

2023

2023 Financial Statements

(with independent Auditor's Report)



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



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Union pour la Méditerranée
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2023 Financial Statements



INDEPENDENT AUDITOR'S REPORT



Independent Auditor's Report
in accordance with International
Standards on Auditing

SECRETARIAT OF THE UNION
FOR THE MEDITERRANEAN
Financial Statements
for the year ended
December 31, 2023



The better the question.
The better the answer.
The better the world works.



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INDEPENDENT AUDITOR'S REPORT IN ACCORDANCE WITH INTERNATIONAL STANDARDS ON AUDITING

To the Secretariat of the Union for the Mediterranean

Opinion

We have audited the financial statements of the Secretariat of the Union for the Mediterranean (the Organization), which comprise the statement of financial position as at December 31, 2023, the statement of financial performance, the statement of changes in net assets/equity, the statement of cash flow, the statement of comparison of budget and actual amounts, and the notes thereto for the year then ended, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Organization as at December 31, 2023, and of its financial performance and its cash flows for the year then ended in accordance with International Public Sector Accounting Standards (IPSAS).

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 are independent of the Organization in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code.

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

Other matter

The Union for Mediterranean constitutes a framework for political, economic, and social relations between the European Union and the Southern and Eastern Mediterranean countries and the Secretariat of the Union for the Mediterranean was established by a decision of Heads of State and Government of the Union for Mediterranean. The financial statements of Secretariat of the Union for the Mediterranean have been audited applying International Standards on Auditing issued by International Auditing and Assurance Standards Board.

Responsibilities of Management for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IPSAS (see Note 2 of the accompanying notes to the financial statements), and for such internal control as they 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 financial statements, management is responsible for assessing the Organization'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 intends to liquidate the Organization or to cease operations, or has no realistic alternative but to do so.

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 financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism 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 Organization's internal control.
- ▶ 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 Organization'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 Organization to cease to continue as a going concern.

- ▶ 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 those charged with governance 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.

ERNST & YOUNG, S.L.

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LUIS MARTÍNEZ
(A: B78970506)

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Angel Luis Martínez Fuentes

July 18, 2025



FINANCIAL STATEMENTS OF THE UNION FOR THE MEDITERRANEAN SECRETARIAT

The Financial Statements of the Union for the Mediterranean Secretariat for the year 2023 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.

Director of Legal and Administration: Angelos Agapiou

Signature:


Date:


10/7/25

Secretary General: Nasser Kamel

Signature:

Date:


10/07/2025



ANNUAL 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.



1. Statement of financial position

	Note	2023	2022
ASSETS		EUR	EUR
Current Assets			
<i>Cash and cash equivalents</i>	4	11.295.114	12.091.843
<i>Receivables</i>	5	2.416.812	1.787.984
<i>Prepayments</i>	7	633.487	759.489
<i>Other current assets</i>	7	248.182	275.850
Total current assets		14.593.595	14.915.166
Non-current assets			
<i>Other financial assets</i>	10	72.936	72.388
<i>Infrastructure, plant and equipment</i>	8	182.702	260.137
<i>Intangible assets</i>	9	3.441	6.939
Total non-current assets		259.079	339.464
Total assets		14.852.674	15.254.630
LIABILITIES			
Current Liabilities			
<i>Payables</i>	12	2.372.722	2.111.388
<i>Contribution received in advance</i>	13	6.769.194	8.322.291
<i>Deferred contributions</i>	13	5.437.623	4.508.803
<i>Short-term provisions/Accruals</i>	12	78.895	40.000
Total current liabilities		14.658.434	14.982.482
NET ASSETS/EQUITY			
Capital Grant Member States & EC	16	186.143	267.076
Accumulated surplus/(deficit)	16	8.097	5.072
Total net assets/equity		194.240	272.148
Total liabilities and net assets/equity		14.852.674	15.254.630



2. Statement of financial performance

	Note	2023	2022
Revenue	17	EUR	EUR
<i>European Commission Contribution</i>		4.524.579	4.066.031
<i>Member States contribution</i>		612.142	839.323
<i>Capital grant transfer to results</i>		83.527	122.064
<i>Services in-kind</i>		2.490.220	2.245.693
<i>Other Revenue</i>		2.995.467	2.918.467
Total revenue		10.705.935	10.191.578
Expenses	18	EUR	
<i>Wages, salaries and employee benefits</i>		4.910.161	4.544.345
<i>Operating expenses</i>		3.718.458	2.853.902
<i>Grant and other transfer payments</i>		658.914	1.401.723
<i>Supplies and consumable used</i>		1.325.808	1.279.184
<i>Depreciation and amortization expenses</i>		83.467	122.064
<i>Other expenses</i>		6.101	1.928
Total expenses		10.702.909	10.203.146
Surplus/(Deficit) for the period		3.026	-11.568

3. Statement of changes in Net Assets/Equity

	Contributed Capital	Capital Grant	Other Reserves	Accumulated Surpluses/(Deficits)	Total
Balance at December 31, 2021, carried forward	-	339.039	-	16.640	355.679
Changes in net assets/equity for 2022					
Loss on property revaluation	-	-	-	-	-
Gain on revaluation of investments	-	-	-	-	-
Exchange differences on translating foreign operations	-	-	-	-	-
Net revenue recognized directly in net assets/equity	-	-71.963	-	-	-71.963
Deficit/surplus for the period	-	-	-	-11.568	-11.568
Total recognized revenue and expense for the period	-	-71.963	-	-11.568	-83.532
Balance at December 31, 2022, carried forward	-	267.076	-	5.072	272.148
Changes in net assets/equity for 2023					
Loss on property revaluation	-	-	-	-	-
Gain on revaluation of investments	-	-	-	-	-
Exchange differences on translating foreign operations	-	-	-	-	-
Net revenue recognized directly in net assets/equity	-	-80.933	-	-	-80.933
Deficit/surplus for the period	-	-	-	3.026	3.026
Total recognized revenue and expense for the period	-	-80.933	-	3.026	-77.907
Balance at December 31, 2023 carried forward	-	186.143	-	8.097	194.241



4. Statement of Cash flow

	2023	2022
Cash flow statement from operating activities	EUR	EUR
Receipts		
Grants	6.755.660	9.841.050
Other receipts	259.136	156.262
Payments		
Employee costs	-3.365.277	-3.229.631
Suppliers	-3.856.833	-3.258.562
Other payments	-586.614	-10.954
Net cash flows from operating activities	-793.927	3.498.165
Cash flows from investing activities		
Purchase of plant and equipment	-2.802	-128.569
Net cash flows from investing activities	-2.802	-128.569
Net increase/(decrease) in cash and cash equivalents	-796.729	3.369.596
Cash and cash equivalents at beginning of period	12.091.843	8.722.247
Cash and cash equivalents at end of period	11.295.114	12.091.843

5. Statement of Comparison of Budget and Actual Amounts

	note ref.	Original Budget 2023	Actual Budget 2023	Actual FFSS 2023	Difference Actual FFSS and Actual Budget	Actual amount FFSS versus Actual Amount Budget						Difference Original Budget and Actual Budget (FFSS)	Difference Original Budget and Actual Budget
						Blue Economy (CINEA/GIZ)	Sida (Forwarding Funds)	GIZ (Forwarding Funds)	Netherland (Contest)	Services in kind (Rent office)	Assets	Others	
Revenue	22												
European Commission Contribution		4.300.000	4.290.000	4.524.579	234.579	235.876					-1.297		10.000
Member States contribution		1.510.000	603.430	612.143	8.712						-1.297	10.010	906.570
Capital Grant transfer to result				83.527	83.527						83.527		0
Services in-kind		1.390.000	1.436.223	2.490.220	1.053.997					704.256		349.741	-46.223
Other Revenue		1.400.000	2.270.445	2.995.467	725.022	12.450	653.469	50.103	9.000				-870.445
Interest revenue				0	0								0
Total revenue		8.600.000	8.600.098	10.705.935	2.105.837	248.326	653.469	50.103	9.000	704.256	80.932	359.751	-98
Expenses	22												
Operating expenses		4.177.000	4.639.686	4.819.231	179.546	150.316		29.230					-462.686
Wages, salaries and employee benefits		2.228.000	1.946.938	2.023.424	76.486	61.284		20.873				-5.671	281.062
Human Resources in kind		1.390.000	1.436.223	1.785.964	349.741							349.741	-46.223
Supplies and consumable used		785.000	577.251	1.325.809	748.558		3.555			704.256	-2.594	43.341	207.749
Grant and other transfer payments				658.914	658.914		649.914		9.000				0
Depreciation and amortization expenses				83.467	83.467						83.467		0
Impairment of property, plant and equipment				0	0								0
Other expenses		20.000		6.101	6.101								0
Finance costs					0						60	6.041	20.000
Total expenses		8.600.000	8.600.098	10.702.909	2.102.811	211.600	653.469	50.103	9.000	704.256	80.932	393.452	-98
Surplus/(Deficit) for the period		0	0	3.026	3.026	36.726	0	0	0	0	0	-33.701	0



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 27 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 42 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 twin co-presidency, one from the European Union side and the other from the Mediterranean side. The twin 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 Organization is funded primarily by voluntary contributions from its member countries as well as by these contributions' equivalents 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 22 give further details of the income and expenditure budget and actual results.

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. Going Concern

The financial statements have been prepared on a going concern basis. Management has a reasonable expectation that the Organization 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, cash at banks and short-term deposits.

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



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 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. Other financial assets

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

3.7. 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
Installations (*)	25%	4
IT equipment	25%	4
Other equipment	33%	3



(*) Installations shown in the table above refers to the fit-out cost for Organization additional offices allocated in Pedro i Pons (Barcelona) as established in the Work Programme 2017. Offices have been rent for a period of five years and the fitting out works as per the rent contract provisions were performed by the landlord during the first year of the contract. The following factor has been considered in determining the useful life of this asset according to the IPSAS 17. 72 (d) *Legal or similar limits on the use of the asset, such as the expiry dates of related leases*". Thus, depreciation of installations has been calculated and spread over the useful life, 4 years.

Tangible assets held by the Organization are non-cash generation assets. Non-cash generation assets are assets other than are held with the primary objective of generating a commercial return.

Items of property, plant and equipment or any significant part of an asset are derecognized at time of their disposal, or when no future economic benefits or service potential is expected from its continuing use. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the surplus or deficit when the asset is derecognized.

The threshold established by the Organization to consider an item 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 €.

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.

For non-cash-generating assets, if there is any indication, or when annual impairment tests are required for an asset, the recoverable service amount of the asset is estimated. The recoverable amount of an asset is the greater of the fair value of the asset that does not generate cash less costs to sell and its value in use.

Where the carrying amount of an asset exceeds its recoverable service amount, the asset is considered impaired and is written down to its recoverable service amount.

In evaluating value in use, the depreciation replacement cost approach is chosen, as it has determined that this is appropriate due to the nature of the assets. Under this approach, the present value of the remaining service potential of an asset is determined as the depreciated replacement cost of the asset. The depreciated replacement cost is measured as the reproduction or replacement cost of the asset, whichever is lower, less accumulated depreciation calculated on the basis of such cost, to reflect the already consumed or expired service potential of the asset.



In determining fair value less costs to sell, the price of the assets in a binding arrangement in an arm's-length transaction, adjusted for incremental costs that would be directly attributed to the disposal of the asset is used. If there is no binding agreement, but the asset is traded on an active market, fair value less cost to sell is the asset's market price less cost of disposal. If there is no binding sale agreement or active market for an asset, the group determines fair value less cost to sell on the basis of the best available information.

Depreciation and impairment reviews are undertaken for all assets at least annually. At the end of the year, there were no indications of impairment of assets.

3.8. 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 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 €.

Tangible assets held by the Organization are non-cash generation assets.

Gains or losses arising from de-recognition 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 surplus or deficit when the asset is derecognized.

3.9. Leases

Finance leases are leases that transfer substantially all the risks and rewards incidental to ownership of an asset to the lessee. Assets held under a finance lease are capitalized at the commencement of the lease at the fair value of the leased property or, if lower, at the present value of the future minimum lease payments. The lessee also recognizes the associated lease liability at the inception of the lease. The liability recognized is measured as the present value of the future minimum lease payments at initial recognition.

Subsequent to initial recognition, lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognized as finance costs in surplus or deficit.

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



An asset held under a finance lease is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the group will obtain ownership of the asset by the end of the lease term, the asset is depreciated over the shorter of the lease term and the estimated useful life of the asset.

Operating leases are leases that do not transfer substantially all the risks and benefits incidental to ownership of the leased item to the group. Operating lease payments are recognized as an operating expense in surplus or deficit on a straight-line basis over the lease term.

3.10. Accounts payable and accrued liabilities

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

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

3.11. 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 a 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.

3.12. Provisions and contingent liabilities

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

3.13. 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). Revenue from Member States contributions is recognised up to the amount expensed in the period. As per Statutes, provision IX.4, any funds remaining uncommitted at the end of each financial year is carried over to the budget for the following year.
- 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 depends 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.

3.14. 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.

Dedicated contributions are the amounts recorded by the organization associated with increases in economic resources related to its operating activities. The amount of revenue is determined by agreement between the entity and donor. The revenue is recognized, at a fair value, matching revenues with expenditures in the period in which those expenditures are incurred for all its funds. Contributions related to expenses of future periods are deferred and recognized as revenue in the period in which the related expenses are incurred.

In case a pre-financing is received, the amount of the pre-financing is reduced (wholly or partially) by the acceptance of eligible costs and amounts returned.



3.15. 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.

3.16. 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 assets 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.

Staff Cost

The UfMS has recognised staff cost as services in kind in the Performance Statement both as income and expenses in accordance with certificates/supporting documents provided by the sending administration or organization of seconded members of staff. Thus, there is no final impact on the Performance Statement.

Office Rent

Services in kind- representing the provision of premises (Palau de Pedralbes) free of charge as per the Headquarters Agreement, is recognised at the fair value, as per IPSAS 23 revenue from non-exchange transactions. Thus, there is no final impact on the Performance Statement.

Technical assistance and services of conference's organization

These services are recognised at the fair value 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, based on 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.

3.17. Statement of cash-flow

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

3.18. Comparison between approved Budget and Actual Amounts

The UfM Secretariat Budget preparation and approval follows 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.

The budget is presented for adoption based on Activity Based Budgeting (ABB) methodology for the Heading “Activities-Operational” as per the matrix below:

- a) Actions’ instruments on the UfMS interventions in support of initiatives and projects/programmes cycle and regional cooperation.
 - 1. Technical support for projects and activities
 - 2. Platforms, regional expert’s groups meetings and conferences
 - 3. Outreach and visibility of projects and activities
 - 4. Follow-up and monitoring missions for projects and activities
- b) Core Activities:
 - 1. Promoting regional dialogue: based on policy guidelines given by UfM Member States in terms of regional policy platforms in the framework of its mandate, the Secretariat is contributing to operationalize decisions taken at political level.
 - 2. Promoting regional projects and initiatives: in this respect, priority is given to support, monitor and follow up the implementation of already labelled projects as well as to develop project pipelines as appropriate in order to maintain a balance between delivering results on the ground and developing new activities.



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 the European Commission is framed on a 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%)
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).

3.19. Impact of new IPSAS application

IPSAS 41, Financial Instruments and 42, Social Benefits have been issued and effective in 2023. IPSAS 43 referred to Leases and IPSAS 44 for Current Assets held for sale and discontinued operations, to be effective in 2025. The application of these accounting standards is not expected to have any impact in the Financial Statements of the Organization, although the classification and typology of the financial instruments will be adapted.

NOTE 4. CASH AND CASH EQUIVALENTS

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

	2023	2022
Cash on hand and balances with banks	11.295.114	12.091.843
	11.295.114	12.091.843



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). Likewise, contribution receivables, when they were not confirmed in writing, were recorded as revenue in the year in which the donor's contribution was received. The receivable balance includes outstanding amounts which are split between current and non-current based on when the amounts become due. On 31st December of 2023, the amount shown in the Statement of Financial Position is detailed as follows:

	2023	2022
Current contributions receivable		
European Commission	1.716.000	1.275.893
Member States	-	349.568
Other donors	700.813	162.523
Total current contributions receivable	2.416.812	1.787.984

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 and insurance (the payment of which is deferred in monthly amounts over the year). Value-added tax (VAT) receivables correspond to amounts which are due to be reimbursed to the UfMS by the Spanish Government.

	2023	2022
Prepayments	633.487	759.489
Value-added tax receivables	125.748	227.391
Other receivables	122.433	48.459
Total other current assets	881.669	1.035.339

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 2015 and the initial effect of the recognition of infrastructure, plant and equipment was shown as an adjustment to the opening balance of 2015 as non-current assets.



Details of infrastructure, plant, and equipment for 2023-2022 are as follows:

	2023			2022		
	Initial Value	Accumulated depreciation	Net Value	Initial Value	Accumulated depreciation	Net Value
Assets						
<i>Vehicles and transport</i>	110.262	88.748	21.514	110.262	84.445	25.817
<i>Furniture</i>	566.669	508.181	58.488	566.669	487.571	79.098
<i>Office equipment</i>	103.865	87.477	16.388	104.463	79.522	24.942
<i>Communications and electronic equipment</i>	109.619	72.460	37.159	109.619	54.741	54.878
<i>IT equipment</i>	374.651	329.868	44.783	373.507	304.065	69.442
<i>Other equipment</i>	37.620	33.249	4.371	36.169	30.209	5.961
<i>Installations</i>	139.524	139.524	-	139.524	139.524	-
	1.442.208	1.259.506	182.702	1.440.213	1.180.076	260.137

Additions, disposals of infrastructure, plant, and equipment for 2023-2022 are as follows:

(net value)	Vehicles and transport	Furniture	Office equipment	Communication equipment	IT equipment	Other equipment	Total
31st December 2022	25.817	79.098	24.942	54.878	69.442	5.961	260.137
<i>Asset reclassification</i>	-	-	-	-	-	-	-
<i>Additions</i>	-	-	-	-	1.144	1.451	2.594
<i>Disposals</i>	-	-	-598	-	-	-	-598
<i>Revaluation adjustments</i>	-	-	-	-	-	-	-
<i>Write-off</i>	-4.303	-20.610	-7.955	-17.719	-25.803	-3.041	-79.430
31st December 2023	21.514	58.488	16.388	37.159	44.783	4.371	182.702

NOTE 9. INTANGIBLE ASSETS

Details of intangible assets for 2023-2022 are as follows:

	2023			2022		
	Initial Value	Accumulated depreciation	Net Value	Initial Value	Accumulated depreciation	Net Value
Intangible Assets						
<i>Software and Licences</i>	454.522	451.081	3.441	454.522	447.583	6.939
	454.522	451.081	3.441	454.522	447.583	6.939



Additions, disposals of intangible assets for 2023-2022 are as follows:

<i>(net value)</i>	Software and licences	Total
31st December 2022	6.939	6.939
Asset reclassification	-	-
Additions	-	-
Disposals	-	-
Revaluation adjustments	-	-
Write-off	-3.498	-3.498
31st December 2023	3.441	3.441

NOTE 10. OTHER FINANCIAL ASSETS

UfM has deposit a guarantee of 72.936 €, corresponding to the lease agreement for offices.

NOTE 11. BORROWINGS

UfMS has no borrowing to report.

NOTE 12. PAYABLES

	2023	2022
Accounts payable		
Suppliers	2.011.338	1.416.274
Reimbursement	66.657	32.164
Repayment of Grants	146.552	465.847
Other payables	148.175	197.103
Total accounts payable	2.372.722	2.111.388
Accruals		
Suppliers	78.895	40.000
Total accruals	78.895	40.000
Total accounts payable and accruals	2.451.617	2.151.388

NOTE 13. CONTRIBUTIONS IN ADVANCE AND DEFERRED REVENUE

	2023	2022
Contributions received in advance and Deferred Contributions		
European Commission pre-financing		2.574.000
Member states contribution in advance	255.500	55.000
Projects Contribution received in advance	3.665.438	1.608.292
Other contribution received in advance	2.844.249	4.084.998
Member states contribution (deferred)	5.318.245	4.385.418
Other deferred contributions	123.385	123.386
	12.206.817	12.831.094



NOTE 14. PROVISIONS FOR LIABILITIES AND CHARGES

UfMS has no provisions to report.

NOTE 15. COMMITMENTS AND CONTINGENCIES

Capital commitments

UfMS has no capital commitments to report.

Contingencies

UfMS has no contingencies to report.

NOTE 16. 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:

<i>CAPITAL GRANT</i>	<i>EC & MS</i>	<i>Other (Generalitat)</i>	<i>Total</i>
31st December 2021	339.038	-	339.038
Additions	50.102	-	50.102
Capital grant transfer to result	-122.064	-	-122.064
31st December 2022	267.076	-	267.076
Additions	2.594	-	2.594
Capital grant transfer to result	-83.527	-	-83.527
31st December 2023	186.143	-	186.143

The result of the year has been a profit of 3.026 €. Accumulated surpluses and deficits from previous period are shown in the following table:

<i>Accumulated surplus and deficit</i>	
31st December 2021	16.640
Deficit of the period	-11.568
31st December 2022	5.072
Surplus of the period	3.026
31st December 2023	8.098

NOTE 17. REVENUE

	2023	2022
Contributions		
Member State Contributions	612.142	839.323
European Commission Contribution (EASME)	235.876	241.289
European Commission Contribution (ENI)	4.288.703	3.824.742
	5.136.721	4.905.354
Capital grant transfer to results		



<i>Capital grant European Commission and Member States</i>	83.527	122.064
	83.527	122.064
Services in kind		
<i>Human Resources - in kind</i>	1.785.964	1.573.602
<i>Rent office - in kind</i>	704.256	672.091
	2.490.220	2.245.693
Other Revenue (dedicated contributions)		
<i>Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ)</i>	1.384.658	1.345.559
<i>Swedish International Development Cooperation Agency</i>	1.391.996	1.179.364
<i>Agencia Española de Cooperación Internacional para el Desarrollo (AECID)</i>	70.246	24.580
<i>Other donors</i>	148.567	265.000
	2.995.467	2.814.503
Other Income		
<i>Other income</i>	-	103.964
	-	103.964
	10.705.935	10.191.578

NOTE 18. EXPENSES

	2023	2022
Wages, salaries and employee benefits		
<i>Personnel expenses</i>	3.124.197	2.970.743
<i>Contributions in kind</i>	1.785.964	1.573.602
	4.910.161	4.544.345
Operating expenses		
<i>Horizontal Activities</i>	404.617	423.197
<i>Business Development & employment</i>	1.050.372	428.069
<i>Transport and Urban development</i>	297.956	193.002
<i>Energy & Climate Change</i>	364.792	552.966
<i>Water & Environment (*)</i>	803.665	735.389
<i>Higher Education and Research</i>	280.071	252.012
<i>Social & Civil Affairs</i>	516.985	269.267
	3.718.458	2.853.902
Grant and other transfer payments		
<i>Swedish International Development Cooperation Agency</i>	649.914	497.070
<i>Netherlands</i>	9.000	904.653
	658.914	1.401.723
Supplies and consumable used		
<i>Leases and royalties</i>	857.985	817.356
<i>Repairs and maintenance</i>	179.355	170.478
<i>Consultancy services</i>	115.214	80.522
<i>Transport</i>	1.822	1.179
<i>Insurance</i>	3.333	3.105
<i>Banking and similar services</i>	5.068	5.339
<i>Utilities</i>	144.764	178.892
<i>Other services</i>	18.267	22.312
	1.325.808	1.279.184
Depreciation		
<i>Depreciation intangible assets</i>	3.498	4.150
<i>Depreciation tangible assets</i>	79.969	117.915
	83.467	122.064
Other Expenses		
<i>Miscellaneous expenses</i>	6.101	1.928
	6.101	1.928
	10.702.909	10.203.146



The accrued professional fees corresponding to the year ended as December 2023 for the auditors of UfM, for the audit of Financial Statements has amounted to 10.000 €.

NOTE 19. DEDICATED CONTRIBUTIONS

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

- Activities under the **Cooperation Agreement No 10402** between UfM and **Swedish International Development Cooperation Agency**. The purpose of the Programme is to support UfMS core activities targeted to Mena Countries in 3 priority areas:
 1. Women Empowerment and gender equality,
 2. Water, Environment and Blue Economy, and
 3. Energy and Climate Change.

The agreement was extended, for two additional years (2021 and 2022) and the component of forwarding of funds (sub-granting) devoted to UfM Water Agenda which falls under the has been further extended to 30th September 2023.

- Activities under **The Swedish International Development Agency (Sida)** and the UfM Secretariat signed a new multi-annual **financial agreement No 15474** to support UfM core activities in favour of a more sustainable and inclusive development in the region to deepen and amplify UfM specific cooperation initiatives and core activities promoting regional dialogue Including a new component of forwarding of funds (sub-granting). The new cooperation agreement was signed on December 2021 for the period 2022-2025.
- Activities under the Framework Agreement covering projects from February 2022 to January 2025. The **German Federal Ministry for Economic Cooperation and Development (BMZ)** continues its ongoing support to the UfM Secretariat under the project “**UfM Hub for Jobs, Trade and Investment**”. Under this initiative, the UfM Secretariat implemented the 2022 work plan formulated according to the priorities jointly defined with GIZ and in coherence with the UfM Secretariat Work Programme.
- Activities under the Grant Agreement No/Ref 881619 between UfM and **Executive Agency for Small and Medium-sized Enterprises (EASME)**. Specific funds for designated activities for “**Promoting the Blue Economy in the Mediterranean Sea Basin**” were included in the Grant Agreement with DG EASME. A financial agreement with GIZ is related to these activities on Blue Economy and will be part of the co-financing of the EASME Grant. The objective of the action is to contribute to the further implementation of the UfM Ministerial Declaration on the Blue Economy and to support the work of three components of the Blue Economy Forum and notably, the Blue Economy Working Group, the Stakeholder Conference/Event and the Mediterranean Blue Economy Stakeholder Platform.



- Activities under the Grant Agreement for the project number 101122509 between UfM and the **European Climate and Environment Executive Agency (CINEA)**. The objective of the grant is strengthening **Sustainable Blue Economy in the Euro-Mediterranean region**, fostering the regional dialogue and supporting/overseeing the implementation of the UfM portfolio of activities in accordance with UfM Ministerial Declarations on Sustainable Blue Economy in order to reinforce the existing Euro Mediterranean process on Sustainable Blue Economy, expand the shared cooperation, call for new joint actions to speed up the post-covid recovery as well as to ensure the long-term sustainability of the sectors and activities of the Sustainable Blue Economy in the Mediterranean.
- Activities under the Memorandum of Understanding (MoU) signed between UfMS and AECID on 11th March 2020 supporting the UfM Work Programme and in particular its **Water Policy Framework and Water Agenda**.
- Under the UfM work programme, the UfMS coordinated the set up and the operations of a Mediterranean presence in the framework of the **COP28**. The Mediterranean participation is conceived to seek resilient, fair, and sustainable solutions to combat climate change and adapt to its impacts as a common endeavour.

<i>Dedicated contributions</i>	<i>2023</i>
<i>Swedish International Development Cooperation Agency</i>	1.391.996
<i>Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ)</i>	1.384.658
<i>Agencia Española de Cooperación Internacional para el Desarrollo (AECID)</i>	70.246
<i>European Commission-CINEA</i>	235.876
<i>CoP28 - different sponsoring partners</i>	105.465
<i>Netherlands</i>	43.101
<i>Total Dedicated contributions</i>	<i>3.231.343</i>

Specific reporting for each dedicated contribution is submitted to each donor and subject to audit in accordance with the provisions of the agreement with the donor. Audit reports sent to the different donors are attached as an *annex* of the Financial Statement.

NOTE 20. GRANT AND OTHER TRANSFER PAYMENTS

For the reporting period, the following arrangements for forwarding funds have been implemented:

- Activities under the addendum related to the Cooperation Agreement 10402 between UfM and Swedish International Development Cooperation Agency. The program includes the implementation, through sub-granting, of projects supporting UfM water agenda- "Making Water Cooperation Happen in Middle East & North Africa and the Mediterranean".



- Netherland dedicated contribution was granted to support Urban solutions to climate change in the Mediterranean actions. The action related is the launch of a competition for Undergraduate/Graduate students proposing solutions in a multi-scalar approach, responding to the challenges posed by climate change effects in Mediterranean cities and their built environment.

<i>Sub-granting</i>	<i>2023</i>
<i>Swedish International Development Cooperation Agency</i>	649.914
<i>Netherlands contest</i>	9.000
<i>Total Sub-granting</i>	658.914

NOTE 21. OTHER INCOME

<i>Other income</i>	<i>2023</i>	<i>2022</i>
<i>Special VAT deduction</i>	-	103.963
<i>Total Other income</i>	-	103.963

According to article 8.2 of the Headquarters' Agreement between the Kingdom of Spain and the Secretariat, "Regarding the exemption from the Value Add Tax, the provisions applicable to the Secretariat shall be those contained in article 22, sections 8 and 9 of Act 37/1992, of 28 December, which are expanded in Royal Decree 3485/2000, of 29 December, on exemptions for the diplomatic and consular regime and for International Organization, amending the General Regulations on Vehicles, approved by Royal Decree 2822/1998, of 23 December. The Secretariat shall also be exempt from paying Value Add Tax regarding important services rendered for official purposes."

During the closing of 2021, as a consequence of a change in the legislation, Value Add Tax exemptions have been enlarged to new concepts. An official consultation to the tax office through the Spanish Ministry of Foreign Affairs was made in order to clarify the procedure on how to claim the new deductions. The UfMS requested the reimbursement of VAT for the 3rd and the 4th Quarter for the new exemptions. However, at the closing date since the tax declaration was not processed by the tax office and there were not reply from the MFA, the amounts related to these exemptions were considered as expenditure. Finally, an amount of 103.962,85 € were refunded being considered as additional resources for 2022 (non-current income).

NOTE 22. 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 23. COMPARISON BETWEEN APPROVED BUDGET AND ACTUAL AMOUNTS

The UfM Secretariat's 2023 original budget was approved by the Senior Officials on, and the Grant Agreement with the European Commission was signed on. 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.

MEMBER STATES CONTRIBUTIONS				
Countries	2023 Contributions in Human Resources (seconded staff cost)	2023 (in real figures "cash")	2022 Contributions in Human Resources (seconded staff cost)	2022 (in real figures "cash")
Algeria	118.190	-	108.492	-
Bosnia and Herzegovina	-	5.000	-	-
Bulgaria	-	10.000	-	10.000
Croatia	-	10.000	-	-
Cyprus	145.602	10.000	133.025	-
Egypt	318.000	-	315.000	-
France	287.093	400.000	248.274	400.000
Germany	-	354.000	-	378.000
Greece	-	-	-	30.000
Hungary	-	10.000	-	10.000
Ireland	-	25.000	-	-
Italy	175.000	100.000	175.000	80.000
Luxembourg	-	30.000	-	30.000
Malta	135.802	-	133.709	-
Monaco	-	30.238	-	-
Montenegro	-	3.500	-	-
Morocco	159.605	50.000	200.540	25.000
Portugal	203.933	20.000	-	20.000
Slovenia	-	45.000	-	20.000
Spain	72.035	331.434	92.365	333.000
The Czech Republic	-	2.095	-	2.025
The Netherlands	-	100.000	-	100.000
Tunisia	73.306	-	73.217	-
Turkey	97.399	10.000	93.979	30.000
	1.785.964	1.546.267	1.573.602	1.468.025
Contributions in kind	-	1.785.964	-	1.573.602
	-	3.332.231	-	3.041.627

Other contributions informed in the Budget of 2023 have been (other revenue as per FFSS):

- Swedish International Development Cooperation Agency
- Deutsche Gesellschaft Internationale Zusammenarbeit (GIZ)
- Different Donors for CoP28
- Agencia Española de Cooperación Internacional para el Desarrollo (AECID)

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:

Asset's additions for 2023: 2.594 (See note 8 and note 9)

Amortization for the period: 83.467 (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,
- Cost related to the Grant Agreement Number 101122509 Strengthening Sustainable Blue Economy in the Euro-Mediterranean region (CINEA grant)
- Sub-granting cost of projects supporting UfM water agenda- "Making Water Cooperation Happen in Middle East & North Africa and the Mediterranean".

	Actual Budget 2023	Actual FFSS 2023	Accounting Basis	Entity Basis						Difference Actual FFSS and Actual Budget
			Assets	Blue Economy Grant	Netherlands Contest	Sida (Forwarding Funds)	GIZ (Forwarding Funds)	Services in kind	Others	
Revenue										
European Commission Contribution	4.290.000	4.524.579	-1.297	235.876						234.579
Member States contribution	603.430	612.143	-1.297						10.010	8.712
Capital Grant transfer to result		83.527	83.527							83.527
Services in-kind	1.436.223	2.490.220						704.256	349.741	1.053.997
Other Funds	2.270.445	2.995.467		12.450	9.000	653.469	50.103			725.022
Other Income										0
Total revenue	8.600.098	10.705.935	80.932	248.326	9.000	653.469	50.103	704.256	359.751	2.105.837
Expenses										
Operating expenses	4.639.686	4.819.231		150.316			29.230			179.546
Wages, salaries and employee benefits	1.946.938	2.023.424		61.284			20.873		-5.671	76.486
Human Resources in kind	1.436.223	1.785.964							349.741	349.741
Supplies and consumable used	577.251	1.325.809	-2.594			3.555		704.256	43.341	748.558
Grant and other transfer payments		658.914			9.000	649.914				658.914
Depreciation and amortization expenses		83.467	83.467							83.467
Other expenses		6.101	60						6.041	6.101
Finance costs										0
Total expenses	8.600.098	10.702.909	80.932	211.600	9.000	653.469	50.103	704.256	393.452	2.102.811
Surplus/(Deficit) for the period	0	3.026	0	36.726	0	0	0	0	-33.701	3.026

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	2023 Budget	2023 Expenditure
1 Activities-Operational Expenditure	4.177.000	4.639.686
2 Human Resources	3.618.000	3.383.161
3 General Administration	785.000	577.251
Subtotal direct eligible costs	8.580.000	8.600.098
Contingency reserve	20.000	-
Grand total	8.600.000	8.600.098

Personnel (Budget) = Wages, Salaries and employee benefits (FFSS) – Experts in House

Operational expenditure (Budget) = Operating expenses (FFSS) + Experts in House



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

Line	Item	2023 Budget	2023 Expenditure
1	Activities-Operating Expenses		
1.1	Technical Support for projects and activities	1.931.350	1.646.924
1.2	Promotion of projects and activities	1.492.650	2.239.874
1.3	Follow-up and monitoring of projects and activities	353.000	449.715
1.4	Outreach & visibility of projects and Activities	400.000	303.173
	Subtotal Activities-Operating Expenses	4.177.000	4.639.686

According to the Activity Based Budget methodology Human Resources is classified as follows:

Line	Item	2023 Budget	2023 Expenditure
2	Human Resources		
2.1	Executive direction and management	1.085.000	1.150.166
2.2	Advisors and seconded experts	644.600	637.657
2.4	Technical and administrative staff	1.450.917	1.221.707
2.5	Employer Social Security	437.483	373.631
	Subtotal Human Resources	3.618.000	3.383.161

One of the main differences regarding the format and classification scheme is in relation with the "Supplies and consumable used" (FFSS) that includes the amount of General Administration budget excluding the assets (capitalization of fixed assets).

Line	Item	2023 Budget	2023 Expenditure
3	General Administration		
3.1	Leases	150.000	153.730
3.2	Office Services and Maintenance	244.150	179.355
3.3	Consultancy Services	129.000	71.324
3.4	Transport	3.000	1.822
3.5	Insurances	2.500	3.333
3.6	Utilities	179.000	144.764
3.7	Banking and similar services	5.000	1.513
3.8	Other Services	27.350	18.545
3.9	Furniture, Equipment and others	45.000	2.865
	Subtotal General Administration	785.000	577.251



NOTE 24. RELATED PARTIES AND KEY MANAGEMENT DISCLOSURE

The key management personnel of the UfMS consists of the Secretary General and Deputy Secretaries 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 in December 2023 and 2022, except the Deputy Secretaries 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 €, respectively. The amounts informed by the countries regarding to the salaries paid to the Deputy Secretaries General is 480.235€ for 2023 and 624.242 € for 2022.

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

NOTE 25. EVENTS AFTER THE REPORTING DATE

After the closing date, no material issues came to the attention of the UfM Secretariat or were reported to it which 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.