

UfMS 2023 Budget

Line	Item	2023 Budget	2022 Budget Amendment	2022 Budget
1	Activities-Operational Expenditure			
1.1	Technical support for projects and activities			
	Promoting regional dialogue	953.922	1.008.984	965.484
	Promoting regional projects and initiatives	977.429	988.309	944.809
	Total	1.931.350	1.997.293	1.910.293
1.2	Platforms, regional experts groups meetings & conferences			
	Promoting regional dialogue	1.123.372	1.165.116	1.175.116
	Promoting regional projects and initiatives	369.278	261.591	261.591
	Total	1.492.650	1.426.707	1.436.707
1.3	Follow-up and monitoring for projects and activities			
	Promoting regional dialogue	176.500	176.500	176.500
	Promoting regional projects and initiatives	176.500	176.500	176.500
	Total	353.000	353.000	353.000
1.4	Outreach & visibility for projects and Activities			
	Promoting regional dialogue	200.000	200.000	200.000
	Promoting regional projects and initiatives	200.000	200.000	200.000
	Total	400.000	400.000	400.000
	Subtotal activities-operational expenditure	4.177.000	4.177.000	4.100.000
2	Human Resources			
2.1	Executive direction and management			
	Executive management	300.000	180.000	180.000
	Seconded Staff cost	785.000	785.000	785.000
	Total	1.085.000	965.000	965.000
2.2	Advisors and seconded experts			
	Seconded expert (allowances)	39.600	39.600	39.600
	Seconded Staff cost	605.000	665.000	665.000
	Total	644.600	704.600	704.600
2.3	Technical and administrative staff			
	Technical and administrative Staff	1.450.917	1.455.517	1.416.523
	Total	1.450.917	1.455.517	1.416.523
2.4	Employer Social Security			
	Employer Social Security	437.483	492.883	458.877
	Total	437.483	492.883	458.877
	Subtotal Human Resources without seconded staff	2.228.000	2.168.000	2.095.000
	Subtotal Human Resources	3.618.000	3.618.000	3.545.000
3	General Administration			
3.1	Leases	150.000	138.000	138.000
3.2	Office Services and Maintenance	244.150	198.300	195.800
3.3	Consultancy Services	129.000	140.100	120.100
3.4	Transport	3.000	3.500	3.500
3.5	Insurances	2.500	2.500	2.500
3.6	Utilities	179.000	185.500	184.000
3.7	Banking and similar services	5.000	1.000	1.000
3.8	Other Services	27.350	30.700	30.700
3.9	Furniture, Equipment and others	45.000	85.400	79.400
	Sub-total General Administration	785.000	785.000	755.000
4	CONTINGENCY RESERVE			
4.1	Contingency reserve	20.000	20.000	20.000
	Subtotal contingency reserve	20.000	20.000	20.000
	GRAND TOTAL	8.600.000	8.600.000	8.420.000



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EXPLANATORY NOTE ON 2023 BUDGET PROPOSAL





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I. Introduction and Overview

The UfMS budget is the instrument for the implementation of its work programme. The 2023 budget has been drafted using best practices on budgeting methodologies namely the Activity-Based Budgeting (ABB), considering the activities to be carried out and the new needs foreseen for the following budgetary period and based on previous years' experience.

The total amount of 8,6 MM EUR of the 2023 budget has been maintained at the same level as the one of 2022 amendment.

Owing to sound internal management systems, **results of successive audits on UfMS accounts, use of funds and processes, are positive and with unqualified opinions** (19 audits: 2 mid-year audits of 2013, 2014, 2015, 2016, 2017, 2018, 2019, 2020, 2021 and 1st semester 2022). To continue on this basis, the UfM Secretariat is taking further actions in order to sustain improvement in sound financial management over the longer term and increase qualitative dimensions. **In this respect, Activity-Based Budgeting aims to assure a more efficient use of resources in full coherence with UfM priorities and objectives as per the Work Programme**, allowing a stronger steer in the budget process towards increased optimisation and efficiency.

Activity Based Budgeting

	DECRPTION	2023 Budget	2022 Amendment	2022 Budget
1	ACTIVITIES-OPERATIONAL EXPENDITURE	4.177.000	4.177.000	4.100.000
2	HUMAN RESOURCES	3.618.000	3.618.000	3.545.000
3	GENERAL ADMINISTRATION	785.000	785.000	755.000
4	CONTINGENCY RESERVE	20.000	20.000	20.000
	TOTAL	8.600.000	8.600.000	8.420.000

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While keeping main building blocks, the focus in the Activity-Based Budgeting is shifted from budgetary inputs (traditional presentation) to how the budget contributes to the UfMS Core Activities and to the attainment of UfMS objectives as shown below. Priority setting, budgeting, and reporting take place within the same conceptual framework. Thus, offering a clearer and operationally more relevant view of how funds and contributions are used.

This requires a budget structure based on Action's Instruments and Core Activities. Activity-Based Budget structure changes only the nomenclature by grouping budget lines in an operationally more meaningful way. Many of the traditional chapters are now spread over several Action's Instruments and Core Activities. The same background information will be available for each article or item in the traditional presentation (figures, budget lines, etc.).

Action's Instruments:

- Technical Support for projects and activities (TS).
- Platforms, regional experts' meetings & conferences (PC).
- Follow-up and monitoring missions for projects and activities (FM).
- Outreach & Visibility of projects and Activities (OV).

Core Activities

- Promoting regional dialogue.
- Promoting regional projects and initiatives.



Human Resources and General Administration are structured by destination in consistency with International Standards of Accounting (International Public Sector Accounting Standards- IPSAS), while maintaining a simplified classification by nature.

Overview of 2023 Budget (activity-based presentation):

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	Subtotal contingency reserve	20.000	20.000
	GRAND TOTAL	8.600.000	8.600.000



- **Operational expenditure (Activities)** is the core cost centre of the Secretariat and directly linked to the work programme. The 2023 operational expenditure of the Secretariat, dedicated to its projects and initiatives, is 4,177 MM. The amount foreseen is the needed allocation to enable the launching, implementation and follow up of 2023 activities as described in the work programme. The distribution among its components is being maintained as per the last approved budget.
- **Human Resources:** Resources allocated in 2023. (3.618 MM) are the same as 2022 although the amount foreseen in real figures without seconded staff cost is slightly increased compared to 2022 mainly owing to a social security contribution rates update, reclassification of HR allowances and costs (i.e training, digitalisation, health and safety, consultancy services) from heading General administration to HR in line with IPSAS framework.
- **General administration:** this budget component has been drawn up according to the estimated needs. In 2023, the cost expected in this chapter is less than 10% of the total budget. The Secretariat maintains a cost control in its general administration expenditure avoiding substantial increase because of improved internal management and increased efficiency during previous years. In addition, 29% of general administration costs are considered as an investment in new internal processes, software's, and tools, as described in the work programme, to allow UfMS to enhance improvement in its internal management system. This profile, although allowed operations with constant running cost, has becoming more and more under increasing pressure due to prices evolution and accelerated plants and equipment depreciation combined with needs to enhance the Secretariat capacities.

State of play of execution of 2022

The state of play of execution of 2022 budget based on the midterm closure commitments (1st semester) is 7,1 MM EUR which represents 83,44% of the Budget.

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It should be noted that this provisional amount includes at this stage only partly the budgetary commitments of the second semester for which the contracting process is already ongoing. However, amounts to be contracted from July until December are not yet included.

This level of projections shows an increase of execution of 0,22% compared to 2021 figures at the same period.

	2022 (*)	2021
Level of execution	7.175.664	7.007.095
Budget	8.600.000	8.420.000
% Consumption vs. budget	83,44%	83,22%

(*) figures for 2022 are not final and subject to activities to be contracted/committed in the period July-Dec and final/actual cost of several commitments i.e., regional forum and other activities until end 2022.



II. Budget Resources: Contributions

Financing UfMS budget is based on shared contributions by the Member States (MS) on a voluntary and balanced basis, as well as from the European Union's (EU) budget. As for 2023, 4,3 MM EUR for each part is foreseen as global contribution to the UfMS budget.

1. The **European Commission** has confirmed its contribution from the European Union's budget of 4,3 MM EUR which represents 50% of the UfMS budget.
2. While keeping the main two components of its financial model (EU and MS), the profile of **MS contributions** is evolving. Indeed, the 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 program. These contributions are (in real figures and/or in kind) 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 with due respect to aforesaid agreements requirements.

In this context, **the Swedish International Development Agency (Sida)** and the UfM Secretariat signed a new multi-annual Cooperation agreement to support UfM 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) devoted to UfM Water Agenda. This is a second cooperation agreement in addition to the current one covering the period 2017-2022. Sida's support is focused on the Middle East and North Africa (MENA) countries, within the wider frame of the UfM mandate. The new cooperation agreement was signed on December 2021 for the period 2022-2025. During 2023, the UfM Secretariat will implement the 2023 work plan, formulated in coherence with the 2023 Work Program of the UfM Secretariat, according to the priorities jointly defined with Sida.

At another level, 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 enter into a stronger partnership that seeks to push forward regional integration, support the creation of a wide range of employment opportunities, in particular for young women and men, and boost trade within the region and beyond. Following the successful completion of 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**". As the current agreement between the UfM Secretariat and GIZ expired in February 2022, the UfM Secretariat is having close consultations to conclude a second Framework Implementation agreement with GIZ to operationalise "**UfM Hub for Jobs, Trade and Investment**". Under this project, to be implemented by GIZ, 6,5 Mio EUR might be provided to support the activities of the UfM in the area of regional economic integration as well as employment and investment promotion in the UfM region for the period 2022-2025. During 2023, the UfM Secretariat will implement the 2023 work plan formulated according to the priorities jointly defined with GIZ and in coherence with the UfM Secretariat Work Programme.

As part of its funding strategy, the UfM Secretariat will intensify bilateral exchanges with potential financial and Development partners, such AECID, The Netherlands and Italy, as well as explore any innovative ways of additional funding for UfM Secretariat activities and projects.



3. The foreseen MS contributions, 4,3 MM EUR are composed of 2,91 MM EUR as financial support including both general and dedicated contributions, and 1,39 MM EUR as a provision of human resources from Member States (Seconded Staff gross salaries).

The seconded staff component, which constitutes part of the resources provided by MS to UfMS Budget, is estimated considering both, the experience of previous years (since 2013 where this component was included in the UfM Budget Resources) and turnover of seconded staff.

Expected 2022 UfMS contributions	Amount €
Contribution of the European Commission	4.300.000
Contribution of Member States	4.300.000
Financial Contributions ¹	2.910.000
Provision of Human Resources	1.390.000
Total Budget	8.600.000

In this respect, commitment from Member States is needed by the end of 2022 with pledges for financial support given that budgetary predictability is essential in order to implement the 2023 work programme.

Funds received: State of play as of end of August 2022

Countries	2022 Disbursed funds	2022 in Kind contributions (estimation)	2021 Contributions
Algeria		95.000	20.000
Bulgaria			10.000
Croatia			10.000
Cyprus		150.000	
Egypt		230.000	
France	400.000	100.000	400.000
Germany	200.000		400.000
Greece			30.000
Hungary			10.000
Ireland			25.000
Israel			16.847
Italy	260.000	175.000	31.000
Luxemburg			30.000
Malta		105.000	
Monaco			30.000
Montenegro			3.000
Morocco (****)		100.000	
Portugal	20.000	170.000	20.000
Slovenia			20.000
Spain		105.000	330.000
Swedish (**)			
The Czech Republic			3.940
The Netherlands			100.000
Tunisia		70.000	
Turkey	30.000	90.000	20.000
Member States Contributions	910.000	1.390.000	1.509.787
European Commission (***)	2.573.900		3.503.548
Total	3.483.900		5.013.335

(*) The amount of contribution of Germany for 2022 does not include at this stage earmarked funds as per the Implementation agreement with GIZ that will depend on each cost-sharing arrangement and related final actual amount

(**) The amount of Sweden for 2022 does not include at this stage earmarked funds and will depend on the actual expenditure incurred at the end of the period in accordance with the Financial Agreement.

¹ Financial contribution of the MS for 2023 will include the carry over of 2022 if any, depending on the level of contributions 2022 and level of the Work programme and Budget execution of 2022.



(**) Final amount received from EC will depend on the actual expenditure at the end of the period.

(***) The Moroccan contribution were received in January for 2021 budget. For accountancy purposes will be registered in 2022. However, the contribution of 2022 is still pending.

A scenario of projected contributions for Member States is annexed to the explanatory note (Annex - UfM Financial model – Contribution's proposal) . The scenario is based on combined method of:

- i) Percentage of UN General Assembly as per the Resolution A/RES/76/238 - Scale of assessments for 2022-2023-2024
- ii) estimated contributions following historical data



III. 2022 FIGURES- Activity Based Budgeting (ABB-Presentation)

Context and overview

The UfM Secretariat is committed to further modernising its internal management system. In this effort it acknowledges that the permanent objective at the centre of this improvement, i.e. placing the priorities firmly at the heart of its organisation and processes, stand a better chance to be achieved if accompanied by the introduction of additional methodologies and instruments that would enable it to allocate in a more optimised way its limited resources to priorities and core business. In this respect, the Secretariat is enlarging as per 2023 budgetary year the implementation of the Activity Based Budgeting (ABB) methodology following 2016 first use and partial implementation. In consequence, the presentation of the UfMS forecasted use of resources undergoes a significant transformation and becomes more relevant and accurate operationally. The UfMS Secretariat as per its mandate and core missions on activity-oriented framework is strengthening more the link between activities and resources allocated to them, while at the same time is using more accurate presentation of forecasted use of resources, thus contributing to increasing the efficiency and the accountability of its work.

Activity Based Budgeting is the budgetary component of the wider Activity Based Management (ABM) approach which aims to improving more the management process and allocation of resources in the UfMS, as part of the overall UfMS internal management system in full coherence with the work programme and related strategies.

The purpose of using the Activity Based Budgeting in the UfMS is to provide the means for an allocation of resources which is consistent with institutional and operational priorities and a management of resources which is itself consistent with pre-defined objectives.

The Activity Based Budget is structured into three main budget headings,

- Activities -Operational Expenditure
- Human Resources
- General Administration

in addition to the heading of contingency reserve.

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3.8	Other Services	27.350	30.700
3.9	Furniture, Equipment and others	45.000	85.400
	Subtotal General Administration	785.000	785.000
4	Contingency reserve		
4.1	Contingency reserve	20.000	20.000
	Subtotal Contingency Reserve	20.000	20.000
	GRAND TOTAL	8.600.000	8.600.000



IV. Activity Based Budgeting – ACTIVITIES/OPERATIONAL EXPENDITURE

1. Action's Instruments/Core Activities

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

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

- Technical Support for projects and activities
- Platforms, regional experts' groups meetings & conferences and activities
- Follow-up and monitoring missions for projects and activities
- Outreach and Visibility of projects and activities

Action's Instruments

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

- Technical support in house: Expenditure for experts in house, namely head of sectors, projects managers and project analysts (experts' salaries and related costs).
- Outsourced technical assistance: services contracts for consultancy, studies, service contract under roster of expert's framework, etc.
- Other services and related contracts such as translation services, etc.

The use of outsourced technical assistance is mainly for specific expertise, studies or other consultancy actions that are not available in house.

Platforms, regional experts' groups meetings & conferences (PC): covers all actions of projects' and initiatives' promotions, events, technical workshops, experts' group meetings and conferences. It includes in particular 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 meetings and platforms and experts' groups to the extent of the forecasted ones during the budgetary year.

Additionally, these allocations cover two Senior Official Meeting (SOM) taking place in Barcelona, an online SOM if any, and partly the Regional Forum (the Regional Forum is partly covered by the Host Country -Spain where UfM has its headquarters).

On the other hand, Sectorial Ministerial Conferences, Ad-hoc SOM, SOM taking place in Brussels and EU-Southern Neighbourhood Ministerial Conference remain covered by European Commission respective line DG's and DG NEAR.

SOM taking place in the EU country holding the Presidency of the Council of EU is covered by the concerned EU country.

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



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

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	Subtotal Activities-Operational Expenditure	4.177.000	4.177.000

The Core Activities are:

- Promoting Regional Dialogue
- Promoting regional project and initiatives

Core Activities

Promoting regional dialogue: based on policy guidelines given by UfM MS in terms of regional policy platforms in the framework of its mandate, the Secretariat is contributing to operationalize decisions taken at political level through (i) the organization of regional and sub-regional sectoral dialogues and follow-up activities, with a view to monitoring the progress in the implementation of Ministers' commitments and promoting the initiatives intended to foster cooperation in the region, and (ii) the exchange of best practices, sharing of experiences, identifying new and innovative methodologies and developing regional and sub-regional networks.

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 with a special focus on putting into operation the updated guidelines on labelling.

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:

Action's instrument / Core Activity	Technical Support for projects and activities	Platforms, regional experts' groups meetings & conferences	Follow-up and monitoring for projects missions and activities	Outreach & Visibility for projects and activities	Grand Total
Promoting Regional Dialogue	953.921,63	1.123.372,11	176.500,00	200.000,00	2.453.793,74
Promoting regional projects and initiatives	977.428,63	369.277,63	176.500,00	200.000,00	1.723.206,26
Grand Total	1.931.350,26	1.492.649,74	353.000,00	400.000,00	4.177.000,00

While keeping the same appropriations as last year amendment (4,177 MM euros), an slight adjustment is envisaged in terms of instruments composition, namely with allocating more to Platforms and experts' groups (+5%). Due to the restrictions in relation to the COVID-19 pandemic during previous years, most of Platforms and Regional experts' groups were performed as online/hybrid meetings mode. In 2022, most of platforms meetings are hold in physical/presential format in line with relaxation measures in UfM countries and combine the online/hybrid meetings with on-site one's. It is foreseen to maintain this situation in 2023 with the slight increase mentioned above.

In this regard, the forecasted indicative number of Platforms, regional experts' groups meetings and conference foreseen for 2023 amounts to 90. An annex is attached to the note within the technical appendix.



As regards the technical support, within the framework of existing overall resources and in continuation of efforts made during 2014-2021, the UfM Secretariat is densifying in 2023 its activities, projects, and programmes with related allocation of resources through mobilisation of additional project analysts as support to projects management and regional dialogue related tasks to allow a more comprehensive and diversified technical support to project processing. In that sense, new positions were approved through the Budget Amendment in 2022. In the activity-based presentation, resources dedicated to project managers, project analysts, experts, etc. are devoted to projects processing and follow up as they are directly involved in the field and are included as part of the technical support to projects and activities.

In the same context, the capacities of the Secretariat are being developed to engage on the different concrete activities as per the work programme. Avoiding increasing running cost, this scale up serves to increase the Secretariat's capacities to implement concrete activities according to its mandate, focussing mainly on:

- 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.
- 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.

Technical support instruments such as individual's experts' rosters as well as technical assistance activities will be further developed and mobilised to participate in the internal capacities reinforcement to implement planned actions as per the work program.

2. Long-terms objectives/challenges

The Secretariat singled out two long-term objectives, which are broad in nature, spread over all UfMS activities, complementary to each other and able to give a lead and legibility to all actors, services, and units in the Secretariat. Through its overall activity, it will promote action in the fields contributing to:

- Human development in the region: specifically, through youth employability, women empowerment, higher education and research, economic development, and employment.
- Regional sustainable development: specifically, through using its multi-partner approach to further put in action the regional agenda on sustainable development and initiatives aiming at reinforcing infrastructure, interconnectivity including energy, climate action, civil protection, environment, and water.

The estimated allocation of resources among them is as follows:

Long term objectives/ Action's instruments	Technical Support	Platforms, regional experts' groups meetings & conferences	Follow-up and monitoring	Outreach & Visibility	Grand Total
UfM Contribution to Human development in the region	729.849,00	666.500,00	159.785,72	181.000,00	1.737.134,72
Strengthening Regional Integration through connectivity and sustainable Development	1.201.501,26	826.149,74	193.214,28	219.000,00	2.439.865,28
Grand Total	1.931.350,26	1.492.649,74	353.000,00	400.000,00	4.177.000,00



The matrix analysis of Long-term objectives/Core Activities is displayed below:

Long term objectives/ Core activities	Promoting Regional Dialogue	Promoting regional projects and initiatives	Grand Total
Strengthening Regional Integration through connectivity and sustainable Development	1.419.476,38	1.020.388,91	2.439.865,28
UfM Contribution to Human development in the region	1.034.317,35	702.817,36	1.737.134,72
Grand Total	2.453.793,73	1.723.206,27	4.177.000,00

A. Human Development in the Region- Sectors/priority areas

The sectors involved are:

- Economic development
- Employment
- Higher Education
- Research and Innovation
- Women Empowerment
- Youth
- Social Inclusion

In addition to the priority areas mentioned above, the long-term objective includes the corresponding allocation of reinforcing UfM capacity for action as described in section C (cross-cutting issues/Horizontal activities)

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UfM Contribution to Human development in the region	Promoting Regional Dialogue	Promoting regional projects and initiatives	Grand Total
Economic Development and Employment	230.151,92	180.151,93	410.303,85
Higher Education and Research	233.958,68	183.958,67	417.917,35
Women Empowerment, Youth and Social Inclusion	319.102,78	220.602,78	539.705,57
Grand total	783.213,38	584.713,38	1.367.926,77

A.1 Economic development

The UfM Secretariat will notably contribute in the area of Economic Development to the implementation of SDGs 1, 8, 10 and 17, and more particularly SDG 9: building resilient infrastructure, promote inclusive and sustainable industrialization and fostering innovation and SDG 12 to ensure sustainable consumption and production patterns. Questions related to gender equality and women empowerment (SDG 5), the environment (SDG 15) and climate action (SDG 13) will be mainstreamed throughout the UfM Secretariat action in this priority area.

2023 specific objectives

1. Encouraging new initiatives and strengthening the implementation of on-going initiatives for sustainable trade and investment promotion and facilitation.
2. Promoting inclusive economic regional integration and sustainable value chains in the Euro-Mediterranean area;
3. Engaging further in the fields of Industrial Cooperation, Digital Economy, Green Economy, Creative Economy and Social and Solidarity Economy, and promoting digital transformation in the region.



A.2 Employment

The activities of the UfM Secretariat in the area of Employment will contribute to the implementation of SDG 8: Promote inclusive and sustainable economic growth, employment and decent work for all, Notably SDG 8.6: Reduce the proportion of youth not in employment, education or training (NEETs). Furthermore, questions related to gender equality and women empowerment (SDG 5), reducing inequalities in the region (SDG 10) and environment and climate action (SDG 13) will be mainstreamed throughout this priority area.

2023 specific objectives

1. Broadening and intensifying action on employment and labour with a focus on vulnerable groups, especially among youth and women;
2. Fostering entrepreneurship and skills development.

A.3 Higher Education

2023 specific objectives

The activities of the UfM Secretariat in the area of Higher Education aim at contributing to the implementation of SDG 4 “Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all”, but also SDG 8.6 “Reduce the proportion of youth not in employment, education or training (NEETs)”. Furthermore, questions related to gender equality and women empowerment (SDG 5), reducing inequalities (SDG 10), environment (SDG 15) and climate action (SDG 13) will be mainstreamed throughout the UfM Secretariat action in this area. Gender equality will be highlighted in all the events and studies fostered by the UfM Secretariat and bridging the gender gap on the STEM careers (science, technology, engineering, and mathematics), for example, will be a constant concern.

The main highlight for 2023 will be a UfM Ministerial Meeting on Higher Education to be convened in the last quarter of the year, subject to prior approval of the UfM Senior Officials. This meeting is intended to establish a regional strategic agenda for cooperation on higher education and research as a tool giving guidance to both policymakers and institutions. The Ministerial process is an opportunity for acknowledging the achievements and developments since the Cairo Declaration, 15 years ago, and affirming new commitments on the strategic importance of education, research and innovation for the development of human capital in the Euro-Mediterranean region. Indeed, in the context of a global trend towards a new generation of universities, an ambitious higher education initiative covering the whole UfM region is necessary. The Meeting could prove to be an essential opportunity for the UfM to receive clear political guidance on Higher Education, being the only sector to date without a UfM Ministerial Conference.

Considering the special relevance of the Ministerial Meeting, the UfM Secretariat will focus its efforts on this sector on a single objective: establishing a renewed strategic agenda for cooperation on higher education and research in the Mediterranean – advancing internationalization of higher education, improving governance, and addressing youth employability. In particular, this agenda should give visibility to the efforts in Euro-Mediterranean cooperation through EU programmes, especially Erasmus+ and Horizon Europe.

A.4 Research and Innovation

2023 specific objectives

The activities of the UfM Secretariat in the area of Research and Innovation aim to contribute to SDGs 9 “Fostering innovation” and 4 “Ensuring inclusive and equitable quality education for all”, as well as to all SDGs where the Research and Innovation dimension plays a crucial role in their successful achievement. Furthermore, questions related to gender equality and women empowerment (SDG 5), reducing inequalities in the region (SDG 10) and environment and climate action (SDG 13) will be mainstreamed throughout the UfM Secretariat action in this priority area.

In 2023, the UfM Secretariat will focus on two main objectives:

- Implementing the Ministerial Mandate on Research and Innovation: R&I Roadmaps, and Science Diplomacy
- Greener innovation and employability: Sustainability as a tool for supporting academia’s role in job creation



A.5 Women empowerment

2023 specific objectives

In 2023, the UfM Secretariat will focus on promoting regional dialogue as well as on concrete projects and initiatives in the field of women empowerment and gender equality through:

- Implement the Ministerial Follow-up mechanism on Strengthening the Role of Women in Society
Fostering women economic participation
- Combating violence against women and girls (VAWG)
- Women, Peace and Security Agenda
- Technical Expertise
- Setting-up a technical assistance (Long-Term Expert) to the UfMS in order to facilitate the implementation of the UfM core activities

A.6 Youth

2023 specific objectives

The UfM Roadmap, centered on youth's potential for stability and development, mandates the UfM to launch "A Positive Agenda for Youth". Bearing in mind that the future of the Mediterranean region relies on the inclusion of its youth, the UfM has placed young people at the heart of its action, focusing on empowering and engaging them as full partners in its activities and, more generally, in areas of regional priority, with a view to unleash their potential as agents for change. Indeed, the UfM considers Youth as a transversal, cross-cutting and ubiquitous component of every Mediterranean framework, be it in terms of challenges or opportunities. In addition to the fact that Youth-related targets fall under several UN SDGs, the action of the UfM emanates from two seminar reference documents (UfM 2017 roadmap & the UfM Youth Strategy 2030) that define its mandate on Youth and the high importance it gives to their full integration, empowerment, and effective social and economic participation.

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In 2023, the UfM will continue focusing on regional integration, bearing in mind that the future of the Mediterranean region will be shaped through the inclusion of its youth. With respect to the youth dimension, the UfM underscores its complementarity with the European Commission in its overall support for the MENA region. In this context, reference is made to the upcoming new programme 'Young Mediterranean Voices'. Led by the Anna Lindt Foundation (ALF), this programme seeks to support the cooperative engagement of citizens of the two shores of the Mediterranean in public affairs, political participation as well as local and regional transformative initiatives, targeting young women and men, whilst empowering them to assume an active and visible role in addressing social challenges with intercultural values and principles. Synergies and potential complementarities will be sought between the programme and the UfMS youth activities for 2023, notably the launch of the working group on Youth following the adoption of the UfM Youth Strategy 2030.

A.7 Social Inclusion

A need for conceptualising a Euro-Mediterranean Platform for the Rights of Persons with Disabilities building on the current momentum for disability inclusion in international cooperation and on existing initiatives has clearly emerged in the region. During the "1st Conference on Disability and Social Inclusion in the Mediterranean", co-organised by the UfM and Spain's ONCE Social Group on 26-27 January 2022, the UfM was expressly requested by the participant institutions and organisations "to set-up a regional dialogue platform between the national governments and relevant organizations of persons with disabilities in order to agree on a regional agenda on disability".

At the same time, the willingness to advance towards an initiative of such kind is counterbalanced by the lack of initial knowledge, baseline, and dataset by the UfM Secretariat, as well as by other regional and national organizations. In turn, the viability of such Programme shall be assessed following an initial scoping phase to be supported by an expert in disability-inclusive programming of an estimated duration of 12 months. This 12-month initiative combines three streams of work (data and gap mapping, prioritization, sensitisation and awareness raising) across three levels of action (national, regional, global) to generate the necessary



knowledge and interest around a possible future programme for the rights of persons with disabilities in the Euro-Mediterranean region.

UfM Contribution to Human development in the region	Promoting Regional Dialogue	Promoting regional projects and initiatives	Grand Total
Economic Development and Employment	230.151,92	180.151,93	410.303,85
Higher Education and Research	233.958,68	183.958,67	417.917,35
Women Empowerment, Youth and Social inclusion	319.102,78	220.602,78	539.705,57
Reinforcing UfM Capacity for Action	251.103,97	118.103,98	369.207,95
Grand Total	1.034.317,35	702.817,36	1.737.134,72

B. Regional sustainable development- Sectors/priority areas

The Priority Areas involved are:

- Transport
- Urban Development
- Energy
- Climate Change
- Environment
- Blue Economy
- Water
- Civil Protection

In addition to the priority areas mentioned above, the long-term objective includes the corresponding allocation of reinforcing UfM capacity for action as described in section C (cross-cutting issues/Horizontal activities)

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Strengthening Regional Integration through connectivity and sustainable Development	Promoting Regional Dialogue	Promoting regional projects and initiatives	Grand Total
Energy and Climate Action	394.230,93	144.230,92	538.461,85
Transport and Urban Development	320.206,17	235.206,18	555.412,35
Water, Environment and Blue Economy	402.578,16	504.990,69	907.568,85
Civil Protection	43.357,14	17.857,14	61.214,28
Grand Total	1.160.372,40	902.284,94	2.062.657,33

B.1 Transport

2023 specific objectives

In tandem with the UN Decade of Action to deliver the SDGs by 2030, the UfM Secretariat will continue contributing to the achievement of SDG 9 “Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation”, SDG 13 “Take urgent action to combat climate change and its impacts”, as well as SDGs 2, 3, 5, 6, 7, 11, 12 and 14, in view of the cross-cutting role this field has in human and sustainable development. Issues related to gender equality and women empowerment (SDG 5), environment and blue economy (SDGs 3, 14 and 15), energy efficiency (SDG 7) and climate action (SDG 13), in particular, are being integrated and mainstreamed in all the activities of the UfM Secretariat in the transport sector.

More concretely, in 2023, the UfM Secretariat will focus on:

- Implementing the mandate set out in the 2022 UfM Ministerial Conference on Transport, under the guidance of the UfM Co-presidency, and in close consultation and cooperation with the European Commission, while ensuring follow up, monitoring and evaluation of the implementation of RTAP



2021-2027, at the level of the UfM Regional Platform on Transport Connectivity and its Thematic Working Groups.

- Co-organizing joint activities with relevant IGOs and NGOs, building on established and consolidated UfM partnerships, also participating in and contributing to significant events at regional and global level.
- Building strategic partnerships with other key international stakeholders with a view to engaging with them in joint activities including, among others, through their participation in the UfM regional policy dialogue on transport and the preparation of regional projects.
- Reinforcing women's leadership as well the need for dedicated investments in women's skills in the transport sector, which will be integrated as relevant dimension in the joint initiatives to ensure that women have access to transport professions and that they can participate effectively in the planning and implementation of strategies and policies as well as in the management and operation of transport networks and services.

B.2 Urban Development

2023 specific objectives

The UfM Secretariat will notably contribute in the area of Urban Development to the implementation of SDG 11: Make cities and human settlements inclusive, safe, resilient and sustainable. Questions related to gender equality and women empowerment (SDG 5), the environment (SDG 15) and climate action (SDG 13) will be mainstreamed throughout the UfM Secretariat action in this priority area.

In 2023, the UfM Secretariat will focus on:

- Preparing the Third UfM Ministerial Conference on Sustainable Urban Development
- Consolidating the implementation process of the actions in the UfM Strategic Urban Development Action Plan 2040 and its Housing Action Plan
- Developing and consolidating strategic partnerships with global and regional organizations and institutions
- The gender perspective will be embedded in the development of the action plans as well as in the outlining of the joint initiatives described below: gender perspective when designing housing units and safe and adapted public urban spaces for women are key priorities for a sustainable urban development in UfM countries and an increased participation and leadership of women in urban planning will be also targeted by the different initiatives.

B.3 Energy

2023 specific objectives

Following the adoption of the UfM Energy Roadmap for Action on February 2022 (and in line with the climate objectives set by the 2021 UfM Ministerial Meeting on Environment and Climate Action), the UfM Secretariat will focus its efforts to implement the mandate of the UfM Ministerial Declaration on Energy.

The main energy related objectives for 2023 will focus on:

1. The implementation and following-up of the Roadmap for Action on energy.
2. Supporting local authorities in their energy transition as well as the promotion of capacity building and a stronger involvement of the private sector.
3. The promotion of flagship initiatives and projects as well as institutional partnerships.

B.4 Climate Action

In 2023, in line with the mandate issued from the 2nd UfM ministerial Meeting on Environment and Climate Action (4 October 2021, Cairo), the UfM Secretariat will work following this new Ministerial mandate and will further develop the UfM Climate Action Roadmap (2021 -2025).

2023 specific objectives



1. The support to the continuous scientific assessment of the impacts of climate change in the Mediterranean basin
2. The Support of the implementation of the Paris Agreement in the Mediterranean
3. Cooperation on Climate Finance Promoting Regional Dialogue
4. The support of youth and gender engagement climate action
5. Bringing the Mediterranean agenda to the global level / The promotion of flagship initiatives and projects as well as institutional partnerships

B.5 Environment

2023 specific objectives

The specific objective of 2023 will consist in supporting actions around the GreenerMed axes of work and related monitoring and evaluation, as agreed by countries and stakeholders within the UfM Environment Task Force (as part of the UfM Working Group on ENV and CC) with the political blessing of the 2021 UfM Ministerial Declaration on Environment and Climate Action.

The specific objectives of the UfM Secretariat will be structured as follows:

1. Regional dialogue: with the UfM Co-Presidency, ensure the continuation of a regular and dynamic dialogue around environmental and green economy matters and progressively put in motion, in line with the UfM Ministerial on Environment and Climate Action, the GreenerMed Agenda and its Framework for project monitoring, reporting and evaluation, which - through its Theory of Change and indicators - tracks progress towards the above mentioned key priorities and SDGs over time, using as reference basis the 2021 GreenerMed baseline assessment, just released and approved; The possibility to have gender disaggregated data for the monitoring and evaluation exercise will be also assessed.
2. Regional portfolio of projects, programs, initiatives associated to GreenerMed: Compile, coordinate, promote integration and upscaling of projects/actions identified/associated to the GreenerMed portfolio, compiled by thematic Axes and related key actions;
3. Communication, dissemination and partnership: Update, feed and dynamize the UfM Environment Community and website and social media to ensure they reflect ongoing activities, foster networking and ensure access to updated information; consolidate the existing - and promote new partnerships - in the region to maximize new opportunities for collaboration within the "2030 Greener Med Agenda".

B.6 Blue economy

2023 specific objectives

During 2023, the UfM Secretariat will focus on the following areas of action:

1. Regional Dialogue: in close collaboration with the UfM CoPresidency, foster the dynamic exchanges and dialogue on blue economy and the progressive finetuning of the Roadmap for implementation, adopted as a living document and associated to the 2nd UfM Ministerial Declaration on Sustainable Blue Economy;
2. Regional portfolio of projects, programs, initiatives associated to the Blue Economy Roadmap: Together with countries and relevant stakeholders, support the actions identified for immediate implementation under the "Roadmap for Implementation of the 2nd UfM Ministerial Meeting on Sustainable Blue Economy"; support the implementation of the easy-to-handle monitoring and evaluation system, once agreed;
3. Communication, dissemination and partnership: Ensure wide communication and dissemination of blue economy information at widest Mediterranean level and beyond; consolidate the existing - and promote new partnerships - in the region to maximize new opportunities for collaboration.

B.7 Water

2023 specific objectives



The UfM Secretariat will thus be working during 2023 on the continued implementation of actions, initiatives and policy dialogue agreed upon by the UfM Member States for the UfM Water Agenda in December 2018, in particular in the four thematic priorities:

- Water-Energy-Food Ecosystem Nexus (WEFE),
- Climate Change adaptation and water Nexus,
- Water-Employment-Migration Nexus (WEM),
- And Water Access and Sanitation (WASH).

In 2023, the UfM Secretariat will focus on the following areas of action:

- 1. Supporting the implementation of the UfM Water Agenda
- 2. Supporting the implementation of the UfM Financial Strategy for Water. Enhancing the Economic value of the water sector by focusing on youth and women employment and entrepreneurial in the water aspects as well as the role of the private sector.
- 3. Enhancing cooperation and ensure coherence with relevant partners and initiatives in the UfM region with special focus on interlinkage with Renewable energy and climate adaptation water investment.

B.8 Civil protection

2023 specific objectives

Objective one: A Technical dimension through the new PPRD Mediterranean, the onsite technical assistance and risks and hazards assessments analysis programmes (funded by the European Commission)

- a) Define priorities based on regional and country assessment, identified needs and lessons learned from ongoing and past programs
- b) Increase the operational cooperation with the Union for the Mediterranean (UfM) as regional platform CP cooperation and partnership in the South
- c) Establish a bottom-up inclusive approach with Mediterranean countries civil protection authorities (EUMS + South)
- d) Consider cross-border activities and provide on-site technical assistance (high level experts)
- e) Include marine pollution and CECIS (Regional Marine Pollution Emergency Response Centre for the Mediterranean Sea -REMPEC)

Objective two: A political dimension which could lead to the implementation of a regional platform dialogue which should aim at:

- Increasing resilience, including inter-institutional cooperation and dialogue between the policy, operational and scientific communities
- Developing a response preparedness through capacity development
- Enhancing the awareness and participation of citizens in disaster prevention, preparedness, and response by empowering volunteers and/or youth
- Setting-up a framework for cooperation in disaster preparedness, prevention and response at the scale of the Mediterranean region, in conjunction with the EU Civil Protection Mechanism

Strengthening Regional Integration through connectivity and sustainable Development	Promoting Regional Dialogue	Promoting regional projects and initiatives	Grand Total
Energy and Climate Action	394.230,93	144.230,92	538.461,85
Transport and Urban Development	320.206,17	235.206,18	555.412,35
Water, Environment and Blue Economy	402.578,16	504.990,69	907.568,85
Women Empowerment, Youth and Social inclusion	43.357,14	17.857,14	61.214,28
Reinforcing UfM Capacity for Action	259.103,98	118.103,97	377.207,95



Grand Total	1.419.476,38	1.020.388,91	2.439.865,28
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C. Reinforcing UfM capacity for action

C1. Building Strategic Partnerships

Institutional Relations

Given the important role that partnerships have in the promotion of the UfM as a platform for regional dialogue and cooperation, and to increase the visibility and impact of its activities in the region, the UfM Secretariat engages in strategic partnerships with key regional stakeholders.

Specific focus is paid to:

i) institutional relations: with key global, regional and sub-regional stakeholders to establish the UfM as a unique multi-stakeholder platform for regional dialogue and cooperation in the Mediterranean. These partnerships focus mainly on enhancing relations with key actors involved in regional cooperation, coordinating efforts and creating synergies between their respective efforts.

A high-level meeting of international and regional organisations working in the Mediterranean is foreseen to be organized by the UfMS in 2023, in view of reinforcing the above-mentioned partnerships.

iii) reinforcing strategic partnerships with key actors involved in regional cooperation to finance UfM initiatives and projects labelled by its Member-States. A special attention is given to the reinforcement of partnerships with financial institutions and bilateral and multilateral donors, who contribute to the operational budget of the Secretariat as well as to the implementation of labelled projects. Furthermore, the UfMS seeks to build strategic partnerships with projects promoters, as well as to maintain an open dialogue with associated stakeholders.

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Reinforcing strategic partnerships with key actors involved in regional cooperation

As part of its efforts to strengthening strategic institutional partnerships with a set of key potential donors for UfM activities and projects, the UfM Secretariat will continue to strengthen and explore further structured long-term partnerships with some of the region's major partners, liable to support UfM projects and activities on a thematic basis.

C2. Operational Activities

Project processes and reflection on the label

The UfM Secretariat will continue to maintain, consolidate and improve the Project Monitoring System, as the reference tool for validated information and coherent and horizontal output on projects. Continuous efforts will be undertaken internally to ensure that the system remains relevant, updated and useful in view of providing an accurate and reliable overview of UfM labelled projects, internally and for the UfM Senior Officials.

Following the revision of the labelling approved by the Member States in 2018, the UfM Secretariat will continue to ensure the effective application of the approved recommendations, in particular:

- Encourage the discussion of projects to be potentially labelled within the UfM sectoral regional platforms, as a way of raising interest of and receiving feedback and support from all Member States, promoting complementarity and avoiding duplication with other ongoing activities in the region.
- Support, when justified, to label "Initiatives" or "Programmes", which would by definition aim to promote a common regional approach and to cover as many countries as possible in the region, even though individual



projects may remain national. This would have the added benefit of allowing for a more aligned and systematic approach within a given sector across the region.

Finally, the process of re-assessment of labelled projects will continue by the UfM Secretariat, in order to allow the SOM to determine whether the Label should be maintained or discontinued.

Communication and public affairs

The UfM Communication & Public Affairs Unit will focus on communicating effectively the 2023 main initiatives, activities and achievements of the UfM Secretariat, increasing the visibility, awareness and overall understanding of the organization's mission and role among its key target audiences and the general public.

The third edition of the Day of the Mediterranean and the joint initiative with the Anna Lindh Foundation on the Capital of the Mediterranean will constitute a communication priority for the year 2023. Likewise, compelling human stories will keep taking an important place in the UfM communication efforts as a concrete and tangible contribution of strengthening regional cooperation and delivering results that have an impact on people's lives. Furthermore, 2023 will mark the 15th anniversary of the creation of the UfM. The UfM Secretariat will take advantage of this symbolic date to raise awareness on the role and mission of the organization and increase the visibility of the achievements made on regional dialogue and cooperation to date.

Keeping informed and fostering engagement with the UfM main target audiences, in particular with the media, closer partners (UfM ecosystem), opinion leaders and influencers will also be part of the communication endeavours.

The main target audiences of the UfM Secretariat will be:

- Government representatives (ministers, senior officials, parliamentarians, civil servants)
- International and regional organizations working on cooperation in the Mediterranean
- International Financial Institutions and development agencies
- UfM-labelled project promoters
- Opinion leaders: Think Tanks, Universities, researchers, experts, policy analysts
- Influential journalists and media actors
- The civil society, in particular youth

Reinforcing UfM capacity for action	Promoting Regional Dialogue	Promoting regional projects and initiatives	Grand Total
Strengthening Regional Integration through connectivity and sustainable Development	259.103,98	118.103,97	377.207,95
UfM Contribution to Human development in the region	251.103,97	118.103,98	369.207,95
Grand Total	510.207,95	236.207,95	746.415,90



V. Activity Based Budgeting – HUMAN RESOURCES

Overview

The Secretariat's human resources evolve within the framework of lean management to mitigate normal turnover of its staff members and to meet activities' needs namely the project and initiatives portfolio growth, requirements of cooperation programs with partner institutions, regional dialogue processes and to answer related implementation challenges. In this regard, in 2023, further efforts both in terms of secondments and targeted recruitments in fields where expertise and support are most needed and critical will be made in accordance with limited resources and including internal recruitment and internal mobility deploying existing staff to areas with emerging needs.

In this context, the update of the Secretariat's legal framework was finalized in 2018 in line with best practices in similar institutions and inter-governmental organizations following a long process of preparation during 2016-2017 and covering its Statutes and Staff Regulations and introducing Implementing Rules for the Staff Regulations as well as a Code of Conduct and an Anti-Fraud and Anticorruption Policy, aiming at aligning the legal framework with the current Secretariat's profile in terms of portfolio activities growth and simplifying and harmonizing the regulations for the better fulfillment of principles of equal treatment and accountability, as well as supporting efforts for geographical balance and promotion of ethical culture. This update was successfully implemented 2019-2020-2021 based on orderly internal action plan paying due regards to its main objectives, to needs to ensure business continuity and budget constraints.

During 2023, the UfM Secretariat will:

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- Continue the first steps initiated in 2022 for HR processes digitalization with focus on HR database and platform for talent acquisition. This activity will be using the support of appropriate consultancy services to be contracted through public procurement procedures.
- Continue the process of implementation and related actions i.e. incremental system, tax regime. Indeed, the process of employment contract conversion has been quasi finalized with most of the staff contract converted into the new staff regulation and implementing rules regime.
- Initiate further steps dealing notably with series of instruments in relation to promotion and performance schemes, benefits packages, training policy, etc. as follow up and continuation of substantial progress has been made in the draft performance evaluation scheme during 2020.
- Maintain its work to further develop the instruments of internal organization and planning i.e. through regular update of the organigram and the staffing plan.
- Pursue its action to support the mechanism of governance notably the oversight committee. In this respect, after the members of the UfM Oversight Committee have been nominated and notified, the first meeting scheduled during 1st quarter 2020 but was prevented by the circumstances of covid-19 outbreak and the work was resumed in 2021 with UfM-OC visit to the UfM Secretariat in July 2021. The 2nd meeting took place in May 2022 with the team of consultants of the technical assistance which has been contracted to provide technical support to UfM-OC. Other sessions are foreseen for the committee to start and get acquainted with the institution functioning.



Resources allocated to Human Resources heading are as follows:

Human Resources	Estimated cost for 2023	Estimated cost for 2022 Addendum
Executive direction and management	1.085.000	965.000
Advisors and seconded experts	644.600	704.600
Technical and administrative staff	1.450.917	1.455.517
Employer Social Security	437.483	492.883
Sub-total Human Resources	3.618.000	3.618.000

In addition to the technical and administrative, HR costs include the allowance for the Secretary general and the allowance of the DSG from Palestine as well as top allowances for eligible seconded staff. Cost of project managers, head of sectors and projects analysts are part of in-house expert cost included in the heading operation in virtue of the ABB methodology.

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. Their distribution by priority area/department is as follows:

Executive Direction & Management	Number of positions included in seconded staff cost estimation	Number of positions not included in seconded staff cost estimation	Total number of positions
Cabinet & SG Office	3		3
Business Development	1		1
Transport & Urban Development	1		1
Energy & Climate Action	1		1
Water & Environment	1		1
Higher Education and Research	1		1
Social & Civil Affairs	1		1
Directorate for Operations & Partnerships	0	1	1
Legal & Administration	1		1
	10	1	11

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Advisors and Seconded experts include several diplomats and experts seconded by UfM Member States to the Secretariat. The breakdown in terms of duties and assignment to UfMS Divisions/Departments and/or areas of work, is presented below:

Advisors & Senior Experts	Number of positions included in seconded staff cost estimation	Number of positions not included in seconded staff cost estimation	Total number of positions
Cabinet & SG Office	1	2	3
Economic Development & Employment	2		2
Transport & Urban Development	0		0
Energy & Climate Action	1		1
Water & Environment	0		0
Higher Education and Research	1		1
Social & Civil Affairs	0		0
	5	2	7



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. The breakdown in terms of assignment and duties to UfMS internal functions and units is as follows:

Technical and administrative staff	Number of positions
Cabinet & SG Office	3
Economic Development/ Energy & Climate Action	1
Transport & Urban Development/ Social & Civil Affairs	1
Water & Environment / Higher education & Research	1
Public Affairs & Communications	4
Deputy Director Legal & Administration	1
Legal Advice	1
Accounting & Reporting	4
Procurement & Grants	3
Human Resources	3
Corporate Services & Services Support	5
General Support	1
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Likewise, the UfMS internship programme for 2023 as previous years foresees internship positions for an estimated number of 10-15 for an average period of 6 months.

Compared to last year, the overall cost of Human Resources and the headcount remains steady with some variations in the composition. During the last five years, a growth on contributions to the Spanish Social Security (around +19%) has been occurred causing an increase of the staff cost. As well, following the staff regulations and its implementing rules approved in 2018, the salaries of the staff have been updated due to the incremental system. The calculation of the incremental is based on the classification according to the appropriate category/post and automatically applied each year in accordance with the staff regulation and its implementing rules.

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In line with the work plan mentioned above, the automation of HR processes, Recruitment, and Training and development costs are foreseen under this heading. Part of these costs, previously classified in other headings, has been allocated in Human Resources as per alignment and harmonization with the IPSAS and accountancy system. The impact of the reallocation is translated as well as an increase of the staff costs.

However, all these effects have been compensated with the reduction on the seconded staff cost and related top-up allowance due to the turnover and not replacement of some positions over the years, leading to an overall stable cost of human resources.

At another level and in line with the work programme specific objectives of 2023 with regards to “*Continue the process of implementation and related actions*”, 2023 budgetary year will continue with the renewal of several fixed term contracts for which the first period of 3 years is expiring. The renewal of these employment contracts will be done according to the classification of posts, taking into consideration the appropriate category/post, and automatically applying the tax regime of the Headquarter Agreement with Spain including the tax exemption of non-Spanish residents. The updated functions of the staff are reflected and in line with the internal structure and staffing plan annexed to this document:

- UfM Secretariat internal structure, detailed organigram, and list of positions
- Staffing plan with a forecast of needs.

As these documents are instrumental for the HR management and of dynamic nature, their update is made on an annual basis.



VI. Activity Based Budgeting – GENERAL ADMINISTRATION

2023 specific objectives and major actions

Taking into account the different levels of progress during previous years in terms of internal management, namely in improving the internal mechanisms of activities' governance, accountability and compliance with internationally recognized standards, enhancing the quality of its processes and instruments towards optimization of resources, 2023's main objectives will focus on the following directions:

- **strengthen the internal mechanisms for business continuity**, adaptation of internal processes and pivoting capabilities to respond to disasters and high exposure disruption.
- **reinforce the internal capacities of the Secretariat** to meet requirements and challenges derived from its role of platform and focal point of multisource funding. Therefore, strengthening mechanisms of funds management and channeling resources to final recipients as well as reporting activities will continue to represent a key area of 2022 action plan.
- **streamline the Secretariat processes and working methods** both in terms of financial, operational and resources management and in terms of corporate and logistical support in order to better implement its activities and fulfil mandates given by the Member States.
- **sustain a sound internal and financial management** in order to ensure compliance with applicable rules and regulations, in particular following the increased accountability requirements resulting from activities and partnerships growth as well as from diversification of funding sources and mechanisms. In that sense, through the budget line "consultancy services" a technical assistance to support the mandate of the Oversight committee is foreseen for 2023.

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General Administration	2.023
Activities & Projects	227.000
Strengthen the internal mechanisms for business continuity	37.900
Reinforce the internal capacities of the Secretariat	75.000
Streamline the Secretariat processes and working methods	50.100
Sustain a sound internal and financial management	64.000
General	558.000
Leases	150.000
Office Services and Maintenance	126.150
Consultancy Services	65.000
Insurances	2.500
Transport	3.000
Banking and similar services	5.000
Utilities	179.000
Other Services	27.350
Grand Total	785.000

General administration	2023	2022
Leases	150.000	138.000
Office Services and Maintenance	244.150	223.300
Consultancy Services	129.000	140.100
Transport	3.000	3.500
Insurances	2.500	2.500
Utilities	179.000	185.500
Banking and similar services	5.000	1.000
Other Services	27.350	31.600
Furniture, Equipment and others	45.000	59.500
Grand Total	785.000	785.000



The variation of costs between 2022 and 2023 reflect the updates needs, the optimisation of utilities costs under the effect previous investments, results of services contract renewal with update prices owing to competition as per public procurement and attempts grouping where possible services to allow for scale economies. It also refers to re-classification of some investment from classical equipment/assets to services (i.e., typical case of IT applications where software as services is more and more replacing traditional licences). Additionally It reflects partly estimation of price increases due to inflation affecting several items: i.e rent, office services etc.

Reinforcement of digitalization and optimization of ICT components

Throughout previous years, the UfM Secretariat has put in place several applications, databases and tools (financial and accounting systems, database of Memoranda of Understanding and Agreements, Project Monitoring System, etc.) to better manage, monitor and report on its activities, and made further efforts, especially during 2016-2019 to operationalize them to its profile of business.

During 2023, the UfM Secretariat will focus its efforts to:

- Monitor and follow up the implementation of new telecommunications services with enhanced and optimized solutions for UfM both sites for which the tendering procedures have been finalized in 2022.
- Continue and strengthen the sustainability of management of its ICT assets, in terms of i) reinforcing the pair system in its main applications with a functional focal point (dealing with functionalities) of the system and a technical focal point (dealing with IT administration of the application); ii) enlarging the technical support to guarantee this pair system, the maintenance, the incident management of its applications.
- Take necessary steps to put into operation a helpdesk and IT expert capacity to support UfMS in managing its IT infrastructure and related installations. The technical specifications and terms of reference currently under preparation for tendering under public procurement procedures for after a short-term solution was put in place for helpdesk services with package of hours during 2020-2021.
- To move to a further stage with a more comprehensive protection and security package with an upgrade of its firewall/security solution following the second phase made in 2021-2022 in terms of optimization of IT solutions and infrastructure put into operation for the UfMS staff to work into two sites, in terms of servers and VPN management, firewalls set up and systems of data use and sharing.
- To enlarge and optimize the use update version of Microsoft 365 capacities including possible training and tutorials, One Drive functionalities as well as VPN and team-viewer resource which was launched in 2021 to enhance further UfM internal capacity. This optimization will be coming after of sharing data and VPN have been further developed during 2020 owing to urgent needs generated by the covid-19 outbreak and subsequent teleworking requirements.
- To enhance the interplay and interconnection between applications in the perspective to centralize data for management use and following the 1st phase done in 2021-2022 for the integration of the Financial System application (BPM-Bizagi) and the Accounting System application (Microsoft NAVISON) via an appropriate interface. This integration will ensure more security for the transactions along with confidentiality, availability and integrity with data finally stored in the accounting system in the sense that accounts are only affected by authorized transactions processed in the financial system. It will support the reduction of manual processing and reduce transactions' time especially in terms of issuing payments through bank transfers.



- Pursue the ongoing internal project of documents' management application in order to better manage, use and safeguard all documents of the Institution in terms of working documents, technical, legal and administrative documents, studies and analysis papers in an organized manner. The documents' management is a second phase following electronic filing allowed by the financial system (all documents of technical nature and administrative nature are saved in the expenditure cycle in the financial system) that will enable an optimized use of available documents and institutional memory. At another level, the documents' management solution will ensure security and integrity of available data as it will allow the use of copies while safeguarding originals. The exploitation of documents capital of the Institution will be made easier and optimized through the interface of the documents' management application.
- Finalize the action plan covering assessment of systems and ICT assets. In this context,
 - Pursue the corrective and upgrade action plan derived from the assessment part (the IT Governance Consultancy: process initiated to align the UfM to international IT standards in terms of infrastructure, security and best practices). Therefore, critical actions set, required actions set and recommended action set pending for block 2 will be gradually implemented during 2023 (block 1 and 3 successfully finalized in 2022).
 - Start the third part of this endeavor which correspond to implementation of ITIL ((Information Technology Infrastructure Library) and includes: a) initial preparation, b) introduction to ITIL4, c) assessment, d) improvement plan.
- Finalize the upgrading of the Intranet and start implementation of the SSO (single sign on): authentication scheme that will allow UfM staff to log in with a single ID and password to any of several related, yet independent, software systems currently in use. This is a continuation of the Internal Portal/Intranet put in operation in 2018 and stabilized in 2019 notably to enlarge its functionalities to include on one hand more capabilities of devices allocation, inventory and management and on the other hand more functionalities such as the creation of a unified database for the management of institutional external contacts asset, with the scope of insuring the persistence of data, the control of rights and the organization of the external contacts lifecycle.

Likewise, all ICT services and assets will be streamlined through progressive alignment to internationally recognized standards such as ITIL (Information Technology Infrastructure Library) with the necessary adaptation to UfMS profile of business. This compliance process with international standards will ensure a professionalization of all IT working methods, investment and management actions and better rationalize new actions benefiting from high level and up to date methods (enabling better needs analysis, better selection of solutions and technologies and rational for the equation of in-house activities and outsources ones) and provide framework allowing a strategic planning on the matter. The adoption of ITIL targets the improvement of the level of service provided by IT team with the definition of SLOs (Service Level Objectives).

These efforts are being accompanied by a progressive update and adaptation of the Secretariat's internal procedures, circulars, and manuals to reflect automated processes and authorization workflow.

Investing in internal capacities and optimization of resources

During 2023 and following the conclusion of the new Multiple Framework Contract of events (*Organization of workshops, meetings & conferences - 04 - PRO259LAD-2020/PRO376LAD-2022*) the Secretariat will direct its efforts toward enhancing its standards operations procedures (SOP) for conference and events management in order:



- i) to streamline the planning of its conferences and expert's groups meetings,
- ii) to strengthen the design and preparation of these gatherings for better use of available resources,
- iii) to optimize the resources used for these events through better costing based on experience of previous years and best practices and enhancing the partnership with the providers while ensuring adherence to requirements of public procurement, accountability and transparency.

In order to accompany the activities growth, the UfM Secretariat's general resources, logistics and support services are being further optimized and enhanced in terms of equipment and facility services and working space. As initiated in 2017 and 2018 (finalization of the archiving room, video conference, data centers, etc.), efforts made in terms of allocating additional working space with subsequent facility services -renting temporary working space- as well as fitting out works, facility services and telecommunications related. During previous years (2019, 2020 and 2021), necessary actions were taken to accompany the re-allocation plan and putting in place support actions to facilitate work into two sites.

During 2023, the UfM Secretariat will focus its action to:

- Continue improving the working methods and technical arrangements for working into two sites with regard to circulation of dossiers, information sharing, meeting organization, security and access while keeping same quality standards in both sites as well as better using the available space.
- Revise its official registry processes and mailing management in order to put in place an upgraded Official Registry taking into account both the logistical feature of being into two site and the IT aspects of the registry. The upgraded UfM official registry is intended to deal with the following functions: receive, record and distribute incoming and internally created mail of all kinds ; open and index files, attach relevant papers and pass the files to action officers; build up and control all officially registered files and other documentation in their care, so that they can be produced quickly by means of effective indexing, classification and tracking procedures; know the location of all officially registered files in their care and be able to produce them quickly, by means of effective indexing, classification and tracking procedures; provide storage, repository and reference services for all officially registered files and other documentation in their care; record and arrange for the efficient and timely dispatch of all correspondence produced by the officers they serve.
- Pursue enforcing its archiving procedures following the putting into operation of the archiving room, its equipment and the circular on archiving during 2018-2019. Operating templates and routing slip will be further developed to ensure that documents as per the established nomenclature are archived centrally, retained the applicable durations/terms and that outdated documents following the internal rules are removed to keep an optimized archiving documentation.
- Take further steps improving UfMS compliance with environmental standards and best practices in workplace in terms of waste management, plastic use, recycling, energy use etc. An action plan will be established following best practices and taking into account the nature of its activities and characteristics of its sites.

Continuous, sustainable sound financial management and streamlining internal processes

Results of successive external audits on the Secretariat's accounts, use of funds and processes are positive and with unqualified opinions.



This sound management is continuous. In this respect, auditing processes covering the Secretariat's financial statements prepared under IPSAS (International Public Sector Accounting Standards) and expenditure verifications have been further enhanced during 2019 and 2020 through dedicated audits as per grant and cooperation agreements as well as by fostering a comprehensive approach of its accounting system under IPSAS, allowing thus a full picture of its resources and financial situation. In this respect, during 2020, the accounting system has been updated and a module to follow up specific funds has been settled, in order to have control of the budget of these funds (i.e. Sida, GIZ, etc.) and how they are expended. This way of working allows to isolate from all the entries, the ones related to these specific funds and will allow us to get better control on the development of the activities.

During 2023, risk management and internal control framework as well as simplification and streamlining the Secretariat's internal processes and procedures, will continue to be further enlarged towards more comprehensive policies and internal processes, notably business continuity plan and internal control standards as per internationally recognized standards adapted to the UfM Secretariat context. Likewise, budgeting and financial management processes, in continuation of steps taken, will be enhanced through enlarging progressively the scope of Activity Based Budgeting (ABB) methodology to the whole of the Secretariat's budget in terms of resources allocations, so that the budget structure reflects the activity profile and use of funds of the Organization.

In this context, during 2023 the UfM Secretariat will more specifically:

- Continue developing tools in order to enforce methodologies of Result based management in its financial and accounting systems.
- Further reinforce its funds management policy with a more detailed standards operating procedures for grant management and sub-granting in line with European Union standards and procedures and in compliance with the Financial Regulations to meet requirements of funds channeling to final recipients.
- Work toward starting a formal process of pillar assessment following tests made in previous years related follow up actions , financial and system audit commissioned by the European Commission in 2020-2021 the system audit conducted by Sida in 2019.
- Strive to align its procedures and practices with Internal control standards and management of risks recognized methodologies notably EU-based ones and COSO ones' through updating and upgrading its internal manuals and policies. In this regard, mechanism of segregation of duties and avoidance of incompatibilities will be strengthening between the authorizing officer and the accounting officer duties. In this respect, during 2020, charters of authorizing officer, accounting officer and code of professional standards of financial actors have been prepared and put in place.
- Propose an internal audit scheme to be put in place in UfM in line with EU financial regulations and international best practices and taking into account the size of the Secretariat and its resources
- Work with the governance mechanism established notably the oversight committee and provide needed support and information to facilitate the performance of its duties
- Enhance the accountability and transparency schemes through making available more documentation on its use of funds to its MS and to the public notably through its website.
- Initiate process for putting in place a data protection policy with needed assessment, benchmarking and external technical support.



VII. 2023 UfMS Financial framework statement (IPSAS based)

In this section, the 2023 overall financial framework is presented in accordance with the International Public Sector Accounting Standards (IPSAS), in line with the Statement of Comparison of Budget and Actual cost of the Financial Statements. Under this presentation, the financial framework contains appropriations for expenditures and funding in addition to ones covered by the Operating Grant with European Commission (difference as per entity basis) as well as accounting basis differences.

The difference as per the entity basis is explained by financial resources received to fund specific projects and activities outside the scope of the European Commission Operating Grant Agreement (**Column A**). The financial resources (dedicated contributions) are explained in the chapters “II. Contributions” and “C.1 Building Strategic Partnerships” and are the following:

- Resources and Activities under the Cooperation Agreement No 10402 between UfM and Swedish International Development Cooperation Agency related to forwarding funds (**column D**). The addendum signed in 2020 for two additional years (2021 and 2022) includes a new component of forwarding funds which is outside the scope of the EC Operating Grant Agreement. The funding to support UfM core activities are considered part of the Operating Budget (**Column B**).
- Resources and Activities under the Framework Implementation Agreement between UfM and Deutsche Gesellschaft Internationale Zusammenarbeit (GIZ). The contributions are established thorough specific grant/financing agreement. New Financing agreements will be subject to review whether they support activities linked with the UfM core activities contained in 2023 Work Programme and therefore attributed to the Operating Grant Agreement. If not, they will be assigned separately (**Column E**).
- Activities under the Grant Agreement No/Ref 881619 between UfM and Executive Agency for Small and Medium-sized Enterprises (EASME) for the period from 1st November 2019 to 30th April 2023 for “Promoting the Blue Economy in the Mediterranean Sea Basin” (**Column F**).

The indirect costs of some of these agreements mentioned below are considered as additional funding included in “Other Revenue” in the column A.

The difference as per the accounting basis is mainly explained by the activation of the assets and the related amortization for the period and the inclusion of services in kind such as the rent of the office (related to the Headquarter premises: Palau de Pedralbes) (**Column G**).

The Operating Grant Budget (**Column C**) which is the sum of the columns A and B corresponds to the figures as per the chapter III with some differences on the presentation of the information. While the ABB budget is based on activities (each cost is allocated to a specific action/activity when they can be clearly identifiable) this presentation is based on the type of cost (following accountancy rules).



Operating Budget of the UfMS Work Programme presented as per IPSAS
(Accounting presentation for the purpose of the UfM Financial Statements)

	Non-earmarked	Earmarked funding	Operating Grant (A+B)
Revenue	A	B	C
<i>European Commission Contribution</i>	4.300.000		4.300.000
<i>Member States contribution</i>	1.500.000	1.000.000	2.500.000
<i>Capital Grant transfer to result</i>			0
<i>Services in-kind</i>	1.390.000		1.390.000
<i>Other Revenue</i>		410.000	410.000
<i>Interest revenue</i>			0
Total revenue	7.190.000	1.410.000	8.600.000
Expenses			
<i>Operating expenses</i>	1.522.000	1.310.000	2.832.000
<i>Wages, salaries, and employee benefits</i>	3.473.000	100.000	3.573.000
<i>Human Resources in kind</i>	1.390.000		1.390.000
<i>Supplies and consumable used</i>	785.000		785.000
<i>Grant and other transfer payments</i>			0
<i>Depreciation and amortization expenses</i>			0
<i>Impairment of property, plant, and equipment</i>			0
<i>Other expenses</i>	20.000		20.000
<i>Finance costs</i>			0
Total expenses	7.190.000	1.410.000	8.600.000

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Financing agreements and Other dedicated contribution

	Sida: forwarding funds	GIZ: forwarding funds	EASME grant agreement/ GIZ	Total
Revenue				
<i>European Commission Contribution</i>			265.000	265.000
<i>Member States contribution</i>				0
<i>Capital Grant transfer to result</i>				0
<i>Services in-kind</i>				0
<i>Other Revenue</i>	500.000	1.500.000		2.000.000
<i>Interest revenue</i>				0
Total revenue	500.000	1.500.000	265.000	2.265.000
Expenses				
<i>Operating expenses</i>			200.000	200.000
<i>Wages, salaries and employee benefits</i>			65.000	65.000
<i>Human Resources in kind</i>				0
<i>Supplies and consumable used</i>				0
<i>Grant and other transfer payments</i>	500.000	1.500.000		2.000.000
<i>Depreciation and amortization expenses</i>				0
<i>Impairment of property, plant and equipment</i>				0
<i>Other expenses</i>				0
<i>Finance costs</i>				0
Total expenses	500.000	1.500.000	265.000	2.265.000



Comprehensive UfMS financial situation
2023 UfMS Financial framework statement (IPSAS based)

	<i>Operating Budget of the UfMS Work Programme presented as per IPSAS</i>			<i>2023 Financing Agreements/dedicated contributions</i>			<i>Others</i>	<i>UfMS Framework</i>
	<i>Non-earmarked</i>	<i>Earmarked funding</i>	<i>Operating Grant (A+B)</i>	<i>Sida: forwarding funds</i>	<i>GIZ</i>	<i>DGMare grant agreement/GIZ</i>	<i>Accounting differences</i>	<i>Total</i>
	A	B	C	D	E	F	G	H
Revenue								
<i>European Commission Contribution</i>	4.300.000		4.300.000			265.000	-39.700	4.525.300
<i>Member States contribution</i>	1.500.000	1.000.000	2.500.000				-39.700	2.460.300
<i>Capital Grant transfer to result</i>			0				180.900	180.900
<i>Services in-kind</i>	1.390.000		1.390.000				653.743	2.043.743
<i>Other Revenue</i>		410.000	410.000	500.000	1.500.000			2.410.000
<i>Interest revenue</i>			0					0
Total revenue	7.190.000	1.410.000	8.600.000	500.000	1.500.000	265.000	755.243	11.620.243
Expenses								0
<i>Operating expenses</i>	1.522.000	1.310.000	2.832.000			200.000		3.032.000
<i>Wages, salaries and employee benefits</i>	3.473.000	100.000	3.573.000			65.000		3.638.000
<i>Human Resources in kind</i>	1.390.000		1.390.000					1.390.000
<i>Supplies and consumable used</i>	785.000		785.000				653.743	1.438.743
<i>Grant and other transfer payments</i>			0	500.000	1.500.000			2.000.000
<i>Depreciation and amortization expenses</i>			0				101.500	101.500
<i>Impairment of property, plant and equipment</i>			0					0
<i>Other expenses</i>	20.000		20.000					20.000
<i>Finance costs</i>			0					0
Total expenses	7.190.000	1.410.000	8.600.000	500.000	1.500.000	265.000	755.243	11.620.243
Indirect Costs	0	0	0					0



VIII. Technical appendix

- Indicative list of Platforms, Expert working groups and conferences for 2023
- UfM Financial model – Contributions proposal
- UfM Budget principles
- Budget circular and methodology
- Roster of Experts fees for 2021
- UfM Audit policy
- UfM External Auditor
- UfM Policy on Internal Control Standards
- UfM policy on risk management



Indicative list of Platforms, Expert working groups and conferences for 2023 ²		
Sector	Core Activity	Action title
Energy	Promoting Regional Dialogue	Annual meeting of the UfM Energy Platforms
Energy	Promoting Regional Dialogue	Workshop "Implementation of Roadmap for Action on Energy"
Energy	Promoting Regional Dialogue	Capacity building on Energy modelling tools, methodologies and best practices
Energy	Promoting Regional Dialogue	Workshop "Collaboration and exchange between spacial agencies on methane and flaring emissions"
Energy	Promoting Regional Dialogue	3rd UfM Energy and Climate Business Forum
Energy	Promoting regional projects and initiatives	South-South and North-South interconnection facilitation
Energy	Promoting regional projects and initiatives	Training session UfM Energy University by Schneider Electric
Energy	Promoting regional projects and initiatives	Co-organized side-event on the accomplishments of SPREF
Climate Action	Promoting Regional Dialogue	Dissemination of MedECC's reports
Climate Action	Promoting regional projects and initiatives	Partnership with Copernicus
Climate Action	Promoting Regional Dialogue	UfM Climate Change Expert Group (CEEG) and the UfM Climate Week
Climate Action	Promoting Regional Dialogue	Regional Climate Finance Committee
Climate Action	Promoting Regional Dialogue	Support Gender Equality and Climate Action Nexus
Transport	Promoting Regional Dialogue	WG on Land Transport (1st round)
Transport	Promoting Regional Dialogue	WG on Maritime Transport (1st round)
Transport	Promoting Regional Dialogue	WG on Logistics (1st round)
Transport	Promoting Regional Dialogue	WG on Air Transport (1st round)
Transport	Promoting Regional Dialogue	UfM Regional Platform on Transport Connectivity (1st round)

² In this regard, budget allocations cover meetings and platforms and experts' groups to the extent of the forecasted ones during the budgetary year.

Additionally, these allocations cover two Senior Official Meeting (SOM) taking place in Barcelona, an online SOM if any, and partly the Regional Forum (the Regional Forum is partly covered by the Host Country -Spain where UfM has its headquarters).

On the other hand, Sectorial Ministerial Conferences, Ad-hoc SOM, SOM taking place in Brussels and EU-Southern Neighbourhood Ministerial Conference remain covered by European Commission respective line DG's and DG NEAR.

SOM taking place in the EU country holding the Presidency of the Council of EU is covered by the concerned EU country.



Transport	Promoting regional projects and initiatives	UfM-IFIs Transport Project Committee (1st round)
Transport	Promoting Regional Dialogue	Thematic workshop 1
Transport	Promoting Regional Dialogue	Thematic workshop 2
Transport	Promoting Regional Dialogue	5th MEDports Forum (date and venue TBC)
Transport	Promoting Regional Dialogue	Side event back-to-back with the 2023 UITP Global Summit in Public Transport (Barcelona, Spain, 4-7 June 2023)
Transport	Promoting Regional Dialogue	Side event back-to-back with the 2023 ITF-OECD Summit (Leipzig, Germany, 24-26 May 2023)
Urban Development	Promoting Regional Dialogue	Role of the National Housing Agencies
Urban Development	Promoting regional projects and initiatives	UfM -IFIs Urban Project Committee -UPFI Workshop
Urban Development	Promoting Regional Dialogue	Developing and consolidating strategic partnerships
Urban Development	Promoting Regional Dialogue	Developing and consolidating strategic partnerships
Employment	Promoting Regional Dialogue	Promoting Economic Diplomacy
Employment	Promoting regional projects and initiatives	Mediterranean Youth Academy Annual Conference
Employment	Promoting Regional Dialogue	Study Trips to Support Entrepreneurial Ecosystems and the Creative Economy
Higher Education	Promoting Regional Dialogue	Policy Conference as side event of the UfM Ministerial on HE
Higher Education	Promoting Regional Dialogue	Higher Education Stakeholders Meeting
Higher Education	Promoting regional projects and initiatives	EMUNI Annual Conference
Higher Education	Promoting regional projects and initiatives	HOMERe Annual Conference
Higher Education	Promoting regional projects and initiatives	MedNC Annual Conference
Higher Education	Promoting regional projects and initiatives	Supporting EMIS
Higher Education	Promoting regional projects and initiatives	Supporting Euromed-RRM project
Higher Education	Promoting regional projects and initiatives	UNIMED Students Event
Research and Innovation	Promoting Regional Dialogue	Meeting of UfM Regional Platform R&I
Research and Innovation	Promoting Regional Dialogue	Policy Conference on R&I
Research and Innovation	Promoting Regional Dialogue	Euro-Mediterranean Conference on Science Diplomacy in the Mediterranean
Research and Innovation	Promoting Regional Dialogue	Ponza Prima-Med/Pontine Medi-Jer initiative



Research and Innovation	Promoting regional projects and initiatives	Supporting the CIHEAM project
Horizontal	Promoting regional projects and initiatives	Press trip to a UfM key event (and/or project)
Horizontal	Promoting Regional Dialogue	Incoming media visit to the UfM Secretariat
Horizontal	Promoting Regional Dialogue	SOM
Horizontal	Promoting Regional Dialogue	SOM
Horizontal	Promoting Regional Dialogue	Online SOM
Horizontal	Promoting Regional Dialogue	8th UfM Regional Forum
Horizontal	Promoting Regional Dialogue	Co-organising UNAOC's Regional Med Conference
Horizontal	Promoting Regional Dialogue	High Level meeting of International Organizations with a Mediterranean dimension
Environment	Promoting Regional Dialogue	UfM WG on ENV and CC + ENV Task Force
Environment	Promoting Regional Dialogue	ENV Task Force
Environment	Promoting Regional Dialogue	Co-organisation of an event with the Mission Restore Our Oceans and Seas/Mediterranean Lighthouse
Environment	Promoting Regional Dialogue	3rd Mediterranean Conference on Wetlands
Environment	Promoting regional projects and initiatives	Regional Event on drought and Desertification
Environment	Promoting regional projects and initiatives	Co-organisation of the landscape restoration/Forestry training workshops with FAO
Environment	Promoting regional projects and initiatives	Co-organisation of monitoring restoration training workshop with FAO
Environment	Promoting regional projects and initiatives	Co-organisation of the event on Governance
Environment	Promoting regional projects and initiatives	Event Medstat V - First year - Mediterranean statistics and indicators
Water	Promoting Regional Dialogue	Water Entrepreneurship. Mediterranean youth initiative on water
Water	Promoting Regional Dialogue	Role of women and gender in Water Sector - Water Day Jordan
Water	Promoting Regional Dialogue	Water Energy Nexus - Regional Roundtable
Water	Promoting Regional Dialogue	National Consultation - WEM (Water Employment Migration) Turkey
Water	Promoting Regional Dialogue	Water Expert Group and Task Forces
Water	Promoting Regional Dialogue	National Consultation - Morocco-Egypt
Water	Promoting regional projects and initiatives	Water and Employment (WEM)



Water	Promoting regional projects and initiatives	Water Task Forces - WASH-WCA
Water	Promoting Regional Dialogue	World Water Week
Water	Promoting Regional Dialogue	Cairo Water Week
Water	Promoting Regional Dialogue	Water Investment and Development - UfM Water partners' meeting
Water	Promoting Regional Dialogue	5th Mediterranean Water Forum
Water	Promoting Regional Dialogue	Water and employment and Water climate
Water	Promoting regional projects and initiatives	Coordination Meeting on Gaza Desal
Water	Promoting regional projects and initiatives	Water Partners, Journalist-KAS-SEWAS, Ponza, UNESCO, LAS, IME, etc.
Women Empowerment	Promoting Regional Dialogue	Road Map of UfM Ministerial Declaration 2022
Women Empowerment	Promoting Regional Dialogue	Follow-up exercise on indicators (data monitoring, drafting next Regional report)
Women Empowerment	Promoting Regional Dialogue	Follow-up exercise on indicators (data monitoring, drafting next Regional report)
Women Empowerment	Promoting Regional Dialogue	Capacity building actions for the UfM Member states in specific areas related to the implementation of the Ministerial follow-up mechanism (reporting, gender data production, statistics analysis, using indicators...).
Women Empowerment	Promoting regional projects and initiatives	Fostering women economic participation:
Women Empowerment	Promoting regional projects and initiatives	Combating violence against women and girls (VAWG)
Women Empowerment	Promoting Regional Dialogue	Nexus Gender, Environment and Climate change
Women Empowerment	Promoting Regional Dialogue	Conference on Disability
Youth	Promoting Regional Dialogue	Working Group Meeting on Youth 1
Youth	Promoting Regional Dialogue	Working Group Meeting on Youth 2
Youth	Promoting Regional Dialogue	Working Group Meeting on Youth 3
Youth	Promoting Regional Dialogue	Working Group Meeting on Youth 4
Civil Protection	Promoting Regional Dialogue	Working group on Civil Protection #1
Civil Protection	Promoting Regional Dialogue	Working group on Civil Protection #2



UfM Financial Model – Contributions proposal



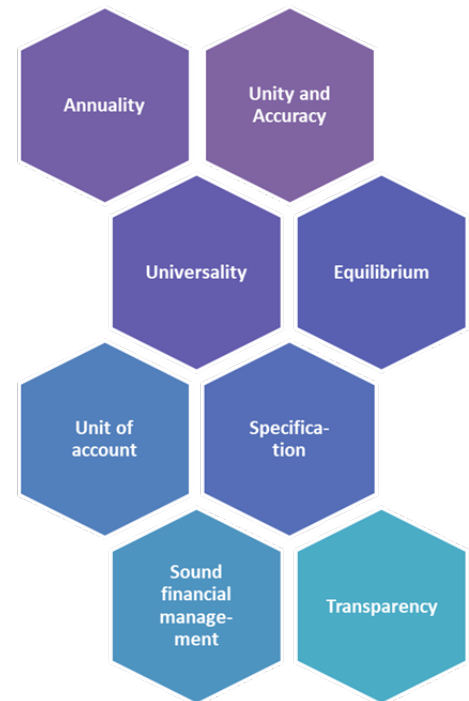
Total Resources Cash estimated	1.572.940,00
Budget to be covered by Member States	4.300.000,00

Gap in resources vs expenditure	2.727.060,00
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A	B	C	D	E	F	E + F = G	H
Ref.	Countries	UN General Assembly Resolution A/RES/76/238 - Scale of assessments for 2022-2023-2024 (percentage)	% UfMS MS' contributions considering UN scale	Estimated Contribution in Cash	Contributions to cover the gap in resources vs expenditure	Proposed contributions after adjustment to the 2023 UfMS budget	% UfMS MS' contributions over total contributions UN budget (after adjustment)
	Member States	25,8090	100%	1.572.940,00	2.727.060,00	4.300.000,00	100%
1	Albania	0,0080	0,031%	0,00	1.266,67	1.266,67	0,03%
2	Algeria	0,1090	0,422%	20.000,00	0,00	20.000,00	0,47%
3	Austria	0,6790	2,631%	0,00	107.508,74	107.508,74	2,50%
4	Belgium	0,8280	3,208%	0,00	131.100,50	131.100,50	3,05%
5	Bosnia and Herzegovina	0,0120	0,046%	0,00	1.900,01	1.900,01	0,04%
6	Bulgaria	0,0560	0,217%	10.000,00	0,00	10.000,00	0,23%
7	Croatia	0,0910	0,353%	10.000,00	4.905,04	14.905,04	0,35%
8	Cyprus	0,0360	0,139%	5.000,00	948,35	5.948,35	0,14%
9	Denmark	0,5530	2,143%	0,00	87.558,66	87.558,66	2,04%
10	Egypt	0,1390	0,539%	0,00	22.008,42	22.008,42	0,51%
11	Estonia	0,0440	0,170%	0,00	6.966,69	6.966,69	0,16%
12	Finland	0,4170	1,616%	0,00	66.025,25	66.025,25	1,54%
13	France	4,3180	16,731%	400.000,00	303.551,92	703.551,92	16,36%
14	Germany	6,1110	23,678%	400.000,00	587.444,66	987.444,66	22,96%
15	Greece	0,3250	1,259%	30.000,00	22.948,48	52.948,48	1,23%
16	Hungary	0,2280	0,883%	10.000,00	26.596,79	36.596,79	0,85%
17	Ireland	0,4390	1,701%	25.000,00	45.750,22	70.750,22	1,65%
18	Israel	0,5610	2,174%	15.000,00	74.570,31	89.570,31	2,08%
19	Italy	3,1890	12,356%	31.000,00	475.466,52	506.466,52	11,78%
20	Jordan	0,0220	0,085%	0,00	3.483,35	3.483,35	0,08%
21	Latvia	0,0500	0,194%	0,00	7.916,70	7.916,70	0,18%
22	Lebanon	0,0360	0,139%	0,00	5.700,02	5.700,02	0,13%
23	Lithuania	0,0770	0,298%	0,00	12.191,71	12.191,71	0,28%
24	Luxembourg	0,0680	0,263%	30.000,00	0,00	30.000,00	0,70%
25	Malta	0,0190	0,074%	0,00	3.008,34	3.008,34	0,07%
26	Mauritania	0,0020	0,008%	0,00	316,67	316,67	0,01%
27	Monaco	0,0110	0,043%	30.000,00	0,00	30.000,00	0,70%
28	Montenegro	0,0040	0,015%	3.000,00	0,00	3.000,00	0,07%
29	Morocco	0,0550	0,213%	100.000,00	0,00	100.000,00	2,33%
30	Poland	0,8370	3,243%	0,00	132.525,50	132.525,50	3,08%
31	Portugal	0,3530	1,368%	20.000,00	36.885,18	56.885,18	1,32%
32	Romania	0,3120	1,209%	0,00	49.400,19	49.400,19	1,15%
33	Slovakia	0,1550	0,601%	0,00	24.541,76	24.541,76	0,57%
34	Slovenia	0,0790	0,306%	10.000,00	3.005,03	13.005,03	0,30%
35	Spain	2,1340	8,268%	300.000,00	52.784,11	352.784,11	8,20%
36	Sweden	0,8710	3,375%	0,00	137.908,85	137.908,85	3,21%
37	Syria			0,00	0,00	0,00	0,00%
38	The Czech Republic	0,3400	1,317%	3.940,00	50.089,22	54.029,22	1,26%
39	The Netherlands	1,3770	5,335%	100.000,00	122.992,33	222.992,33	5,19%
40	Palestine	-	0,000%	0,00	0,00	0,00	0,00%
41	Tunisia	0,0190	0,074%	0,00	3.008,34	3.008,34	0,07%
42	Turkey	0,8450	3,274%	20.000,00	114.785,47	134.785,47	3,13%

UfMS Budget Main principles

These principles are to be observed in drawing up and executing the budget. These eight principles are essential to ensure that appropriations are used in accordance with the principle of sound financial management, namely in accordance with the principles of economy, efficiency and effectiveness that, in budget preparation, all activity proposals for undertaking UfMS expenditure will be forced to compete for resources, and that priorities will be established across the whole range of UfMS operations.



1. Annuity. Budget appropriations are related to a specific budget year.
2. Unity. Revenue and expenditure should be considered together to determine annual budget targets. The budget should cover all UfMS operations, so that the budget presents a consolidated picture of these operations and is approved, as a whole, in the SOM.
3. Universality. All resources should be directed to a common pool or fund, to be allocated and used for expenditures according to the current priorities of the UfMS.
4. Equilibrium. Revenue and payment appropriations shall be in balance.
5. Unit of account. The multiannual financial framework and the budget shall be drawn up and implemented in euro and the accounts shall be presented in euro.
6. Specification. Specific, measurable, achievable, relevant and timed objectives shall be set for all sectors of activity covered by the budget.
7. Sound Financial Management. Appropriations shall be used in accordance with the principle of sound financial management, namely in accordance with the principles of economy, efficiency and effectiveness. This is essential to ensure that, in budget preparation, all activity proposals for undertaking UfMS expenditure will be forced to compete for resources, and that priorities will be established across the whole range of UfMS operations. The principle of economy requires that the resources used by the institution in the pursuit of its activities shall be made available in due time, in appropriate quantity and quality and at the best price.
8. The principle of efficiency concerns the best relationship between resources employed and results achieved.
9. The principle of effectiveness concerns the attainment of the specific objectives set and the achievement of the intended results.
10. Transparency. The budget is established in compliance with the principle of transparency, ensuring sound information on implementation of the budget and the accounts.



UfMS BUDGET PREPARATION CIRCULAR



General indications

Method

- The Budget will be mostly formulated as per the method of "activity-based budgeting-ABB" (Activity oriented approach) used partially in 2016 and more extensively in 2017 and 2018. The term activity means project, initiative, programme within a priority area.

Guidance

- Budget preparation consultations and meetings will be organised to provide guidance on the elements of the methodology and samples of application.

Indicative ceilings

- The budget may be prepared within the ceilings dedicated to priority areas and horizontal activities and similar.

Focus

- Contribution of each Division/Department should be focused on reasonable and prudent number of projects/initiatives per area.

Quality assurance

- Budget Estimates per Activity and Action' Instruments are prepared by each project manager/ focal point of each project/initiative. The Budget Estimates shall be validated by the Line Manager.

Brivety

- Budget Estimates per Activity and Actions's Instruments should be concise and brief; and prepared in the Excel format following the template attached. The figures may be rounded to nearest thousands.

Accuracy

- No lump-sum provision should be made or proposed to be made in the budget. All items should be proposed according to the prescribed detailed of expenditure.

Timeline

- You are requested to forward cost estimates by activity and actions'Instrument by the date mentioned in the Budget timetable. A summary as per your division/department will be provided by Finance.



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1. What is the Budget?

In this Circular, the term *budget* means the UfMS Budget. The budget consists of several volumes that set forth the Secretariat financial proposal with recommended priorities for allocating resources. The main *Budget* volume contains the Secretary General Budget message, the Budget Explanatory Note and other broad statements of policy. The *annex* contains detailed information by Budget building blocks, headings, lines, programs, and activities. Other volumes provide complementary views of the budget. Most of the information contained in the budget is, or is based on, information you submit for your priority area/units and programmes in response to this Circular.

2. What is the legal requirement to prepare the Budget?

The UfMS Statutes (section IIIV and IX) requires the Secretariat to submit a budget. The Secretariat formally transmits his proposals for allocating resources to the Senior Officials through the budget. Indeed, the Secretary General submit before the 1st October of each year to Member States Senior Officials the draft annual Budget for the Revenue and the Expenditure of the Secretariat. Before the 1st December of the same year³, the Senior Officials adopt the annual budget with any amendment and return it to the Secretariat for execution. Through this process the UfM decides how much money to spend, what to spend it on, and how to raise the money it has decided to spend.

3. Budget preparation- what is the framework in which budget decisions are made?

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A full understanding of the UfMS budget planning and preparation system is essential, not just to derive expenditure projections but to be able to advise the Secretariat on the feasibility and desirability of specific budget proposals, from a strategic and relevance perspective.

UfMS Budget preparation is a process with designated units and/or individuals having defined responsibilities that must be carried out within a given timetable. To be fully effective, it requires three forms of financial discipline:

- a. Control of aggregate expenditure to ensure affordability; that is, consistency with the global budgetary framework (level of resources);
- b. Effective means for achieving a resource allocation that reflects expenditure policy priorities (cost estimates as per activity);
- c. Efficient delivery of results (productive efficiency).

Based on the objective assessment of available revenues and financing, the expenditure budget aims to be comprehensive, transparent, realistic, activity and project-oriented, and allow for clear accountability in budget execution. These concepts form a standard by which the soundness of UfMS budget systems can be judged.

4. What are main budget principles?

Annuality. The budget is prepared every year, covering only one year; approved every year; and executed over one year. While maintaining the core concept of annual authorization, this principle should move toward, at the preparation stage, to develop the annual budget within a multiyear perspective, through

³ Dates are yearly adapted in accordance with MS decision of Senior Officials Meetings dates.



the preparation of medium-term revenue and expenditure frameworks.

Unity. Revenue and expenditure should be considered together to determine annual budget targets. The budget should cover all UfMS operations, so that the budget presents a consolidated picture of these operations and is approved, as a whole, in the SOM.

Universality. All resources should be directed to a common pool or fund, to be allocated and used for expenditures according to the current priorities of the UfMS. In general, earmarking of resources for specific purposes is thus to be discouraged.

Sound Financial Management. Appropriations shall be used in accordance with the principle of sound financial management, namely in accordance with the principles of economy, efficiency and effectiveness. The principle of economy requires that the resources used by the institution in the pursuit of its activities shall be made available in due time, in appropriate quantity and quality and at the best price. The principle of efficiency concerns the best relationship between resources employed and results achieved.

The principle of effectiveness concerns the attainment of the specific objectives set and the achievement of the intended results.

Specific, measurable, achievable, relevant and timed objectives shall be set for all sectors of activity covered by the budget. The achievement of those objectives shall be monitored by performance indicators for each activity,

These principles are to be observed in drawing up and executing the budget. The principle of economy itself derives from the principle of efficiency. Efficiency implies among others the following:

-- A specific result is achieved with the smallest possible input of resources (minimisation principle = economy principle).

-- The best possible result is achieved with a predetermined resource input (maximisation principle = productivity principle).

These four are essential to ensure that, in budget preparation, all activity proposals for undertaking UfMS expenditure will be forced to compete for resources, and that priorities will be established across the whole range of UfMS operations.

Equilibrium. Revenue and payment appropriations shall be in balance.

Unit of account. The multiannual financial framework and the budget shall be drawn up and implemented in euro and the accounts shall be presented in euro.

5. Activity based budgeting

The UfMS Secretariat as per its mandate and core missions on activity oriented framework is strengthening more the link between activities and resources allocated to them, while at the same time is using more accurate presentation of forecasted use of resources, thus contributing to increasing the efficiency and the accountability of its work.

Activity Based Budgeting (ABB) is the budgetary component of the wider Activity Based Management (ABM) approach which aims to improving more the management process and allocation of resources in



the UfMS, as part of the overall UfMS internal management system in full coherence with the work programme and related strategies.

The purpose of using the ABB in the UfMS is to provide the means for an allocation of resources which is consistent with institutional and operational priorities and a management of resources which is itself consistent with pre-defined objectives.

The Activity Based Budget is structured into three main budget headings,

- Activities -Operational Expenditure
- Human Resources
- General Administration

in addition to the heading of contingency reserve.

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

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

- Technical Support for projects and activities (TS): covers all actions of expertise, comprising in house projects support and analysis (projects managers/analysts: in-house expertise), technical assistance (including studies and consultancies services).
- Platforms, regional experts' groups meetings & conferences (PC): covers all actions of projects' and initiatives' promotions, events, technical workshops, experts' group meetings and conferences.
- Follow-up and monitoring missions for projects and activities (FM): covers all missions of projects and initiatives identification, coordination, launching, fundraising and monitoring.
- Outreach & Visibility of projects and activities (OV): covers both institutional outreach and public affairs as well as project and initiative visibility and communication actions.

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Core Activities are:

- Promoting regional dialogue: based on policy guidelines given by UfM MS in terms of regional policy platforms in the framework of its mandate, the Secretariat is contributing to operationalize decisions taken at political level through (i) the organization of regional and sub-regional sectoral dialogues and follow-up activities, with a view to monitoring the progress in the implementation of Ministers' commitments and promoting the initiatives intended to foster cooperation in the region, and (ii) the exchange of best practices, sharing of experiences, identifying new and innovative methodologies and developing regional and sub-regional networks.
- 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.

Human Resources and General Administration are structured by destination in consistency with International Standards of Accounting (International Public Sector Accounting Standards- IPSAS), while maintaining a simplified classification by nature.



6. What are global assumptions and ceilings?

To facilitate discussion on resource allocation, it is helpful for the budget planning to set, within the global assumptions, guidelines/targets for each spending area on their total spending. This allows budget internal consultations to coalesce around a realistic target for each priority area, consistent with the affordable total resources.

Such guidelines or targets can be normative (e.g. when they are derived from a medium-term expenditure planning framework) or indicative (e.g. based on shares in the latest year's figures).

Each division/department is asked to put forward its estimates for its existing or baseline activities within that guideline. Separately, each division/department is asked to identify what activities and programmes would be enhanced/introduced or cut back. This approach is to concentrate preparation and discussion on priorities at the margin, within an affordable total.

Prior to any consideration, the main rationale for UfMS Budget preparation is to set the macro ceiling according to estimated level of revenues. Each year, it will be provided the ceilings corresponding to the theoretical estimated budget (based in the potential resources available).

However, caution underlying level of resources, namely Member States contributions, the aggregate ceiling shall be limited to a lower level of revenue that could be considered in mid-term budget review during the implementation of the Budget.

Adjustment factors may be applied to budget estimates according to implementation rates of previous years and following global ceilings correction (headings ceilings, action's instruments ceiling, etc.).



7. What is budget preparation timetable?

S #	Activities	Responsible	Deadlines (1)
1	Issuance of Budget guidelines (circular)	Legal and Admin Dept. (Finance)	
2	Budget consultations and/or preparatory bilateral meetings with units/divisions	Legal and Admin Dept. with Divisions/Departments <i>in coordination with Cabinet, Directorate for Operations and Partnerships and Communications and Public Affairs Unit</i>	
3	Submission of Budget Estimates per Activity using applicable templates: prepared by each project manager and validated by the line manager.	All Units/Dept./Divisions	
4	Bids and Plans review (Procurement plan - technical assistance-, Staffing plan, Events plan, Communication plan, etc.)	Cabinet, Legal and Admin in coordination with Directorate for Operation and Communications and Public Affairs Unit	
5	Financial plan update, <i>Establishment of 1st draft of the Budget</i>		
6	<u>TBC</u> - Prior information to UfM Member States based on the <i>1st draft of the Budget(indicative figures)</i>	Cabinet Legal and Admin (Finance)	
7	Second Budget and Work Programme internal consultations for possible adjustments, with related Divisions/Departments Submission of update Budget Estimates Considerations of the College/Executive Committee	Legal and Admin (Finance) with related Units and Dept. College/Executive Committee	
8	Second draft of the Budget	Legal and Admin(Finance)	
9	SG approval (and College/Executive committee consultation)	Secretary General	
10	Dossier for formal submission to the SOM (draft full budget documents)	Legal and Admin (Finance) Secretary General	
11	Formal submission to the SOM (full budget documents)	Legal and Admin(Finance) Secretary General	
12	SOM of December- final decision	Senior officials meeting (SOM)	

(1) Deadlines should be updated and adapted to each budgetary year.



8. How do I present Budget Estimates?

Estimates of each Division/Department should be prepared by Activity in accordance with this Budget Guidelines.

Divisions and Departments should follow the following process before they are able to submit estimates by activity as per template attached.

1. Identification and Short description

- a. Identify and link the activity with the Work Programme.
- b. Title of each Action: Short description of the action
- c. Identify the priority of each action. “**Priority 1**” should refer the activities in line with the theoretical estimated budget and “**Priority 2**” should include additional activities.

2. Actions under the Budget

Provide needed actions to be carried out during the budgetary year. Needed actions should fall under the following categories:

- Technical Support for projects and activities (TS): covers all actions of expertise, technical assistance (including studies and consultancies services).
- Platforms, regional experts’ groups meetings & conferences (PC): covers all actions of projects’ and initiatives’ promotions, events, technical workshops, experts’ group meetings and conferences.
- Follow-up and monitoring missions for projects and activities (FM): covers all missions of projects and initiatives identification, coordination, launching, fundraising and monitoring.
- Outreach & Visibility of projects and activities (OV): covers both institutional outreach and public affairs as well as project and initiative visibility and communication actions.

Process:

- a. Preparation: Project managers in each Divisions and Departments are requested to prepare Budget Estimate of activities under their responsibility.
- b. Consolidation: One Focal point per Division/Department consolidates all information and data in the Template (Excel file).

In order to simplify the preparation, the Excel file includes several automatic calculations, the Division/Department should focus on describing needed actions and defining indicatively their characteristics (what, where, when, size, etc.)

During the budget consultations and/or preparatory bilateral meetings with units/divisions, the Finance department will take place throughout the process. Directorate for Operations and Partnerships and/or Communications and Public Affairs Unit should be associated to the process and assist as appropriate in the consultation meeting and in the preparation of the information.

- c. Validation: Line managers are requested to verify and validate these estimates and submit them to Legal and Admin depart.



Roster of Experts fees for 2023

Type	Fees
Senior Experts	400 EUR /Working day
Junior Experts	250 EUR/ Working day



UfM Audit Policy



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Introduction

International organisations, whose expenditures are covered by member country contributions, shall require an external, independent audit. Although this audit shall be adapted to the structure and tasks of the respective organisation, it shall be conceived along lines similar to International recognised standards.

In this context, the UfM as an international organisation, has a fundamental interest in enabling oversight and strongly believe that good, well-organised and independent audit systems will enable accountability and, thus, promote transparency and good governance in the institution. Reasonable assurance may be provided to the governing board/member states that the institution has used public funds and managed its financial affairs in line with sound financial principles and relevant legal framework.

General principals and rules of the audit policy

The UfM should strive to adopt the following principles and rules to establish best practices and effective arrangements for external audit.

- 1.1 External audit general principle: Financed with and/or supported by public money. The UfM should be subject to external audit to promote better governance, transparency and accountability.
- 1.2 External auditor appointment: The external auditor should be appointed in an open, fair and transparent manner.
- 1.3 External audit independence: The UfM should ensure the external auditor's independence in the conduct of the audit.
- 1.4 Audit standards: The legal framework of the UfM and/or its financial regulations should guarantee the external auditor's authority to carry out the audit of public money in a manner that is in accordance with internationally recognised auditing standards.
- 1.5 Audit resources: The external auditor should be provided with adequate resources to carry out the audit.
- 1.6 Audit reporting/disclosure: The UfM should ensure that the external auditor reports on the results of the audit to the institution and its governance.

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Guidance on policy principals and rules

External audit general principle:

- 1.1 The UfM as an international institution, is responsible for establishing its own financial rules and regulations, including audit arrangements. The financial rules and regulations are based on internationally accepted principles, i.e. EU financial rules, regulations and IPSAS. The governance system consisting of representatives from all (or some) of the member states, i.e. Senior Officials Meeting: SOM, decide on such rules, including financial rules and regulations covering financial management, budgets and accounting, as well as internal and external audit arrangements.
- 1.2 Management is responsible for the day-to-day management of the international institution within the framework laid down by the governing body: i.e. the statutes.



- 1.3 The audit arrangements of the UfM must ensure that the audit of the institution is adequate and performed in accordance with internationally recognised auditing standards. Arrangements for the appointment of external auditors should be made in accordance with the procurement procedures of the UfM, which should be in line with procurement best practices.
- 1.4 The appointment of the external auditor should be endorsed by the governing body and/or through main donor's international agreements.
- 1.5 The UfM governing body should regularly assess whether the evolution of the institution, or external requirements warrant a change in audit arrangements. Where the scope or structure of the UfM changes fundamentally, the audit arrangements should be considered carefully and updated if necessary.
- 1.6 Where more than one Audit firm is involved, the UfM should work with the Auditors to clearly identify the lead auditor responsible for the overall audit opinion in line with internationally recognised standards.

External auditor appointment

The external auditor should be appointed in an open, fair and transparent manner:

- 1.7 The auditor should be appointed by the institution and endorsed by its governance. The process for appointing the auditor should be established by the UfM, and included in the financial rules and regulations. Timely information on forthcoming appointments is essential. This would allow sufficient time for potential new auditors to engage with the incumbent auditor while the latter is still in office.
- 1.8 The governing body should decide on the appropriate duration of the auditor's appointment and this should be specified in the financial rules and regulations of the UfM and/or in this policy. Factors that may influence the duration of the appointment are the costs and benefits of changing auditors, the likely availability of auditors, and the complexity of the institution. Thus, it's hereby provided that appointments should be for a minimum of three to four years, but could be extended to a maximum of six years. The audit firm rotation rule is mandatory unless otherwise decided by UfM governance.
- 1.9 The selection process should ensure equal opportunities to all external audit firms to appointed as external auditor, while also ensuring quality auditing. The final decision on the appointment of the external auditors should be based on a thorough evaluation of the bids. The UfM Secretary General and/or the Accounting Officer should sign a contract/engagement letter with the external auditor to agree on the responsibilities of both the UfM and the external auditor.
- 1.10 The selection criteria may include factors such as appropriate technical and professional competence for the audit, and the cost thereof, sought by invitation from those audit firms that wish to undertake the audit. The selection should not be based on cost alone.
- 1.11 In the event of competitive bidding by inviting technical and financial bids from the audit firms, the UfM should apply standards for good procurement practice.
- 1.12 Candidates for an audit assignment must have a thorough knowledge of experience in auditing and in examining government operations in accordance with the internationally recognised auditing standards. Where a board of auditors is appointed, the engagement letter should state that relevant auditing standards, as mentioned, would be applied by the board/board members.



- 1.13 Candidates for an audit assignment must have a good working knowledge of at least one of the working languages of the UfM.

External auditor's independence

The UfM should ensure the external auditor's independence in the conduct of the audit:

- 4.1 The UfM should engage with the external auditor on taking up the appointment to enable the auditor to obtain a broad understanding of the institution. In doing so, the external auditor will determine the scope, methods and resources required to conduct the external audit.
- 4.2 The external auditor's independence from the management of UfM is compulsory, i.e. management shall not direct or interfere with the external auditor in the execution of their responsibilities and tasks.
- 4.3 UfM should be assured that the auditor will neither seek nor receive instructions from an individual member state. However, the auditor needs to discuss issues concerning audit risk, methodology, etc. with management of UfM and representatives of the governing body. This way of gathering the necessary information is not discouraged, provided that the auditor decides on the audit strategy.
- 4.4 The financial rules and regulations of the UfM covering external audit should ensure that the auditor is not restricted in carrying out any audit task deemed necessary to fulfil the audit mandate.
- 4.5 The auditor must be solely responsible for the conduct of the audit, including determining the scope of the audit and the audit methodology.
- 4.6 The UfM governing body may request the auditor to perform specific or additional audit work. Before the auditor accepts such a task, the UfM must make sure that the auditor has the necessary resources to perform the specific or additional audit work requested, and that the work is consistent with the mandate and competence of the external auditor. Having accepted the specific or additional audit work, it is for the external auditor to determine the scope, methodology and resources of the audit.
- 4.7 The independence of the auditor should not be constrained by other factors, such as lack of authority, resources, mandate or reporting rights and obligations. The auditor should be independent. This implies that the auditor is required to be objective in dealing with the audit issues, have no conflict of interest and/or any external pressure. The auditor conclusions must be based exclusively on audit evidence obtained in accordance with relevant auditing standards.

Audit standards

The legal framework of the UfM, and its financial regulations are guaranteeing the external auditor's authority to carry out the audit of public money in a manner that is in accordance with internationally recognised auditing standards:

- 4.8 The UfM and its governing bodies are responsible for establishing effective systems that promote good governance, transparency and accountability. This includes ensuring that the financial statements are subject to audit; establishing reliable systems of accounting for the financial



resources granted; establishing good systems of internal controls; and maintaining good systems for efficiency, effectiveness and economy to ensure that resources are well spent.

- 4.9 It is the responsibility of the UfM to prepare the financial statements in accordance with the financial reporting framework, adopted by the institution and to submit them to the auditors for audit. The financial reporting framework adopted by the UfM is the International Public Sector Accounting Standards (IPSAS). The auditor's responsibilities to audit these financial statements and to express an opinion on them, are normally set out in the financial regulations and will be reflected in the letter of engagement and/or external audit convention for the audit term of engagement/contract signed by the auditor and UfM.
- 4.10 The audit mandate should include financial, compliance and performance audits, and should allow for special audits, i.e. environmental audits. The audits should be conducted in accordance with internationally recognised audit standards.
- 4.11 In order to prevent a narrow interpretation of the audit mandate, the external auditor should be encouraged to bring special circumstances and issues to the attention of the governing body for consideration, if an audit is required or recommended.
- 4.12 The auditor and the audit staff should have unrestricted access to records, documents, staff and any information of the UfM deemed necessary for the performance of the audit, including internal audit.
- 4.13 The UfM should appoint and/or contract specialists and experts as appropriate, where expert advice, valuations and assessments are required, i.e. actuaries and values. Where the external auditor did not get sufficient appropriate evidence from the experts of the UfM, the external auditor should be allowed to use its own expert(s).
- 4.14 The UfM should establish an effective internal audit function which follows internationally accepted internal auditing standards.

Audit resources

The external auditor should be provided with adequate resources to carry out the audit:

- 4.15 The UfM should make adequate resources and facilities available for the proper discharge of the audit.
- 4.16 The UfM should make provision for an adequate formal budget for the external audit services and bear the full cost of the audit.
- 4.17 If the auditor considers the available resources to be insufficient to carry out the audit, either in quantity or quality, this fact should be reported to the governing body, as well as the consequences of the problem, and proposed solutions. Normally, in a competitive situation, issues relating to the budget are settled when the auditor is appointed.

Audit reporting/disclosure

The UfM should ensure that the external auditor reports on the results of the audit to the governing body of the UfM:

- 4.18 The UfM should engage with the external auditor to ensure that the external auditor reports on the audit of financial statements to the governing body.
- 4.19 Reports on the results of any compliance and performance audits, if required, and reports on the status of management's implementation of the auditor's previous recommendations.



- 4.20 The management of the UfM should respond to the audit findings in a timely manner to enable the auditor to consider management’s comments before finalising the audit report.
- 4.21 The auditor should be invited to the appropriate meeting of the governing body to present the audit report. The UfM should ensure that the presentation of the audit report is a separate agenda item from the meeting.
- 4.22 All external audit reports presented to the governing body should be publicly available. Exceptions should be based on clear and relevant criteria concerning classified and confidential information.

References:

- UfM Statutes.
- Manual of Internal Procedures.
- EU Financial Regulations.
- EU Grant Agreements.
- International Public Sector Standards (IPSAS)- IFAC.
- International Auditing and Assurance Standards (IAAS)- IAASB.
- Audit of International Institutions-Guidance for Supreme Audit- Institutions (SAIs) – INTOSAI.

Example of audit and verification terms of reference

- Terms of reference of Expenditure verification
- Terms of reference of Audit of financial statement
- Terms of reference of Cooperation Programme Audit
- Terms of reference of system based audit



UfM External Audit Firm

The audit firm is:

Ernst & Young, SL,

having its principal place of business at Raimundo Fernández Villaverde, 65 - Torre Azca, Madrid – 28003, Spain, with VAT number B78970506

listed in the Official Register of Auditors S0530 (ROAC number)

The selection took place following a public procurement procedure in line with EU regulations/PRAG.



UfM Policy on Internal Control Standards and Requirements



UfM Policy on Internal Control Standards and Requirements

Internal control applies to all activities, irrespective of whether they are financial or non-financial. It is a process that helps an organization to achieve its objectives and sustain operational and financial performance, respecting rules and regulations. It supports sound decision making, taking into account risks to the achievement of objectives and reducing them to acceptable levels through cost-effective controls.

The internal control framework of the UfM is designed to provide reasonable assurance regarding the achievement of five objectives set in line UfM Constituent acts (Paris and Marseille declarations, UfM Statutes, EU Financial Regulation and Internationally recognized standards : (1) effectiveness, efficiency and economy of operations; (2) reliability of reporting; (3) safeguarding of assets and information; (4) prevention, detection, correction and follow-up of fraud and irregularities, and (5) adequate management of the risks relating to the legality and regularity of the underlying transactions, taking into account the multiannual character of projects/initiatives as well as the nature of the payments concerned.

This framework supplements the EU Financial Regulations and other applicable rules and regulations with a view to aligning UfM Secretariat (UfMS) standards to the highest international standards set by the Committee of Sponsoring Organisations of the Treadway Commission (COSO) framework. The latter was revised in 2013 to move from a compliance-based to a principle-based system with the aim of ensuring robust internal control through consistent assessment by the UfMS, while providing the necessary flexibility to allow departments to adapt to their specific characteristics and circumstances. This will also help improve the operational performance of UfMS Divisions/Departments.



1: Mission

1. The UfM Secretariat, its Divisions and Departments have up-to-date mission statements which are linked across all hierarchical levels and made known to staff through notably UfM Paris and Marseille declarations, UfM Statues, UfM Road Map.

2: Ethical and Organizational Values

2. The UfM Management ensures that his/her staff are aware of relevant ethical and organizational values and the associated rules and procedures. In particular staff are made aware of the necessity to avoid conflicts of interest and the procedure to manage such situations should they arise, the rules regarding whistleblowing and the procedure to report fraud and irregularities in line with UfM Code of Conduct and Policy of Antifraud and Anticorruption.

3: Staff Allocation and Mobility

3. Whenever necessary, management aligns the organizational structures and staff allocations with priorities and workload.

4. The UfM Secretariat promotes, implements and monitors mobility in order to ensure that the right person is in the right job at the right time and, where feasible, to create career opportunities within the framework of the Staff Regulations.

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4: Staff Appraisal and Development

5. Staff performance is appraised according to rules and instructions set by the UfM Staff Regulations, Implementing Rules and related policies. As part of the appraisal dialogue and report, the learning and development needs of staff are discussed and recorded. Managers support staff in developing knowledge and competencies useful for their job and career.

6. Learning and development needs are defined on the basis of the policy goals of the Secretariat and its Divisions/Departments and the staff profiles needed to reach those goals. The definition of needs respects the strategy, guidelines and instructions issued by the UfM Secretariat Management.

5: Objectives and Performance Indicators

7. The UfMS Divisions and Departments objectives are set out in accordance with applicable guidance in such a way as to ensure that they are understood and owned by management and staff. Whenever necessary, objectives are updated to take account of significant changes in activities and priorities.

8. The UfMS Divisions and Departments Management Plan clearly sets out how planned actions and deliverables will contribute to the achievement of objectives set, taking into account the allocated resources and the risk identified, notably through its Annual Work Programme.

9. The UfMS Divisions and Departments monitor the attainment of its objectives throughout the year using performance indicators and adequate reporting tools. The UfMS Divisions and Departments report on their achievements, expected results and impact, and if relevant, on its contribution to UfM-wide priorities, in the UfMS Annual Activity Report. The UfMS Divisions and Departments adhere to corporate reporting requirements.



6 Risk Management Process

10. A risk assessment exercise is conducted as per UfM Risk Management Methodology through three main components: Expenditure Life Cycle, Project Labeling Cycle and in *the core operational activities at part of the Work Programme and Budget processes*⁴.

Risk assessment is also conducted whenever management considers it necessary (typically in the event of major modifications to the UfMS Divisions and Departments activities occurring during the year). Risk management is performed in line with applicable provisions and guidelines.

11. Risk management action plans are realistic and take into account cost/benefit aspects in order to avoid disproportionate control measures. Processes are in place to ensure that actions are implemented according to plan and continue to be relevant.

7 Operational Structure

12. Delegation of authority is clearly defined, assigned and communicated in writing, conforms to legislative requirements and is appropriate to the importance of decisions to be taken and risks involved.

13. The Departments/Divisions sensitive functions are identified through risk assessments. They are recorded and kept up to date. Measures are in place to ensure that risks are mitigated and that staff do not perform a sensitive function for more than the time limits prescribed in relevant decisions.

14. The standard IT governance policy of the UfMS is applied, and in particular:

- An annual IT masterplan covering all information systems developments (regardless of budget source) has been drawn up as per the Work Programme produced.
- All new information systems projects are approved on the basis of a vision document.
- All new information systems are developed using the applicable standards for project management and development methods, and take security into account from the very first stage.

8 Processes and Procedures

15. The UfMS Secretariat main processes and procedures are adequately documented, particularly those associated with critical risks. They ensure segregation of duties and comply with applicable provisions as per EU financial regulations applicable provisions.

16. A method is in place to ensure that all instances of overriding of controls or deviations from established processes and procedures are documented in exception reports, justified, duly approved before action is taken.

9 Management Supervision

17. Management supervise the activities they are responsible for. They keep track of main issues and ensure the follow-up of accepted audit and other recommendations e.g. linked to interval evaluations and

⁴ While the two first components are in place, the third one is under development.



reviews. Management supervision covers both legality and regularity aspects and operational performance.

18. At least one a year and at any time deemed appropriate, the Secretary General informs the Senior Officials of any potentially significant issues related to internal control and audit as well as material budgetary and financial issues that might have an impact on the sound management of appropriations or which could hamper the attainment of the objectives set.

10 Business Continuity

19. Adequate measures -including handover files and deputizing arrangements for relevant operational activities and financial transactions -are in place to ensure the continuity of all service during “business as-usual” interruptions (such as sick leave, staff mobility, migration to new IT systems, incidents, etc.).

20. Contingency and backup plans for information systems are established, maintained, documented and tested in the context of Disaster Recovery Planning and security needs.

11 Document Management

21. Document management procedures and related systems comply with relevant compulsory security measures, provisions on document management⁵ and rules on protection of personal data as per UfM systems and application (i.e Financial System) and folders management;

22. Every document that fulfils the conditions laid down in the implementing rules needs to be registered, filed in at least one official file and preserved during the period established by the document management and archiving rules.

12 Information and Communication

23. Arrangements, in line with the UfM regulations and Staff Engagement Strategy, are in place to ensure that management and staff are appropriately informed of decisions, projects or initiatives — that concern their work assignments and environment. There are processes in place for the voice of staff to be heard.

24. Communication actions respect legal and regulatory requirements (including copyright laws) and are in line with the instructions and guidelines of central services.

25. The standard Information systems security measures of the UfM are applied. In particular, UfMS has adopted and implements an IT Security Plan based on an inventory of the security requirements and a risk analysis of the IT systems under their responsibility, and applies at least the relevant control measures of the corporate IS Security Policy.

26. The IT systems support adequate data management, including database administration and data quality assurance. Data management systems and related procedures comply with relevant Information Systems Policy, compulsory security measures and rules on protection of personal data.

13: Accounting and Financial Reporting

⁵ A more comprehensive document management solution is under development as planned in UfM Annual Work Programme



27. Adequate procedures and controls are in place to ensure that accounting data and related information used for preparing the organization's annual accounts and financial reports are accurate, complete and timely.

27. the Authorizing Officer ensures that the financial and accounting information submitted to the Accounting Officer for the production of accounts and management reports is reliable and complete.

14: Evaluation of Activities

28. Evaluations are performed in accordance with the evaluation standards. Corresponding evaluation baseline requirements are applied for retrospective evaluations (interim, final and ex-post) while prospective evaluations (ex-ante and impact assessments) follow the relevant specific guidelines, notably through evaluation of regional dialogue process/ministerial declarations implementation as well as through project labelling and discontinuity of labeling process.

15: Assessment of Internal Control Systems

29. Management and Senior Officials assesses the effectiveness and efficiency of the Secretariat internal control system at least annually. The results of the review should be presented in the Annual Activity Report. Both the review and relative reporting must be carried out in accordance with applicable guidance.

30. Management facilitates communication and reporting of internal control weaknesses. Coordination is made of such reporting to ensure the use of information to reinforce the effectiveness of controls as needed.

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16: Internal Audit Capability⁶

31. The UfM has an Internal Audit Capability (IAC), which adheres to internationally accepted internal audit standards and practices (IPPF). It reports directly to the UfM Governance and provides independent, objective assurance and consulting services designed to add value and improve the effectiveness of risk management, control, and governance processes of the UfM;

32. The UfM governance ensures that the IAC is independent of the activities they audit, and that it has sufficient and adequate resources to perform the audit work plan.

⁶ IAC is under development.



UfM Risk Management Methodology



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I. INTRODUCTION

This technical note provides a background information and a more detailed explanation of certain key concepts of the risk management methodology in UfM.

UfM's mission is to enhance regional cooperation, dialogue and the implementation of projects and initiatives with tangible impact on our citizens, with an emphasis on young people and women, in order to address the three strategic objectives of the region: stability, human development and integration.

In doing so, the UfMS faces uncertainty, and the challenge for the institution and its management is to determine how much uncertainty to accept as it strives to deliver value. Uncertainty presents both risk and opportunity, with the potential to erode or enhance value. Risk management helps to effectively deal with uncertainty and associated risk and opportunity.

The UfM's risk management methodology is strongly inspired by the European Commission practice and methodology and the COSO⁷ Enterprise Risk Management Framework which is considered best practice in this domain. It is however adapted to fit the UfM's activities and specific working environment.

The implementation of an effective risk management requires strong political, institutional and management support and the development, or reinforcement, of a management culture in which the transparent communication of risks is encouraged and viewed as an instrument that can help management deal with risks in a more structured and proactive fashion.

It is also crucial that management and staff of the UfMS - as well as the UfM's stakeholders - fully understand the basic concept of risk management, i.e. that the aim is not to keep away from risks but rather to manage them in line with management's risk acceptance. Consequently, major efforts to inform and communicate will be necessary.

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II. DEFINITIONS AND RISK TYPOLOGY

1. Definitions

Risk for the UfMS action is defined as: Any event or issue that could occur and adversely impact the achievement of the UfMS institutional, strategic and operational objectives. Lost opportunities are also considered as risks.

Risk management is defined as: A continuous, proactive and systematic process of identifying, assessing, and managing risks in line with the accepted risk levels, carried out at every level of the UfMS to provide reasonable assurance as regards the achievement of the objectives.

These definitions reflect some fundamental concepts:

- It is a process and a means to an end, not an end in itself : risk management is not one event but a series of actions that are embedded in the UfMS activities, procedures and processes. These actions are inherent to the way the institution runs its activities and should be seen as part of a continuous cycle.

⁷ that COSO (Committee of Sponsoring Organizations of the Treadway Commission) was originally formed in 1985 to sponsor the National Commission on Fraudulent Financial Reporting (known as the "Treadway Commission"). At the beginning of the nineties, COSO issued an Internal Control - Integrated Framework and in 2004 released the Enterprise Risk Management - Integrated Framework (COSO-ERM).



- It involves people at every level of an organisation: risk management is accomplished by the people in an organisation, by what they do and say at all levels of the organisation. This includes the management and staff. Everyone has responsibility at his/her level for risk management.
- It provides "reasonable assurance ": reasonable assurance reflects the notion of risk uncertainty. Risk management cannot guarantee that the objectives will be fully achieved. It can only provide "reasonable assurance".
- It is based on "risk acceptance ", which is the degree of risk that the UfMS or a UfMS Division/Department is willing to accept in the pursuit of its goals.

2. The risk typology

In order to facilitate the identification and reporting of risks, a common risk typology with 5 main risk groups has been defined:

- ❖ Risks related to the external environment (outside UfMS)
 - Macro-environmental risks (geo-political, economic, natural disasters, etc.);
 - Political decisions and priorities outside the UfMS (MS, etc.);
 - External partners (agencies, outsourcing, consultants, media, etc.)
- ❖ Risks related to planning, processes and systems
 - Strategy, planning and policy,
 - Operational processes (process design and description)
 - Financial] processes and budget allocation
 - IT and other support systems
- ❖ Risks related to people and the organisation
 - Human resources (staffing, competences, collaboration)
 - Ethics and organisational behaviour ("tone at the top", fraud, conflict of interests, etc.)
 - Internal organisation (governance, roles and responsibilities, delegation, etc.)
 - Security of staff, buildings and equipment
- ❖ Risks related to legality and regularity aspects
 - Clarity, adequacy and coherence of applicable laws, regulations and rules
 - Other potential issues related to legality and regularity
 - Communication methods and channels
 - Quality and timeliness of information
- ❖ Risks related to communication and information
 - Communication methods and channels
 - Quality and timeliness of information

3. The main concepts

Risk management is not one single event but a series of actions that are embedded in the UfMS activities. These actions are integrated in the existing planning and decision-making processes and can be mapped in the following way:

(1) **Defining the basis for risk identification** (objectives/activities) - In principle, objectives must exist before management can identify potential risks affecting their achievement. However, as regards risk management related to the Annual Work Programme, the Division/Department can use either the annual activities or the related objectives as a basis for the identification of risks.



(2) **Identifying and assessing risks** - In this step, management identifies potential events and issues that, if they occur, will affect the achievement of the UfMS or Division/Department objectives (whether these objectives are institutional, strategic, operational or compliance-oriented). Risks are analysed and assessed in terms of their likelihood of occurrence and potential impact should they occur.

Once the potential impact has been defined and measured (for example low, medium, or high), management estimates the likelihood that the event leading to the impact will occur. In the next step, which is further explained in point 3 below, management will determine whether or not the risks can be accepted. In general, a risk with a low impact and a low likelihood of occurrence does not need any further consideration, whereas a risk with a high impact and high likelihood is unacceptable and will require priority action. However, this is a judgement -that will depend on management's tolerance of risks, which may vary from one activity to another.

In some cases, it is possible to pre-define and quantify acceptable risk levels, e.g. in terms of financial impact. Management can for example decide beforehand that a financial loss higher than a fixed amount or a certain percentage of the budget for a specific programme is unacceptable.

As regards the risk level, it can be expressed either as the inherent risk level (the risk level in the absence of any existing controls and mitigating factors) or the residual risk level (the risk level taking into account existing controls and mitigating factors). To determine the residual risk level at the time of the risk assessment, the effectiveness and the efficiency of the existing controls must be considered. Thus, depending on the current residual risk level and management's risk tolerance, management will decide if additional measures are needed to further reduce the risk exposure. The time horizon used to assess risks should be consistent with the time horizon of the related strategy, activity and objectives.

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(3) **Selecting the risk response**-- There are in principle four possible ways of managing risks, or four "risk responses":

- **Avoid risk:** A risk can, for example, be partly or entirely avoided by modifying the activities or objectives. In certain cases, it may even be necessary to discontinue certain activities because the associated risks are considered unacceptable.
- **Transfer risk:** The risk is reduced by transferring or otherwise sharing a portion of it with a third party. A typical example of transferring risks is using an insurance company, which is paid to assume the risks. As far as outsourcing is concerned (i.e. when certain of the UfMS activities or tasks are carried out by external companies), it should be noted that, although the management of the risk is transferred, the Secretariat remains ultimately responsible for the risks. However, it can be a good solution if the necessary resources, skills and competences to manage the risk are not available in the relevant Departments of UfMS.
- **Reduce risk:** This is the most common risk response. Actions and decisions are taken to reduce the risk likelihood or impact, or both. This can be done in various ways, for example: enhancing the legislation, strengthening cooperation with partners, or increasing control efficiency and effectiveness by strengthening existing controls or implementing new ones, etc.
- **Accept risk:** Management estimates that the degree of risk exposure can, or has to be, accepted. Consequently, no further action to avoid, transfer or reduce the risk exposure needs be taken. Note that risks may have to be accepted for several reasons: firstly, reducing the risk exposure to "zero" would demand very significant control measures whose costs would be disproportionate to the benefits. Secondly, in order to adapt to a changing environment and new expectations, an organisation must continuously seize opportunities, modify its activities or try out new working



methods, which may be risky. A static organisation averse to change and innovation will soon become outdated and hence low-performing. Thirdly, certain risks are outside management's control. The only way of not being exposed to them would be to discontinue the activities concerned, which is not always possible or desirable.

(4) **Implementing the risk response** (action plans: such as UfMS annual Work Programme, UfM-Sida Work Plan, UfM- GIZ Work Plan, etc.). Action plans are established and implemented to ensure that risk responses are effectively carried out. As a minimum, the action plan must include a description of the risk including the potential impact, the actions to be taken, the "owner" of the actions and the implementation target dates. Other relevant information such as resources needed for implementation and critical success factors may be added.

(5) **Monitoring and reporting:** In order to ensure that the action plans continue to be relevant and effective, management should carry out monitoring and supervision of their implementation on a regular basis. Since already identified risks may evolve and new risks may emerge, monitoring is also needed to ensure that the Divisions/Departments risk register is up-to- date.



III. RISK MANAGEMENT IN UFM

1. Importance of risk management in UfMS

In recent years, risk management has become a generally recognised management concept adopted by a large number of organisations, both in the commercial and public service sector.

In essence, a structured and proactive management of risks can help an organisation become more dynamic and forward-looking and increase the chances of achieving its objectives. In particular, it will help to:

- Make more reasoned decisions. All decisions, whereas they concern the "business-as-usual" or new ideas and opportunities, always involve a degree of uncertainty. Risk management can help management to justify its decisions with reasoned judgments of both intended and unintended outcomes.
- Improve efficiency. By adopting a risk-based approach, organisations can make better judgments about how systems can be improved, where resources should be allocated, or how to achieve a better balance between the level of risk and the cost of controls.
- Reinforce the reliability of management systems. Risk management forms an essential part of the management and control environment of all organisations.

As far as the UfM is concerned, risk management will also help to:

- **Improve and complete the current Strategic Planning/Work Programme/Activity-based Management (ABM) by ensuring that the key risks related to our activities are duly taken into account.**
- **Reinforce the integrated internal control framework, thereby contributing towards sustaining a sound management a positive statement of assurance.**

2. key principles and tools for managing risks in the UfMS

2.1 Risk approach-steps

Basically, the risk management process includes the following steps:

- Defining the basis for the risk management exercise (for example, the annual activities and related objectives);
- Identifying and assessing the associated risks and managing them in line with accepted risk levels (defining the risk response and implementing the action plan);
- Keeping management informed of critical risks and monitoring the implementation of the work programme.

Divisions/Departments must use a risk management approach that is adapted to their specific situation and needs. The aim is to strengthen the existing management structures and planning and decision-making processes by embedding risk management into them as a standard element.

2.2 UfMS risk management key components

In the UfMS, risk management approach includes 3 main components:



RISK MANAGEMENT IN THE EXPENDITURE LIFE CYCLE:

Risk identification, assessment and mitigation is embedded in all stages of the expenditure life cycle, on the basis of the Manuel of internal procedures, related policies and circulars and the Funds Management Policy following European Commission financial regulations:

- Budgeting through activity based budgeting and whole process of budget preparation including assessment and iterative internal and external hearing to handle all potential risks detected.
- Procurement through compliance with EU public procurement and all controls and checks made during the workflow of the approval.
- Implementation through fulfilling the contractual requirements and monitoring of the execution of ToRs and/or technical specifications as well as the assessment or reporting/deliverables.
- Payment through checks and control in line with EU methodology in internal control (four eyes) with segregation between initiation and verification.
- Reporting and Accounting through control and checks to ensure compliance with accounting policies.

RISK MANAGEMENT IN PROJECT LIFE CYCLE:

Risk identification, assessment and mitigation in all stages of project labelling process, on the basis of UfM labelling guidelines and UfM Project Manual:

- Identification and Formulation of projects and initiatives stage where receipt and registration of project proposals are made and appraisal process is run within the Division/Department in charge in interaction with project promoter to ensure providing inputs/responses to potential risk detected.
- Peer Review stage, where in a second step a technical appraisal is made in line UfM Guidelines and ensure that risk of non-compliance with UfM criteria as well as promoter quality and management capacity is evaluated.
- Project Committee stage where the final assessment is made at the management level and a decision of the Secretary General is taken for submission to the governance body: Senior Official meetings –SOM and where risk of non-backing by other Member states is handled through confirming at least non objection from MS.

RISK MANAGEMENT IN THE CORE OPERATIONAL ACTIVITIES

Risk identification, assessment and mitigation measures in stage of planning in the context of the Work programme:

- setting up general goal and specific objectives for each sector, priority area in the annual work programme.
- objectives and specific target for internal control are established in context of the work programme in the internal management chapter.
- risk analysis and mitigation measure are established in the context of work plan/programme document of under cooperation agreements.
- risk analysis and mitigation measures that are not yet developed in the context of UfMS annual work programme need to be included in the framework of the Work Programme preparation and reported upon in the context of the UfMS Activity Report.



2.3 Risk acceptance

The purpose of risk management is not to avoid risks at all costs, but rather to ensure that the significant risks are identified and managed in line with accepted risk levels. Certain risks can be fully accepted, others not or only to a limited degree.

There are many reasons why certain risks have to be accepted. Firstly, reducing the risk to "zero" is usually not cost-effective. Secondly, taking risks is a necessary part of keeping an organization dynamic and adapting it to a changing environment. Thirdly, certain risks are out of management's control and cannot be avoided without discontinuing the related activities.

Management must determine whether or not the key risks the service is exposed to can, or should, be accepted or if action must be taken to reduce them. In some cases, mainly as regards financial risks, this decision can be supported by quantitative estimations (potential financial impact, etc.) and pre-defined risk levels can then be established (e.g. tolerable error rates). In other cases, for example as regards reputational or political risks, the decision must be based on qualitative criteria and political and professional judgments.

2.4 A common language and risk typology

The common risk typology has three purposes. Firstly, it creates a common risk management language to facilitate communication. Secondly, it is a tool that can be used in the risk identification phase to help management make sure that all risk aspects and potential risk areas have been considered. And thirdly, the risk typology can be useful when analysing, consolidating and reporting risks.

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The risk typology consists of five main risk areas:

- a. External environment. A good example of risk management in this domain is when potential issues and problems related to external stakeholders.
- b. Planning, processes and systems.
- c. People and organization.
- d. Legality and regularity. Non-compliance with rules and regulations procedures could lead to delayed decisions. Unclear or overly complex rules and regulations could negatively impact the effectiveness and efficiency of the operations.
- e. Communication and information.

2.5 Focus on critical risks

In order to make risk management effective and keep the documentation and reporting down to a reasonable volume, it is important to single out and focus on critical risks.

In the UfMS, a risk should be considered as critical if it can:

- a. endanger the realization of major policy objectives;
- b. cause serious damage to the UfMS partners (Member States, companies, citizens, etc.)
- c. result in infringement of laws and regulations;
- d. result in material financial loss;
- e. put the safety of UfMS staff at stake;
- f. or in any way seriously impact the UfMS image and reputation.



2.6 Monitoring and reporting tools

Risks considered critical should be reported upon in the framework of the Core activities planning and reporting cycle. Divisions/department must however ensure that risks containing sensitive information are not disclosed in a way that may harm the Institution's decision making process, its partners or stakeholders.

The outcome of the risk management exercises must be documented in a structured fashion, in the annual work programme as a risk register and to be updated whenever there is a significant change in the Divisions/sectors risk exposure, for example as a result of new or modified activities and objectives, re-organisations of management structures or systems or changes in the external working environment.

The Annual Activity Report must provide an overview of the critical risks encountered and their impact in relation to the achievement of objectives, including information about unforeseen risks that materialized or risks that could not be managed as planned.

3. Risk management implementation

3.1 The key actors, responsibilities and related risk management structures

The internal consultations regarding the Annual Work Programme should include a discussion about the sector of intervention critical risks and the corresponding action plans. Information on critical risks should also be provided via the regular updates on internal control and audit. The reporting through the Annual Activity Reports will be used for increasing the governance body (SOM) awareness of risks and risk management in the UfM.

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Under the overall guidance of the Secretary General, each DSG/Director has the final responsibility of the management of his/ her service and will, in this context, customize the risk management strategy and approach to the sector/priority area working environment and specific needs. Finally, a comprehensive risk assessment has to take into account the entire "delivery chain", also involving the main external partners participating in the management of the UfMS activities (for example governmental organizations, agencies, outsourcing companies, etc.). The purpose is to obtain the external partners' view on potential risks that could impact the UfMS activities and objectives.

3.2 The scope of risk management

3.2.1 *When should structure risk management exercises be carried out?*

While risk management of "business-as-usual" is carried out continuously as a natural part of daily management in the two components mentioned above (for expenditure life cycle and project cycle.), a more structured and documented risk management exercise needs to be carried out in case of significant changes in the priority areas strategy, activities, systems and organisation, or in the external environment in which the services works.

In practical terms, structured and documented risk management exercises have to be carried out as part of the Work programme process and, if the service considers it necessary, via complementary risk reviews of new or modified activities, when appropriate.



3.2.2 *Risk management as part of the strategy and planning process*

During the preparation of the Work Programme, each Division/Department will identify significant risks related to the foreseen activities and objectives. In order to ensure that all risk aspects are covered, the UfMS risk typology can be used to facilitate this exercise.

Although the scope of the risk management exercise has to be comprehensive, the focus will be on new or changed activities/objectives and modifications in the corresponding processes and systems, since change often represents the most significant risks.

Once the integration of risk management within the Work Programme/Activity report processes has been established, attention will have to be paid to the use of risk management to complement the basis on which assessment of priorities is carried out as regards resource allocations in the earlier phases of the Strategic Planning and Programming cycle, such as the Draft Budget.

3.3 Support for implementing risk management

In order to ensure the successful implementation of risk management in a service and in the UfM as a whole, measures must be taken to ensure a supportive work environment, to build and improve risk management skills, and to establish effective communication.

- Creating a supportive work environment
- Improving risk management skills
- Establishing effective communication
- Guidance: The Risk Management Implementation Guide, Generic guidance for risk identification; Specific guidance for certain activities; Expert advice.



IX. Annexes

- UfM Secretariat internal structure, detailed organigram.
- Staffing plan with forecasts of needs.