



Union for the Mediterranean
Union pour la Méditerranée
الإتحاد من أجل المتوسط

FINANCIAL STATEMENTS 2016

(With Independent Auditor's Report)



The UfM Secretariat
is co-funded by the
EUROPEAN UNION

CONTENTS

Page

Independent Auditor's Report _____ 3 - 4

Annual Financial Statements

Statement of Financial Position _____ 7

Statement of Financial Performance _____ 8

Statement of Changes in Net Assets/Equity _____ 9

Statement of Cash-flow _____ 10

Statement of Comparison of Budget and Actual Amounts _____ 11

Notes to Financial Statements _____ 12 - 35

INDEPENDENT AUDITOR'S REPORT

To the Secretariat of the Union for the Mediterranean

Report on the Financial Statements

We have audited the accompanying financial statements of the Union for the Mediterranean Secretariat (UfMS), which comprise the Statement of Financial Position as at 31 December 2016, and the Statement of Financial Performance, Statement of Changes in Net Assets/Equity, Statement of Cash Flow, Statement of Comparison of Budget and Actual Amounts for the year then ended and the Notes to the Financial Statements.

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the International Public Sector Accounting Standards (IPSAS). This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the International Standards on Auditing issued by the International and Assurance Standards Board. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Union for the Mediterranean Secretariat (UfMS) as at 31 December 2016, and its financial performance, changes in net assets/equity, cash flow, and the comparison of budget and actual amounts, in accordance with IPSAS.

21 April 2017

MOORE STEPHENS ADDVERIS
AUDITORES Y CONSULTORES, S.L.P.



Jorge Blanquer
Partner



FINANCIAL STATEMENTS OF THE UNION FOR THE MEDITERRANEAN SECRETARIAT

The Financial Statements of the Union for the Mediterranean Secretariat for the year 2016 have been prepared in accordance with the relevant financial provisions of the UfMS Statutes and with the accounting principles, rules and methods set out in the notes to the financial statements.

We have obtained all the information necessary for the production of the accounts that show the UfM Secretariat assets and liabilities and the budgetary implementation.

We hereby certify that based on this information, and on such checks as we deemed necessary to sign off the accounts of the UfM Secretariat, we have a reasonable assurance that the accounts present fairly, in all material aspects, the financial position, the results of the operations and the cash flows of the UfMS.

Head of Finance and Support Services: Mr. Omar Rakib

Signature:

Date:

Director of Legal and Administration: Ms. Anny Shakalli

Signature:

Date:

Legal representative: Mr. Fathallah Sijilmassi

Signature:

Date:

FINANCIAL STATEMENTS AND NOTES

1. Statement of Financial Position;
2. Statement of Financial Performance;
3. Statement of Changes in Net Assets/Equity;
4. Statement of Cash Flow;
5. Statement of Comparison of Budget and Actual Amounts;
6. Notes to the financial statements.



Statement of financial position

	Note	2016	2015
ASSETS			
Current Assets			
Cash and cash equivalents	4	4.211.161,52	3.414.010,12
Receivables	5	542.200,30	766.968,19
Inventories		0,00	0,00
Prepayments	7	24.517,73	2.948,33
Other current assets	7	32.514,58	19.063,16
Total current assets		4.810.394,13	4.202.989,80
Non-current assets			
Receivables			
Investment in associates			
Other financial assets			
Infrastructure, plant and equipment	8	431.243,10	429.711,55
Land and buildings			0,00
Intangible assets	9	219.122,08	233.837,91
Other non-financial assets			
Total non-current assets		650.365,18	663.549,46
Total assets		5.460.759,31	4.866.539,26
LIABILITIES			
Current Liabilities			
Payables	11	887.889,30	1.079.130,18
Contribution received in advance	12	2.710.000,00	2.574.000,00
Deferred contributions	12	781.778,13	257.099,37
Short-term provisions/Accruals	11	420.341,59	280.823,57
Short-term borrowings			
Current portion of long-term borrowings			
		4.800.009,02	4.191.053,12
Non-current liabilities			
Payables			
Long-term borrowings			
Long-term provisions			
Employee benefits			
		0,00	0,00
NET ASSETS/EQUITY			
Capital Grant Member States & EC	15	575.610,09	570.104,13
Other capital Grant received	15	74.755,09	93.445,33
Reserves		0,00	0,00
Accumulated surplus/(deficit)	15	10.385,11	11.936,68
		660.750,29	675.486,14
		5.460.759,31	4.866.539,26



Statement of financial performance

	Note	2016	2015
Revenue	16		
<i>European Commission Contribution</i>		3.019.171,25	3.135.583,46
<i>Member States contribution</i>		1.082.557,41	1.379.651,76
<i>Capital grant transfer to results</i>		123.446,37	88.252,15
<i>Services in-kind</i>		2.668.776,01	2.135.072,29
<i>Other Revenue</i>		78.016,90	196.259,67
<i>Interest revenue</i>		846,26	830,92
Total revenue		6.972.814,20	6.935.650,25
Expenses	17		
<i>Wages, salaries and employee benefits</i>		4.007.414,88	3.929.828,89
<i>Operating expenses</i>		1.652.827,27	1.943.702,39
<i>Grant and other transfer payments</i>		0,00	0,00
<i>Supplies and consumable used</i>		1.190.677,32	895.309,36
<i>Depreciation and amortization expenses</i>		123.446,37	88.252,15
<i>Impairment of property, plant and equipment</i>		0,00	0,00
<i>Other expenses</i>		-0,08	80.630,70
<i>Finance costs</i>		0,00	0,00
Total expenses		6.974.365,76	6.937.723,49
Surplus/(Deficit) for the period		-1.551,56	-2.073,24



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Statement of changes in Net Assets/Equity

	Contributed Capital	Capital Grant	Other Reserves	Accumulated Surpluses/(Deficits)	Total
Balance at December 31, 2014 brought forward	0,00	461.032,15	0,00	14.009,92	475.042,07
Changes in net assets/equity for 2015					
Loss on property revaluation		0,00	0,00		0,00
Gain on revaluation of investments		0,00	0,00		0,00
Exchange differences on translating foreign operations					0,00
Net revenue recognized directly in net assets/equity		202.517,31	0,00		202.517,31
Deficit/surplus for the period				-2.073,24	-2.073,24
Total recognized revenue and expense for the period	0,00	202.517,31	0,00	-2.073,24	200.444,07
Balance at December 31, 2015 carried forward	0,00	663.549,46	0,00	11.936,68	675.486,14
Changes in net assets/equity for 2016					
Loss on property revaluation		0,00	0,00		0,00
Gain on revaluation of investments		0,00	0,00		0,00
Exchange differences on translating foreign operations					0,00
Net revenue recognized directly in net assets/equity		-13.184,29	0,00		-13.184,29
Deficit/surplus for the period				-1.551,56	-1.551,56
Total recognized revenue and expense for the period	0,00	-13.184,29	0,00	-1.551,56	-14.735,85
Balance at December 31, 2016 carried forward	0,00	650.365,17	0,00	10.385,12	660.750,29



Cash flow Statement

	2016	2015
Cash flow statment from operating activities		
Receipts		
<i>Taxation</i>		
<i>Sales of goods and services</i>		
<i>Grants</i>	5.030.434,50 €	7.492.260,02 €
<i>Interest received</i>	2.013,31 €	14.557,06 €
<i>Other receipts</i>	310.771,22 €	192.805,21 €
Payments		
<i>Employee costs</i>	- 2.287.123,71 €	- 2.636.126,92 €
<i>Suppliers</i>	- 1.858.494,78 €	- 2.452.455,17 €
<i>Interest paid</i>		
<i>Other payments</i>	- 119.274,17 €	- 119.143,67 €
Net cash flows from operating activities	1.078.326,37 €	2.491.896,53 €
Cash flows from investing activities		
<i>Purchase of plant and equipment</i>	- 281.174,98 €	- 104.050,63 €
<i>Proceeds from sale of plant and equipment</i>		
<i>Proceeds from sale of investments</i>		
<i>Purchase of foreign currency securities</i>		
Net cash flows from investing activities	- 281.174,98 €	- 104.050,63 €
Cash flow from financing activities		
<i>Proceeds from borrowings</i>		
<i>Repayment of borrowings</i>		
<i>Distribution/dividend to government</i>		
Net cash flows from financing activities		
Net increase/(decrease) in cash and cash equivalents	797.151,39 €	2.387.845,90 €
<i>Cash and cash equivalents at beginning of period</i>	<i>3.414.010,12 €</i>	<i>1.026.164,22 €</i>
<i>Cash and cash equivalents at end of period</i>	<i>4.211.161,51 €</i>	<i>3.414.010,12 €</i>



Statement of Comparison of Budget and Actual Amounts

	note ref.	Original Budget 2016	Actual Budget 2016	Actual FFSS 2016	Actual amount FFSS versus Actual Amount Budget			Difference Original Budget and Actual (FFSS)	Difference Original Budget and Actual Budget
					Difference Actual FFSS and Actual Budget	Assets	Services in kind (GWPMED Agreement & Rent office)	Others	
Revenue	22								
<i>European Commission Contribution</i>		4.210.000,00	3.074.337,85	3.019.171,25	-55.166,60	-55.131,05		-35,55	1.190.828,75
<i>Member States contribution</i>		2.100.000,00	1.466.052,38	950.683,58	-515.368,80	-55.131,04		-460.237,76	633.947,62
<i>Member States contribution - funds carried over</i>			131.873,83	131.873,83	0,00				-131.873,83
<i>Capital Grant transfer to result</i>				123.446,37	123.446,37	123.446,37			-123.446,37
<i>Services in-kind</i>		2.110.000,00	1.859.366,78	2.668.776,00	809.409,22		809.409,22		250.633,22
<i>Other Revenue</i>			95.384,62	78.016,90	-17.367,72			-17.367,72	-95.384,62
<i>Interest revenue</i>				846,26	846,26			846,26	0,00
Total revenue		8.420.000,00	6.627.015,46	6.972.814,19	345.798,73	13.184,28	809.409,22	-476.794,77	1.792.984,54
Expenses	22								
<i>Operating expenses</i>		2.900.000,00	1.575.548,98	1.652.826,98	77.278,00	0,00	75.009,22	2.268,78	1.324.451,02
<i>Wages, salaries and employee benefits</i>		2.443.000,00	2.147.948,85	2.148.048,09	99,24			99,24	295.051,15
<i>Human Resources in kind</i>		2.110.000,00	1.859.366,78	1.859.366,78	0,00				250.633,22
<i>Supplies and consumable used</i>		947.000,00	565.811,08	1.190.677,82	624.866,74	-110.262,09	734.400,00	728,83	381.188,92
<i>Grant and other transfer payments</i>				0,00	0,00				0,00
<i>Depreciation and amortization expenses</i>				123.446,37	123.446,37	123.446,37			0,00
<i>Impairment of property, plant and equipment</i>				0,00	0,00				0,00
<i>Other expenses</i>		20.000,00		0,00	0,00				20.000,00
<i>Finance costs</i>				0,00	0,00				0,00
Total expenses		8.420.000,00	6.148.675,70	6.974.366,04	825.690,34	13.184,28	809.409,22	3.096,85	2.271.324,30
Surplus/(Deficit) for the period			478.339,76	-1.551,85	-479.891,61	0,00	0,00	-479.891,62	-478.339,76

NOTES ON FINANCIAL STATEMENT

NOTE 1. GENERAL INFORMATION

The Union for the Mediterranean (UfM) was established on 13 July 2008 at the Paris Summit as a continuation of the Euro-Mediterranean Partnership (Euro-Med), also known as the Barcelona Process, launched in 1995.

The UfM constitutes a framework for political, economic and social relations between the European Union and the Southern and Eastern Mediterranean countries and is inspired by the goals set out in the Barcelona Declaration, namely working towards the creation of an area of peace, stability, security and shared economic prosperity, as well as full respect of democratic principles, human rights and fundamental freedoms and promotion of understanding between cultures and civilizations in the Euro-Mediterranean region.

The Secretariat of the Union for the Mediterranean was established by a decision of Heads of State and Government of the UfM and its Statutes were adopted on 3rd March 2010 by a decision of the Senior Officials of the Member States.

Governance

Based in Barcelona, the Union for the Mediterranean comprises the 28 EU member states, the European Commission and 15 Mediterranean countries.

The members of the Union for the Mediterranean meet on a regular basis at the level of Senior Officials from the Ministries of Foreign Affairs of the 43 countries, EU institutions and the League of Arab States. The Senior Officials Meetings (SOM) oversees and coordinates the work of the Union for the Mediterranean. They approve the budget and the work programme of the Secretariat and prepare ministerial meetings. They also discuss the project proposals submitted by the Secretariat for approval and endorsement. Senior Officials take decisions by consensus.

The meetings of the Union for the Mediterranean are chaired by a co-presidency, one from the European Union side and the other from the Mediterranean side. The co-presidency principle applies to all levels: summits, ministerial meetings, and officials' level meetings.

Mission and mandate

The mandate and mission of the Secretariat of the Union for the Mediterranean (hereinafter UfMS/ the Organization) have been defined in the Paris and Marseille Declarations as well as in the Statutes adopted on 3 March 2010. It is recalled that the mandate of the UfM Secretariat focuses on identifying, processing,

promoting and coordinating regional projects, which are in line with the principles and rules of international law, enhance and strengthen cooperation and positively impact the lives of citizens.

It is also recalled that on establishing the UfM, the Heads of State and Government identified six priority areas in the final declaration of the Paris Summit:

- De-pollution of the Mediterranean
- Maritime and land highways
- Civil protection
- Alternative energies: Mediterranean solar plan
- Higher education and research, Euro-Mediterranean University
- The Mediterranean Business Initiative

A Headquarters Agreement between Spain and the Secretariat grants the Secretariat privileges and immunities for carrying out its activities.

The Organisation is funded primarily by voluntary contributions from its member countries as well as by these contributions' equivalent from the European Union's budget, within the framework of an annual Work Programme and Budget adopted by Senior Officials on annual basis. Note 3.11, note 3.12 and note 21 give further details of the income and expenditure budget and actual results for 2016.

Before 1st of October of each year, the Secretary General, together with the concerned Deputy Secretary General, submit to the Senior Officials the draft annual budget for the revenue and the expenditure of the Secretariat. Senior Officials adopt the annual budget with any amendments deemed proper and return the budget for implementation to the Secretariat by 1st December of the same year. The financial year of the Secretariat is the calendar year.

NOTE 2. BASIS OF THE PREPARATION AND PRESENTATION

The financial statements have been prepared in accordance with the International Public Sector Accounting Standards (IPSASs) issued by the International Public Sector Accounting Standards Board

IPSASB), based on International Accounting Standards (IASs) and International Financial Reporting Standards (IFRSs) issued by International Accounting Standards Board (IASB).

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

The principal accounting policies adopted are set out below.

2.1. Financial Statements

In accordance with IPSAS 1, a complete set of financial statements have been prepared as follows:

- Statement of Financial Position;
- Statement of Financial Performance;
- Statement of Cash Flow;
- Statement of comparison between approved Budget and Actual Amounts;
- Notes to the financial statements, comprising a summary of significant accounting policies and other relevant information.

2.2. Materiality and the use of judgments and estimates

The materiality will be considered in determining whether, for example, a particular accounting policy should be adopted or a point of information should be separately disclosed in the financial statements of the entity. Also, the materiality of an item should be considered when determining whether the omission or misstatement of a point of information could undermine not only the relevance, but also the faithful representation, understanding or verifiability of financial and non-financial information presented.

The financial statements include amounts based on judgments, estimates and assumptions by management. Changes in estimates are reflected in the period in which they become known.

2.3. First-time adoption of IPSAS and transitional provisions

The first set of financial statements prepared in accordance with IPSAS was performed in 2015. The adoption of IPSAS required changes to the accounting policies previously followed by the UfM Secretariat in the following aspects:

- Fixed assets (*See note 3.6*)
- Right of use of the premises (*See note 3.14*)
- Contributions in kind (*See note 3.14*)

Use of transitional provisions and early adoption of accounting policies are permitted on the initial adoption of IPSAS. Transitional provisions have been applied in the initial recognition of assets.

2.4. Going Concern

The financial statements have been prepared on a going concern basis. Management has a reasonable expectation that the Organisation will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities and commitments in the normal course of business. The Statutes provisions, the regular meetings of Senior Officials of Member States (SOM), the Work

Programme and the Budget approved by Member States, together with the annual Grant from the European Commission constitute the key factors confirming the continuity of UfM and UfM Secretariat.

NOTE 3. SIGNIFICANT ACCOUNTING POLICIES

3.1. Foreign currency

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

Foreign-currency transactions are recorded at the exchange rates prevailing on the dates of the transactions.

At each reporting date, monetary assets and liabilities denominated in foreign currencies are retranslated at the rates prevailing on the reporting date as per InforEuro¹ exchange rates. Both realised and unrealised gains and losses resulting from the settlement of such transactions, and from the retranslation at the reporting date of assets and liabilities denominated in foreign currencies, are recognised in the Statement of Financial Performance.

3.2. Cash and cash equivalents

Cash and cash equivalents are held at nominal value and comprise cash on hand and cash at banks.

3.3. Accounts receivable

The balance of accounts receivable includes, amounts due from Member States for assessed contributions and from Member States and other contributors for voluntary and dedicated contributions. Receivables are carried at original amount less write-down for impairment. A write-down for impairment of receivables is established when there is objective evidence that the Organization will not be able to collect all amounts due according to the original terms of receivables.

3.4. Prepayments

The UfMS regularly incurs expenses that are either paid periodically or as one off. When such expenses are prepaid, an asset is recognized. This is charged to expenses gradually as the prepaid expense is

¹ http://ec.europa.eu/budget/contracts_grants/info_contracts/inforeuro/index_en.cfm

consumed. Prepayments allow costs to be apportioned over more than one reporting period rather than being expensed when paid.

Prepayments shall be recognized as current asset at transacted amount when a prepayment is made. Prepaid expense will be charged as an expense on a systematic and rational basis related to use.

3.5. Other Current Assets

Other current Assets are composed for other receivables, such as deposits with suppliers, credited amounts from tax office, staff advances, etc. different from contributions. The other current assets are recognized when revenue is earned but cash or its equivalent is yet to be received.

3.6. Infrastructure, plant and equipment

Infrastructure, plant and equipment are stated at historical cost less accumulated depreciation and any impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the items. Depreciation is provided for property, plant and equipment over their estimated useful life using the straight-line method, except for land, which is not subject to depreciation. The estimated useful lives for the assets are provided in the table below.

<i>Tangible Assets</i>	Linear coefficient	Estimated useful life (in years)
Land	N/A	N/A
Vehicles and transport	10%	10
Furniture	10%	10
Office equipment	10%	10
Communications equipment	20%	5
IT equipment	25%	4
Other equipment	33%	3

The threshold established by the Organization to consider an item² as an asset is above 100€, under this amount it will be considered as an expense for the period, as long as the sum of these amounts on a yearly basis is not over 15.000 €.

A transitional provision was applied in the initial recognition of infrastructure, plant and equipment that were purchased or donated before 1st January 2015. Assets in the form of infrastructure, plant and equipment acquired prior to 1st January 2015 were expensed at the date of purchase and were not recognized as assets. Those assets were recognized by 1st January of 2015 and the initial effect of the recognition of infrastructure, plant and equipment is shown as an adjustment to the opening balance of

² Items can be composed by group of sub-items of the same nature or complementary of each other.

2015 as non- current assets. According to IPSAS these financial statements include quantitative information corresponding to the previous year, so the comparative figures have been restated.

Capital grants are awarded by the European Commission, Member States or International/ Governmental public entities or other private entities for the establishment or acquisition of non-current assets, in accordance with the recognition and measurement standards. Capital grants are recorded on the liability side of the financial position at the amount granted and transfer to result at the same rate of the transfer of non-currents assets to result.

Depreciation and impairment reviews are undertaken for all assets at least annually.

3.7. Intangible assets

Intangible assets are stated at historical cost less accumulated depreciation and any impairment losses. Depreciation is provided for intangible assets over their estimated useful life using the straight-line method. The estimated useful lives for the assets are provided in the table below.

<i>Intangible Assets</i>	<i>Linear coefficient</i>	<i>Estimated useful life (in years)</i>
Software	33%	3
Licences and rights	33%	3

The threshold established by the Organization to consider an item³ as an asset is above 100€, under this amount it will be considered as an expense for the period, as long as the sum of these amounts on a yearly basis is not over 15.000 €..

A transitional provision was applied in the initial recognition of intangible assets that were purchased or donated before 1st January 2015. Intangible assets acquired prior to 1st January 2015 were expensed at the date of purchase and were not recognized as intangible assets. Those assets were recognized by 1st

³ Items can be composed by group of sub-items of the same nature or complementary of each other.

January 2015 and the initial effect of the recognition of intangible assets is shown as an adjustment to the opening balance of 2015 as non-current assets.

3.8. Accounts payable and accrued liabilities

Accounts payable are financial liabilities in respect of goods or services which were acquired and received by UfMS and for which the invoices were received from the suppliers.

Accruals are liabilities for goods and services that were received or provided to UfMS during the year and which were not invoiced by suppliers as at the reporting date.

3.9. Contributions in advance and Deferred revenues

Contributions in advance and Deferred revenues arise from Agreements between the UfMS and its contributors – including governments, international organizations, and private and public institutions. Deferred revenue is recognized when:

- A contractual Agreement is confirmed in writing by both the Organization and contributor; and
- the funds are earmarked and due in future period

Contributions in advance include any advances from non-exchange transactions.

Contributions in advance and Deferred revenues are presented as non-current if the revenue is due one year later than the reporting date.

3.10. Provisions and contingent liabilities

Provisions are made where UfMS has a present legal or constructive obligation as a result of past events and it is probable that UfMS will be required to settle the obligation.

Other commitments, which do not meet the recognition criteria for liabilities, are disclosed in the notes to the financial statements as contingent liabilities when their existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events which are not wholly within the control of UfMS.

3.11. Revenue

Revenue comprises gross inflows of economic benefits or service potentially received and receivable by the UfMS during the year, which represent an increase in net assets/equity. The Organization recognizes

revenue following the established criteria of IPSAS 9 (Revenue from Exchange Transactions) and IPSAS 23 (Revenue from Non-Exchange Transactions).

The main sources of revenue for UfMS include but are not limited to (**Non-exchange revenue**)

- European Commission contribution. The contribution is recorded when a binding Agreement is signed between both parties.
- Member States contributions. Voluntary and dedicated contributions as well as pledges of voluntary contributions confirmed in writing (Agreements, letters, mention in minutes of flash records of Senior Official Meetings, e-mail) are recognized as non-exchange transactions as per the International Public Sector Accounting Standard 23, "Revenue from non-exchange transactions (taxes and transfers).
- In-kind contributions of goods and services. In-kind contributions of goods and services that directly support approved operations and activities and can be reliably measured, are recognized and valued at fair value. These contributions include the use of premises, utilities and personnel. In-kind contributions of goods are treated as both revenue and assets upon receipt of the goods. In-kind contributions of services are treated as both revenue and expense upon recognition. The revenue is recognised when the expenditure has been incurred, which is when specific performance conditions are met.

When the revenue is received but the expenditure does not incur, it is reported as advance contribution on the Statement of financial position. The excess of funds treatment depend on the conditions of the related Agreement. Thus, it will be recognised as deferred contribution or as a liability waiting to be returned to the grantor.

3.12. Dedicated Contributions

In addition to general contributions to the UfMS annual Budget, Member States or any other contributors (international organisations, private sector entities, foundations, etc.) may provide dedicated contributions. These contributors participate to the financing of the UfM Secretariat's core activities (Operational Budget) earmarking their funds/resources to a specific sector, activity, operation etc. These contributions are framed through written arrangements and/or conventions of partnership including provisions of cost-sharing, where applicable, settlement of final amount and specific reporting. Funds (contribution in real figures) are used in accordance with UfMS rules and procedures.

The core activities referred to above are displayed using methodology of Activity Based Budgeting- ABB)

- a) Lines of actions based on UfMS interventions in support of initiatives and projects/programme cycle and regional cooperation;
- b) Activities as per the six sectors and their breakdown by specific initiative and cross-cutting issues;

In terms of line of actions:

TS- Technical support and assistance including studies and consultancies services;

PP- Project and initiative promotion, communication and visibility actions;
OC- Outreach actions, technical workshops and conferences;
LM- Launching, fundraising and monitoring missions;
PH- Project proceeding, appraisal and follow up teams .

Activities include the priority areas of:

1. Business development;
2. Social and civil affairs;
3. Higher Education and Research;
4. Water and Environment;
5. Energy;
6. Transport and Urban Development; and
7. General coordination, cross-cutting issues for projects & institutional affairs.

3.13. Expenses

In accordance with the accrual basis of accounting, expense recognition occurs at the time of the delivery of goods or services by the supplier or service provider.

Expenses are recorded in the accounting records and recognized in the financial statements of the period to which they relate.

3.14. Non-exchange transaction

In a Non-exchange transaction, an entity either receives value from another entity without directly giving approximately equal value in exchange, or gives value to another entity without receiving approximately equal value in exchange.

Goods in kind/Assets in kind

At the establishment of the UfM Secretariat, the local authorities (Generalitat de Catalunya) provided the Organization with equipment and furniture for its functioning at its headquarters in Barcelona- Spain. These goods received by the Organization are recorded as asset and have the same treatment in terms of nature (capital grant in form of assets) and in terms of impairment and depreciation.

Services in kind

Services in-kind are voluntary services provided to the UfMS by an individual or individuals or any other contributor. Such services may include free technical assistance (expertise, studies, etc.), services of conference organization or secondment of staff from other governments or international organizations.

For transactions where the recipient entity considers that the donor/grant-giver has imposed conditions, they will set up a liability for the obligation generally to the value of the money received, which will be reduced as the conditions are satisfied (by spending the money or through other actions) in accordance

with the Agreement. There is no such requirement for grants with restriction and revenue is recognized immediately.

Seconded Staff Cost (Member States' contribution in kind)

The UfMS has recognised Seconded staff cost in the performance statement as income and expenses according to the certificates provided by Member states. Thus, there is no impact on the performance statement.

Office Rent

Service in kind- representing the provision of premises (Palau de Pedralbes) free of charge as per the Headquarters Agreement, is recognised as IPSAS 23 revenue from non-exchange transactions. Thus, there is no impact on the performance statement.

Technical assistance and services of conference organization

As per the Agreement with GWP⁴-Med and Secretariat, services of technical assistance, support to participation or organization of conferences are provided by GWP-Med. These services are recognised as non-exchange transactions in line with IPSAS 23. Thus, there is no impact on the performance statement.

Co-organization of conferences and workshops

In case where the UfMS, on the basis of Agreements, provides or contributes to the logistical organization or resources and services to third parties, related expenditure is registered as usual without specific different accounting treatment.

As the above-mentioned Agreements are arrangements of cost sharing of conferences, related third parties are contributing in kind to the concerned conferences. Those contributions are not recognized in the accounts unless the concerned conferences or workshops are substantially or exclusively in the benefit of the UfMS. Furthermore, in order to be recognized in the accounts, reliable data on the value of these contributions is to be provided by the third party in reasonable time.

3.15. Statement of cash-flow

The statement of cash-flow is prepared using the direct method.

3.16. Comparison Budget and Actual Amounts

The UfM Secretariat Budget preparation and approval follow the Statutes provisions, namely Section IX "Budget of the Secretariat" and internal implementing procedures and circulars. The approved budget covers the fiscal period from January 1st to December 31st.

The budget framework follows partially cash-based system, for instance treatment of assets, provisions and some resources in-kind follow cash-based procedure: the purchase of assets (equipment, furniture, etc.) is expensed, provisions (i.e provisions for risks) and some resources in kind-as not generating an actual flow of funds- are not reflected in the budget.

⁴ Global Water Partnership (GWP).

The budget is presented for adoption in part on the basis of functional and outlined classification: headings (Operational, Human Resources, Running Expenditure and Capital expenditure), budget lines and sublines; and in part, the organization follows for each annual budget a gradual implementation Activity Based Budgeting (ABB) methodology as per the matrix below:

- a) Lines of actions based on UfMS interventions in support of initiatives and projects/programme cycle and regional cooperation.
- b) Activities as per the six sectors and their breakdown by specific initiative and cross-cutting issues

Member States contributions and the European Union Contribution are, as per the Statutes, provided on voluntary and balanced basis. Contributions of Member States can be delivered in two forms: In real figures and in terms of Human resources provisions (in kind).

The contribution of European Commission is framed on yearly basis through a Grant Agreement which foresees:

- 1. The eligibility rules of the expenditure
- 2. Rule of co-financing (i.e Member States 50%- European Commission 50% for 2016)
- 3. Period of implementation

In addition to annual contribution of Member States other funds or resources can be provided as dedicated contribution from MS or other entities (international organizations, foundations, etc.).

The financial statements are prepared on the accrual basis, following IPSAS, using a classification based on the nature of expenses in the statement of financial performance, for the fiscal period from January 1st to December 31st. The financial statements and budget documents are prepared for the same period.

Reconciliation between the actual amounts on a comparable basis is presented in the Statement of Comparison of Budget and Actual Amounts (in similar format and classification schemes as the Statement of Financial Performance).

NOTE 4. CASH AND CASH EQUIVALENTS

Cash and cash equivalents included in the cash flow statement comprise the following statement of financial position amounts:

	2016	2015
<i>Cash on hand and balances with banks</i>	4.211.161,52	3.414.010,12
<i>Short-term investments</i>	0,00	0,00
	4.211.161,52	3.414.010,12

NOTE 5. RECEIVABLES

All contributions receivables were recorded as revenue in the year in which the donor's contribution was confirmed in writing (Agreements, letters, mention in minutes of flash records of Senior Official Meetings,

e-mail). The receivable balance includes outstanding amounts which are split between current and non-current based on when the amounts become due. At 31st December of 2016, the amount shown in the Statement of financial performance of 542.200,30 € corresponds to the balance payment from the European Commission pending to be received.

NOTE 6. INVENTORIES

UfMS has no inventories to report

NOTE 7. PREPAYMENTS AND OTHER CURRENT ASSETS

Prepayments are payments made in advance of the period to which the expense relates and include advances to suppliers of conference organization and insurance (the payment of which is deferred in monthly amounts over the year). Value-added tax (VAT) receivables relate to amounts which are due to be reimbursed to UfMS by Spanish Government.

	2016	2015
Prepayments	24.517,73	2.948,33
Deposits with suppliers		
Value-added tax receivables	32.514,58	19.063,16
Staff advances		
Other receivables		
Total other current assets	57.032,31	22.011,49

NOTE 8. INFRASTRUCTURE, PLANT AND EQUIPMENT

IPSAS 17 allows a period of up to five years before requiring full recognition of infrastructure, plant and equipment. Assets in the form of infrastructure, plant and equipment acquired prior to 1st January 2015 were expensed at the date of purchase and had not been recognized as assets. Those assets were recognized by 1st January of 2016 and the initial effect of the recognition of infrastructure, plant and equipment is shown as an adjustment to the opening balance of 2016 as non-current assets.

Details of infrastructure, plant and equipment for 2016 are as follows:

Assets	Initial Value	Accumulated depreciation	Net Value
<i>Vehicles and transport</i>	67.233,77	40.340,25	26.893,52
<i>Furniture</i>	492.618,36	217.032,89	275.585,47
<i>Office equipment</i>	89.249,64	19.897,21	69.352,43
<i>Communications equipment</i>	6.385,63	4.416,54	1.969,09

<i>IT equipment</i>	140.426,10	88.816,39	51.609,71
<i>Other equipment</i>	13.533,49	7.700,59	5.832,90
	809.446,99	378.203,87	431.243,12

When accumulated depreciation of infrastructure, plant and equipment is calculated for the first time, the calculation is made for the entire year, irrespective of the date on which the asset was placed in service. Thus, for those assets purchased during one year the depreciation starts at the beginning of the next year.

<i>(net value)</i>	Vehicles and transport	Furniture	Office equipment	Communication equipment	IT equipment	Other equipment	Total
31st December 2015	33.616,89	279.786,66	64.551,34	3.246,24	45.985,76	2.524,66	429.711,55
<i>Asset reclassification</i>							0,00
<i>Additions</i>		40.767,40	12.588,35		26.300,26	4.667,08	84.323,09
<i>Disposals</i>							0,00
<i>Revaluation adjustments</i>							0,00
<i>Write-off</i>	-6.723,37	-44.968,59	-7.787,26	-1.277,15	-20.676,31	-1.359,45	-82.792,13
31st December 2016	26.893,52	275.585,47	69.352,43	1.969,09	51.609,71	5.832,29	431.242,51

NOTE 9. INTANGIBLE ASSETS

Intangible Assets	Initial Value	Accumulated depreciation	Net Value
<i>Software and Licences</i>	336.184,37	117.062,29	219.122,08
	336.184,37	117.062,29	219.122,08

<i>(net value)</i>	Software and licences	Total
31st December 2015	233.837,91	233.837,91
Asset reclassification		0,00
Additions	25.940,00	25.940,00
Disposals		0,00
Revaluation adjustments		0,00
Writte-off	-40.655,83	-40.655,83
31st December 2016	219.122,08	219.122,08

NOTE 10. BORROWINGS

UfMS has no borrowing to report

NOTE 11. PAYABLES

	2016	2015
Accounts payable		
Suppliers	710.313,49	753.662,91
Reimbursement	57.514,23	17.757,63
Repayment of Grants		97.586,06
Payables, Beneficiaries of Grants		118.783,80
Other payables	120.061,59	91.339,78
Total accounts payable	887.889,31	1.079.130,18
Accruals		
Suppliers	420.341,59	221.358,51
Other payables		59.465,06
Total accruals	420.341,59	280.823,57
Total accounts payable and accruals	1.308.230,90	1.359.953,75

NOTE 12. CONTRIBUTIONS IN ADVANCE AND DEFERRED REVENUE AND

	2016	2015
Contributions received in advance and Deferred Contributions		
European Commission pre-financing	2.520.000,00	2.514.000,00
Member States contributions in advance	140.000,00 ⁵	60.000,00
Projects Contribution received in advance	50.000,00	
Other contribution received in advance		0,00
Member States contributions (deferred)	478.339,76	131.873,83
Deferred contributions for projects	246.743,97	25.156,14
Other deferred contributions	56.694,40 ⁶	100.069,40
	3.491.778,13	2.831.099,37

⁵ Contribution received from Italy and Croatia for 2017.

⁶ Contribution received from Italy and Spain to cover Seconded Staff cost

NOTE 13. PROVISIONS FOR LIABILITIES AND CHARGES

UfMS has no provisions to report

NOTE 14. CONTINGENCIES AND CAPITAL COMMITMENT

UfMS has no contingencies to report

NOTE 15. NET ASSET/EQUITY

Capital grants awarded by the European Commission and Member States are linked to the acquisition of assets. They are recorded on the liability side of the financial position at the amount granted and transfer to result at the same rate of the transfer of non-currents assets to result.

Amounts allocated to other capital grants are linked to the assets provided by the Generalitat de Catalunya to the UfMS in 2010 and transfer to result at the same rate of the depreciation of the assets.

Details of capital grants during the year are shown in the following table:

CAPITAL GRANT	EC & MS	Other (Generalitat)	Total
31st December 2014	0,00 €	0,00 €	0,00 €
<i>Capital Grant reclassification</i>	348.897,75 €	112.134,40 €	461.032,15 €
31st December 2014 restated	348.897,75 €	112.134,40 €	461.032,15 €
<i>Additions</i>	290.769,46 €		290.769,46 €
<i>Capital grant transfer to result</i>	-69.563,08 €	-18.689,07 €	-88.252,15 €
31st December 2015	570.104,13 €	93.445,33 €	663.549,46 €
<i>Additions</i>	110.262,09 €		110.262,09 €
<i>Capital grant transfer to result</i>	-104.757,30 €	-18.689,07 €	-123.446,37 €
31st December 2016	575.608,92 €	74.756,26 €	650.365,18 €

The result of the year has been a deficit of -1.551,56 €. Accumulated surpluses from previous period are show in the following table:

Accummulated surplus and deficit	
31st December 2014	14.009,92 €
<i>Deficit of the period</i>	-2.073,24 €
31st December 2015	11.936,68 €
<i>Deficit of the period</i>	-1.551,56 €
31st December 2016	10.385,12 €

NOTE 16. REVENUE

	2016	2015
Contributions		
<i>Member State Contributions</i>	950.683,58	1.106.570,65
<i>Member State Contributions- funds carried over</i>	131.873,83	273.081,11
<i>European Contribution</i>	3.019.171,25	3.135.583,46
	4.101.728,66	4.515.235,22
Capital grant transfer to results		
<i>Capital grant European Commission and Member States</i>	104.756,13	69.563,08
<i>Capital Grant Generalitat</i>	18.690,24	18.689,07
	123.446,37	88.252,15
Services in kind		
<i>Human Resources - in kind</i>	1.859.366,79	1.638.661,29
<i>Rent office - in kind</i>	734.400,00	432.000,00
<i>Technical assistance - in kind</i>	75.009,22	64.411,00
	2.668.776,01	2.135.072,29
Other Revenue (dedicated contributions & Others)		
<i>French contribution -Women and ICT (Social and Civil Affairs)</i>		40.000,00
<i>Spanish contribution - UfM Annual Conference</i>		90.771,85
<i>Norwegian contribution -Women participation in the economic life-Conference</i>		39.000,00
<i>Spanish contribution - UfM Women conference (AECID)</i>	40.000,00	
<i>"You Match" Global Initiative on Innovative Employment Services for Youth</i>	32.263,89	
<i>Norwegian contribution - Administrative/indirect costs</i>	4.209,74	12.550,62
<i>EC Interests for late payment</i>	808,99	13.937,20
<i>Others</i>	734,28	
	78.016,90	196.259,67
Interest Revenue		
<i>Interest Bank accounts</i>	810,71	199,59
<i>Interest European Commission bank accounts</i>	35,55	631,33
	846,26	830,92
	6.972.814,20	6.935.650,25

NOTE 17. EXPENSES

	2016	2015
Wages, salaries and employee benefits		
Personnel expenses	2.148.048,09	2.291.167,60
Contributions in kind	1.859.366,79	1.638.661,29
	4.007.414,88	3.929.828,89
Operating expenses		
Horizontal Activities	255.540,82	304.191,05
Business Development	144.685,48	282.909,33
Transport and Urban development	106.878,72	251.123,05
Energy	263.161,15	197.847,48
Water & Environment (*)	277.143,19	193.336,55
Higher Education and Research	122.257,98	234.617,01
Social & Civil Affairs	265.222,94	352.589,10
Public affairs and Communications	128.283,80	114.307,26
Training & Capacity building	22.897,18	12.781,56
Projects and programmes related support	66.756,04	
	1.652.827,27	1.943.702,39
Supplies and consumable used		
Rent Office (in kind)	734.400,00	432.000,00
Transportation	7.779,81	5.529,27
IT Supplies and services	33.868,77	31.110,11
Telecommunications	59.956,43	57.591,53
Offices Services and maintenance	226.370,21	222.750,41
Office Supplies	28.856,43	32.323,19
Consultancy Services	30.744,74	57.898,56
Media	169,34	338,68
Financial cost and audit	34.158,29	24.559,87
Insurances	32.642,27	30.954,66
Others expenses	1.730,95	80.883,78
	1.190.677,24	975.940,06
Depreciation		
Depreciation intangible assets	40.654,83	8.153,92
Depreciation tangible assets	82.791,54	80.098,23
	123.446,37	88.252,15
	6.974.365,77	6.937.723,49

(*)Including in-kind services as per the agreement with GWP-Med

The accrued professional fees corresponding to the year ended as December 2016 for the auditors of UfM, for the audit of Financial Statements has amounted to 7.260,00 €.

NOTE 18. DEDICATED CONTRIBUTIONS (FUNDS RECEIVED & SUB-GRANTING)

For the reporting period, the following arrangements for dedicated contributions have been implemented:

- Programme Agreement with Norway
- Dedicated contribution-grant (AECID-Spain/GIZ - Germany)

<i>Dedicated contributions</i>	<i>2015</i>
<i>Spanish contribution (AECID)</i>	
- Annual Women Conference	40.000,00
<i>German contribution(GIZ)</i>	
- "You Match" Global Initiative on Innovative Employment Services for Youth	32.263,89
<i>Norwegian contribution</i>	
- Administrative/indirect costs	4.209,74
<i>Total Dedicated contributions</i>	<i>76.473,63</i>

NOTE 19. FINANCIAL REVENUES AND EXPENSES

<i>Interest Revenue</i>	<i>2016</i>	<i>2015</i>
<i>Bank account interest (EC dedicated bank account)</i>	35,55	631,33
<i>Other bank accounts interests</i>	810,71	199,59
	<i>846,26</i>	<i>830,92</i>

NOTE 20. PROPOSED ALLOCATION AND THE RESULTS OF THE PERIOD

According to the Statutes of the Organization, any funds remaining uncommitted at the end of each financial year shall be carried over to the budget for the following year and thereby reduce the required budgetary allocation in that following year.

NOTE 21. COMPARISON BUDGET AND ACTUAL AMOUNTS

The UfM Secretariat's 2016 original budget was approved by the Senior Officials Meeting on 27th November 2015, and the Grant Agreement with the European Commission was signed on 3rd December 2015. The original budget objectives and policies and subsequent revisions are explained more fully in the explanatory note and the Work Programme, also associated to the Grant Agreement and Budget Outcomes reports issued on a semester basis in conjunction with the financial statements.

Detailed Contributions of Member States as per budgetary year have been as follows:

MEMBER STATES CONTRIBUTIONS				
Countries	2016 Contributions in Human Resources	2016	2015 Contributions in Human Resources	2015
<i>Algeria</i>		20.000,00		10.000,00
<i>Croatia</i>		10.000,00		10.000,00
<i>Cyprus</i>	162.609,00	5.000,00	149.420,00	5.000,00
<i>Egypt</i>	152.533,44		264.963,44	
<i>France</i>	684.470,39	400.000,00	730.188,97	400.000,00
<i>Germany</i>		400.000,00		400.000,00
<i>Greece</i>		20.000,00		20.000,00
<i>Hungary</i>				
<i>Ireland</i>		25.000,00		25.000,00
<i>Israel</i>	90.000,00		180.000,00	50.000,00
<i>Italy</i>	86.708,36	50.000,00	125.000,04	
<i>Jordan</i>			50.707,00	
<i>Lebanon</i>		2.369,82		2.369,82
<i>Malta</i>	116.165,71			
<i>Monaco</i>		30.000,00		30.000,00
<i>Morocco</i>	16.641,84	80.000,00		50.000,00
<i>Portugal</i>	336.279,00	20.000,00		20.000,00
<i>Slovakia</i>				
<i>Slovenia</i>				
<i>Spain</i>	68.246,72	200.000,00	69.199,52	50.000,00
<i>The Czech Republic</i>		3.682,56		3.682,56
<i>The Netherlands</i>		100.000,00		75.903,00
<i>Tunisia</i>	71.104,80		23.492,48	
<i>Turkey</i>	74.607,52	100.000,00	45.689,84	100.000,00
	1.859.366,78	1.466.052,38	1.638.661,29	1.251.955,38

Other contributions informed in the Budget of 2016 have been (other revenue as per FFSS):

Priority area	Amount	Other contributions
<i>Women for the Mediterranean: Driving force for development and stability</i>	40.000,00	Dedicated contribution-grant (AECID-Spain)
<i>"You Match" Global Initiative on Innovative Employment Services for Youth</i>	32.263,89	Grant Agreement with GIZ (Germany)
<i>Administrative/indirect costs</i>	4.209,74	Programme Agreement with Norway
<i>Additional resources (non-current resources)</i>	18.910,99	VAT recovered from Spanish tax office due to further consultation and interpretation of local legislation; and interest from late payment from European Commission
Total Other contributions	95.384,62	

The financial statements differ from the budget in the following aspects:

- Basis difference: the budget is approved on partial cash basis system
- Entity differences: the budget deals only with European Commission Grant Agreement framework excluding certain activities.

The difference as per the accounting basis is mainly explained by the activation of the assets and the related amortization for the period:

- Assets activation for 2016 = 110.262,09 (See note 8 and note 9)
- Amortization for the period = 123.446,37 (See note 8 and note 9)

The difference as per the entity basis is mainly explained by the inclusion in the financial statement of services in kind such as the rent of the office, the services provided by the GWPMED Agreement and other minor costs not linked with the European Commission Grant Agreement.

<i>Difference Budget and actual amount</i>		<i>Accounting basis</i>	<i>Entity basis</i>				
	Actual Budget 2016	Assets	Services in kind (GWPMED Agreement & Rent office)	Others	Funds Carried over 2017	Actual FFSS 2016	Budget vs FFSS
Revenue							
<i>European Commission Contribution</i>	3.074.337,85	-55.131,05		-35,55		3.019.171,25	0,00
<i>Member States contribution</i>	1.466.052,38	-55.131,04		18.102,00		1.082.557,41	346.465,93
<i>Member States contribution - funds carried over</i>	131.873,83				-478.339,76		-346.465,93
<i>Capital Grant transfer to result</i>		-123.446,37				123.446,37	0,00
<i>Services in-kind</i>	1.859.366,78		809.409,23			2.668.776,01	0,00
<i>Other Revenue</i>	95.384,62			17.367,72		78.016,90	0,00
<i>Interest revenue</i>				846,26		846,26	0,00
Total revenue	6.627.015,46	-233.708,46	809.409,23	1.544,99	-478.339,76	6.972.814,20	0,00
Expenses							
<i>Operating expenses</i>	1.575.548,98		75.009,22	2.269,07		1.652.827,27	0,00
<i>Wages, salaries and employee benefits</i>	2.147.948,85			99,24		2.148.048,09	0,00
<i>Human Resources in kind</i>	1.859.366,78			0,01		1.859.366,79	0,00
<i>Supplies and consumable used</i>	565.811,08	-110.262,09	734.400,00	728,33		1.190.677,32	0,00
<i>Grant and other transfer payments</i>						0,00	0,00
<i>Depreciation and amortization expenses</i>		-123.446,37				123.446,37	0,00
<i>Impairment of property, plant and equipment</i>						0,00	0,00
<i>Other expenses</i>				0,08		-0,08	0,00
<i>Finance costs</i>						0,00	0,00
Total expenses	6.148.675,69	-233.708,46	809.409,22	3.096,73	0,00	6.974.365,76	0,00
Surplus/(Deficit) for the period	478.339,77	0,00	0,01	-1.551,74	-478.339,76	-1.551,56	0,00

There are also differences in formats and classification schemes adopted for presentation of financial statements and the budget. The structure of the budget is presented by headings:

Budget Headings	2016 Expenditure	2015 Expenditure
<i>PERSONNEL</i>	<i>4.007.315,63</i>	<i>3.929.828,89</i>
<i>OPERATIONAL EXPENDITURE</i>	<i>1.575.548,98</i>	<i>2.005.442,07</i>
<i>RUNNING EXPENDITURE</i>	<i>454.546,29</i>	<i>545.509,53</i>
<i>CAPITAL EXPENDITURE</i>	<i>111.264,79</i>	<i>82.418,54</i>
<i>CONTINGENCY RESERVE</i>	<i>0,00</i>	<i>0,00</i>
GRAND TOTAL	6.148.675,70	6.563.199,04

Personnel (Budget) = Wages, Salaries and employee benefits (FFSS)

Operational expenditure (Budget) = Operating expenses (FFSS)

The operational expenditure (operating expenses as per FFSS) are shown in the budget as follows:

Operational: Budget Lines	2016 Expenditure	2015 Expenditure
<i>Horizontal Activities</i>	<i>253.271,75</i>	<i>316.961,59</i>
<i>Division: Business Development</i>	<i>144.685,48</i>	<i>306.118,40</i>
<i>Division: Transport and Urban Development</i>	<i>106.878,72</i>	<i>268.668,58</i>
<i>Division: Energy</i>	<i>263.161,15</i>	<i>217.280,91</i>
<i>Division: Environment and Water</i>	<i>202.133,97</i>	<i>145.471,73</i>
<i>Division: Higher Education and Research</i>	<i>122.257,98</i>	<i>251.274,25</i>
<i>Division: Civil and Social Affairs</i>	<i>265.222,94</i>	<i>372.577,78</i>
<i>Institutional outreach and public affairs partnerships for projects</i>	<i>128.283,80</i>	<i>114.307,26</i>
<i>Training and Capacity building</i>	<i>22.897,18</i>	<i>12.781,56</i>
<i>Projects and programmes related support</i>	<i>66.756,04</i>	
Subtotal Operational Expenditure	1.575.548,98	2.005.442,07

According to the Activity Based Budget methodology the operational expenditure is classified as follows:

Operational: by macro-domain or long-term objectives	2016 Expenditure	2015 Expenditure
<i>Job Creation and Inclusive Growth</i>	<i>424.013,04</i>	<i>705.409,46</i>
<i>Sustainable development</i>	<i>729.243,42</i>	<i>779.438,03</i>
<i>Women Empowerment</i>	<i>422.292,53</i>	<i>520.594,58</i>
	1.575.548,98	2.005.442,07

One of the main differences regarding the format and classification scheme is in relation with the “Supplies and consumable used” that includes the amount of running expenditure and capital expenditure exclusion of the assets (activation of the assets).

Budget Lines	2016 Expenditure	2015 Expenditure
<i>RUNNING EXPENDITURE</i>		
<i>Transportation</i>	7.779,81	5.529,27
<i>IT Supplies and services</i>	33.868,77	31.110,11
<i>Telecommunications</i>	59.956,43	57.591,53
<i>Offices Services & Maintenance</i>	226.370,21	222.750,41
<i>Office Supplies</i>	28.856,43	32.323,19
<i>Consultancy Services</i>	30.744,74	140.351,81
<i>Media</i>	169,34	338,68
<i>Financial Costs and Audit</i>	34.158,29	24.559,87
<i>Insurances</i>	32.642,27	30.954,66
<i>Subtotal Running Expenditure</i>	454.546,29	545.509,53
<i>CAPITAL EXPENDITURES</i>		
<i>IT Equipment</i>	53.241,96	20.809,83
<i>Communication equipment</i>		
<i>Other equipment</i>	58.022,83	61.608,71
<i>Subtotal Capital Expenditure</i>	111.264,79	82.418,54
<i>GENERAL ADMINISTRATION</i>	565.811,08	627.928,07

NOTE 22. RELATED PARTIES AND KEY MANAGEMENT DISCLOSURE

The key management personnel of the UfMS consists of the Secretary General and Deputies Secretary General as they have the executive authority and responsibility for the overall running of the UfMS in accordance with its Statutes. The aggregate remuneration paid to key management personnel during the years ended on December 2016 and 2015, except the Deputies Secretary General paid by their countries, including salaries, allowances and other entitlements paid in accordance with the Staff Rules and Regulations have amounted to 180.000,00 euros and 260.000,00 euros, respectively. The amounts informed by the countries regarding to the salaries paid to the Deputies Secretary General is 616.949,00 euros for 2016 and 508.417,95 euros for 2015.

There are no advances or credits conceded, nor have been contracted bonds for pensions or life insurance with all of members, actual or old, of the Key management personnel.

NOTE 23. EVENTS AFTER THE REPORTING DATE

After the closing date, no material issues had come to the attention of the UfM Secretariat or were reported to it that would require modification of the Financial Statements or separate disclosure under this section. The Financial Statements and related notes were prepared using the most recently available information and this is reflected in the information presented.



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