumptions may have a significant impact on the financial statements in the period the assumptions changed. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 6.

NOTES (continued)

2. Summary of significant accounting policies (continued)

2.2 Adoption of newly published standards and interpretations and revised reporting standards and interpretations

Standards issued but not yet effective

IPSAS 36 (Amended), Long Term interest in Associates and Joint Ventures

Long-term Interests in Associates and Joint Ventures (Amendments to IPSAS 36) was issued in January 2019 by International Public Sector Accounting Standards Board (IPSASB). The objective is to make amendments to IPSAS to converge with the narrow-scope amendments to IAS 28, Investments in Associates and Joint Ventures, made by the IASB in Long-term Interests in Associates and Joint Ventures (Amendments to IAS 28) (issued October 2017).

An entity shall apply these amendments retrospectively in accordance with IPSAS 3, Accounting Policies, Changes in Accounting Estimates and Errors, for annual financial statements covering periods beginning on or after 1 January 2023 with an option for earlier adoption and have not been applied by the Community in preparing its consolidated financial statements for the year ended 31 December 2021.

IPSAS 41, Financial Instruments

IPSAS 41 'Financial Instruments' was issued by the International Public Sector Accounting Standards Board (IPSASB) in August 2018. The standard addresses the classification, measurement and derecognition of financial assets and financial liabilities, introduces new rules for hedge accounting and a new impairment model for financial assets. This standard is effective for financial statements beginning on or after 01 January 2023 and have not been applied by the Community in preparing its consolidated financial statements for the year ended 31 December 2021.

IPSAS 42, Social Benefits

IPSAS 42 'Social Benefits' was issued by the International Public Sector Accounting Standards Board (IPSASB) in January 2019. The standard provides guidance on accounting for social benefits expenditure. It defines social benefits as cash transfers paid to specific individuals and/or households to mitigate the effect of social risk. This standard is effective for financial statements beginning on or after 01 January 2023 and have not been applied by the Community in preparing its consolidated financial statements for the year ended 31 December 2021.

IPSAS 43, Leases

IPSAS 43 'Leases' was issued by the International Public Sector Accounting Standards Board (IPSASB) in January 2022. The standard introduces, for lessee accounting, a right-of-use model which replaces the risk and rewards incidental to ownership model in IPSAS 13, while substantially carrying forward the risk and rewards incidental to ownership model in IPSAS 13 'Leases' for lessor accounting. This standard is effective for financial statements beginning on or after 01 January 2025 and have not been applied by the Institution in preparing its IPSAS financial statements for the year ended 31 December 2021.

NOTES (continued)

2. Summary of significant accounting policies (continued)

2.2 Adoption of newly published standards and interpretations and revised reporting standards and interpretations (continued)

Standards issued but not yet effective (continued)

IPSAS 44, Non-current Assets Held for Sale and Discontinued Operations

IPSAS 44 'Non-current Assets Held for Sale and Discontinued Operations' was issued by the International Public Sector Accounting Standards Board (IPSASB) in May 2022. The standard specifies the accounting treatment for assets held for sale as well as presentation and disclosure requirements for discontinued operations. It includes additional disclosure of the fair value of assets held for sale that are measured at carrying amounts, when their carrying amounts are materially lower than their fair value. This standard is effective for financial statements beginning on or after 01 January 2025 and have not been applied by the Institution in preparing its consolidated financial statements for the year ended 31 December 2021.

2.3 Consolidation

Scope of the Consolidation

The consolidated financial statements of the ECOWAS Community comprise of the aggregation of the institutions and agencies of the ECOWAS Community. The complete list of consolidated entities can be found in Note 12. It includes the Commission, 4 other Institutions, 7 Agencies and the Community Levy. There are no associates and joint arrangements in this Consolidated financial statements.

Controlled entities

In order to determine the scope of consolidation the control concept is applied. Controlled entities are entities for which the Community is exposed, or has right, to variable benefits from its involvement and has the ability to affect the nature and amount of those benefits through its power over the other entity. This power must be presently exercisable and must relate to the relevant activities of the entity. Controlled entities are fully consolidated. The consolidation begins at the first date on which control exists, and ends when such control no longer exists.

The most common indicators of control within the Community are: creation of the entity through protocols or treaties, financing of the entity from the Community Levy, governed by the Council of Ministers appointed representatives and audited by an appointed Auditor by the Community. An individual assessment for each entity is made in order to decide whether one or all of the criteria listed above are sufficient to result in control.

All material inter-entity transactions and balances between the Community controlled entities are eliminated, while unrealised gains and losses on such transactions are not material and so have not been eliminated.

Economic Community of West African States
Financial statements
for the year ended 31 December 2021

NOTES (continued)

2. Summary of significant accounting policies (continued)

2.4 Foreign currency translation

(a) Functional and presentation currency

Items included in the financial statements of the community are measured using the currency of the primary economic environment in which the Community operates ('the functional currency'). The financial statements are presented in Unit of Account is the institution's functional and presentation currency and is equivalent to the Special Drawing Rights (SDR) of the International Monetary Fund (IMF).

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using an average monthly exchange rate prevailing at the date of the transactions published by the ECOWAS Bank for Investment and Development (EBID). Foreign exchange gains and losses resulting from the settlements of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the statement of financial performance. Foreign exchange gains and losses that relate to borrowings are presented in the statement of financial performance within finance costs. All other foreign exchange gains and losses are presented in the statement of financial performance on a net basis within other income or other expenses.

Changes in the fair value of monetary securities denominated in foreign currency classified as available-for-sale are analysed between translation differences resulting from changes in the amortised cost of the security and other changes in the carrying amount of the security. Translation differences related to changes in amortised cost are recognised in statement of financial performance.

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss. Translation differences on non-monetary financial assets such as equities classified as available for sale are included in the statement of financial performance.

**Economic Community of West African States
Financial statements
for the year ended 31 December 2021**

NOTES (continued)

2. Summary of significant accounting policies (continued)

2.5 Foreign currency translation (continued)

(b) Transactions and balances (continued)

The year-end exchange rates published by the ECOWAS Bank for Investment and Development as at 31 December 2021 are:

Currency	31-Dec-2021	31-Dec-2020
Canadian Dollar	1.798080	1.851610
Ghana Cedi	8.392081	8.258797
Gambian Dalasi	72.563461	72.453758
Cape Verde Escudo	136.456924	1.30.543137
Euro	1.237480	1.183880
Franc CFA	811.733668	776.554694
Guinean Franc	12,795.148440	14,377.058590
Sierra Leonean Leone	15,753.393550	14,594.774410
Liberian Dollar	203.252731	236.230499
Nigerian Naira	576.911011	546.582459
British Pound Sterling	1.041830	1.07323
US Dollar	1.399590	1.44027

2.6 Revenue Recognition

The Community's revenue consists of both revenue from exchange and non-exchange transactions.

The Community recognises revenue when the amount of revenue can be reliably measured; it is probable that the economic benefits associated with the transaction will flow to the Community; and specific criteria have been met for each of the Community's activities. Revenue is measured at the fair value of the consideration received or receivable. Revenue of the Community is recognised on an accrual basis in the period in which it accrues.

(a) Revenue from non-exchange transactions

The vast majority of the Community's revenue relates to non-exchange transactions. Revenue from non-exchange transactions consists of Community Levy, voluntary contributions (donations), contributions in-kind and in-service and grants.

(i) Community Levy

The Community Levy is a tax imposed by ECOWAS with the aim of generating revenues for the Community. The levy of 0.5 percent tax imposed on goods from non-ECOWAS Member States, is used in financing the activities of the ECOWAS institutions and agencies.

Revenue from community levy is recognised when the amount of revenue can be reliably measured; it is probable that the economic benefits associated with the transaction will flow to the Community.

NOTES (continued)

2. Summary of significant accounting policies (continued)

2.6 Revenue Recognition (continued)

(a) Revenue from non-exchange transactions (continued)

(ii) Voluntary contributions (donations)

Revenue from voluntary contributions is recognized upon the signing of a binding agreement between the Community and the third-party providing the contribution and on obtaining control of the grant or donations. Voluntary contributions without restrictions are treated as non-exchange transactions. Voluntary contributions that include conditions on their use, such that the funds must be returned to the contributor if such conditions are not met, are initially treated as restricted funds and then recognized as revenue to the extent of expenditure incurred. Where management considers that stipulations on the use of contributions are restrictions and do not constitute conditions, an amount equivalent to the fair value of the contribution received is recognised as assets and revenue as defined under IPSAS 23.

(iii) Contribution in-kind and in Service

Contributions in-kind received by the Community are recorded upon receipt from the contributor at an amount equal to their fair market value as determined at the time of acquisition.

Revenue from other non-exchange transactions comprises contributions and donations to the Community in cash or in-kind by organisations and individuals. Cash donations are recognised when received into the Community's bank account while in-kind donations are recognised as revenue and assets when it is probable that future economic benefits or service potential associated with the donation will flow to the Community and the fair value can be measured reliably. Donation in-kind are recognized as assets when the goods are received, or there is a binding arrangement to receive the goods. If donation in-kind are received without conditions attached, revenue is recognized immediately. If conditions are attached, a liability is recognized, which is reduced and revenue recognized as the conditions are satisfied. Donated property, plant and equipment are recognized as an asset with a corresponding entry to revenue.

In-kind service contributions are not recognized as revenue as permitted by paragraph 98 of IPSAS 23.

Services in kind to the Community may include any of the following:

- Technical assistance from other governments or international organizations; and
- Services from volunteers

Economic Community of West African States
Financial statements
for the year ended 31 December 2021

NOTES (continued)

2. Summary of significant accounting policies (continued)

2.6 Revenue Recognition (continued)

(b) Revenue from non-exchange transactions (continued)

(iv) Project grants and contracts

The Community funds some of its projects through support from development partners. The Community recognises projects and contracts as revenue upon receipt of the funds into the specified bank account and upon fulfilment of the requirements agreed on, in writing with the development partners in respect of the inflow. Asset is only recognised when it is probable that the future economic benefits or service potential associated with the asset will flow to the Community and the fair value of the asset can be measured reliably.

Where there are conditions attached that give rise to a liability to repay any unspent amount, restricted fund liability is recognised up to the point where the revenue criterion is met. Costs of projects and grants incurred are recognised as revenue to the extent that these costs reflect services to the statement of financial performance in the year that the eligible cost is incurred. Where the Community receives resources before a transfer arrangement becomes binding, the resources are recognized as an asset when they meet the definition of an asset and satisfy the criteria for recognition as an asset.

The Community also recognise an advance receipt liability if the transfer arrangement is not yet binding. Advance receipts in respect of transfers are not fundamentally different from other advance receipts, so the Community recognise liability until the event which makes the transfer arrangement binding occurs and all other conditions under the agreement are fulfilled. When that event occurs and all other conditions under the agreement are fulfilled, the liability is discharged and revenue is recognised.

(b) Revenue from exchange transactions

Revenue from the sale of goods/services is recognised when the significant risk and rewards of ownership of the goods are transferred to the purchaser. Revenue associated with a transaction involving the provision of services is recognised by reference to the stage of completion of the transaction at the reporting date.

(i) Interest income

Interest income is accrued on a time proportion basis using the effective yield method. In this regard interest income is recognised on a time proportion basis that takes into account the effective yield on the asset.

(ii) Other and Miscellaneous Revenue

Revenue from the use of the Community's facilities, sale of forms/publications and others is recognized as revenue when earned.

NOTES (continued)

2. Summary of significant accounting policies (continued)

2.7 Expenses

Expenses are decreases in economic benefits or service potential during the financial year in the form of outflows, consumption of assets, or incurrences of liabilities that results in decreases in net assets/equity. Expenses are recognised when the transaction or event causing the expense occurs.

The Community's expenses consist of employee benefits costs, operating expenses, research grants and contract expenses, finance costs, depreciation and amortisation.

(a) Employee Benefits

(i) Short-term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A provision is recognised for the amount expected to be paid under short-term cash bonus if the Community has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

(ii) Post-employment benefits

The Community's post-employment benefits comprises of a defined contribution plan.

Defined contribution plan

Defined contribution plan is a pension plan under which the Community pays fixed contributions to a scheme. The Community's defined contribution plan is administered by ECOWAS Staff Joint.

Pension Fund (ESJPF). The Community has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods. The defined contribution scheme is operated for all permanent staff of the Community. Obligations for contributions to defined contribution plans are recognised as an expense in statement of financial performance when they are incurred.

NOTES (continued)

2. Summary of significant accounting policies (continued)

2.7 Expenses (continued)

(iii) Other employee benefits

The Community has the following other employee benefit schemes;

(a) Gratuity

These are payments made to statutory appointees and contract staff on completion of their contracts. It is computed as 25% and 12.5% of annual basic salary for each full year of service to statutory appointees and contract staff respectively. The annual basic salary of statutory and contract staff does not change during their period of service and therefore no actuarial valuations of the outstanding obligations is done.

(b) Separation allowances

All permanent staff members of the Community excluding statutory appointees are entitled to a lump sum payment equivalent to one month's salary for every year of service rendered to the Community up to a maximum of 12 years upon separation.

(iv) Termination benefits

Termination benefits are recognised as an expense when the Community is demonstrably committed, without realistic possibility of withdrawal, to a formal detailed plan to terminate employment before the normal retirement date. Termination benefits for voluntary redundancies are recognised if the Community has made an offer encouraging voluntary redundancy, it is probable that the offer will be accepted, and the number of acceptances can be estimated reliably.

(c) Operating expenses

Expenses from exchange transactions account for the majority of the Community's expenses. Expenses from exchange transactions arising from the purchase of goods and services are recognised when the supplies are delivered and accepted by the Community. All other expenses are recognised when the transaction or event causing the expense occurs.

NOTES (continued)

2. Summary of significant accounting policies (continued)

2.7 Expenses (continued)

(c) Operating expenses (continued)

Expenses from non-exchange transactions relate to transfers to beneficiaries and can be of three types: entitlements, transfers under agreement and discretionary grants, contributions and donations. Transfers are recognised as expenses in the period during which the events giving rise to the transfer occurred, as long as the nature of the transfer is allowed by or an agreement has been signed authorising the transfer; any eligibility criteria have been met by the beneficiary; and a reasonable estimate of the amount can be made. When a request for payment or cost claim is received and meets the recognition criteria, it is recognised as an expense for the eligible amount. At year-end, incurred eligible expenses due to the beneficiaries but not yet reported are estimated and recorded as accrued expenses.

2.8 Property, plant and equipment

On initial recognition, an item of property, plant and equipment that qualifies for recognition as an asset is recognised at cost. Where the asset is acquired through a non-exchange transaction, it is recognised at its fair value determined at the date of acquisition. Work-in-progress is valued on the basis of actual costs incurred on projects as at the reporting date.

After initial recognition, all property, plant and equipment except land are stated at historical cost less accumulated depreciation and impairment losses. Cost includes expenditure that is directly attributable to the acquisition, construction or transfer of the asset. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits or service potential associated with the item will flow to the Community and its cost can be measured reliably. All other repairs and maintenance are charged to the statement of financial performance during the financial period in which they are incurred.

Land is not depreciated as it is deemed to have an indefinite useful life. Buildings of the Community are stated at the cost less accumulated depreciation and impairment losses. Impairment assessments shall be conducted every year to ensure that the carrying amount does not differ materially from that which would be determined using fair value at the reporting date.

Assets in the course of construction are carried at cost less any recognised impairment loss. Cost includes professional fees and other costs directly attributable to the completion of the assets. Assets under construction (Work In Progress) are not depreciated as these assets are not yet available for use.

Depreciation on assets is charged on a straight-line basis over the useful life of the asset. Depreciation is charged at rates calculated to allocate the cost or valuation of the asset less any estimated residual value over its remaining useful life. The depreciation charge for each period is recognised in statement of financial performance.

NOTES (continued)

2. Summary of significant accounting policies (continued)

2.8 Property, plant and equipment (continued)

The estimated useful lives for the current and corresponding periods are as follows:

Asset type	Useful lives (years)
Land	Nil
Buildings	20
Motor vehicles	4
Computers	3
Office furniture and other equipment	5
Household furniture and other equipment	5

The assets' residual value and useful life are reviewed and adjusted if expectations differ from previous estimates at least at the end of each annual reporting date. An asset carrying amount is written down immediately to its recoverable amount, or recoverable service amount, if the assets carrying amount is greater than its estimated recoverable amount or recoverable service amount.

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation or depreciation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units).

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in statement of financial performance.

Borrowing costs (if any) incurred for the construction of any qualifying assets are capitalised during the period of time that is required to complete and prepare the asset for its intended use. Other borrowing costs are expensed.

The capitalisation policy threshold of the Community for assets acquired through exchange and non-exchange transactions is UA 3,000.00. However, items costing less than UA 3,000.00 are considered as Low Value Assets and written off in the year of acquisition.

The Community derecognizes items of property, plant and equipment and/or any significant part of an asset upon disposal or when no future economic benefits or service potential is expected from its continuing use. Any gain or loss arising on derecognition of the asset is included in the statement of financial performance.

The Community's property, plant and equipments are primarily non- cash generating assets.

NOTES (continued)

2. Summary of significant accounting policies (continued)

2.9 Intangible assets

Acquisition of intangible assets

Intangible assets acquired separately are initially recognized at cost. The cost of intangible assets acquired in a non-exchange transaction is their fair value at the date of the exchange. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and impairment losses.

The useful life of the intangible assets is assessed as either finite or indefinite. Intangible assets with a finite life are amortized over its useful life. Intangible assets with finite useful life are amortised over a period of 3 to 5 years. Intangible assets with a finite useful life are assessed for impairment whenever there is an indication that the asset may be impaired. The amortization period and the amortization method for an intangible asset with a finite useful life are reviewed at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortization period or method, as appropriate, and are treated as changes in accounting estimates. The amortization expense on an intangible asset with a finite life is recognized in statement of financial performance.

Where the useful lives of intangible assets are finite, the Community amortises intangible assets with a limited useful life using the straight-line method over the following periods:

Softwares	3- years
Other property rights	3- years

Intangible assets with indefinite useful lives are not amortized. The useful lives of intangible assets with indefinite useful lives are reviewed at each reporting period to determine whether events and circumstances continue to support their indefinite useful life assessment. Where they do not, the change in the useful life assessment from indefinite to finite are treated as changes in accounting estimates.

Acquisition of intangible assets

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the statement of financial performance when the asset is derecognized.

2.10 Related party

The related parties of the Community include ECOWAS Commission and its agencies, Community Commission of Justice, Community Parliament, West Africa Health Organisation (WAHO), and key and Principal management personnel.

The nature of the related party relationships, balances and transactions with related parties are disclosed in note 12 of the financial statements.

NOTES (continued)

2. Summary of significant accounting policies (continued)

2.11 Inventory

Inventory is recognised when it is probable that the future economic benefits will flow to the entity and the asset has a cost or value that can be measured reliably. Where inventory is acquired through non-exchange transactions (at no cost or at a nominal cost), the cost of the inventory is its fair value at the date of acquisition.

After initial recognition, inventories are measured at the lower of cost and net realizable value except where they are held for distribution or consumption in the production process of goods to be distributed at no charge or for a nominal charge. In this instance, the Community measure inventory at the lower of cost and current replacement cost. Inventories are recognized as an expense when deployed for utilization or consumption in the ordinary course of operations of the Community.

2.12 Accounts receivables/ recoverables

Receivable from exchange transactions are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method, less provision for impairment. A provision for impairment of receivables is established when there is objective evidence that the Community will not be able to collect all amounts due according to the original terms of the receivables.

Recoverables from non-exchange transactions comprises levy (and any penalties associated) as well as social benefit receivables that do not arise out of a contract. These recoverables are initially assessed at nominal amount or face value; that is, the receivable reflects the amount of levy owed, fine charged, or social benefit debt payable. These recoverables are subsequently adjusted for penalties as they are charged and tested for impairment. Interest and penalties charged on levy receivable are presented as tax revenue in the statement of financial performance.

2.13 Cash and cash equivalents

Cash and cash equivalents are financial instruments and include cash at hand, deposits held at call or at short notice with banks and other short-term highly liquid investments with original maturities of three months or less. For the purpose of the cash flow statement, cash and cash equivalents includes fixed deposits and placements made by the Community which have a maturity period of three months or less from the date of investing and repayable on demand.

2.14 Accounts payable and accrued liabilities

Accounts payable are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Accounts payable are recognised at fair value.

NOTES (continued)

2. Summary of significant accounting policies (continued)

2.15 Provisions, contingent liabilities and contingent assets

(a) Provisions

Provisions are recognized when the Community has a present obligation (legal or constructive) as a result of a past event and it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. The amount recognized as provision is the best estimate of the expenditure required to settle the obligation at the statement of financial position date.

(b) Contingent liabilities

The Community does not recognize a contingent liability but discloses details of any contingencies in the notes to the financial statements, unless the possibility of an outflow of resources embodying economic benefits or service potential is remote.

(c) Contingent assets

The Community does not recognize a contingent asset but discloses details of a possible asset whose existence is contingent on the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Community in the notes to the financial statements. Contingent assets are assessed continually to ensure that developments are appropriately reflected in the financial statements. If it has become virtually certain that an inflow of economic benefits or service potential will arise and the asset's value can be measured reliably, the asset and the related revenue are recognized in the financial statements of the period in which the change occurs.

2.16 Financial instruments

(a) Financial assets

(i) Initial recognition and measurement

Financial assets within the scope of IPSAS 29 Financial Instruments: Recognition and Measurement are recognised at fair value and subsequently classified as loans and receivables, held to maturity investments, available for sale financial assets or financial assets at fair value through surplus or deficit.

(ii) Subsequent measurement of financial assets

The classification of financial instruments at initial recognition depends on the purpose for which the financial instruments were acquired and their characteristics.

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NOTES (continued)

2. Summary of significant accounting policies (continued)

2.16 Financial instruments (continued)

(ii) Subsequent measurement of financial assets (continued)

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. The Community's loans and receivables comprise recoverable from Member States, receivables from staff loans, advance and interest on investments. Loans and receivables are initially recognised at fair value including any direct transaction costs. They are subsequently measured at amortized cost using the effective interest method less provision for impairment. The accounts receivables or recoverables, borrowings and cash and cash equivalents of the Community are classified as loans and receivables.

Held-to-maturity investments

These are non-derivative financial assets with fixed or determinable payments and fixed maturity that the Community has the positive intention and ability to hold to maturity. The Community classifies investment in fixed deposits as held-to-maturity investments. They are initially recognised at fair value plus direct transaction costs and subsequently measured at amortised cost using the effective interest rate method.

Available-for-sale financial assets

They are non-derivative financial assets that are designated as available for sale or are not classified as loans and receivables, held-to-maturity investments or financial assets at fair value through surplus or deficit. Available-for-sale financial assets comprise of investment in shares and other quoted securities.

They are initially measured at fair value including any direct transaction costs and subsequently measured at fair value. Fair value of available for sale investments are determined with reference to quoted prices in an active stock market. The Community does not hold any financial assets classified as Available-for-sale at the reporting date.

Financial assets at fair value through surplus or deficit

These are financial assets held for the purpose of selling in the short term. Financial assets at fair value through surplus or deficit are initially recognised at fair value and changes are recognised in the statement of financial performance. The Community does not hold any financial assets classified as fair value through surplus or deficit at the reporting date.

NOTES (continued)

2. Summary of significant accounting policies (continued)

2.16 Financial instruments (continued)

(iii) Derecognition

The Community derecognizes a financial asset or, where applicable, a part of a financial asset or part of a group of similar financial assets when: the rights to receive cash flows from the asset have expired or is waived by the Community has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party; and either: (a) the Community has transferred substantially all the risks and rewards of the asset; or (b) the Community has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

(b) Financial Liabilities

(i) Initial recognition and measurement

All financial liabilities are recognized initially at fair value. Financial liabilities within the scope of IPSAS 29 are classified as financial liabilities at fair value through surplus or deficit or other financial liabilities at amortised cost.

(ii) Subsequent measurement of financial liabilities

Financial liabilities at fair value through surplus or deficit

Financial liabilities at fair value through surplus or deficit include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through surplus or deficit. Financial liabilities are classified as held for trading if they are acquired for the purpose of selling in the near term. This category includes derivative financial instruments entered into by the Community that are not designated as hedging instruments in hedge relationships as defined by IPSAS 29. Gains or losses on liabilities held for trading are recognized in statement of financial performance

Other financial liabilities at amortised cost

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

(iii) Derecognition

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognized in statement of financial performance.

NOTES (continued)

2. Summary of significant accounting policies (continued)

2.16 Financial instruments (continued)

(c) Determination of fair value

For financial instruments traded in active markets, the determination of fair values of financial instruments is based on quoted market prices or dealer price quotations. This includes listed equity securities and quoted debt instruments on major exchanges.

A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. If the above criteria are not met, the market is regarded as being inactive. Indicators that a market is inactive are when there is a wide bid-offer spread or significant increase in the bid-offer spread or there are few recent transactions.

For all other financial instruments, fair value is determined using valuation techniques. In these techniques, fair values are estimated from observable data in respect of similar financial instruments, using models to estimate the present value of expected future cash flows or other valuation techniques, using inputs existing at the reporting dates.

The Community uses widely recognised valuation models for determining fair values of non-standardised financial instruments of lower complexity, such as options or interest rate and currency swaps. For these financial instruments, inputs into models are generally market-observable.

The output of a model is always an estimate or approximation of a value that cannot be determined with certainty, and valuation techniques employed may not fully reflect all factors relevant to the positions the Community holds. Valuations are therefore adjusted, where appropriate, to allow for additional factors including model risks, liquidity risk and counterparty credit risk. Based on the established fair value model governance policies, related controls and procedures applied, management believe that these valuation adjustments are necessary and appropriate to fairly state the values of financial instruments carried at fair value. Price data and parameters used in the measurement procedures applied are generally reviewed carefully and adjusted, if necessary – particularly in view of the current market developments.

In cases when the fair value of unlisted equity instruments cannot be determined reliably, the instruments are carried at cost less impairment. The fair values of contingent liabilities and irrevocable loan commitments correspond to their carrying amounts.

(d) Offsetting financial instruments

Netting, where financial assets and liabilities are offset and the net amount reported in the statement of financial position, occurs if, and only if, there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis, or to realise an asset and settle the liability simultaneously. In many cases, even though master netting agreements are in place, the lack of an intention to settle on a net basis results in the related assets and liabilities being presented gross in the statement of financial position.

NOTES (continued)

2. Summary of significant accounting policies (continued)

2.16 Financial instruments (continue)

(e) Impairment of financial assets

Assets carried at amortised cost

The Community assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets are impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

Where there is objective evidence that an impairment loss on loans and receivables or held-to-maturity investments carried at amortized cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognised in statement of financial performance.

Assets carried at amortised cost (continued)

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized (such as an improvement in the debtor's credit rating), the previously recognized impairment loss is reversed and the amount of the reversal is recognised in statement of financial performance .

Available-for-sale financial instruments

For available-for-sale financial instruments, the Community assesses at each reporting date whether there is objective evidence that an investment or a group of investments is impaired. In the case of equity instruments classified as available-for-sale, a significant or prolonged decline in the fair value of the security below its cost is considered objective evidence in determining whether impairment exists. Where such evidence exists, the cumulative net loss that has been previously recognised directly in equity is removed from equity and recognised in the statement of financial performance. Reversals of impairment of equity shares are not recognised in statement of financial performance. Increases in the fair value of equity shares after impairment are recognised directly in equity.

In the case of debt instruments classified as available-for-sale, impairment is assessed based on the same criteria as all other financial assets. Interest continues to be accrued at the original effective interest rate on the reduced carrying amount of the asset and is recorded as part of Interest Income. Reversals of impairment of debt securities are recognised in the statement of financial performance if in a subsequent year, the fair value of the debt instrument increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in statement of financial performance.

NOTES (continued)

3. Financial risk management

(a) Overview of the Commission's risk management

The Community's activities involve taking on risks in a targeted manner and managing them professionally. The core functions of the Community's risk management are to identify all key risks, measure these risks, manage the risk positions and determine capital allocations. The Community regularly reviews its risk management policies and systems to reflect changes in the economies of member states and best practice. The Community's aim is to achieve an appropriate balance between risk and return and minimise potential adverse effects on its financial performance. The specific risk areas covering financial management which have been identified as requiring adequate monitoring and assessment include:

Funding

- Potential future change in Community funding policy;
- Infrastructure funding requiring commitments and financial inputs from member states and Governments; and
- Funders/Development partners renegeing on commitments for projects and developments.

Financial

- Inadequate financial strategy;
- Poorly devolved financial control;
- Investments;
- Fraud and theft; and
- Compliance with legal and governance requirements.

Property and related items

- Crime;
- Maintenance backlog;
- Service breakdown – electricity and water; and
- Insurance adequacy.

Human resources

- Attract and retain employees;
- Labour relations;
- Health and safety; and
- Funding of gratuities and pensions

Member states and related issues

- Collection of community levy.
- Non-adherence to the Protocol

Information technology

- Disaster recovery and losses due to changes to the IT environment; and
- Overdependence on individuals, both internal and external.

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NOTES (continued)

(All amounts in the notes are in Unit of Account unless otherwise stated)

3. Financial risk management (continued)

(b) Risk management structure

The Chief Executive Officer (President of ECOWAS) with other Commissioners have overall responsibility for the establishment and oversight of the Community's risk management. The Community's risk management policies are established to identify and analyse the risks faced by the Community, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. The Community aims to develop a disciplined and constructive control environment, in which all employees understand their roles and obligations. Through its risk management structure, the Community seeks to manage efficiently the core risks which affects its operations as a regional economic bloc.

(i) Credit risk management

Credit risk is the risk of suffering financial loss, should any Member State or market counterparties fail to fulfil their contractual obligations to the Community. Credit risk arises from cash and cash equivalents and deposits with banks and financial institutions as well as credit exposures to member states including outstanding community levy recoverable and committed transactions. The Community manages its credit risk by ensuring that it only transacts with reputable well-established financial institutions and constantly follows up on its recoverable for payments to be made.

The Community's maximum exposure to credit risk at the end of the reporting date is as follows:

	31-Dec-21	31-Dec-20
Cash and cash equivalents (excluding bank overdrafts)	294,470,170	192,324,147
Investments	243,633	225,299
Due from representation offices	3,083,770	2,664,823
Recoverables from non-exchange	123,526,913	127,843,359
Accounts receivable (recoverables) excluding prepayments	<u>9,007,828</u>	<u>10,320,006</u>
	<u>430,332,314</u>	<u>333,377,634</u>

The Community has no credit risk exposures relating to off balance sheet items.

At 31 December 2021, the Community's credit exposures on accounts receivable/recoverables were categorised as follows:

- Exposures that are neither past due nor impaired;
- Exposures that are past due but not impaired; and
- Individually impaired facilities.

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NOTES (continued)

(All amounts in the notes are in Unit of Account unless otherwise stated)

3. Financial risk management (continued)

(i) Credit risk management (continued)

The balances for accounts receivable and recoverable category have been analysed below:

	31-Dec-21	31-Dec-20
Neither past due nor impaired	135,485,736	140,828,188
Past due but not impaired		-
Individually impaired		-
Gross	135,485,736	140,828,188
Less allowance for impairment		
Net amount		
Past due but not impaired	135,485,736	140,828,188

No accounts receivable and recoverable were past due but not impaired at the reporting date.

Individually impaired facilities

No accounts receivable was impaired at the reporting date.

Other receivables do not contain impaired assets and are not past due. Based on the credit history of these other classes, it is expected that these amounts will be received when due.

(ii) Liquidity risk

Liquidity risk is the risk that the Community will not be able to meet its financial obligations as they fall due. The Community manages liquidity risk by maintaining adequate cash reserves. Prudent liquidity risk management includes maintaining sufficient cash balances for the payment of obligations as they fall due. Management performs cash flow forecasting for the Community's liquidity requirements on monthly basis to ensure it has sufficient cash to meet its operational needs. In addition, the Community's liquidity management policy involves projecting cash flows in major currencies and considering the level of liquid assets required to meet these obligations, monitoring balance sheet liquidity ratios against best practice, internal and external regulatory requirements and maintaining debt financing plans.

The table below presents the amounts payable by the Community under non-derivative financial liabilities and assets held for managing liquidity risk. The amounts disclosed in the table are the contractual undiscounted cash flows.

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NOTES (continued)

(All amounts in the notes are in Unit of Account unless otherwise stated)

3 Financial risk management (continued)

(ii) Liquidity risk (continued)

At 31 December 2021

	0-3 months UA	03-Jun months UA	06-Dec months UA	Over 12 months UA	Total UA
Accounts payable and accrued liabilities	20,753,570			10,302,310	31,055,880
Employee benefit obligation	5,283,825			18,906,788	24,190,613
Restricted funds	-	-	-	64,485,519	64,485,519
Total liabilities	26,037,395	-	-	93,694,617	119,732,012
Assets					
Cash and cash equivalents	294,470,170	-	-	-	294,470,170
Total assets held for managing liquidity risk	294,470,170	-	-	-	294,470,170
Net position	268,432,775	-	-	(93,694,617)	174,738,158

At 31 December 2020

	0-3 months UA	03-Jun months UA	06-Dec months UA	Over 12 months UA	Total UA
Liabilities					
Accounts payable and accrued liabilities	25,415,618	-	-	12,616,605	38,032,223
Employee benefit obligation	5,172,161	-	-	17,724,155	22,896,316
Restricted funds	-	-	-	59,271,621	59,271,621
Total liabilities	30,587,779	-	-	89,612,381	120,200,160
Assets					
Cash and cash equivalents	192,324,147	-	-	-	192,324,147
Total assets held for managing liquidity risk	192,324,147	-	-	-	192,324,147
Net position	161,736,368	-	-	(89,612,381)	72,123,987

NOTES (continued)

(All amounts in the notes are in Unit of Account unless otherwise stated)

3 Financial risk management (continued)

(ii) Liquidity risk (continued)

Assets held for managing liquidity risk

The Community holds a diversified portfolio of cash to support payment obligations and contingent funding in a stressed market environment. The Community's assets held for managing liquidity risk comprise cash and balances and placements (investments).

(ii) Market risk

The Community takes on exposure to market risks, which is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risks arise from open positions in interest rate and currency rates, all of which are exposed to general and specific market movements and changes in the level of volatility of market rates or prices such as interest rates and foreign exchange rates. The objective of market risk measurement is to manage and control market risk exposures within acceptable limits while optimising the return on risk.

Foreign exchange risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. The positions of currencies held are monitored on a periodic basis. The objective of monitoring the position in foreign currency is to manage foreign exchange risk due to movements in rates as well as changes in liquidity positions. The Community's policy to manage foreign exchange risk is to hold foreign currency bank accounts for foreign denominated transactions. The Community's exposure results from the following currencies; Canadian Dollar, Cedis, Dalasi, Escudo, Euro, Franc CFA, Guinean Franc, Leones, Liberian Dollar, Naira, Pound Sterling, US Dollar.

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NOTES (continued)

(All amounts in the notes are in Unit of Account unless otherwise stated)

3 Financial risk management (continued)

(iii) Market risk (continued)

Foreign exchange risk (continued)

Included in the table below are assets and liabilities at carrying amounts categorised by currency:

At 31 December 2021

	XOF	USD	NGN	EUR	CVE	GNF	SLL	GMD	GHC	UA	Total
Assets											
Cash and cash equivalents	138,875,018	94,335,320	2,978,558	38,378,276	89,311	7,070,521	277,060	1,630,920	8,361,065	2,474,121	294,470,170
Recoverables from non-exchange Due from representation offices	-	-	-	-	-	-	-	-	-	123,526,913	123,526,913
Accounts receivables and prepayments	-	9,333	-	-	-	-	-	-	-	3,074,437	3,083,770
Inventory	10,681,354	11,455,039	13,971,945	66,488	8,349	-	-	-	-	2,652,039	38,835,214
Property, plant and equipment	-	-	155,080	-	-	-	-	-	-	4,510,196	4,665,276
Intangible assets	-	-	-	-	-	-	-	-	-	45,371,376	45,371,376
Investments	-	-	-	-	-	-	-	-	-	76,819	76,819
	243,633	-	-	-	-	-	-	-	-	-	243,633
Total assets	149,800,005	105,799,692	17,105,583	38,444,764	97,660	7,070,521	277,060	1,630,920	8,361,065	181,685,901	510,273,171
Accounts payable and accrued liabilities	4,384,441	248,591	9,499,733	519,449	4,798	-	-	-	170,648	16,228,220	31,055,880
Employee benefit obligation	123,005	374,089	-	-	-	-	-	-	-	23,693,519	24,190,613
Deferred income	4,007,560	36,633,565	2,273,705	20,962,486	23,894	-	-	-	544,246	40,063	64,495,456
Total liabilities	8,515,006	37,256,245	11,773,438	21,481,935	28,692	-	-	-	714,894	39,961,802	119,731,012
Net on statement of financial position	141,284,999	68,543,447	5,332,145	16,962,829	68,968	7,070,521	277,060	1,630,920	7,646,171	141,724,099	390,541,159

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NOTES (continued)

(All amounts in the notes are in Unit of Account unless otherwise stated)

3 Financial risk management (continued)

(iii) Market risk (continued)

Foreign exchange risk (continued)

Included in the table below are assets and liabilities at carrying amounts categorised by currency:

At 31 December 2020

	XOF	USD	NGN	EUR	CVE	GNF	SLL	GMD	GHC	UA	Total
Assets											
Cash and cash equivalents	84,882,829	56,332,726	2,867,375	41,701,343	148,403	148,985	2,801,518	432,462	2,624,413	384,093	192,324,147
Investments	225,299										225,299
Recoverables from non-exchange	-	-	-	-	-	-	-	-	-	127,843,359	127,843,359
Due from representation offices	-	-	-	-	-	-	-	-	-	2,664,823	2,664,823
Accounts receivables and prepayments	10,714,387	10,855,069	9,740,007	-	2,109	-	-	-	-	3,641,817	34,953,389
Inventory	15,006	-	158,997	-	-	-	-	-	-	2,545,310	2,719,313
Property, plant and equipment	-	-	-	-	-	-	-	-	-	45,426,123	45,426,123
Intangible assets	-	-	-	-	-	-	-	-	-	156,145	156,145
Total assets	95,837,521	67,187,795	12,766,379	41,701,343	150,512	148,985	2,801,518	432,462	2,624,413	182,661,670	406,312,598
Accounts payable and accrued liabilities	10,015,386	-	14,713,237	1,096,860	223,963	-	-	-	147,917	11,834,859	38,032,222
Employee benefit obligation	-	-	-	-	-	-	-	-	-	22,896,317	22,896,317
Deferred income	5,399,547	12,949,263	2,397,733	38,021,371	29,040	-	-	-	388,059	86,608	59,271,621
Total liabilities	15,414,933	12,949,263	17,110,970	39,118,231	253,003	-	-	-	535,976	34,817,784	120,200,160
Net on statement of financial position	80,422,588	54,238,532	-4,344,591	2,583,112	-102,491	148,985	2,801,518	432,462	2,088,437	147,843,886	286,112,438

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for the year ended 31 December 2021

NOTES (continued)

(All amounts in the notes are in Unit of Account unless otherwise stated)

3 Financial risk management (continued)

(iii) Market risk (continued)

Foreign exchange risk (continued)

The Community's principal foreign currency exposures are to the XOF, Cedis, Dalasi, GNF, Leone, LBD, USD, NGN and EUR. The table below illustrates the hypothetical sensitivity of reported surplus to a 15% (2020: 15%) decrease in the value of the Unit of Account against these foreign currencies at the year end, assuming all other variables remain unchanged. The sensitivity rate of 15% represents the Community's assessment of a reasonably possible change, based on historic volatility.

UA weakens by 15%

Impact on statement of financial performance

	31-Dec-21	31-Dec-20
XOF	21,192,750	12,063,388
USD	10,281,517	8,135,780
NGN	799,822	(651,689)
EUR	2,544,424	387,467
CVE	10,345	(15,374)
GNF	1,060,578	22,348
SLL	41,559	420,228
GMD	244,638	64,869
GHC	1,146,926	313,265

Year-end exchange rates applied in the above analysis is disclosed in Note 2.4 (b) above. The strengthening of the Unit of Account will produce symmetrical results.

Economic Community of West African States
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for the year ended 31 December 2021

NOTES (continued)

(All amounts in the notes are in Unit of Account unless otherwise stated)

3 Financial risk management (continued)

(iv) Interest rate risk

Interest rate risk arises from possible impact of changes in the interest rates on the value of financial instruments. The Community does not have assets and liabilities that are materially dependent on interest rate levels therefore, management believes that the Community has no exposure to interest rate risk.

4. Fair value hierarchy

IPSAS 29 specifies a hierarchy of valuation techniques based on whether the inputs to those valuation techniques are observable or unobservable. Observable inputs reflect market data obtained from independent sources; unobservable inputs reflect the Community's market assumptions. These two types of inputs have created the following fair value hierarchy:

- **Level 1** – Quoted prices (unadjusted) in active markets for identical assets or liabilities. This level includes listed equity securities (for example, Stock Exchanges).
- **Level 2** – Inputs are quoted prices for the asset or liability, (other than those included in Level 1) that are observable either directly (that is, as prices) or indirectly (that is, derived from prices).
- **Level 3** – Inputs for the asset or liability that are not based on observable market data (unobservable inputs). This level includes equity investments and debt instruments with significant unobservable components. Property, plants and equipments of the Community were valued using the level 3 fair value hierarchy.

This hierarchy requires the use of observable market data when available. The Community considers relevant and observable market prices in its valuations where possible.

5. Critical accounting judgments, estimates and assumptions

The preparation of financial statements in conformity with IPSAS requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various factors that are believed to be reasonable under the circumstances, the results of which form the basis for making the judgement about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are disclosed below.

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Financial statements
for the year ended 31 December 2021

NOTES (continued)

(All amounts in the notes are in Unit of Account unless otherwise stated)

6. Critical accounting judgments, estimates and assumptions (continued)

6.1 Fair value of financial instruments

Where the fair value of financial assets and financial liabilities recorded in the statement of financial position cannot be derived from active markets, their fair value is determined using valuation techniques including the discounted cash flow model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, judgment is required in establishing fair values. Judgment includes the consideration of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

6.2 Held-to-maturity instruments

In accordance with IPSAS 29, the Community classifies some non-derivative financial assets with fixed or determinable payments and fixed maturity as held-to-maturity. This classification requires significant judgement. In making this judgement, the Community evaluates its intention and ability to hold such investments to maturity. If the Community were to fail to keep these investments to maturity other than for the specific circumstances – for example, selling an insignificant amount close to maturity – the Community is required to reclassify the entire category as available-for-sale. Accordingly, the investments would be measured at fair value instead of amortised cost.

7. Cash and cash equivalents

	31-Dec-21	31-Dec-20
Cash in hand	2,414,275	58,609
Cash at bank	283,173,266	183,569,429
Gratuities investment	5,266,999	5,506,632
Short-term investment	<u>3,615,630</u>	<u>3,189,477</u>
	<u>294,470,170</u>	<u>192,324,147</u>

i. Classification as cash equivalents

Investments are presented as cash equivalents if they have a maturity of three months or less from the date of investing and repayable on demand. See note 2.13 for the institution's other accounting policies on cash and cash equivalents.

ii. Restricted cash

The cash and cash equivalents disclosed above and in the statement of cash flows include **UA 64,485,519** (2020: UA 59,271,621) which are held by ECOWAS Institutions and Agencies restricted for specific purposes.

Economic Community of West African States
Financial statements
for the year ended 31 December 2021

NOTES (continued)

(All amounts in the notes are in Unit of Account unless otherwise stated)

8. Short term investments

	31-Dec-21	31-Dec-20
Other short term investments	<u>243,633</u>	<u>225,299</u>

9. Account receivables & prepayments

	31-Dec-21	31-Dec-20
Advances for meetings/conferences & other activities	8,264,402	8,512,332
Salary advances	108,747	72,883
Advances to suppliers/contractors	14,814,283	10,567,259
Provisions for advances	29,465	29,465
Donor prefinance	719,926	1,737,750
Pension prefinance	123,139	123,139
Staff medical prefinance	594,169	587,557
Rent prepayments	286,741	310,332
Transport prepayments	60,935	287,272
Insurance prepayments	339,663	-
Stock Advance to Member States	8,287,902	8,478,820
Prepayments	1,697,634	2,630,317
Sundry receivables	3,508,208	1,616,263
Other advances	<u>-</u>	<u>-</u>
	<u>38,835,214</u>	<u>34,953,389</u>

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NOTES (continued)

(All amounts in the notes are in Unit of Account unless otherwise stated)

10. Recoverables from non-exchange

Community Levy recoverable	272,838	-
Recoverable from non-Ecowas member states	-	70,280
Member States Community Levy Receivables****	484,327,447	488,916,731
Member States Contributions Receivables	4,468,452	4,398,172
Provision for doubtful contribution (Nigeria, Cape Verde, Guinea Conakry, Guinea Bisau)	<u>(365,541,824)</u>	<u>(365,541,824)</u>
	<u>123,526,913</u>	<u>127,843,359</u>

Member States Community Levy Receivables**

Benin	18,926,797	10,946,929
Burkina Faso	6,600,959	5,905,051
Carbo Verde	25,547,097	24,189,024
Cote D'Ivoire	2,009,302	1,197,338
Guinea Conakry	13,545,563	10,286,021
Guinea Bissau**	(132,059)	1,028,273
Gambia**	(44,865)	12,554
Ghana	1,357,401	5,946,926
Liberia	9,491,201	7,469,191
Mali**	(4,838,998)	2,111,396
Niger	602,701	115,956
Nigeria	403,055,449	381,444,482
Senegal	7,724,616	38,028,040
Sierra Leone	236,109	43,513
Togo	<u>246,174</u>	<u>192,037</u>
	<u>484,327,447</u>	<u>488,916,731</u>

* The negative balance of these countries is as a result of overpayment of contributions arrears due.

11. Due from representation offices

Due from representative offices	<u>3,083,770</u>	<u>2,664,823</u>
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This relates to advances given to Representation offices in ECOWAS member states and not accounted for as at year end.

Economic Community of West African States
Financial statements
for the year ended 31 December 2021

NOTES (continued)

(All amounts in the notes are in Unit of Account unless otherwise stated)

12. Related party disclosures

12.1 Transactions with related party

The following transactions were carried out with related parties:

i. Community Levy allocations

	31-Dec-21	31-Dec-20
ECOWAS Commission	76,240,821	60,235,610
West African Health Organisation	6,511,073	6,098,515
Parliament	13,215,486	7,373,504
Community Court of Justice	14,192,151	8,155,998
GIABA	5,650,067	5,723,206
Water Resource Centre	206,502	-
ECOWAS Regional Centre for Renewable Energy & Energy Efficiency	577,687	809,833
ECOWAS Regional Electricity Regulatory Authority	1,459,040	947,243
ECOWAS Gender Development Centre	379,694	572,030
ECOWAS Project Preparation and Development Unit	267,575	447,115
ECOWAS Regional Agency for Agriculture and Food	310,288	355,595
ECOWAS Youth Sports Development Centre	561,581	507,222

12.2 Key management personnel remuneration

Key management personnel are defined as persons having authority and responsibility for planning, directing and controlling the activities of the Community and comprise the President, Vice President and all other Commissioners. Below are consolidated benefits of the key management.

	31-Dec-21	31-Dec-20
Emoluments of key management personnel	2,250,904	3,111,436

13. Inventory

Office Stationery	189,487	176,127
Computer related items	109,612	98,985
Fuel & Lubricants	-	-
Vehicle Spares	9,206	9,206
Conference Supplies	347	347
Electrical stocks	6,774	6,774
Office Maintenance	10,919	8,688
Medical Stocks	3,984	3,984
Cereal stocks	<u>4,334,947</u>	<u>2,415,202</u>
	<u>4,665,276</u>	<u>2,719,313</u>

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NOTES (continued)

(All amounts in the notes are in Unit of Account unless otherwise stated)

14. Property, plant and equipment

Year ended 31 December 2021	Motor Vehicle	Office Equipment	Furniture	Household Furniture/Machines	Computers	IT Equipments	Software	Land	Buildings	Land and Building	CWIP	Total
Cost/Revaluation		-										
At 1 January	5,671,245	2,332,572	539,365	38,327	1,185,285	47,867	76,040	4,813,060	15,889,787	49,893,483	1,950,065	82,437,094
Additions	387,247	1,200,912	-	479,462	22,512	49,307	-	-	49,049	-	28,647	2,217,136
Disposals	-	-	-	-	-	-	-	-	-	-	-	-
At 31 December	<u>6,058,492</u>	<u>3,532,484</u>	<u>539,365</u>	<u>517,789</u>	<u>1,207,797</u>	<u>97,174</u>	<u>76,040</u>	<u>4,813,060</u>	<u>15,938,836</u>	<u>49,893,483</u>	<u>1,978,712</u>	<u>84,654,230</u>
Accumulated Depreciation												
At 1 January	3,776,666	1,931,582	511,699	36,566	1,045,079	21,828	76,040	-	4,834,942	24,776,568	-	37,010,970
Charge for the year	715,162	267,658	18,436	77,507	48,564	9,811	-	-	788,817	345,928	-	2,271,884
Disposals	-	-	-	-	-	-	-	-	-	-	-	-
At 31 December	<u>4,491,828</u>	<u>2,199,240</u>	<u>530,135</u>	<u>114,073</u>	<u>1,093,643</u>	<u>31,639</u>	<u>76,040</u>	<u>-</u>	<u>5,623,759</u>	<u>25,122,496</u>	<u>-</u>	<u>39,282,854</u>
Net book value	<u>1,566,663</u>	<u>1,334,244</u>	<u>9,230</u>	<u>403,716</u>	<u>114,154</u>	<u>65,534</u>	<u>-</u>	<u>4,813,060</u>	<u>10,315,077</u>	<u>24,770,987</u>	<u>1,978,712</u>	<u>45,371,376</u>

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NOTES (continued)

(All amounts in the notes are in Unit of Account unless otherwise stated)

14. Property, plant and equipment

Year ended 31 December 2020	Motor Vehicle	Office Equipment	Furniture	Household Furniture/Machines	Computers	IT Equipments	Software	Land	Buildings	Land and Building	CWIP	Total
Cost/Revaluation												
At 1 January	4,411,336	2,191,614	629,289	38,255	1,175,407	46,006	76,040	4,813,060	15,838,447	49,893,483	66,241	79,179,178
Additions	1,259,909	38,645	12,387	72	9,878	1,860	-	-	51,341	-	1,883,824	3,257,916
Disposals	-	-	-	-	-	-	-	-	-	-	-	-
At 31 December	<u>5,671,245</u>	<u>2,230,259</u>	<u>641,676</u>	<u>38,327</u>	<u>1,185,285</u>	<u>47,866</u>	<u>76,040</u>	<u>4,813,060</u>	<u>15,889,788</u>	<u>49,893,483</u>	<u>1,950,065</u>	<u>82,437,094</u>
Accumulated Depreciation												
At 1 January	3,240,255	1,712,201	522,942	31,963	936,602	16,488	76,040	-	4,048,064	24,412,055	-	34,996,610
Charge for the year	536,411	178,032	30,106	4,603	108,477	5,340	-	-	786,879	364,512	-	2,014,360
Disposals	-	-	-	-	-	-	-	-	-	-	-	-
At 31 December	<u>3,776,666</u>	<u>1,890,233</u>	<u>553,048</u>	<u>36,566</u>	<u>1,045,079</u>	<u>21,828</u>	<u>76,040</u>	<u>-</u>	<u>4,834,943</u>	<u>24,776,567</u>	<u>-</u>	<u>37,010,970</u>
Net book value	<u>1,894,579</u>	<u>340,026</u>	<u>88,628</u>	<u>1,761</u>	<u>140,206</u>	<u>26,038</u>	<u>-</u>	<u>4,813,060</u>	<u>11,054,845</u>	<u>25,116,916</u>	<u>1,950,065</u>	<u>45,426,124</u>

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NOTES (continued)

(All amounts in the notes are in Unit of Account unless otherwise stated)

15. Intangible assets

Year ended 31 December 2021

	Softwares & Other property rights	Total
Cost/Revaluation		
At 1 January	3,823,165	3,823,165
Additions	-	-
At 31 December	<u>3,823,165</u>	<u>3,823,165</u>
Accumulated Depreciation		
At 1 January	3,667,020	3,667,020
Charge for the year	79,326	79,326
Disposals	-	-
At 31 December	<u>3,746,346</u>	<u>3,746,346</u>
Net book amount		
At 31 December	<u>76,819</u>	<u>76,819</u>

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NOTES (continued)

(All amounts in the notes are in Unit of Account unless otherwise stated)

Year ended 31 December 2020

	Softwares & Other property rights	Total
Cost/Revaluation		
At 1 January	3,823,165	3,823,165
Additions	-	-
At 31 December	<u>3,823,165</u>	<u>3,823,165</u>
Accumulated Depreciation		
At 1 January	3,461,926	3,461,926
Charge for the year	205,094	205,094
Disposals	-	-
At 31 December	<u>3,667,020</u>	<u>3,667,020</u>
Net book amount		
At 31 December	<u>156,145</u>	<u>156,145</u>

15.1 Assets pledged as security

No facility is secured over the Community's property, plants and equipment as at the reporting date.

15.2 Valuation of lands and buildings

Lands and buildings controlled by the Community for which cost information was readily not available were valued by independent valuers and used as the deemed cost. The amounts determined by the valuers as deemed cost of assets were credited to the statement of changes in net assets.

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NOTES (continued)

(All amounts in the notes are in Unit of Account unless otherwise stated)

15.3 Fair value hierarchy

The fair value hierarchy note explains the judgements and estimates made in determining the fair values of the lands and buildings that are recognised and measured at fair value in the financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the Community has classified its valuation into the three levels below:

Level 1: valuation based on quoted prices

Level 2: valuation based on observable market data

Level 3: valuation not based on observable market data

The Community 's buildings are measured at fair value and are classified under level 3 of the fair value hierarchy.

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NOTES (continued)

(All amounts in the notes are in Unit of Account unless otherwise stated)

	31-Dec-2021	31-Dec-2020
16. Accounts payable and accrued liabilities		
Vendors	9,466,082	13,087,188
Staff payables	2,651,447	2,190,497
Member States Payable	10,284,964	6,540,663
Donor vendors	462,748	1,096,860
Other payables	3,396,604	11,487,188
Restricted funds	-	-
Pension deductions payable	32,557	32,557
Payable to ECOWAS National Units	4,161,154	3,597,270
Payable to ECOWAS Institutions	<u>600,324</u>	<u>-</u>
	<u>31,055,880</u>	<u>38,032,223</u>
17. Employee benefit obligation		
a) Current Employee benefit obligation		
Pension deductions payable	1,269,757	1,433,815
Accrued leave obligations	3,503,130	3,153,612
Separation allowance obligations	<u>510,938</u>	<u>584,734</u>
	<u>5,283,825</u>	<u>5,172,161</u>
b) Non-current Employee benefit obligation		
Pension deductions payable	747,268	742,388
Accrued leave obligations	805,796	742,163
Separation allowance obligations	17,287,455	16,123,357
Contract staff gratuity payable	<u>66,269</u>	<u>116,247</u>
	<u>18,906,788</u>	<u>17,724,155</u>
	<u>24,190,613</u>	<u>22,896,316</u>

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NOTES (continued)

(All amounts in the notes are in Unit of Account unless otherwise stated)

18. Restricted funds

Year ended 31 December 2021

Fund type	At 1 January	Inflows during the year	Refunds	Translation gain/(loss)	Outflows during the year	At 31 December
Restricted funds	56,873,889	44,886,329	(2,148,225)	-	(37,395,572)	62,216,421
Deferred income	2,397,732	27,818	-	(156,452)	-	2,269,098
Deferred capital grant	-	-	-	-	-	-
Total	<u>59,271,621</u>	<u>44,914,147</u>	<u>(2,148,225)</u>	<u>(156,452)</u>	<u>(37,395,572)</u>	<u>64,485,519</u>

Year ended 31 December 2020

Fund type	At 1 January	Inflows during the year	Refunds	Translation gain/(loss)	Outflows during the year	At 31 December
Restricted funds	48,527,806	55,921,937	(141,503)	-	(47,434,352)	56,873,888
Deferred income	3,006,436	41,935	-	(650,638)	-	2,397,733
Deferred capital grant	131,699	-	-	-	(131,699)	-
Total	<u>51,665,941</u>	<u>55,963,872</u>	<u>(141,503)</u>	<u>(650,638)</u>	<u>(47,566,051)</u>	<u>59,271,621</u>

Economic Community of West African States
Financial statements
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NOTES (continued)

(All amounts in the notes are in Unit of Account unless otherwise stated)

19. Community Levy and member states contributions	31-Dec-21	31-Dec-20
Community Levy	<u>256,029,609</u>	<u>184,912,014</u>
20. Donor contributions		
Contributions from Donors **	41,990,718	47,435,632
Stock donations	<u>3,071,008</u>	<u>760,784</u>
	<u>45,061,726</u>	<u>48,196,416</u>
**This represents total grant expenses deemed as revenue for the year (Note 18)		
21. Revenue from other non-exchange transactions		
Amortisation of grant	-	87,495
Office Rent paid by Host Nation	68,621	67,137
COVID-19 Support to WAHO	-	1,416,531
Capital Grants released	<u>-</u>	<u>44,202</u>
	<u>68,621</u>	<u>1,615,365</u>
22. Revenue from other exchange transactions		
Interests and Gains	1,784,100	1,177,642
Miscellaneous (sale of publications, gains on disposal of assets, other)	<u>3,244,075</u>	<u>7,704,104</u>
	<u>5,028,175</u>	<u>8,881,746</u>

Economic Community of West African States
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NOTES (continued)

(All amounts in the notes are in Unit of Account unless otherwise stated)

23. Program expenses	31-Dec-21	31-Dec-20
Salaries & Allowances	34,753,687	37,062,015
Other Staff Benefits	21,760,881	21,494,057
Staff Development	572,141	604,705
Non-Employee Compensation & Allowances	6,282,980	9,363,299
Consultancies & Fees	14,027,804	12,757,457
Language services	1,748,428	1,057,310
Travels, Meetings & Conferences	27,347,136	18,968,575
Communication	1,424,721	1,524,443
Maintenance	5,381,260	5,383,237
Other Operating Expenses	4,837,687	9,876,806
Finance Costs	884,074	696,043
Peace Operations Logistics	406,101	533,024
Office rent	68,621	67,137
Doubtful debt expense	-	133,693,156
Troop Allowances	16,256,026	10,108,461
Refund of prepaid expenses to Commission	-	1,235,566
Subventions & Assistance to Member States	34,573,917	33,733,646
Community levy transfers to other agencies	461,796	-
	<u>170,787,260</u>	<u>298,158,937</u>
24. Depreciation & amortisation expense		
Depreciation & amortisation expense	2,351,210	2,219,454
Non-capital assets expensed	1,527,544	561,101
	<u>3,878,754</u>	<u>2,780,555</u>
25. Other (losses)/gains		
Other (losses)/gains	<u>(27,093,396)</u>	<u>24,931,860</u>

This amount is significantly made of translation of foreign currency receivables and payables at year-end. Majority of the other gains/losses is mainly from the translation of Community Levy receivables from Member States at year end.

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NOTES (continued)

(All amounts in the notes are in Unit of Account unless otherwise stated)

26. Cash flow generated from operations	31-Dec-21	31-Dec-20
Surplus/(Deficit) for the year	104,428,721	(32,402,091)
<i>Adjustments for:</i>		
Depreciation and amortisation	2,351,210	2,219,454
Interest accrued	(18,334)	-
<i>Changes in working capital:</i>		
(Increase)/Decrease in accounts receivables and prepayments	(3,881,825)	1,569,207
Decrease in recoverables from non-exchange	4,316,445	103,007,328
(Increase)/Decrease in Due from representation offices	(418,947)	45,364
(Increase)/Decrease in inventory	(1,945,963)	551,676
(Decrease) in accounts payable and accrued liabilities	(6,976,343)	(80,897,405)
Increase in employee benefit obligation	1,294,297	368,366
Increase in restricted funds	<u>5,213,898</u>	<u>7,605,680</u>
	<u>104,363,159</u>	<u>2,067,579</u>

27. Statement of comparison of budgeted and actual amounts

As permitted by IPSAS 24, the Community has not made its approved budget publicly available and therefore no statement of comparison of budget and actual has been presented.

28. Capital commitments

There were no commitments for capital expenditure at 31 December 2021 (2020: Nil).

29. Contingent liabilities

There are certain pending legal suits against the Community as at the reporting date. Management is of the opinion that the cases when finally determined will not result in any material financial impact on the Community.

30. Comparative information

Where necessary, comparative financial information have been reclassified to provide information consistent with the current year's presentation.

31. Events after the reporting date

Events after the reporting date are reflected on the financial statements only to the extent that they relate to the year under consideration and the effect is material.