

2024

# 2024 Financial Statements

(with independent Auditor's Report)



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



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## FINANCIAL STATEMENTS OF THE UNION FOR THE MEDITERRANEAN SECRETARIAT

The Financial Statements of the Union for the Mediterranean Secretariat for the year 2024 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: 22.9.2025

Secretary General: Nasser Kamel

Signature:

Date: 22.09.2025



## ANNUAL FINANCIAL STATEMENTS AND NOTES

1. Statement of Financial Position.
2. Statement of Financial Performance.
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5. Statement of Comparison of Budget and Actual Amounts.
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## 1. Statement of financial position

	Note	2024	2023
ASSETS		EUR	EUR
<b>Current Assets</b>			
<i>Cash and cash equivalents</i>	4	11.964.922	11.295.114
<i>Receivables</i>	5	2.638.994	2.416.812
<i>Prepayments</i>	7	1.692.146	633.487
<i>Other current assets</i>	7	291.765	248.182
<b>Total current assets</b>		<b>16.587.827</b>	<b>14.593.595</b>
<b>Non-current assets</b>			
<i>Other financial assets</i>	10	73.448	72.936
<i>Infrastructure, plant and equipment</i>	8	123.376	182.702
<i>Intangible assets</i>	9	1.564	3.441
<b>Total non-current assets</b>		<b>198.388</b>	<b>259.079</b>
<b>Total assets</b>		<b>16.786.215</b>	<b>14.852.674</b>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
<i>Payables</i>	12	2.399.389	2.372.722
<i>Contribution received in advance</i>	13	8.048.427	6.769.194
<i>Deferred contributions</i>	13	6.077.015	5.437.623
<i>Short-term provisions/Accruals</i>	12	47.672	78.895
<b>Total current liabilities</b>		<b>16.572.503</b>	<b>14.658.434</b>
<b>NET ASSETS/EQUITY</b>			
<i>Capital Grant Member States &amp; EC</i>	16	124.940	186.143
<i>Accumulated surplus/(deficit)</i>	16	88.772	8.097
<b>Total net assets/equity</b>		<b>213.712</b>	<b>194.240</b>
<b>Total liabilities and net assets/equity</b>		<b>16.786.215</b>	<b>14.852.674</b>



## 2. Statement of financial performance

	Note	2024	2023
Revenue	17	EUR	EUR
<i>European Commission Contribution</i>		4.612.626	4.524.579
<i>Member States contribution</i>		888.993	612.142
<i>Capital grant transfer to results</i>		74.847	83.527
<i>Services in-kind</i>		2.359.102	2.490.220
<i>Other Revenue</i>		2.737.013	2.995.467
<i>Interest revenue</i>		4.008	-
<b>Total revenue</b>		<b>10.676.589</b>	<b>10.705.935</b>
Expenses	18	EUR	EUR
<i>Wages, salaries and employee benefits</i>		4.946.405	4.910.161
<i>Operating expenses</i>		4.237.098	3.718.458
<i>Grant and other transfer payments</i>		-	658.914
<i>Supplies and consumable used</i>		1.337.279	1.325.808
<i>Depreciation and amortization expenses</i>		74.847	83.467
<i>Other expenses</i>		285	6.101
<b>Total expenses</b>		<b>10.595.914</b>	<b>10.702.909</b>
<b>Surplus/ (Deficit) for the period</b>		<b>80.675</b>	<b>3.026</b>

### 3. Statement of changes in Net Assets/Equity

	<i>Contributed Capital</i>	<i>Capital Grant</i>	<i>Other Reserves</i>	<i>Accumulated Surpluses/Deficits</i>	<i>Total</i>
<b>Balance at December 31, 2022 carried forward</b>	-	<b>267.076</b>	-	<b>5.071</b>	<b>272.147</b>
<b><i>Changes in net assets/equity for 2023</i></b>					
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
<b><i>Total recognized revenue and expense for the period</i></b>	<b>-</b>	<b>-80.933</b>	<b>-</b>	<b>3.026</b>	<b>-77.907</b>
<b>Balance at December 31, 2023 carried forward</b>	-	<b>186.143</b>	-	<b>8.097</b>	<b>194.241</b>
<b><i>Changes in net assets/equity for 2024</i></b>					
Loss on property revaluation	-	-	-	-	-
Gain on revaluation of investments	-	-	-	-	-
Exchange differences on translating foreign operations	-	-	-	-	-
Net revenue recognized directly in net assets/equity	-	-61.203	-	-	-61.203
Deficit/surplus for the period	-	-	-	80.675	80.675
<b><i>Total recognized revenue and expense for the period</i></b>	<b>-</b>	<b>-61.203</b>	<b>-</b>	<b>80.675</b>	<b>19.471</b>
<b>Balance at December 31, 2024 carried forward</b>	<b>-</b>	<b>124.940</b>	<b>-</b>	<b>88.772</b>	<b>213.712</b>



#### 4. Statement of Cash flow

	2024	2023
Cash flow statement from operating activities	EUR	EUR
<b>Receipts</b>		
Grants	10.131.909	6.755.660
Interest received	4.008	-
Other receipts	151.773	259.136
<b>Payments</b>		
Employee costs	-3.446.864	-3.365.277
Suppliers	-5.068.470	-3.856.833
Other payments	-1.085.500	-586.614
Net cash flows from operating activities	<b>686.856</b>	<b>-793.927</b>
<b>Cash flows from investing activities</b>		
Purchase of plant and equipment	-17.048	-2.802
Net cash flows from investing activities	<b>-17.048</b>	<b>-2.802</b>
Net increase/(decrease) in cash and cash equivalents	<b>669.808</b>	<b>-796.729</b>
Cash and cash equivalents at beginning of period	<b>11.295.114</b>	<b>12.091.843</b>
Cash and cash equivalents at end of period	<b>11.964.922</b>	<b>11.295.114</b>



## 5. Statement of Comparison of Budget and Actual Amounts

note ref.	Budget 2024 Operating Grant	Actual Budget 2024	Actual FFSS 2024	Difference Actual FFSS and Actual Budget	Actual amount FFSS versus Actual Amount Budget				Difference Original Budget and Actual Budget (FFSS)
					Blue Economy (CINEA/GIZ)	Sida (Forwarding Funds)	GIZ/AEGID (Activities &Forwarding Funds)	Services in kind (Rent office)	
<b>Revenue</b>									
European Commission Contribution	22	4.300.000	4.290.000	4.612.625	322.625	329.447	-	-	-312.625
Member States contribution		2.970.000	895.816	888.994	-6.822	-	-	-6.822	-10.000
Capital Grant transfer to result		-	-	74.847	74.847	-	-	74.847	2.074.184
Services in kind		1.330.000	1.344.893	2.359.102	1.014.209	-	-	-	-
Other Revenue		-	2.069.533	2.737.013	667.480	136.276	-	-	-74.847
Interest revenue		-	-	4.008	4.008	-	-	-	-
<b>Total revenue</b>		<b>8.600.000</b>	<b>8.600.242</b>	<b>10.676.589</b>	<b>2.076.348</b>	<b>465.723</b>	<b>-</b>	<b>531.060</b>	<b>704.982</b>
<b>Expenses</b>									
Operating expenses	22	4.177.000	4.659.586	5.512.083	852.497	404.362	-	448.136	-
Wages, salaries and employee benefits		2.288.000	1.907.213	2.017.300	110.087	61.362	-	48.725	-1.335.083
Human Resources in kind		1.330.000	1.344.893	1.654.120	309.228	-	-	-	-482.586
Supplies and consumable used		785.000	688.550	1.337.279	648.729	-	-	1.280	380.787
Grants and other transfer payments		-	-	-	-	-	-	-	-
Depreciation and amortization expenses		-	-	74.847	74.847	-	-	74.847	-30.700
Impairment of property, plant and equipment		-	-	-	-	-	-	-	-324.120
Other expenses		20.000	-	285	285	-	-	-	-14.893
Finance costs		-	-	-	-	-	-	-	96.450
<b>Total expenses</b>		<b>8.600.000</b>	<b>8.600.242</b>	<b>10.595.914</b>	<b>1.995.673</b>	<b>465.723</b>	<b>-</b>	<b>498.141</b>	<b>704.982</b>
<b>Surplus/(Deficit) for the period</b>		<b>-</b>	<b>-</b>	<b>80.675</b>	<b>80.675</b>	<b>-</b>	<b>-</b>	<b>32.919</b>	<b>-47.755</b>
									<b>-50.675</b>



## 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 3.13 and note 22 give further details of the income and expenditure budget and actual results.

Before 1<sup>st</sup> 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 1<sup>st</sup> 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 InforEuro<sup>1</sup> 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.

<sup>1</sup> [http://ec.europa.eu/budget/contracts\\_grants/info\\_contracts/inforeuro/index\\_en.cfm](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 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:

Tangible Assets	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 (as net assets/equity) 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 item<sup>2</sup> 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.

<sup>2</sup> 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. Revenue is recognized based on the expenditure incurred in accordance with the conditions of the binding Agreement signed by 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 1<sup>st</sup> to December 31<sup>st</sup>.

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**

Several new IPSAS issued will become effective as from 1 January 2025, including IPSAS 43 (*Leases*), IPSAS 44 (*Non current assets held for sale and discontinued operations*), IPSAS 45 (*Property, Plant and Equipment*), and IPSAS 46 (*Measurement*).

Other new IPSAS will become effective as from 1 January 2026: IPSAS 47 (*Revenues*), IPSAS 48 (*Transfer expenses*), IPSAS 49 (*Retirement benefit plans*) and IPSAS 50 (*Exploration for and evaluation of mineral resources*).

The forthcoming application of IPSAS 43 – Leases, effective from 1 January 2025, is expected to have a significant impact on the Organization's financial position and disclosures. The standard introduces a single model for lessees, under which right-of-use assets and lease liabilities are recognized for most lease contracts. Based on the existing office lease agreement, which expires on 30 April 2028, the Organization estimates that, had the standard been applied, total assets and total liabilities would have increased by approximately €480 thousand, reflecting the recognition of these new items in the statement of financial position. The adoption of the standard is not expected to have a material effect on net assets or accumulated reserves.



In relation to IPSAS 46 (Measurement), the Organization has reviewed the measurement bases applied to its assets and liabilities and concluded that the standard is not expected to result in material changes to reported amounts. Given the non-cash-generating nature of the Organization's assets, the continued use of historical cost remains appropriate, with IPSAS 46 primarily requiring enhanced disclosures on the rationale for measurement choices, the assessment of service potential, and consistency in the application of measurement bases across asset classes.

The forthcoming application of IPSAS 47 – Revenue, effective from 1 January 2026, is expected to have a significant impact on the Organization's financial position, financial performance and disclosures. In particular, IPSAS 47 introduces a revised treatment for capital transfers related to the acquisition of non-financial assets.

Under the new standard, capital transfers are deemed to be directly linked to the acquisition or construction of the related non-financial assets, rather than to their subsequent use or depreciation. Accordingly, the revenue derived from such capital grants is required to be recognised in full in the statement of financial performance at the moment the related asset is acquired or constructed, provided that the non-refundability criteria are met, instead of being released to income progressively over the useful life of the asset.

Based on the assessment performed, at 31 December 2024 the Organization holds capital grants recognised in equity amounting to approximately EUR 124.9 thousand, which, under IPSAS 47, would be fully recognised as revenue upon transition. In addition, capital grants obtained during 2025 and related to the acquisition of non-financial assets amount to approximately EUR 41.8 thousand, which, under IPSAS 47, will also be recognised in full as revenue at the time the related assets are acquired.

As a result, upon adoption of IPSAS 47, the balance currently presented under "Capital Grants – Member States and European Commission" within equity will be reclassified to accumulated surplus/(deficit) through the statement of financial performance, reflecting the full recognition of the related revenue.

Regarding IPSAS 48 (Transfer Expenses), the Organization has conducted a detailed assessment of the accounting treatment applicable to its transfer arrangements, including the forwarding of funds and other project-related disbursements. The analysis focused on the distinction established by the standard between transfers with conditions, which give rise to a present obligation and therefore require the recognition of a liability until the specified conditions are fulfilled by the beneficiary, and transfers subject only to restrictions on the use of funds, which, in the absence of enforceable conditions, do not create a present obligation and are recognized as expenses at the time the transfer is made.

As part of this assessment, the Organization reviewed the terms and status of the existing agreements as well as those formalized during 2025, which amount in aggregate to 1.706 thousand euros. Based on this review, and in line with the requirements of IPSAS 48, the recognition of the related expenses depends on whether the beneficiaries have fulfilled the conditions attached to the funding.



In these agreements, the amounts transferred to beneficiaries remain conditional upon the completion of activities as defined in the respective contracts, and the Organization retains the right to recover or withhold funds in cases of non-compliance. Accordingly, these disbursements continue to be recorded as liabilities (pre-financing) rather than recognized as expenses. Expense recognition will occur only when the fulfilment of conditions renders the transferred amounts non-refundable and therefore results in a present obligation for the Organization.

The application of IPSAS 48 is therefore expected to strengthen the identification and presentation of obligations arising from conditional transfers, enhancing clarity and transparency in the disclosure of transfer-related balances. While no significant quantitative impact on the financial statements is anticipated, the implementation of the standard will improve the alignment of disclosures with the nature and terms of the underlying agreements.

The adoption of IPSAS 44, IPSAS 45, IPSAS 49 and IPSAS 50 is not expected to have a material impact on the Organization's financial statements, beyond minor updates to accounting policies and measurement-related disclosures.

#### NOTE 4. CASH AND CASH EQUIVALENTS

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

	2024	2023
<i>Cash on hand and balance with banks</i>	11.964.922	11.295.114
	11.964.922	11.295.114

#### 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 31<sup>st</sup> December of 2024, the amount shown in the Statement of Financial Position is detailed as follows:

	2024	2023
<i>Current contributions receivable</i>		
European Commission	1.832.515	1.716.000
Member States	8.333	-
Other donors	798.146	700.812
<b>Total current contributions receivable</b>	<b>2.638.994</b>	<b>2.416.812</b>

#### 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.

	2024	2023
Prepayments	1.692.146	633.487
Value-added tax receivables	169.332	125.748
Other receivables	122.433	122.434
<b>Total other current assets</b>	<b>1.983.911</b>	<b>881.669</b>

#### 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 2024-2023 are as follows:

Assets	2024			2023		
	Initial Value	Accumulated depreciation	Net Value	Initial Value	Accumulated depreciation	Net Value
<i>Vehicles and transport</i>	110.262	93.051	17.211	110.262	88.748	21.514
<i>Furniture</i>	571.620	528.892	42.728	566.669	508.181	58.488
<i>Office equipment</i>	103.296	93.200	10.096	103.865	87.477	16.388
<i>Communications and electronic equipment</i>	109.619	85.302	24.317	109.619	72.460	37.159
<i>IT equipment</i>	382.648	355.937	26.711	374.649	329.867	44.782
<i>Other equipment</i>	38.883	36.570	2.313	37.620	33.249	4.371
<i>Installations</i>	139.524	139.524	0	139.524	139.524	0
	<b>1.455.852</b>	<b>1.332.476</b>	<b>123.376</b>	<b>1.442.208</b>	<b>1.259.506</b>	<b>182.702</b>



Additions, disposals of infrastructure, plant, and equipment for 2024-2023 are as follows:

(net value)	Vehicles and transport	Furniture	Office equipment	Communication equipment	IT equipment	Other equipment	Total
<b>31st December 2023</b>	<b>21.514</b>	<b>58.488</b>	<b>16.388</b>	<b>37.159</b>	<b>44.783</b>	<b>4.371</b>	<b>182.702</b>
<i>Asset reclassification</i>	-	-	-	-	-	-	-
<i>Additions</i>	-	4.952	-	-	7.998	694	13.644
<i>Disposals</i>	-	-	-	-	-	-	-
<i>Revaluation adjustments</i>	-	-	-	-	-	-	-
<i>Write-off</i>	-4.303	-20.712	-6.292	-12.842	-26.069	-2.752	-72.970
<b>31st December 2024</b>	<b>17.211</b>	<b>42.728</b>	<b>10.096</b>	<b>24.317</b>	<b>26.711</b>	<b>2.313</b>	<b>123.376</b>

#### NOTE 9. INTANGIBLE ASSETS

Details of intangible assets for 2024-2023 are as follows:

Intangible Assets	2024			2023		
	Initial Value	Accumulated depreciation	Net Value	Initial Value	Accumulated depreciation	Net Value
Software and Licenses	454.522	452.958	1.564	454.522	451.081	3.441
	<b>454.522</b>	<b>452.958</b>	<b>1.564</b>	<b>454.522</b>	<b>451.081</b>	<b>3.441</b>

Additions, disposals of intangible assets for 2024-2023 are as follows:

(Net value)	Software and licenses	Total
<b>31st December 2023</b>	<b>3.441</b>	<b>3.441</b>
<i>Asset reclassification</i>	-	-
<i>Additions</i>	-	-
<i>Disposals</i>	-	-
<i>Revaluation adjustments</i>	-	-
<i>Write-off</i>	-1.877	-1.877
<b>31st December 2024</b>	<b>1.564</b>	<b>1.564</b>

#### NOTE 10. OTHER FINANCIAL ASSETS

UfM has deposit a guarantee of 73.448 € (72.936 € in 2023), corresponding to the lease agreement for offices.

#### NOTE 11. BORROWINGS

UfMS has no borrowing to report.



**NOTE 12. PAYABLES**

	<b>2024</b>	<b>2023</b>
<i>Accounts payable</i>		
Suppliers	2.021.500	2.011.338
Reimbursement	58.387	66.657
Repayment of Grants	146.552	146.552
Other payables	172.950	148.175
<b>Total accounts payable</b>	<b>2.399.389</b>	<b>2.372.722</b>
<i>Accruals</i>		
Suppliers	47.672	78.895
<b>Total accruals</b>	<b>47.672</b>	<b>78.895</b>
<b>Total accounts payable and accruals</b>	<b>2.447.061</b>	<b>2.451.617</b>

**NOTE 13. CONTRIBUTIONS IN ADVANCE AND DEFERRED REVENUE**

	<b>2024</b>	<b>2023</b>
<i>Contributions received in advance and Deferred Contributions</i>		
European Commission pre-financing	2.574.000	-
Member states contribution in advance	98.000	255.500
Projects Contribution received in advance	4.390.425	3.665.438
Other contribution received in advance	986.003	2.844.249
Member states contribution (deferred)	5.953.629	5.318.245
Other deferred contributions	123.385	123.385
<b>14.125.442</b>	<b>12.206.817</b>	

**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 (as net assets/equity) 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
<b>31<sup>st</sup> December 2022</b>	<b>267.076</b>	<b>0</b>	<b>267.076</b>
Additions	2.594		2.594
Capital grant transfer to result	-83.527	0	-83.527
<b>31<sup>st</sup> December 2023</b>	<b>186.143</b>	<b>0</b>	<b>186.143</b>
Additions	13.644		13.644
Capital grant transfer to result	-74.847	0	-74.847
<b>31<sup>st</sup> December 2024</b>	<b>124.940</b>	<b>0</b>	<b>124.940</b>

The result of the year has been a profit of 80.675 €. Accumulated surpluses and deficits from previous period are shown in the following table:

<u>Accumulated surplus and deficit</u>	
<b>31<sup>st</sup> December 2022</b>	<b>5.071</b>
Surplus of the period	3.026
<b>31<sup>st</sup> December 2023</b>	<b>8.097</b>
Surplus of the period	80.675
<b>31<sup>st</sup> December 2024</b>	<b>88.772</b>

**NOTE 17. REVENUE**

	2024	2023
<b>Contributions</b>		
Member State Contributions	888.994	612.142
European Commission Contribution (CINEA)	329.447	235.876
European Commission Contribution (ENI)	4.283.178	4.288.703
	<b>5.501.619</b>	<b>5.136.721</b>
<b>Capital grant transfer to results</b>		
Capital grant European Commission and Member States	74.847	83.527
	<b>74.847</b>	<b>83.527</b>
<b>Services in kind</b>		
Human Resources - in kind	1.654.120	1.785.964
Rent office - in kind	704.982	704.256
	<b>2.359.102</b>	<b>2.490.220</b>
<b>Other Revenue (dedicated contributions)</b>		
Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ)	1.341.673	1.384.658
Swedish International Development Cooperation Agency	1.138.219	1.391.996
EC Interests for late payment	4.008	-
Agencia Española de Cooperación Internacional para el Desarrollo (AECID)	94.941	70.246
Other donors	162.037	148.567
	<b>2.740.878</b>	<b>2.995.467</b>
<b>Other Income</b>		
Other income	143	-
	<b>143</b>	<b>-</b>



NOTE 18.	EXPENSES	2024	2023
	<i>Wages, salaries and employee benefits</i>		
	Personnel expenses	3.292.285	3.124.197
	Contributions in kind	1.654.120	1.785.964
		<b>4.946.405</b>	<b>4.910.161</b>
	<i>Operating expenses</i>		
	Horizontal Activities	505.583	404.617
	Business Development & employment	769.146	1.050.372
	Transport and Urban development	342.703	297.956
	Energy & Climate Change	595.406	364.792
	Water & Environment (*)	1.033.930	803.665
	Higher Education and Research	339.428	280.071
	Social & Civil Affairs	650.901	516.985
		<b>4.237.098</b>	<b>3.718.458</b>
	<i>Grant and other transfer payments</i>		
	Swedish International Development Cooperation Agency	649.914	
	Netherlands	9.000	
		-	<b>658.914</b>
	<i>Supplies and consumable used</i>		
	Leases and royalties	858.901	857.985
	Repairs and maintenance	200.141	179.355
	Consultancy services	108.280	115.214
	Transport	2.062	1.822
	Insurance	3.708	3.333
	Banking and similar services	4.595	5.068
	Utilities	140.132	144.764
	Other services	19.460	18.267
		<b>1.337.279</b>	<b>1.325.808</b>
	<i>Depreciation</i>		
	Depreciation intangible assets	1.877	3.498
	Depreciation tangible assets	72.970	79.969
		<b>74.847</b>	<b>83.467</b>
	<i>Other Expenses</i>		
	Miscellaneous expenses	285	6.101
		<b>285</b>	<b>6.101</b>
		<b>10.595.914</b>	<b>10.702.909</b>

(\*) Including services as per CINEA agreement

The accrued professional fees corresponding to the year ended as December 2024 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 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 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 11<sup>th</sup> 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 **COP29**. 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.



<b>Dedicated contributions</b>	<b>2024</b>
Swedish International Development Cooperation Agency	1.138.219
Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ)	1.251.156
Agencia Española de Cooperación Internacional para el Desarrollo (AECID)	38.642
European Commission-CINEA	329.447
CoP - different sponsoring partners	137.234
Netherlands	24.804
<b>Total Dedicated contributions</b>	<b>2.919.502</b>

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.

#### **NOTE 20. GRANT AND OTHER TRANSFER PAYMENTS**

For the reporting period, the following arrangements for forwarding funds were active; however, no financial impact has been recognised in the 2024 fiscal year in relation to transfers to beneficiaries:

- Activities under the Memorandum of Understanding (MoU) signed between UfMS and AECID on 22<sup>nd</sup> March 2023 supporting a grant scheme to promote Employment and Entrepreneurship in the Green Economy. This grant scheme is partially supported by AECID, with an aggregate contribution of GIZ
- Activities under the Memorandum of Understanding (MoU) signed between UfMS and AECID on 26<sup>th</sup> February 2024 supporting a grant scheme for the promotion of Inclusive Digital Trade. This grant scheme is partially supported by AECID, with an aggregate contribution of GIZ

<b>Sub-granting</b>	<b>2024</b>
Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ)	90.517
Agencia Española de Cooperación Internacional para el Desarrollo (AECID)	56.298
<b>Total Sub-granting</b>	<b>146.815</b>

No expenses or transfers to beneficiaries were incurred in 2024, and therefore no amounts have been recognised under "Grant and other transfer payments" in the statement of financial performance. The costs incurred during the year relate exclusively to internal UfM expenditure (project management, internal project officer hours, audit costs, and other administrative expenses). These costs form part of the overall project budgets financed by the grants, but they do not constitute forwarding fund transfers and are therefore not recognised as transfer expenses nor revenue associated with forwarding funds.

#### **NOTE 21. 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 22. COMPARISON BETWEEN APPROVED BUDGET AND ACTUAL AMOUNTS

The UfM Secretariat's 2024 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.

Countries	MEMBER STATES CONTRIBUTIONS			
	2024 Contributions in Human Resources (seconded staff cost)	2024 (in real figures "cash")	2023 Contributions in Human Resources (seconded staff cost)	2023 (in real figures "cash")
Albania	-	5.000	-	-
Algeria	126.231	-	118.190	-
Bosnia and Herzegovina		5.000	-	5.000
Bulgaria	-	-	-	10.000
Croatia	-	10.000	-	10.000
Cyprus	155.389	10.000	145.602	10.000
Egypt	397.381	-	318.000	-
France	187.063	400.000	287.093	400.000
Germany	-	385.200	-	354.000
Greece	-	30.000	-	-
Hungary	-	10.000	-	10.000
Ireland	-	50.000	-	25.000
Italy	175.000	385.000	175.000	100.000
Luxemburg	-	30.000	-	30.000
Malta	128.513	-	135.802	
Monaco	-	60.000	-	30.238
Montenegro	-	4.000	-	3.500
Morocco	139.531	-	159.605	50.000
Portugal	183.941	20.000	203.933	20.000
Slovenia	52.286	-		45.000
Spain	37.542	-	72.035	331.434
The Czech Republic	-	1.999	-	2.095
The Netherlands	-	100.000	-	100.000
Tunisia	-	-	73.306	-
Turkey	71.243	25.000	97.399	10.000
	<b>1.654.120</b>	<b>1.531.199</b>	<b>1.785.965</b>	<b>1.546.267</b>
<i>Contributions in kind</i>		<b>1.654.120</b>		<b>1.785.964</b>
		<b>3.185.319</b>		<b>3.332.231</b>

Other contributions informed in the Budget of 2024 have been (other revenue as per FFSS):

- *Swedish International Development Cooperation Agency*
- *Deutsche Gesellschaft Internationale Zusammenarbeit (GIZ)*
- *Different Donors for CoP29*
- *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 2024: 13.644 (See note 8 and note 9)

Amortization for the period: 74.847 (See note 8 and note 9)

The amount of 43.890 corresponds to the temporary difference in the reporting of Operating Grant and Financial Statements at 2023, that is reversed at 2024.

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)

	Actual Operating Grant 2024	Actual FFSS 2024	Assets	Entity Basis				Difference Actual FFSS and Actual Budget
				Blue Economy Grant	Sida (Forwarding Funds)	GIZ/AECID	Services in kind	
<b>Revenue</b>								
European Commission Contribution	4.290.000	4.612.625	-6.822	329.447				322.625
Member States contribution	895.816	888.994	-6.822					-6.822
Capital Grant transfer to result		74.847	74.847					74.847
Services in-kind	1.344.893	2.359.102				704.982	309.228	1.014.209
Other Funds	2.069.533	2.737.013		136.276	0	531.060	143	667.480
Other Income		4.008					4.008	4.008
<b>Total revenue</b>	<b>8.600.242</b>	<b>10.676.589</b>	<b>61.203</b>	<b>465.723</b>	<b>0</b>	<b>531.060</b>	<b>704.982</b>	<b>313.379</b>
								<b>2.076.348</b>
<b>Expenses</b>								
Operating expenses	4.659.586	5.512.083		404.362		448.136		852.497
Wages, salaries and employee benefits	1.907.213	2.017.300		61.362		48.725		110.087
Human Resources in kind	1.344.893	1.654.120					309.228	309.228
Supplies and consumable used	688.550	1.337.279	-13.644			1.280	704.982	-43.890
Grant and other transfer payments		0						0
Depreciation and amortization expenses		74.847	74.847					74.847
Other expenses		285					286	285
Finance costs								0
<b>Total expenses</b>	<b>8.600.242</b>	<b>10.595.914</b>	<b>61.203</b>	<b>465.723</b>	<b>0</b>	<b>498.141</b>	<b>704.982</b>	<b>265.624</b>
								<b>1.995.673</b>
<b>Surplus/(Deficit) for the period</b>	<b>0</b>	<b>80.675</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>32.919</b>	<b>0</b>	<b>47.755</b>
								<b>80.675</b>

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	2024 Budget	2024 Expenditure
1 Activities-Operational Expenditure	4.177.000	4.659.586
2 Human Resources	3.618.000	3.252.106
3 General Administration	785.000	688.550
4 Contingency Reserve	20.000	-
<b>TOTAL</b>	<b>8.600.000</b>	<b>8.600.242</b>

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:

1	Activities-Operational Expenditure	2024 Budget	2024 Expenditure
1.1	Technical Support for projects and activities	1.883.600	1.935.057
1.2	Platforms, regional experts' groups meetings & conferences	1.540.400	1.955.163
1.3	Follow-up and monitoring for projects and activities	353.000	403.347
1.4	Outreach & visibility for projects and Activities	400.000	366.019
<i>Subtotal Activities-Operational Expenditure</i>		<b>4.177.000</b>	<b>4.659.586</b>

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

2	Human Resources	2024 Budget	2024 Expenditure
2.1	Executive direction and management	1.030.000	971.966
2.2	Advisors and seconded experts	651.600	725.526
2.4	Technical and administrative staff	1.505.400	1.204.541
2.5	Employer Social Security	431.000	350.072
<i>Subtotal Human Resources</i>		<b>3.618.000</b>	<b>3.252.105</b>

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).

3	General Administration	2024 Budget	2024 Expenditure
3.1	Leases	150.000	153.919
3.2	Office Services and Maintenance	244.150	200.141
3.3	Consultancy Services	129.000	152.170
3.4	Transport	3.000	2.062
3.5	Insurances	2.500	3.708
3.6	Utilities	179.000	140.132
3.7	Banking and similar services	5.000	3.315
3.8	Other Services	27.350	19.791
3.9	Furniture, Equipment and others	45.000	13.313
<i>Subtotal general administration</i>		<b>785.000</b>	<b>688.551</b>



#### **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 2024 and 2023, 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 are 466.362 € for 2024 and 480.235 € for 2023.

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.



## 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, 2024



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



**Shape the future  
with confidence**



**Shape the future  
with confidence**

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

To the Secretariat of the Union for the Mediterranean

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### **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, 2024, 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, 2024, and of its financial performance and its cash flows for the year then ended in accordance with International Public Sector Accounting Standards (IPSAS).

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### **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.

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### **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.

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### 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.

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### 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.

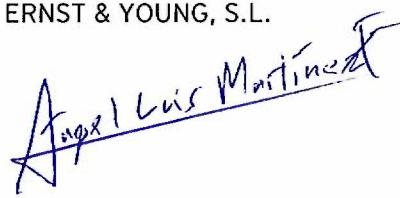
- ▶ Evaluate the overall presentation, structure, and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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.

**AUDITORES**  
INSTITUTO DE CENSORES JURADOS  
DE CUENTAS DE ESPAÑA

ERNST & YOUNG, S.L.



Ángel Luis Martínez Fuentes

2026 Núm. 01/26/03119

SELLO CORPORATIVO 86,00 EUR

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Informe de auditoría de cuentas sujeto  
a la normativa de auditoría de cuentas  
española e internacional  
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January 19, 2026