UfMS 2026 Budget Operating Grant Contract

Line	Item	2026 Budget	2025 Budget
1	**Activities-Operational Expenditure**		
1.1	**Technical support for projects and activities**		
	1. Connecting People	592,178	
	2. Connected Economies	334,570	
	3. Connecting Countries	730,670	
	4. Renewed UfM Capacity for Action, Communication and Dialogue	516,562	
	Total	**2,173,979**	**1,924,500**
1.2	**Platforms, regional experts' groups meetings & conferences**		
	1. Connecting People	269,000	
	2. Connected Economies	275,000	
	3. Connecting Countries	470,000	
	4. Renewed UfM Capacity for Action, Communication and Dialogue	439,000	
	Total	**1,453,000**	**1,499,500**
1.3	**Follow-up and monitoring for projects and activities**		
	1. Connecting People	88,250	
	2. Connected Economies	88,250	
	3. Connecting Countries	88,250	
	4. Renewed UfM Capacity for Action, Communication and Dialogue	88,250	
	Total	**353,000**	**353,000**
1.4	**Outreach & visibility for projects and Activities**		
	1. Connecting People	100,000	
	2. Connected Economies	100,000	
	3. Connecting Countries	100,000	
	4. Renewed UfM Capacity for Action, Communication and Dialogue	100,000	
	Total	**400,000**	**400,000**
	Subtotal activities-operational expenditure	**4,379,979**	**4,177,000**
2	**Human Resources**		
2.1	**Executive direction and management**		
	Executive management	396,000	300,000
	Seconded Staff cost	795,000	795,000
	Total	**1,191,000**	**1,095,000**
2.2	**Advisors and seconded experts**		
	Seconded expert (allowances)	60,000	51,600
	Seconded Staff cost	505,000	505,000
	Total	**565,000**	**556,600**
2.3	**Technical and administrative staff**		
	Technical and administrative Staff	1,715,852	1,549,663
	Total	**1,715,852**	**1,549,663**
2.4	**Employer Social Security**		
	Employer Social Security	416,737	416,737
	Total	**416,737**	**416,737**
	Subtotal Human Resources without seconded staff	**2,588,590**	**2,318,000**
	Subtotal Human Resources	**3,888,590**	**3,618,000**
3	**General Administration**		
3.1	Leases	168,000	156,000
3.2	Office Services and Maintenance	343,303	264,100
3.3	Consultancy Services	190,000	105,000
3.4	Transport	3,000	2,700
3.5	Insurances	4,000	3,300
3.6	Utilities	180,500	176,000
3.7	Banking and similar services	6,250	5,000
3.8	Other Services	33,900	27,900
3.9	IT upgrades, Equipment and Furniture	232,479	45,000
	Sub-total General Administration	**1,161,432**	**785,000**
4	**CONTINGENCY RESERVE**		
4.1	Contingency reserve	20,000	20,000
	Subtotal contingency reserve	**20,000**	**20,000**
5	**OVERSIGHT COMMITTEE**		
5.1	Oversight Committee	150,000	0
	Subtotal oversight Committee	**150,000**	**0**
	GRAND TOTAL	***9,600,000***	***8,600,000***

Comprehensive UfMS financial situation
2026 UfMS Financial framework statement

2026 UfMS Budget	Non-Earmarked	*Sida Agr.15474*	*AECID*	*GIZ**	*CINEA grant agreement*	Total in EUR
	Budget of the UfMS Work Programme presented as per IPSAS by Financing agreements					
Revenue						
European Commission Contribution	4,300,000				284,152	4,584,152
Member States contribution (General and dedicated)	2,979,447	1,020,553	1,043,908	1,079,200		6,123,109
Capital Grant transfer to result	0					0
In-kind Contributions	1,300,000					1,300,000
Other Revenue	0	278,000	719,390	1,314,176	0	2,311,566
Interest revenue	0					0
Total revenue	**8,579,447**	**1,298,553**	**1,763,298**	**2,393,376**	**284,152**	**14,318,826**
Expenses						0
Operating expenses	2,093,300	905,905	943,600	998,059	220,000	5,160,864
Wages, salaries and employee benefits	3,854,716	114,648	100,308	81,141	64,152	4,214,965
Wages, salaries and employee benefits - in kind	1,300,000					1,300,000
Supplies and consumable used	1,311,432					1,311,432
Grant and other transfer payments	0	278,000	719,390	1,314,176		2,311,566
Depreciation and amortization expenses	0					0
Impairment of property, plant and equipment	0					0
Other expenses	20,000					20,000
Finance costs	0					0
Total expenses	**8,579,447**	**1,298,553**	**1,763,298**	**2,393,376**	**284,152**	**14,318,826**
Indirect/Administrative costs		**64,928**	**123,431**	**167,536**		**12,007,261**

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EXPLANATORY NOTE ON 2026 BUDGET PROPOSAL

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I. EXECUTIVE SUMMARY

The UfMS budget is the instrument for the implementation of its work programme. The 2026 budget and its explanatory note strive to reflect a comprehensive overview of the adopted budgeting approach.

The 2026 UfM Budget prepared during an institution-wide reform process, builds on the UfM's established mandate while adapting to evolving regional and geopolitical dynamics. This enhanced budget represents the continuity of past work to align with the reform and respond to emerging regional priorities.

In this context, the UfM is presenting **a core budget of EUR 9.6 million**, with just one million more than in previous years, but achieving reflecting the new institutional needs arising from the UfM reform. To meet this additional requirement, the UfM will undertake an outreach campaign to encourage Member States to consider a very modest additional voluntary contribution. In the case the Member states contributions fall short of the required budget in 2026 — and only under exceptional circumstances — the UfM reserves the right to draw upon its carry-over funds to cover expenditures for that year.

The 2026 UfM Budget highlights the key components that form the foundation of UfMS budgeting methodology: 1) Activity-Based Budgeting (ABB) and 2) International Public Sector Accounting Standards (IPSAS). Through the integration of the two components, we aim to enhance efficiency, accountability by, among others, the pre-consolidation approach where all collected resources and their intended use are outlined, and the priority alignment in resource allocation where the budget is structured around the Core Activities of the 2026 Work Programme and related Actions Instruments, gearing the process gradually toward a result-based approach.

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In this respect,

- UfMS budgeting process adheres to IPSAS. By aligning with IPSAS, we ensure that our financial reporting is consistent, accurate, and in compliance with international best practices. This approach promotes trust and confidence among stakeholders, while also enhancing the overall credibility of our financial management.
- To optimize the utilization of resources and align budgetary allocations with our strategic priorities, within ABB framework, we have structured our budget around Action's Instruments and Core Activities. Action's Instruments refer to the specific tools that we employ to achieve our objectives (i.e., Technical Support, Platforms, regional experts´ groups meetings & conferences), while Core Activities encompass the essential tasks required to implement these instruments successfully: the 4 pillars reflected in the 2026 Work Programme: 1/Connecting People; 2/Connected Economies; 3/Connecting Countries; and 4. Renewed UfM Capacity for Action, Communication and Dialogue.
- Human Resources and General Administration are structured by destination in consistency with IPSAS), while maintaining a simplified classification by nature.

II. UfMS BUDGET

1. Pre-Consolidate Budget (Financial Statement Framework-IPSAS)

The table below presents a comprehensive overview of the budget of the institution, structured in accordance with the International Public Sector Accounting Standards (IPSAS). The financial data is organized to align with the IPSAS framework, providing clarity and consistency in reporting. The columns within the table correspond to the different funding sources outlined in Section III of the document, ensuring that each source of revenue is distinctly categorized and easily identifiable.

By adhering to this structure, the presentation allows to have a summary of all resources expected to be collected and all the expenditure to be incurred during the budgetary year 2026 by the UfMS and facilitates a comprehensive understanding of how resources from different sources are being allocated and utilized. Additionally, it supports enhanced accountability and allows stakeholders to assess the financial health of the institution, ensuring that funds are managed efficiently and in alignment with international standards.

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	Budget of the UfMS Work Programme presented as per IPSAS by Financing agreements					
2026 UfMS Budget	**Non-Earmarked**	***Sida Agr.15474***	***AECID***	***GIZ***[1]	***CINEA grant agreement***	**Total in EUR**
Revenue						
European Commission Contribution	4,300,000				284,152	4,584,152
Member States contribution (General and dedicated)	2,979,447	1,020,553	1,043,908	1,079,200		6,123,109
Capital Grant transfer to result	0					0
In-kind Contributions	1,300,000					1,300,000
Other Revenue	0	278,000	719,390	1,314,176	0	2,311,566
Interest revenue	0					0
Total revenue	**8,579,447**	**1,298,553**	**1,763,298**	**2,393,376**	**284,152**	**14,318,826**
Expenses						0
Operating expenses	2,093,300	905,905	943,600	998,059	220,000	5,160,864
Wages, salaries and employee benefits	3,854,716	114,648	100,308	81,141	64,152	4,214,965
Wages, salaries and employee benefits - in kind	1,300,000					1,300,000
Supplies and consumable used	1,311,432					1,311,432
Grant and other transfer payments	0	278,000	719,390	1,314,176		2,311,566
Depreciation and amortization expenses	0					0
Impairment of property, plant and equipment	0					0
Other expenses	20,000					20,000
Finance costs	0					0
Total expenses	**8,579,447**	**1,298,553**	**1,763,298**	**2,393,376**	**284,152**	**14,318,826**

It should be noted that the conditions for a fully consolidated budget have not yet been met due to the following reasons:

i) The resources collection system is not harmonized and
ii) There is no unified set of rules, as cooperation agreements providing the UfMS with dedicated contributions have different requirements, eligibility criteria, reporting and auditing frameworks.

The pre-consolidation represents an early stage of the broader strategic objective of achieving full budget consolidation. At this stage, the pre-consolidated budget serves to provide Member States with an overview

[1] Estimate based on informal communications; no legal commitment has been made yet.

of the resources and expenditures, offering a comprehensive picture despite these resources being governed by different frameworks.

2. Standalone Budget presentation under European Commission Operating Grant

A Standalone Budget presentation under European Commission Operating Grant framework and Activity-Based Budgeting (ABB) approach. The latter is a progressive budgeting method that focuses on allocating resources based on specific activities rather than traditional line items. In line with UfMS commitment to transparency and accountability, the ABB method has been adopted since 2014 mirroring EU best practices to allocate resources more effectively, striving to ensure that each activity contributes directly to achieving the Organization' goals. It ensures alignment with the Work Programme and allow the steering over resources allocation to priority areas. **This presentation is in accordance with EC Operating Grant structure**. It ensures compliance with the current contractual requirements, among others in terms of co-financing rule and in terms of eligibility of expenditure where, for instance, financial support to third parties (sub-granting) are not included.

Line	Item	2026 Budget	2025 Budget
1	**Activities-Operational Expenditure**		
1.1	Technical Support for projects and activities	2.173.979	1.924.500
1.2	Platforms, regional experts' groups meetings & conferences	1.453.000	1.499.500
1.3	Follow-up and monitoring for projects and activities	353.000	*353.000*
1.4	Outreach & visibility for projects and Activities	400.000	400.000
	Subtotal Activities-Operational Expenditure	***4.379.979***	***4.177.000***
2	**Human Resources**		
2.1	Executive direction and management	1.191.000	1.095.000
2.2	Advisors and seconded experts	565,000	556.600
2.3	Technical and administrative staff	1.715.852	1.549.663
2.4	Employer Social Security	416.737	416.737
	Subtotal Human Resources	***3.888.590***	***3.618.000***
3	**General Administration**		
3.1	Leases	168.000	156.000
3.2	Office Services and Maintenance	343.303	264.100
3.3	Consultancy Services	190.000	105.000
3.4	Transport	3.000	2.700
3.5	Insurances	4.000	3.300
3.6	Utilities	180.500	176.000
3.7	Banking and similar services	6.250	5.000
3.8	Other Services	33.900	27.900
3.9	IT upgrades, Equipment and Furniture	232.479	45.000
	Subtotal General Administration	***1.161.432***	***785.000***
4	**Contingency reserve**		
4.1	Contingency reserve	20.000	20.000
	Subtotal Contingency Reserve	***20.000***	***20.000***
5	**Oversight Committee**		
5.1	Oversight Committee	150.000	
	Subtotal Oversight Committee	***150.000***	
	GRAND TOTAL	***9.600.000***	***8.600.000***

According to the ABB methodology, the budget is organized into three main headings—Operational Expenditure (Activities), Human Resources, and General Administration—in addition to a contingency reserve heading. A detailed explanation of each budget heading is provided in Section IV of the document.

3. Reconciliation: Budget presentation under EC Operating Grant vs IPSAS framework

The concept of the "**Operating Grant budget**" involves combining two specific components: non-earmarked activities and earmarked ones such as from the Swedish International Development Cooperation Agency (Sida) grant activities, both in full coherence and alignment with the UfMS annual work programme. In that sense, Sida Cooperation agreement is financing a substantial part of the work programme. This combination results in a comprehensive plan that outlines the resources allocated for the organization's operational expenses and activities supported by Sida Cooperation Agreement (excluding sub-granting).

Operating Grant Agreement Budget	**Non-Earmarked**	***Sida Agr.15474***	**Total**
Revenue			
European Commission Contribution	4,300,000		4,300,000
Member States contribution (General and dedicated)	2,979,447	1,020,553	4,000,000
Capital Grant transfer to result	0		0
In-kind Contributions	1,300,000		1,300,000
Other Revenue	0		0
Interest revenue	0		0
Total revenue	**8,579,447**	**1,020,553**	**9,600,000**
Expenses			0
Operating expenses	2,093,300	905,905	2,999,205
Wages, salaries and employee benefits	3,854,716	114,648	3,969,364
Wages, salaries and employee benefits - in kind	1,300,000		1,300,000
Supplies and consumable used	1,311,432		1,311,432
Grant and other transfer payments	0		0
Depreciation and amortization expenses	0		0
Impairment of property, plant and equipment	0		0
Other expenses	20,000		20,000
Finance costs	0		0
Total expenses	**8,579,447**	**1,020,553**	**9,600,000**
Indirect/Administrative costs		**88,700**	**9,600,000**

Non-earmarked funds cover various activities and operational costs as per the work programme that do not have specific restrictions or requirements attached to them. These activities are often essential for the organization's day-to-day operations and may include salaries, administrative costs, general maintenance, and other necessary expenses. The budget for non-earmarked part encompasses the funds required to sustain the organization's basic functions and services.

The budget for Sida grant activities encompasses the financial resources allocated to sectorial initiatives and core activities promoting regional dialogue. These activities must adhere both to the work programme and to the terms and conditions set by Sida. The forwarding funds component (sub-granting) devoted to UfM Water Agenda, are not included in the "Operating Grant Budget".

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III. Budget Resources: Contributions

The financing of the UfMS budget is derived from shared contributions by Member States (MS) on a voluntary and equitable basis, alongside funding from the European Commission. This section provides an overview of the contributions received by the institution, detailing the financial support.

Member States' contributions are presented in three distinct categories:

1. **General Contributions (Non-earmarked Contributions)**: These are general funds provided by Member States without specific conditions or designated purposes, allowing the institution the flexibility to allocate these resources where they are most needed.
2. **Provision of Human Resources (In-Kind Contributions)**: This category includes non-monetary support from Member States, such as personnel/technical expertise, that contribute to the institution's operations and projects.
3. **Dedicated/Earmarked Contributions**: These funds are provided by Member States for specific projects, programs, or objectives. They are allocated according to the donor's stipulations, ensuring that the resources are used for the intended purposes.

1. European Commission Contribution

The European Commission contribution forms a significant part of the institution's financial resources, supporting a wide range of activities. The funds are allocated based on an Operating Grant Agreement and are crucial for advancing the institution's strategic objectives.

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The Operating Grant Agreement budget for 2026, amounts to 9.600.000 EUR. Of this total, 4.300.000 EUR is expected to be covered by the European Commission. The remaining funds should be sourced from Member States Contributions, both non-earmarked and earmarked to certain projects or activities.

2025 Operating Grant Agreement	Amount EUR
Contribution of the European Commission	4.300.000
Contribution of Member States	5.300.000
Total Budget	**9.600.000**

2. Member States Contributions: General Contribution (non-earmarked)

The foreseen Member States’ contributions should amount to EUR 5.3 million, in order to match the European Commission’s contribution through the Operating Grant as the co-financing component and meet the new needs of the 2026 Work Programme. Regarding financial contributions, Member States’ commitments are needed by the end of 2025, with pledges for financial support, given that budgetary predictability is essential for the implementation of the 2026 Work Programme.

The recurrent situation concerning contributions to the UfMS budget shows a persistent funding gap between the approved “theoretical” budget and the actual funds received. On average, only EUR 1.5 million in Member States’ contributions is collected each year.

To address this challenge and strengthen the financial model, several measures have been initiated. These include the incorporation of seconded staff costs in the budget, accounting for an additional EUR 1.3 million, and the inclusion of dedicated contributions from Member States' development agencies, such as SIDA, amounting to approximately EUR 1.3 million.

For 2026, in order to reach the target of EUR 5.6 million, the UfM would require **an additional EUR 1.2 million from Member States' cash contributions**. This would entail a modest increase of **Member States' voluntary cash contributions.** This amount represents the bare minimum required to meet the organisation's expanded operational needs, renewed vision and strategy, and overall ambition.

3. Member States Contributions: Provision of Human Resources

The seconded staff component represents a significant portion of the resources contributed by Member States to the UfMS Budget. For 2026, the estimated Member State contributions in the form of human resources (gross salaries for seconded staff) is projected to amount to 1.3 million EUR.

This estimation is based on two key factors:

- Historical Data: Drawing on the experience of previous years, starting from 2014, when the seconded staff component was first incorporated into the UfMS Budget Resources, provides a solid foundation for predicting future contributions.
- Turnover of Seconded Staff: The estimation also takes into account the turnover rate of seconded staff, reflecting the natural cycle of personnel changes and the continuity of Member States' commitment to providing human resources.

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4. Member States Contribution: Dedicated contributions (earmarked)

UfM Secretariat in its continuous effort to sustain the development of its activities through diversified ways of funding, and in addition to general contributions to UfMS annual budget (non-earmarked funds), some Member States and other institutions (International Organisations, MS Cooperation Agencies, other entities, etc.) are providing Dedicated Contributions.

These contributors participate to the financing the UfM Secretariat Core Activities (Activities Operational Budget) earmarking their funds/resources to a specific sector, activity, operation etc. as per the work programme. 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 are utilized in accordance with UfMS rules and procedures, while also adhering to the requirements of these agreements. This results in an increased administrative burden and associated costs.

To address the rising administrative burden, some agreements include provisions for indirect or administrative costs, which are allocated to reinforce administrative positions and ensure the effective management and implementation of these contributions.

4.1. Cooperation with the Swedish International Development Agency (Sida)

In 2025, the UfMS implemented the activities outlined in the Sida-UfMS 2025 work plan, which was formulated in alignment with the UfMS 2025 Work Programme and according to the priorities jointly defined with Sida. As in previous years, the activities aimed at deepening and expanding UfM's specific cooperation initiatives and core activities, with a particular focus on promoting regional dialogue in the MENA region.

The implementation period of Sida-UfMS programme (Sida Contribution 15474) was originally planned to take place from 2022 to 2025. However, a no-cost extension (NCE) has been agreed with Sida to consolidate the overall objectives of the programme and to resume and achieve an indirect implementation component of the programme (subgrant) which was suspended from July 2024 to September 2025.

Hence, the NCE allows for the extension of one (1) year of Sida Contribution 15474, i.e. from 1 January 2026 to 31 December 2026 to consolidate initiatives and core activities promoting regional dialogue and to finalise all the activities under the project “WEFE Nexus for Sustainable Development in the MENA” (sub-granting mechanism). It is important to note that this subgrant component is not included in the Operating Grant Agreement budget.

The Sida Work Plan 2026 will also be aligned with the UfM Secretariat's 2026 Work Programme and the priorities jointly defined with Sida.

4.2. Agreement between GIZ and UfM Secretariat during the period 2019-2024

A joint declaration between the Federal Ministry for Economic Cooperation and Development (BMZ) and the Secretariat of the Union for the Mediterranean (UfM) was signed to establish a stronger partnership aimed at promoting regional integration, creating employment opportunities for young women and men, and boosting trade within and beyond the region and. Following the successful completion of the Framework Implementation Agreement between GIZ and UfM Secretariat during the period 2019-2022, The German Federal Ministry for Economic Cooperation and Development (BMZ) continue its ongoing support to the UfM Secretariat under the project “UfM Hub for Jobs, Trade and Investment” from 1st February 2022 up to 31st January 2025. Under this project, implemented by GIZ, 6,5 million EUR may be provided to support the activities of the UfM in regional economic integration as well as employment and investment promotion in the UfM region. The UfM has implemented the 2025 activities formulated according to the priorities jointly defined with GIZ and in alignment with the UfM Secretariat Work Programme.

Under the Implementation Agreement between GIZ and UfM Secretariat, and jointly with AECID (Spanish Agency for International Development Cooperation), two financing agreements/MoUs are in place to implement grant schemes through a call for proposals.

- 81290775 - UfMS Grant Scheme to Promote Employment and Entrepreneurship in the Green Economy (1,5 million EUR)
- 81301788 - UfMS Grant Scheme for the Promotion of Inclusive Digital Trade (950.000 EUR)

The components of the grant scheme (call for proposals) and forwarding of funds fall under the UfM mandate in terms of support to regional initiatives. However, they are not included in the Operating Grant Budget due to contractual requirements with the European commission. These are funds received to be forwarded to beneficiaries and therefore are not part of the Operating Grant budget.

In 2026, no formal financial commitments have been made. The figures provided for GIZ in the Pre-Consolidate Budget are estimates based on informal communications.

4.3. AECID (Spanish Agency for International Development Cooperation)

On 11th March 2020 UfMS and AECID (Spanish Agency for International Development Cooperation) signed a Memorandum of Understanding (MoU). This agreement signified the parties' mutual commitment to establishing institutional cooperation through regional and international initiatives, aimed at increasing impact and fostering synergies to achieve shared objectives in areas of common interest.

Within the framework of this MoU, the cooperation with AECID has increased over the years in terms of financial support to the UfMS, scope of action, as well as ambition and approach:

- A first contribution in 2022 of EUR 700.000 (2022-2025), out of which EUR 200.000 to support the UfM Water Policy Framework and Water Agenda, and EUR 500.000 to support the UfM Grant Scheme to Promote Employment and Entrepreneurship (in the framework of the UfM Hub for Jobs, Trade and Investment, in partnership with GIZ).

- A second contribution in 2023 of EUR 800.000, out of which EUR 250.000 to support the UfM Regional Agenda on Gender and Food Security and EUR 550.000 to support the UfM Grant Scheme on Inclusive Digital Trade (in the framework of the UfM Hub for Jobs, Trade and Investment, in partnership with GIZ) over the period 2024-2026.

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- A third contribution in 2024 of EUR 1 million, implemented as of 2025 in a multi-annual perspective (2025-2026), out of which EUR 450.000 to top-up the grant scheme for inclusive and digital trade, and EUR 550.000 to support actions pertaining to Ecological Transition and Climate, Employment and Creation of Opportunities, as well as to support UfMS implementing capacity. This last contribution falls under "Masar Al'an", the new regional cooperation programme of AECID with the Arab World.

- In this line, AECID has confirmed a fourth contribution in 2025 under the"Masar Al'an" programme of EUR 1 million to be implemented as of 2026 in a multiannual perspective (2026-2027), out of which EUR 240.000 to support the UfM Sustainable Blue Economy agenda through the cofinancing of the DGMARE/CINEA grant, and EUR 760.000 to support actions pertaining to Ecological Transition and Climate, Employment and Creation of Opportunities, Gender Equality as well as to support of the UfMS implementing capacity.

4.4. Grant Agreement with European Climate, Infrastructure and Environment Executive Agency (CINEA)

Specific funds allocated for designated activities for "Promoting the Blue Economy in the Mediterranean Sea Basin" were included in the Grant Agreement with **European Climate, Infrastructure and Environment Executive Agency (CINEA).** The current Grant Agreement No 101122509 covers the period from 1st May 2023 to 30th April 2026 for a total amount of 800.000 EUR from CINEA and 200,000 from GIZ.

The new CINEA grant, planned to start on 1st May 2026, will ensure the continuation of the Sustainable Blue Economy process and activities.

Operating Grant Agreement Budget

Due to ongoing budgetary discipline and a precautionary approach, the UfM Secretariat's budget has remained virtually unchanged at around EUR 8.6 million since 2014. Over this period, cumulative inflation has significantly eroded the real value of the budget. Between 2015 and 2024, the European Union experienced a cumulative inflation rate of 30.2% (average annual rate of 3.0%), while in Spain — where the UfM is headquartered — inflation reached 25% (INE source).

These inflationary trends have substantially increased the cost of goods and services, affecting activities, operations, utilities, and other essential expenditures. In real terms, the UfM budget has therefore decreased by at least 30% over the past decade.

As a result, the UfM can no longer operate sustainably under the current ceiling of EUR 8.6 million. Moreover, in line with the reform mandated by the Member States, the organisation has adopted a renewed vision and strategy, and faces expanded operational requirements. It is estimated that the UfM will require **EUR 9.6 million** to adequately cover its expenditures and fully deliver on its mandate. This would entail an increase in Member State voluntary contributions.

Should this increase not materialize, in 2026 — and only under exceptional circumstances — the UfM reserves the right to draw upon its carry-over funds to cover expenditures for that year. This would be a one-off measure, with the anticipation that, by 2027, increased funding is available following an outreach campaign undertaken by the UfM Secretariat.

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	DECRIPTION	2026 Budget	2025 Budget	2024 Budget
1	ACTIVITIES-OPERATIONAL EXPENDITURE	4,379,979	4.177.000	4.177.000
2	HUMAN RESOURCES	3,888,590	3.618.000	3.618.000
3	GENERAL ADMINISTRATION	1,161,432	785.000	785.000
4	CONTINGENCY RESERVE	20.000	20.000	20.000
5.	OVERSIGHT COMMITTEE	150.000	0	
TOTAL		**9.600.000**	**8.600.000**	**8.600.000**

5. Budget heading: 1. Activities - Operational expenditure

The Operational Expenditure includes the activities of the UfM Secretariat as per the 2026 work programme which are divided in four Action's Instruments and displayed in matrix form: Action's Instruments and the updated Core Activities.

Line	Item	2026 Budget	2025 Budget
1	**Activities-Operational Expenditure**		
1.1	**Technical support for projects and activities**		
	1. Connecting People	592,178	
	2. Connected Economies	334,570	
	3. Connecting Countries	730,670	
	4. Renewed UfM Capacity for Action, Communication and Dialogue	516,562	
	Total	**2,173,979**	**1,924,500**
1.2	**Platforms, regional experts' groups meetings & conferences**		
	1. Connecting People	269,000	
	2. Connected Economies	275,000	
	3. Connecting Countries	470,000	
	4. Renewed UfM Capacity for Action, Communication and Dialogue	439,000	
	Total	**1,453,000**	**1,499,500**
1.3	**Follow-up and monitoring for projects and activities**		
	1. Connecting People	88,250	
	2. Connected Economies	88,250	
	3. Connecting Countries	88,250	
	4. Renewed UfM Capacity for Action, Communication and Dialogue	88,250	
	Total	**353,000**	**353,000**
1.4	**Outreach & visibility for projects and Activities**		
	1. Connecting People	100,000	
	2. Connected Economies	100,000	
	3. Connecting Countries	100,000	
	4. Renewed UfM Capacity for Action, Communication and Dialogue	100,000	
	Total	**400,000**	**400,000**
	Subtotal activities-operational expenditure	**4,379,979**	**4,177,000**

14 ***Action's Instruments***

An Action Instrument is the tool through which the UfMS articulates the strategies and activities described in the work programme:

<u>Technical Support for projects and activities (TS):</u> covers all actions of expertise, comprising in house projects support and analysis (projects managers/analysts), technical assistance (including studies and services linked to activities), and other services. It includes the following main components:

- This covers the costs of UfM staff, including project managers, project analysts, and other personnel directly involved in operations, including monitoring and follow-up of sectorial activities. These costs are included as part of the technical support for projects and activities. This item has increased compared to previous years to reflect the additional staff needed for activities, in line with the approved organigram endorsed at the SOM on 18 September 2025.
- Outsourced technical assistance is also included in this line and serve:
  - i) Consolidating the UfM role of a multi-stakeholder regional platform for policy dialogue through tailored support to regional policy platforms, dialogue and network activities, preparation of Ministerial conferences and respective follow up, work in new areas, expansion of regional multi-stakeholder's platforms to work on issues of interest for the region.
  - ii) Reinforcing the promotion of concrete initiatives through targeted expertise and technical assistance for analytical studies at regional level, formulation, and assessment of innovative regional projects ideas at initial stages, analysing projects results for replication and extension, mapping exercises of regional best practices, improved coordination between various stakeholders on regional cooperation.

<u>Platforms, regional experts´ groups meetings & conferences (PC):</u> covers all actions of projects´ and initiatives´ promotions, events, technical workshops, experts' group meetings and conferences. It includes the following main components:

- Organization of expert group meeting, seminars, institutional gatherings, and conferences, etc with related logistics, services, and supplies.
- Public relations meetings and representations contacts.

In this regard, budget allocations cover part of meetings and platforms and experts' groups to the extent of the forecasted ones during the budgetary year and within the usual practice where the European Commission cover the other part of the sectorial platform's meetings. Additionally, these allocations cover two Senior Official Meeting (SOM) taking place in Barcelona and partly the Regional Forum. On the other hand, Ministerial Conferences, Ad-hoc SOM, and SOM taking place outside Barcelona remain covered in principle by European Commission to the extent of respective budgets availability. The rest of SOM are dealt with as follows: i) SOM taking place in Brussels is covered by the European Commission; ii) SOM taking place elsewhere is covered by the concerned host country.

<u>Follow-up and monitoring missions of projects and activities (FM):</u> covers all institutional missions and ones related to projects and initiatives identification, coordination, launching, fundraising, and monitoring, including related travel insurance.

<u>Outreach & Visibility of projects and activities (OV):</u> covers both institutional outreach and public affairs as well as project and initiative visibility and communication actions.

15 ***Core Activities***

The UfM's goal is to enhance regional cooperation, dialogue and the implementation of concrete projects and initiatives with tangible impact on our citizens. The UfM has consolidated an action-driven methodology, with a common ambition of creating effective links between the policy dimension and its operational translation into concrete projects and initiatives on the ground to adequately address the challenges of the region and its key interrelated priorities.

The UfM's work in 2026 is guided by the renewed strategic vision, reflecting a shared determination to safeguard stability, foster cooperation, and deliver tangible benefits for the region. Aligned with the Pact for the Mediterranean, the UfM pursues a people-centred, country-focused, and economy-driven approach:

- **Connecting people**: through inclusive education, academic and joint research programs, mobility initiatives, and promoting gender and youth-responsive policies.
- **Connecting economies**: by strengthening trade and investment, promoting regulatory convergence, transport and energy connectivity (including electricity markets, renewable energy, green hydrogen, and clean technologies), digital infrastructure, innovation, and skill-building.
- **Connecting countries**: through dialogue and cooperation on resilience, climate, energy, water and food security, energy efficiency, sustainable management of natural resources and cultural heritage, as well as disaster risk reduction and civil protection.
- **Renewed UfM Capacity for Action, Communication and Dialogue:** by strengthening the UfM's role as a catalyst for investment and project readiness, positioning the UfM as a key player in the strategic dissemination of positive, inclusive, and human-centered narratives, strengthening internal

capacities, refining processes, improving monitoring and communication, and investing in staff development. By engaging Member States, regional stakeholders, multilateral partners, and civil society, the UfM aims to maximize collective impact, promoting inclusive development, stability, and prosperity throughout the region, establishing the UfM as a unique multi-stakeholder platform for regional dialogue and cooperation in the Mediterranean.

The Secretariat continues to implement the “Three Ps” methodology Policy, Platform and Projects ensuring continuity within change and enabling flexibility to respond to emerging challenges and opportunities across the Euro-Mediterranean region.

The estimated allocation of resources is presented below. This distribution is an estimated forecast according to available information that might be further updated during the implementation:

Core Activities	Technical Support	Platforms, meetings and conferences	Follow-up and monitoring missions	Outreach and Visibility	Grand Total
1. Connecting People	592,178	269,000	88,250	100,000	1,049,428
2. Connected Economies	334,570	275,000	88,250	100,000	797,820
3. Connecting Countries	730,670	470,000	88,250	100,000	1,388,920
4. Renewed UfM Capacity	516,562	439,000	88,250	100,000	1,143,812
Grand Total	**2,173,980**	**1,453,000**	**353,000**	**400,000**	**4,379,980**

6. Budget Heading 2 – Human Resources

The resources allocated to Human Resources for 2026 (amounting to EUR 3,888,590) represent an increase of EUR 270,590 compared to 2025. This rise is primarily due to several factors:

- Annual Salary Increments: In line with applicable regulations, a scheduled increase in salaries will take place.
- Expansion of Executive Direction and Management: This adjustment reflects a reserve mechanism designed to ensure flexibility in the event that future Deputy Secretary-General (DSG) appointments by SOM may require the provision of UfM-funded allowances.
- Increased Financial Support for Living Expenses: Additional resources are required to align foreign compensation with the local cost of living for certain seconded positions.
- Implementation of Key HR Activities: The budget includes continued and expanded activities essential to organizational growth and renewed UfM strategy. These encompass the HR transformation aligned with the new organigramme approved by the SOM on 18 September 2025, the implementation of the new Staff Regulations, the Human Resources Information System (HRIS), and new HR programmes and policies.

These initiatives are consistent with the organization’s long-term objectives and the renewed UfM vision, ensuring that the human resources framework remains equipped to meet evolving operational needs.

Resources allocated to Human Resources heading are as follows:

Human Resources	2026 Budget	2025 Budget
Executive direction and management		
Executive management	396,000	300,000
Seconded Staff cost	795,000	795,000
Total	**1,191,000**	**1,095,000**
Advisors and seconded experts		
Seconded expert (allowances)	60,000	51,600
Seconded Staff cost	505,000	505,000
Total	**565,000**	**556,600**
Technical and administrative staff		
Technical and administrative Staff	1,715,852	1,549,663
Total	**1,715,852**	**1,549,663**
Employer Social Security		
Employer Social Security	416,737	416,737
Total	**416,737**	**416,737**
Subtotal Human Resources without seconded staff	**2,588,590**	**2,318,000**
Subtotal Human Resources	**3,888,590**	**3,618,000**

In addition to the technical and administrative, HR costs include the allowance for the Secretary General, allowances for eligible DSGs, and top-up allowances for eligible seconded staff. Executive Direction and Management comprises i) the Secretary General, ii) the Senior Deputy Secretary General, iii) the Deputy Secretaries General and iv) Directors of Departments. Advisors and Seconded experts include several diplomats and experts seconded by UfM Member States to the Secretariat. Technical staff is composed of heads of units, officers, analysts, and assistants ensuring the day-to-day functioning of the Secretariat and the continuity of its services. Likewise, the UfMS internship programme for 2026 as previous years foresees internship positions.

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7. Budget Heading 3: General Administration

The General Administration budget has been prepared based on estimated needs. In 2026, expenditures under this chapter are expected to represent approximately 12% of the total budget. The Secretariat continues to exercise strict cost control over general administration expenses, avoiding substantial increases thanks to improved internal management and greater efficiency achieved in recent years.

In addition, around 35% of general administration costs are considered investments in new internal processes, software, and tools—as outlined in the Work Programme—aimed at enhancing the performance of the UfMS's internal management systems.

Although this item has enabled the Secretariat to maintain operations with stable running costs, it is increasingly under pressure due to rising prices, accelerated depreciation of equipment, and the need to strengthen the Secretariat's capacities. Accordingly, a modest increase proposed for 2026 directly reflect these factors, covering the higher costs of new contracts and essential running expenditures necessary to sustain and improve the Secretariat's operations.

The main lines of action proposed in the 2026 Work Programme for General Administration are:

- The UfM's new digital transformation project, which includes the implementation of a new financial system and budget monitoring tools, as well as enhancements to the organisation's IT infrastructure.
- The internal control system reinforcement and consolidation, including risk management, segregation duties, governance mechanisms and internal audit function, discharge procedure and digitalization of internal processes.
- Streamlining and strengthening the policies related to providing financing through grants.
- Streamlining and strengthening the policies related to procurement.
- Enhancing protection of personal data policies

General Administration	2026 Budget	2025 Budget
Leases	168,000	156,000
Office Services and Maintenance	343,303	264,100
Consultancy Services	190,000	105,000
Transport	3,000	2,700
Insurances	4,000	3,300
Utilities	180,500	176,000
Banking and similar services	6,250	5,000
Other Services	33,900	27,900
IT upgrades, Equipment and Furniture	232,479	45,000
TOTAL	**1,161,432**	**785,000**

Explanation of the budget categories:

- Leases: rental and ancillary costs of offices of the Headquarter Annex.

- Office services and Maintenance: comprise gardening, cleaning of premises facility services a rental of additional working and archiving space. All services are provided by external companies.

- Consultancy Services. All external consultancies related to legal issues (Spanish labour, fiscal, taxation law, etc.) are allocated into this sub-budget line. Audit & expenditure verifications are included in this budget line. According to the Grant Agreement, several audits must be held during the year. At the end of each reporting period an 'expenditure verification report' must be produced by an external auditor. For 2026, additional consultancy services are foreseen, including technical assistance for cases related to the Oversight Committee as was the case in 2025, and legal support for the implementation of the new Staff Regulations and Implementing Rules.

- Transport which includes fuel consumption and other transportation needs.

- Insurances. Three types of insurance will be contracted during 2026:
  - Assets damages: the insurance will cover any damage in the building, furniture, machinery and furnishing. Damages to vehicles inside the premises, theft and armed robbery are also covered.
  - Public liability / Legal indemnity: this insurance will cover general business liability, professional liability, employers' liability and defence and bail.
  - Car insurance

- Utilities. UfMS premises are owned by the Generalitat de Catalunya; following the Agreement signed by both parties, the Generalitat is ceding, the occupation of part of the Palau de Pedralbes, in Barcelona as per the Headquarters Agreement with Spain. However, the UfMS must pay costs related to maintenance and services (electricity, water, gas, and general maintenance). The amount is based on 2025 final figures. This sub-budget line also includes telecommunication costs for mobile lines, landlines, and internet. In addition, it covers in full services solution, main part of switchboard, switches and related IT equipment that were previously under separated rental contracts.

- Banking and similar services.

- Other services include expenses for stationary, all office material, and courier service (national and international) other supplies, such as water, coffee, etc. to be used both internally and in UfMS events.

- IT upgrades, Equipment and Furniture. The software and hardware requirements have been estimated based on the projected staff for the year. A significant increase is reflected in this item due to the implementation of the new financial system and the broader digital transformation initiative. For 2026, new IT equipment is also foreseen to support the activities outlined in the Work Programme. Furniture needs mainly concern new staff members and minor auxiliary items, along with some additional office equipment.