

**FINANCIAL STATEMENTS FOR THE YEAR ENDED
31 DECEMBER 2020**

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**STATEMENT OF THE SECRETARY-GENERAL'S RESPONSIBILITIES
AND
PRESENTATION OF THE FINANCIAL STATEMENTS**

The Secretary-General's Responsibilities

The Secretary-General is required by the Financial Regulations to maintain such accounts as are necessary and to prepare financial statements for each year showing: the statement of the Organization's income and expenditure for all funds; the status of appropriations; and the statements of the Organization's assets and liabilities at the close of the year. He is also required to give such other information as may be necessary to indicate the Organization's current financial position.

To fulfil this responsibility, the Secretary-General is responsible for establishing detailed financial rules and procedures to ensure: effective financial administration; the exercise of economy; and the effective custody of the Organization's physical assets. The Secretary-General is also required to maintain an internal financial control which shall provide an effective examination of financial transactions to ensure: the regularity of the receipt, custody and disbursement of all funds; and the conformity of commitments or obligations with the appropriations or other financial provisions voted by the Executive Council, or with the purposes, rules or provisions relating to the Fund concerned.

Presentation of the Financial Statements for the year 2020

The following appended financial statements, comprising Statements I, II, III, IV and V, and the Notes to the Financial Statements were properly prepared in accordance with the Financial Regulations and the International Public Sector Accounting Standards, and are hereby certified correct.

(Dr W. Zhang)
Assistant Secretary-General
20 May 2021

(Prof. P. Taalas)
Secretary-General
20 May 2021

STATEMENT ON INTERNAL CONTROL FOR 2020

1. Scope of responsibility

As Secretary-General of the World Meteorological Organization (WMO), I am accountable, in accordance with the responsibility assigned to me, in particular, in Article 22 (a) of the Convention, Regulation 200 (1) of the General Regulations and Article 13 of the Financial Regulations, for maintaining a sound system of internal control that supports the achievement of the Organization's policies, aims and objectives, as set by the WMO Members.

2. Purpose of the system of internal control

The system of internal control is designed to reduce and manage rather than eliminate the risk of failure to achieve the Organization's objectives. Therefore, it can only provide a reasonable and not absolute assurance of effectiveness. It is based on an on-going process designed to identify the principal risks, to evaluate the nature and extent of those risks and to manage them efficiently, effectively and economically. The WMO Secretariat is charged with the responsibility for establishing a network of processes with the objective of controlling the operations of WMO in a manner that provides the governing bodies with reasonable assurance that:

- The Organization's plan, programmes, goals, and objectives are achieved;
- Resources are acquired economically and employed profitably;
- The Secretariat's resources (including its people, systems, data/information) are adequately protected;
- The actions of directors, officers, and employees are in compliance with the Organization's policies, standards, plans and procedures, and all relevant laws and regulations;
- Data and information published either internally or externally is accurate, reliable, and timely.

Risk management and the management of internal controls are functions of management and are an integral part of the overall process of managing operations. As such, it is the responsibility of the WMO Secretariat at all levels to:

- Identify and evaluate the exposures to possible risks that relate to their particular sphere of operations;
- Specify and propose policies, plans, operating standards, procedures, and systems to be used to minimize, and/or mitigate the risks associated with the exposures identified;
- Establish practical controlling processes that require and encourage employees to carry out their duties and responsibilities in a manner that helps achieve the control objectives outlined in the preceding paragraph;
- Maintain the effectiveness of the controlling processes that have been established and foster continuous improvement to these processes.

3. Capacity to handle risk

Strategic and operational planning: The 2020-2023 WMO Strategic Plan defines Organization-wide Long-Term Goals, Strategic Objectives and priorities and the 2020-2023 Operating Plan provides a comprehensive reference for all constituencies and is a single source for departmental annual budgets regardless of funding sources, as well as for monitoring, evaluation and risk management. The annual Operating Plan for 2020 was developed through a collaborative process in order to serve as a corporate tool for budgeting, monitoring and risk management. Directors of Departments were assigned lead responsibility for the Long-term goals and their key objectives have been reflected in the Senior Management Compacts. The

organizational performance as well as the performance of the Senior Managers were monitored and reported to the Board of Directors on a regular basis.

Monitoring and evaluation: For the strategic monitoring through Key Performance Indicators, a KPI dashboard was created, and “Rolling Reviews of Performance” were introduced at the operational level in 2020, which is intended to uncover systemic problems, hidden patterns, unknown correlations, trends and other information that can assist the Secretariat in improving the efficiency and efficacy of its operations as well as in making evidence-based decisions. Assistance in evaluation was provided to project managers in evaluation planning. An evaluation repository created in 2020 constitutes a comprehensive archive of WMO evaluations that nurtures a culture of learning and knowledge sharing, resulting in improved design of programmes and projects.

Risk Management: The WMO Enterprise Risk Management (ERM) process, initiated in 2006 as an integral part of the system of internal control, is integrated in planning, monitoring and evaluation processes and key organizational processes (Standing Instructions), as recommended by the Audit Committee. The ERM is based on the WMO Risk Management Policy approved by the Executive Council in 2011 and on the Risk Management Framework introduced in 2012. The risk management process is described in Chapter 14 of the Standing Instruction.

Risk management is operationalized at three levels: (a) entity level for organizational risks; (b) programmatic level in relation to the implementation of the Strategic and Operating Plan; and (c) process/activity level for administrative operations, as follows:

- (1) Operating Plan (OP) — corporate and department levels: specific Performance Indicators and risk assessment included in the OP (at the level of strategic objectives);
- (2) WMO reform — corporate level: to address associated risks, the Constituent Body Reform Task Force comprised of the members of Executive Council oversaw transition process and conclude its mandate in June 2020. EC-72 requested the Policy Advisory Committee to prepare a plan for the evaluation of the reform of WMO constituent bodies and its follow up during the eighteenth financial period and submit it to the seventy-third session of the Executive Council (EC-73);
- (3) Key organizational processes — corporate, department and process levels: risk control matrices are developed for all key organizational processes, except for travel. Process owners have responsibility to manage risks; Directors of departments (1st line of defence) accountable for compliance with instructions; The Controller established in 2019 is responsible for compliance verification including the follow up to audit recommendations; the Director of the Secretary-General's Cabinet Office (2nd line of defence in 2019) is responsible for compliance assurance;
- (4) *Project management — corporate, department and project level: step-by-step process with clear responsibilities is stipulated in the Chapter 13 of the Standing Instructions; this includes risk management at project level. Project risks are identified, recorded in the Corporate electronic project planning and monitoring tool (ePM). Project Management Board (PMB) quarterly reviews high risks, measures and actions taken reported by directors of departments;*
- (5) COVID-19 — corporate level: EC-72 requested the Policy Advisory Committee to undertake an analysis of the impacts of the COVID-19 pandemic for the Organization, and also requested the Secretary-General to continue monitoring the impacts of COVID-19 on the functioning of the key networks and facilities of the Organization and its Secretariat.
- (6) Cybersecurity — corporate level. Based on an agreement with the United Nations International Computing Centre (ICC), ICC provides WMO with a Chief Information

Security Officer role. The scope of the agreement covers ICT security policy, risk management, security operations and administration pertaining to Cybersecurity.

- (7) Political, reputational, fraud and other high risks emerging from the above processes are addressed at the Executive Management and Committee of Directors, as appropriate.

Publications: The Publications Board continues to plan and monitor production of WMO publications on a quarterly basis (virtually) and ensures quality, timeliness and efficiency of production with respect to the publishing policy, regulations and mandatory publications approved by Congress. The Publications Board advises the Secretary-General on the production schedule and associated risks. This publishing process is streamlined and well documented.

Procurement: The Procurement and Contracts Committee reviews relevant procurement cases and advises the Secretary-General on appropriate procurement actions.

Investments: The Investment Committee monitors the investments of WMO to ensure they are consistent with the WMO Investment Policy, and reports to Secretary-General any variations from the policy, the reasons therefor and remedial actions. The WMO Secretariat monitors cash balances on a frequent basis. The exchange rate fluctuations and interest rates are carefully monitored to limit risks of investment.

4. Review of effectiveness

My review of the effectiveness of the system of internal controls is informed by the work of programme managers within the WMO Secretariat, who have responsibility for the identification and maintenance of the internal control framework in their areas of responsibility. I derive assurance from statements on internal control signed by key WMO managers/officers. These statements recognize their responsibility for having and maintaining in their areas well-functioning system of internal controls aimed at preventing and/or detecting instances of fraud and major errors. The statement includes their actions taken on identified risks in key organizational processes as well as their actions taken on IOO, the Joint Inspection Unit (JIU) and External Audit recommendations.

The WMO Secretariat is subject to internal audit by IOO. The work of the IOO is informed by an assessment of the risks to which the Secretariat is exposed, and annual internal audit plans are noted by the WMO Audit Committee and approved by me. The Director of IOO provides me with an annual accountability report. The Audit and Oversight Committee and the External Auditor of WMO review this report. The opinion of the Director of IOO presents an overall assessment of the systems of governance, risk management and internal control in WMO. It is based upon: (i) the results of internal oversight engagements completed in 2020 (see Annex), including assessment of the framework and processes for the management of risk; (ii) the results of external oversight exercises undertaken by the External Auditor, JIU, etc.; and (iii) prior audit results and corrective actions taken and reported by management. The Director of IOO has concluded that IOO can provide reasonable assurance on the system of internal controls operating during 2020. He has also drawn attention to a few issues that merit further attention to achieve some improvements.

I am further advised by the WMO Audit and Oversight Committee, responsible for assessing whether major issues reported by IOO and the External Auditor have been satisfactorily addressed. The Audit and Oversight Committee reports to the Executive Council on important matters pertaining to the Organization's controlling processes.

5. Significant internal control matters arising during the year 2020

During 2020, I have addressed the various matters identified through the internal feedback process and internal and external audits.

In connection with the three lines of defence model introduced in December 2018, the Director of the Secretary-General's Office, working with the Controller and the Monitoring, Evaluation, Risk and Performance Unit, coordinated the second line of defence functions and ensured the internal control. In response to the recommendations of the External Auditor, Chapter 6 on the travel policy of the Standing Instructions was revised. The new edition of Chapter 1 of the Standing Instructions consolidating the key organizational processes will be issued in 2021. A risk and quality management function was established. Following the issuance of the new Chapter 14 on risk management of the Standing Instructions, the WMO Risk Management Framework (2013, WMO-No. 1111) will be revised in 2021 to apply the "COSO" enterprise risk management framework. In a continuation of reinforcement of internal controls implemented in 2020, comprehensive internal control and accountability frameworks will be introduced in 2021, as recommended by JIU.

In January 2020, WMO joined the UN System of Administration of Justice including: (i) The United Nations Dispute Tribunal as a first instance body; (ii) The United Nations Appeals Tribunal; (iii) The UN Ombudsman and Mediation Services (Informal conflict resolution mechanism); and (iv) UN Staff Legal Assistance. Consequently, the previous internal peer review bodies were dissolved. Staff Rules and Chapter 4 of the Standing Instructions were updated accordingly.

In line with the Secretariat restructuring, the internal control environment was updated through revision of the Standing Instructions and Service Notes in the areas of finance, procurement, agreements with external entities and project management. Six rolling reviews of programmatic performance and one rolling review of process performance were carried out.

Out of the 12 open recommendations of the External Auditor, four recommendations were implemented in 2020 (travel policy, oversight functions of the Project Management Board, and the review of password settings and of access rights for Oracle E-Business Suite database). This delay is caused primarily by the COVID-19 pandemic. However, the remaining recommendations will be implemented in 2021. The recommendations of IOO and the Audit and Oversight Committee are being addressed.

In line with the approval by the Congress in 2019, the WMO constituent body reform was implemented as planned, despite the COVID-19 pandemic: The technical commissions and other bodies were established and worked through virtual means. Several interventions with WMO Members were arranged to ensure ongoing negotiations and maintain financial stability and business continuity.

The restructuring of the Secretariat was continually undertaken, coupled with measures taken not only to achieve streamlining and efficiency gains, but also to ensure overall critical business continuity, staff safety and communication within the Secretariat during the COVID-19 lockdowns. The new structure of the Secretariat was formalized in February 2020, including delegation of authority to Senior Managers (Directors), and internal controls were adapted accordingly. Secretariat General Service staff competition, reorganization, recruitment and placement took place in 2020 and the central service platform providing support services has been operational since September 2020.

During the fourth quarter of 2020, a cybersecurity hacking incident occurred in WMO like other UN organizations also suffered from similar attacks. Immediate steps were taken to control the exposure and the scammers did not succeed in defrauding WMO. Following recommendations of the WMO Internal Oversight Office, actions have been taken to further strengthen the capacity for operational security and monitoring with the Secretariat.

Generally, I consider that the areas that are not yet fully addressed do not impair my capacity to issue the Statement on Internal Controls.

6. Statement

I am committed to ensure continuous improvement of the system of internal controls and to address weaknesses in internal controls noted during the year. I am also encouraged by the continuing implementation of oversight recommendations during the past year. However, even effective internal control, no matter how well designed has inherent limitations, including the possibility of circumvention, and therefore can provide only reasonable assurance. Further, because of changes of conditions, the effectiveness of internal control may vary over time. Based on the above, I conclude that the WMO Secretariat had an adequate system of internal control for the year ended 31 December 2020, and up to the date of the approval of the financial statements.

(Prof. P. Taalas)
Secretary-General
22 May 2021

Annex to the Statement on Internal Control 2020**Internal audits completed in 2020**

<i>Engagement</i>	<i>Report Number</i>
Procurement Process	2020-01
Country Profile Database (CPDB)	2020-02
Individual reports on appeals filed by the staff members.	2020-03 to 2020-10 and 2020-13 to 2020-14
Consolidated report on appeals by the staff Members	2020-15
EC Grant Agreement — Intergovernmental Panel on Climate Change (IPCC)	2020-11
CREWS Initiative	2020-12
Trust Fund Management	2020-16
Special Services Agreement	2020-17

SECRETARY-GENERAL'S STATEMENT

INTRODUCTION

1. In accordance with Article 14 of the Financial Regulations, I have the honour to submit to the Executive Council (hereinafter "the Council"), for approval, the financial statements of the World Meteorological Organization (WMO) for the year ended 31 December 2020. The External Auditor has given his opinion and report on the 2020 financial statements, both of which are also submitted to the Council, as required by Financial Regulation 15.10 and the Annex to the Financial Regulations.

FINANCIAL ANALYSIS

Summary

2. WMO has serviced its Members in 2020 with its dedicated staff. By the end of 2020, the total number of fixed-term and permanent staff employed by the WMO Secretariat was 306 as compared to 326 a year ago.

3. WMO prepares its financial statements in accordance with the International Public Sector Accounting Standards (IPSAS), under which revenues are recognized in the year to which they relate, in accordance with the Organization's accounting policies, and expenses are recognized in the year in which the goods or services are delivered. Consequently, expenses in any one year may be higher or lower than the revenue in that year.

4. WMO administers the activities of seven entities external to WMO; however, WMO does not exercise full operational and financial control of these entities. The financial statements, and the corresponding analysis below, include three of those entities which are required to be accounted for as Joint Ventures or Associates under IPSAS and does not include the other four entities. More details are provided in Notes 3.15 and 3.16.

5. IPSAS requires the financial statements to provide information by segment. A segment is a distinguishable activity or group of activities for which financial information is reported separately. WMO classifies all projects, operations and fund activities into five segments: (i) General Fund; (ii) Regular Budget Support Funds; (iii) Event Funds; (iv) Development, Technical Assistance and Technical Cooperation Funds; and (v) National Technical Support Funds. WMO reports on the transactions of each segment for the year and on the balances held in each segment at the end of the year. Further details can be found in Note 8.

Impact of the Covid-19 Pandemic

6. The Covid-19 pandemic had a significant impact on the operations and activities of WMO during 2020, which can also be seen in the financial results for the year. Most significantly, the Covid-19 pandemic resulted in a 92% reduction in 2020 as compared to 2019 in travel-related expenditures such as tickets and daily subsistence allowances as these activities were unable to occur. This reduction was seen across all funding sources.

7. Additionally, there was a reduction in expenditures associated with the implementation of project-specific activities that required either the Secretariat or implementing partners to travel or that were planned in a face-to-face manner. As such, there was a 32% reduction in project expenditures, most of which was experienced in voluntarily funded activities. Due to the accounting policies adopted by WMO, this reduction in expenditure had a corresponding reduction in the overall revenue recognized related to voluntary contributions.

8. Despite the reduction in expenditures, however, many of the related activities traditionally implemented in a face-to-face manner (e.g. meetings and training) were transitioned to virtual activities. The implementation of these activities in a virtual manner allowed the activities to continue while, in some cases, resulting in broader participation.

9. **Table 1** below provides a high-level summary of the financial performance for 2020 and 2019 and the financial position at the end of 2020 and 2019. These figures include all activities for both the General Fund and Trust Funds with separate figures highlighted for the General Fund.

Table 1: Financial Highlights (Swiss francs thousands)

Financial Performance

	2020	2019
Total WMO Revenue	87,573	90,833
Total WMO Expenses	83,804	98,876
Annual WMO Surplus/(Deficit)	3,769	(8,043)
General Fund Annual IPSAS Surplus (Deficit)	9,874	(3,971)

Financial Position

	2020	2019
Total WMO Assets	226,027	221,141
Total WMO Liabilities	230,905	223,599
WMO Net Assets	(4,878)	(2,458)
Gross Assessed Contributions Receivable	25,175	28,377
General Fund Net assets	(20,813)	(24,498)
General Fund Cash and Cash Equivalents ¹	35,429	19,486

Financial Performance

10. The financial performance for 2020 is disclosed in Statement II — Statement of Financial Performance. This shows that the overall IPSAS surplus was CHF 3.8 million in 2020, representing an improvement of CHF 11.8 million as compared to an IPSAS deficit of CHF 8.0 million in 2019. The overall IPSAS surplus was primarily related to surpluses realized in the General Fund Group as a result of reduced expenditures incurred during 2020 as a result of the Covid-19 pandemic.

11. The overall IPSAS Surplus in the General Fund group was offset by losses in the other fund groups resulting from refunds of extrabudgetary contributions that had been previously recognized as revenue as the funds were not required at the end of the project activities as well as the effect of exchange rate losses during the year. The movements in both revenue and expenses are explained in the following paragraphs.

Table 2 – Comparative Revenue Analysis (Swiss Franc thousands)

Revenue Category	2020	2019	Difference	Change (%)
Assessed Contributions	67,886	64,852	3,034	4.7
Voluntary Contributions	18,213	20,654	(2,441)	(11.8)
Revenue from Services	1,919	922	997	108.1
Other Revenue	(2,315)	2,535	(4,850)	(191.3)
In-Kind Contributions	1,870	1,870	-	-
Total Revenue	87,573	90,833	(3,260)	(3.6)

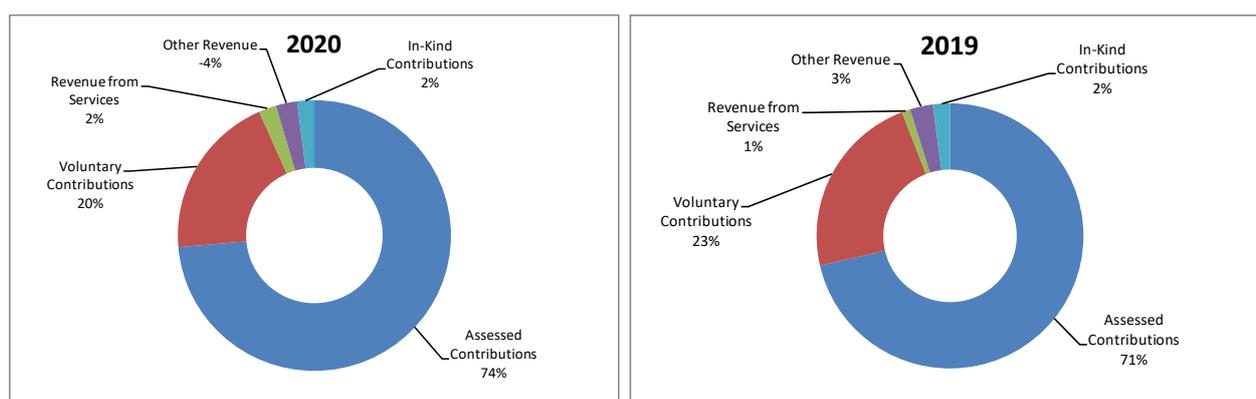
¹ Amounts exclude funds held in trust for other entities

12. As can be seen from **Table 2** above, the overall decrease in revenue was the result of the following:

- (a) A CHF 3.0 million (4.7%) increase in revenue from assessed contributions resulting from the increase in the approved budget from 2019 to 2020;
- (b) A CHF 2.4 million (11.8%) decrease in revenue from voluntary contributions. It should also be noted that, in addition, total deferred revenue decreased by CHF 4.7 million (7.0%) from 31 December 2019 to 31 December 2020, representing a small decline in overall voluntary contributions to WMO;
- (c) A CHF 1.0 million (108.1%) increase in revenue from services, which is a growing element of WMO revenue; and
- (d) An overall loss in other revenue driven primarily by realized and unrealized foreign exchange losses related to the strengthening of the Swiss franc, primarily in relation to the US dollar and the decline in rental of office and conference facilities experienced in 2020.

13. During 2020, in-kind contributions have been recognized in respect of land and an interest-free loan provided by the Swiss authorities. WMO also receives services in-kind from Members related to the support provided for WMO meetings held in their countries and support from Members to the regional WMO offices.

Chart 1 – Comparative Revenue by Category



14. **Chart 1** above shows the composition of revenue for 2020 and 2019 by the category of revenue. As can be seen from the chart, the percentage of revenue by category has remained consistent from year-to-year, with the largest portion of revenue being derived from assessed contributions at 74% and 71% for 2020 and 2019, respectively.

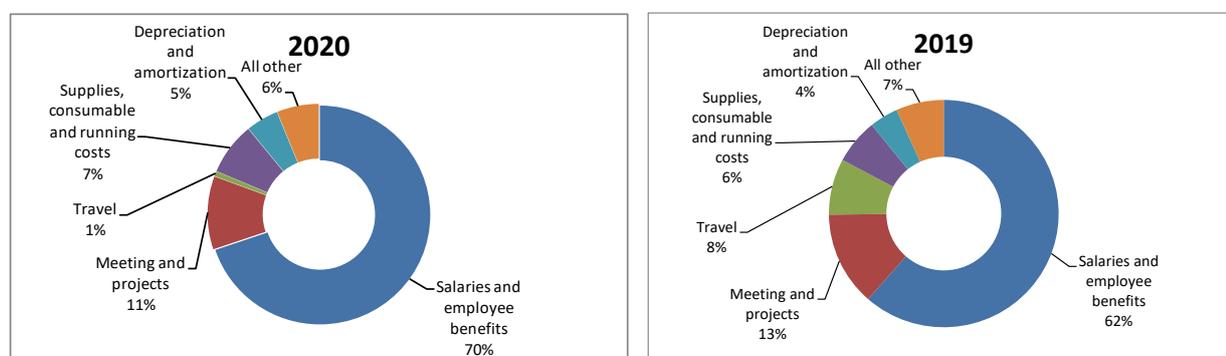
Table 3 – Comparative Expenditure Analysis (Swiss franc thousands)

Expense Category	2020	2019	Difference	Change (%)
Salaries and employee benefits	58,515	60,759	(2,244)	(3.7)
Meeting and projects	9,048	13,260	(4,212)	(31.8)
Travel	630	7,868	(7,238)	(92.0)
Supplies, consumable and other running costs	6,473	6,334	139	2.2
Depreciation and amortization	3,991	3,995	(4)	(0.1)
In-kind expenses	1,870	1,870	-	-
Finance costs	1,322	1,806	(484)	(26.8)
Fellowships and training	899	821	78	9.5
Other expenses	1,084	1,612	(528)	(32.8)
Impact of joint ventures	(28)	551	(579)	(105.1)
Total Expense	83,804	98,876	(15,072)	(15.2)

15. As can be seen from **Table 3**, total expenses for 2020 were 15.2% lower than 2019. The most significant elements of the decrease in expense were as follows:

- (a) Decrease of CHF 2.2 million (3.7%) in salaries and employee benefits expense resulting primarily from the impact of the Secretariat restructuring undertaken in 2020, which led to the separation of a number of staff members during the year, thus reducing overall salary cost. The separation of the staff members also resulted in the payment of contractual termination indemnities of CHF 2.2 million as well as the recognition of a curtailment gain on employee benefit liabilities of CHF 4.1 million. Note 6 of the Financial Statements provides additional information;
- (b) Decrease of CHF 4.2 million (31.8%) in meetings and projects expense and CHF 7.2 million (92.0%) in travel expense driven by the impact of the Covid-19 pandemic. The Covid-19 pandemic reduced the number of physical meetings and related travel costs, as well as the ability of the Secretariat and implementing partners to fully implement the activities as planned. Alternate means of delivering activities were identified (e.g. virtual meetings) and some activities were deferred to future periods.

Chart 2 – Comparative Expense by Category



16. **Chart 2** above shows the composition of expense for 2020 and 2019 by the category of expense. As can be seen from the chart, the Covid-19 pandemic has impacted the percentage of expense by category due to the reduction in travel and meeting and project-related expenditures. It should be noted that while the salaries and employee benefit-related expenses decreased during 2020, the portion of expense represented by salary and employee benefits expense increased from 62% to 70% from 2019 to 2020.

17. The annual net surplus for 2020 was CHF 3.8 million in 2020 compared to a deficit of CHF 8.0 million in 2019. The annual net deficit by fund group was as follows:

- (a) The General Fund recognized an annual net surplus in 2020 of CHF 9.9 million as compared to an annual net deficit in 2019 of CHF 4.0 million;
- (b) The Regular Programme Support Funds experienced an annual net deficit in 2020 of CHF 0.8 million, which is consistent with the net deficit of CHF 1.0 million in 2019;
- (c) The Development, Technical Assistance and Technical Cooperation Funds experienced an annual net deficit in 2020 of CHF 5.2 million as compared to an annual net deficit of CHF 2.7 million in 2019. The annual net deficit in 2020 in this fund group was driven primarily by unrealized foreign exchange rate losses on outstanding advances for project implementation and non-CHF currency holdings. Additionally, refunds of contributions increased during 2020, primarily related to the finalization of a long-term extrabudgetary project that was completed without all of the funds being required for implementation.

Financial Position**Table 4 – Summary of Financial Position** (Swiss franc thousands)

	2020	2019	Difference	Change (%)
Current Assets	148,522	135,999	12,523	9.2
Non-Current Assets	77,505	85,142	(7,637)	(9.0)
Total Assets	226,027	221,141	4,886	2.3
Current Liabilities	78,796	75,790	3,006	4.0
Non-Current Liabilities	152,109	147,809	4,300	2.9
Total Liabilities	230,905	223,599	7,306	3.3
Net Assets (Deficit) / Equity	(4,878)	(2,458)	(2,420)	98.5

18. The financial position of WMO as at 31 December 2020 is disclosed in Statement I – Statement of Financial Position and is summarized in **Table 4** above. In 2020, the net assets of the Organization decreased by CHF 2.4 million and remained in a Net Deficit position. The increased net deficit position resulted mainly from:

- (a) Increases in employee benefit liabilities resulting from a further decline in the reference interest rates utilized in the calculation of these long-term liabilities;
- (b) Decreases in voluntary contributions receivable relating to outstanding voluntary contributions at the end of 2019 that were paid in 2020 with many of the related activities implemented during the year; and
- (c) Increases in provisions related to the Geneva post-adjustment case and one other case, the outcomes of which remain uncertain. The total amount of the provisions recorded at 31 December 2020 is CHF 3.7 million.

19. Cash holdings increased by CHF 27.3 million from CHF 83.4 million at 31 December 2019 to CHF 110.7 million at 31 December 2020. The Segment Reporting in Note 8.1 shows that the cash holding for the General Fund group amounted to CHF 58.3 million (2019: CHF 34.2 million) which includes cash of CHF 22.9 million (2019: 14.9 million) held in trust for the unconsolidated entities and joint ventures and associates administered by WMO, giving net cash holding for the General Fund as at 31 December 2020 of CHF 35.4 million (2019: CHF 19.3 million). Of this CHF 35.4 million, CHF 15.4 million relates to the general fund while the remaining amounts are held in the Working Capital Fund (CHF 6.6 million) and in certain special accounts (CHF 13.4 million).

20. Trust funds had strong cash balances due to the budgetary policy in respect to voluntary funded projects. Expenditure cannot commence until respective pledged contributions have been received. Cash balances relating to voluntary funded contributions increased by CHF 3.4 million from CHF 49.1 million at the end of 2019 to CHF 52.5 million at 31 December 2020, primarily due to delays in implementation of some activities as a result of the Covid-19 pandemic.

21. The Statement of Financial Position as at 31 December 2020 shows that contributions receivable decreased by CHF 18.7 million (33.1%) from CHF 56.3 million at 31 December 2019 to CHF 37.6 million at 31 December 2020. The decrease represents a decrease of CHF 3.8 million in net assessed contributions receivable and a decrease of CHF 14.9 million in net voluntary contributions receivable.

22. Of the CHF 37.6 million in outstanding contributions receivable at 31 December 2020, CHF 16.6 million relates to assessed contributions receivable. This amount represents approximately 25% of the annual regular budget of WMO. The attention of the Members of

WMO to timely payment of assessed contributions is crucial to the operational efficiency of the Organization.

23. All of the amounts recorded as contributions receivable, revenues and/or deferred revenues may not ultimately be received. For this reason, WMO recognizes adequate and appropriate provisions for doubtful accounts and provision for refunds to donor² in accordance with IPSAS.

24. WMO liabilities for employee benefits totalled CHF 96.0 million at 31 December 2020, an increase of CHF 4.5 million (4.9%) from CHF 91.5 million at 31 December 2019. The majority of the employee benefit liabilities are calculated by professional actuaries. The increase in the liability was primarily driven by the actuarial loss resulting from a decrease in the discount rate during 2020.

25. The employee benefits liabilities are not funded. Further information on employee benefits is provided in Note 3.9.

26. Deferred revenue represents voluntary contributions received by WMO that include conditions related to the specific performance of services that, if unmet, would result in the return of funds to the donor. Deferred revenue totalled CHF 62.8 million at 31 December 2020, which represented a CHF 4.7 million (7.0%) decrease from the balance of CHF 67.5 million at 31 December 2019. The decrease resulted from small declines in contributions to WMO, most of which contained conditions, that will become revenue in future years.

Net Assets/Equity

27. The changes in net assets and equity are disclosed in Financial Statement III — Statement of changes in Net Assets/Equity. The movement in net assets during the year is summarized in Table 6 below.

Table 6: Movement in Net Assets (Swiss francs thousands)

	2020	2019
Net Assets at 1 January	(2,458)	24,538
Surplus/(Deficit) during year	3,769	(8,043)
Contribution to the Working Capital Fund	-	1
Actuarial gain/(loss) during year	(6,428)	(18,803)
Other changes during year	239	(151)
Net Assets/(Deficit) at 31 December	<u>(4,878)</u>	<u>(2,458)</u>

28. The Organization's total current assets of CHF 148.5 million represent 188% of its total current liabilities of CHF 78.8 million (see Statement I) at 31 December 2020, which demonstrates the Organization's ability to meet its short-term liquidity needs.

29. The Net Assets/Equity position of the General Fund is in a net deficit position at 31 December 2020 of CHF 20.8 million as compared to a net deficit position at 31 December 2019 of CHF 24.5 million. This net deficit position is primarily the result of the unfunded employee benefit liabilities. The increase in the net deficit of the General Fund during 2020 was primarily due to the increase in the employee benefit liabilities as a result of actuarial loss recognized during 2020.

Working Capital

30. In Resolution 42 (Cg-XV), Congress fixed the principal of the Working Capital Fund at CHF 7.5 million. The balance of the fund was CHF 6.6 million at 31 December 2020. The shortfall is being funded from interest earned on short-term investments of the capital. During 2020 and 2019, the Fund earned less than CHF 5 000 of interest per year. Unpaid advances to

² Provision for delayed collection of assessed contributions from Members is shown in Note 4.2.

this Fund due from Members amounted to CHF 601 at 31 December 2020 and CHF 1 601 at 31 December 2019.

Cash Flow

31. The cash flow is disclosed in Statement IV — Statement of Cash Flow. Overall, the cash balance held to support WMO requirements increased by CHF 27.3 million (32.8%) to CHF 110.8 million at 31 December 2020 from CHF 83.4 million at 31 December 2019. The Statement of Cash Flow summarizes the cash inflows and outflows during the year.

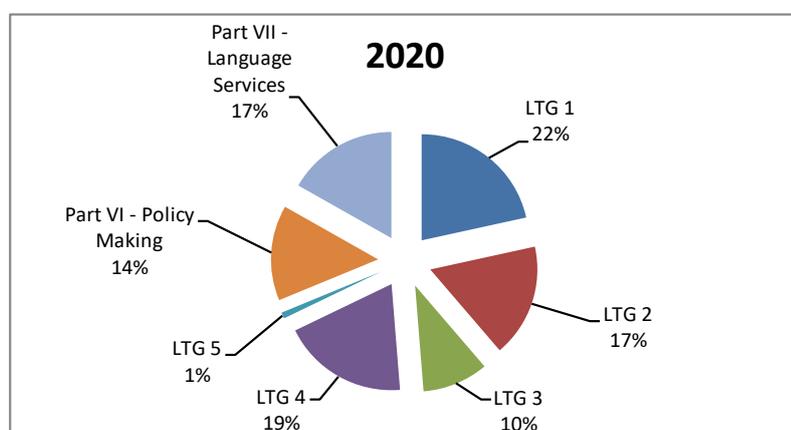
BUDGETARY ANALYSIS

32. The budget figures for the General Fund are disclosed in Statement V — Statement of Comparison of Budget and Actual Amounts for the year ended 31 December 2020.

33. The 2020 annual budget has been prepared on the modified cash basis. Under the modified cash basis and as shown in Statement V, expenditure is recognized when purchase orders/contracts are issued to suppliers/contractors. Expenditure in Statement II — Statement of Financial Performance — is recognized in accordance with IPSAS in the year in which the goods or services are received. In order to facilitate comparison between expenditure in Statements II and V, a Statement of Comparison is shown in Note 8 which reconciles the expenditure recognized on the modified cash basis to expenditure on the IPSAS basis.

34. Statement V shows that WMO General Fund expenditure amounted to CHF 60.0 million in 2020, or 88.8% of the budget of CHF 67.6 million. The implementation rates by Expected Result varied from 73.2% for Long-term Goal 5 to 99.5% for Appropriation Part VII. Figure 3 shows the composition of total expenditure by Long-term Goal/Appropriation Part during 2020.

Chart 3: Expenditure by Appropriation Part



Explanations of variances in Statement V between the 2020 approved budget and the actual expenditure in 2020

35. The execution of the 2020 budget was largely impacted by the exceptional global situation of the Covid-19 pandemic that imposed significant travel restrictions throughout the majority of 2020. This situation required WMO to cancel, postpone or adopt a teleconference approach to continue with the implementation of the operating plan. The programmatic areas of the Organization were significantly impacted by the change in the operating environment resulting in a number of activities being delayed or deferred and reducing the budgetary implementation rate. On the other hand, many of the activities in the programmatic areas were implemented through virtual meetings and other lower-cost means of implementation. The experiences gained through these lower-cost means of implementation are expected to be continued under non-pandemic conditions, which will allow for reallocation of the resources to

other cost area to allow for the continued implementation and achievement of the WMO Strategic Plan.

36. This was also true for the Part VI of the budget (Policy-Making Organs and Executive Management), which adapted to the changed operating environment and organized the core WMO policy-meetings through videoconference. In Part VII (Language Services), the economies resulted from a changed demand of linguistic and conferences services, and the realization of savings from several vacant positions allowed the Organization to invest in improving and updating the conferences facilities and videoconferences systems. The administrative costs were apportioned based on the percentage of the approved budget and positively impacted the rate of implementation of each budget component. The expenditures in the apportioned costs in excess of the budget resulted from additional investment in modernizing the IT equipment and infrastructure as well as the incorporation of the maintenance costs of the community platform within this cost element. Other cost in the improvement of legal and counselling services essential during the reorganization process and the full provisions of UNOG services were adjusted to the actual level of expenditures.

37. Budget variances by Appropriation Part are described below:

38. Long-term Goal 1: The 82.5% implementation rate is mainly explained by the continued implementation of core activities while recognizing the constraints experienced in 2020, including (i) a reduction in the number of physical meetings and reduced travel in 2020, due to the COVID-19 pandemic situation, which resulted in a transition to video conferences as an alternative to face-to-face meetings, (ii) a reduction of the capacity to maintain the same level of contractual services in view of the overall slowdown in implementation and (iii) delays in filling vacancies and restrictions to organize consultancy activities during the second half of the year due to the uncertain liquidity situation of the Regular Budget. The reallocation of 2018–2019 pay-cut reserve in 2020 in line with regulation 7.4 was partially absorbed by the unfilled vacancies.

39. Long-term Goal 2: The 86.6 % implementation rate is mainly explained by the continued implementation of core activities while recognizing the constraints experienced in 2020, including: (i) a reduction in the number of physical meetings and reduced travel in 2020, due to the COVID-19 pandemic situation, which resulted in a transition to video conferences as an alternative to face-to-face meetings, (ii) a reduction of the capacity to maintain the same level of contractual services in view of the overall slowdown in implementation and (iii) delays in filling vacancies and restrictions to organize consultancy activities during the second half of the year due to the uncertain liquidity situation of the Regular Budget. The reallocation of 2018–2019 pay-cut reserve in 2020 in line with regulation 7.4 was partially absorbed by unfilled vacancies.

40. Long-term Goal 3: The 91.7% implementation rate reflects the continued implementation of most planned activities and is explained by a significative reduction in the number of physical meetings and reduced travel in 2020, due to the COVID-19 pandemic situation, as well as economies realized due to teleconferences alternatives. Additional reductions of the capacity to maintain the same level of consultancy and contractual services also impacted the lower rate of implementation. Some minor increase in overall staff costs are observed as resulted of the allocation of the 2018-2019 pay-cut reserve in line with regulation 7.4.

41. Long-term Goal 4: The 85.9% implementation rate reflects the continued implementation of most planned activities and is a consequence of reduction in the non-staff costs while the staff costs were implemented as planned, including the 2018–2019 provisions for pay-cut. The reduced implementation rate in experienced in LTG4 affected all the objects of expenditure, having a major impact on the ability to organize face-to-face regional meetings/missions and fully expand the fellowship programme as was foreseen in the budget. These reductions are directly attributable to the global impact of the COVID-19 pandemic. The consultancy activities, the financial contributions and the operating cost in the field offices were also limited during this period.

42. Long-term Goal 5: The rate of implementation of 73.2% is result of (i) the limitation in travelling and develop coordination activities imposed by the COVID-19 situation and (ii) the shift of staff costs resources to Part VI.

43. Part VI: The 94% of implementation rate is explained by the replacement of the travel component (face-to-face meeting) during the COVID situation by teleconference with additional related costs in order to organize the core policy-making organs' meetings and activities, this introduced significant volume of savings together with some restriction in the consultancy area as a measure imposed by the uncertain liquidity situation of the Regular Budget during the second half of the year. The savings in non-staff costs are partially offset by (i) some additional cost resulted from the apportionment of 2018-2019 reserve for pay cut in 2020 in line with regulation 7.4 and minor increase due to the effect of the reorganization, and shifted staff resources from Part V.

44. Part VII: The 99.5% implementation rate of the linguistic and conference services is due to an efficient strategy to invest savings detected during 2020 as result of a slowdown of requirements for these services in the improvement and upgrade of conferences facilities and introduction of state-of-the-art computer assisted translation tools. Additional savings in the staff costs due to unfilled vacancies maintained as result of the cash situation during the second half of the year are absorbed by the apportionment of administrative cost.

ENHANCING TRANSPARENCY AND ACCOUNTABILITY

45. WMO continues to prepare the financial statements in accordance with IPSAS. In accordance with IPSAS requirements, and reflecting the nature of WMO business, revenue from assessed contributions, voluntary contributions received as well as pledges of voluntary contributions confirmed in writing are recognized as revenue or deferred revenue. In accordance with the accrual basis of accounting, expense recognition occurs at the time of delivery of goods or services by the supplier or service provider and are recorded in the accounting records and recognized in the financial statements of the year to which they relate. By adopting and implementing IPSAS, including continuous monitoring and implementation of relevant changes, WMO enhanced its ability to produce relevant and useful financial information, thereby improving the transparency and accountability with which it manages its resources.

46. Continued compliance with IPSAS remains a priority as the scope of IPSAS is constantly updated to reflect best practice.

47. During 2020, WMO maintained a number of measures to enhance transparency and accountability described below:

- On a regular basis and during meetings of the Management chaired by the Secretary-General, financial and budget matters were considered, and senior management received financial, budgetary and other briefings on resource management, with a focus on risk management;
- The Investment Committee meet to review the Organization's cash situation, based on which appropriate treasury decisions were made as well as recommendations for changes to the investment policy, where necessary, were made;
- Online budget and finance information by departments/offices and Appropriation Part was provided through the WMO portal to managers and staff.

48. WMO framework of oversight includes the Internal Oversight Office, dealing with internal audit, inspections and investigations; the WMO Audit Committee and the External Auditor. The Secretary-General issues a Statement on Internal Control in the context of the presentation of the annual financial statements. Internal controls are designed to maximize the effective and efficient use of resources and to safeguard its assets.

RISK MANAGEMENT

49. WMO manages risk proactively. A standardized risk management methodology has been operationalized at three levels: entity, programmatic and processes. Risks are accordingly evaluated on their potential impact and likelihood for WMO. An organizational risk and control matrix and an interactive dashboard have been developed to identify top risks affecting the Organization's strategy and mandate. At the programmatic and processes level, risk and control matrices are maintained and have been fully integrated into the corporate planning, monitoring and reporting processes. Their function is to allow WMO to identify risks, formulate appropriate mitigation actions, and assign responsibility for their management.

50. WMO activities expose it to a variety of financial risks. Financial risk management is carried out by a central treasury function using guidelines set out by the Investment Committee. WMO financial risk management policies seek to minimize, where feasible, potential adverse effects on the financial performance of WMO. Established policies cover areas of risk such as foreign exchange, interest rate and the investing of funds. The objectives of the investment policy are the preservation of capital, provide liquidity and to increase income through rates of return. The major emphasis of this policy is the preservation of the value of cash resources.

51. WMO treasury policy on liquidity ensures the maintenance of sufficient cash to meet WMO commitments as and when they fall due. As at 31 December 2020 the majority of the cash balances were available within one day's notice to provide maximum liquidity and enable WMO to react quickly to any signs of a financial crisis.

52. WMO credit risk is minimized by ensuring that cash is placed with major financial institutions that have been accorded acceptable investment grade ratings by a primary rating agency. Contributions receivable comprise primarily amounts due from sovereign nations. WMO market risk is low since the implementation of WMO plan and budget is not dependent on or impacted by interest earnings. Although currency risks exist and are increasing due to the increased amount of voluntary contributions in currencies other than the Swiss Franc, these risks are mitigated through implementation of the foreign currency management policy. Balances are received and held primarily in Swiss francs which is the predominant currency of payment and the official currency of WMO. Further information is provided in Note 4 to the Financial Statements.

SUSTAINABILITY

53. The Organization will continue to report on the "going concern" basis in preparing WMO financial statements for 2020. This assertion is supported by: (i) the increase in approved maximum expenditures for 2020–2023; (ii) the net assets held at the end of the period and contributions received in 2020; (iii) the projected level of contributions for the year 2021, including those received through the date of this report; and (iv) the trend in Member and donor support that has been sustaining WMO mandate since its inception in 1950.

RESPONSIBILITY

54. As required under Article 14 of the Financial Regulations, I am pleased to submit the following financial statements which have been prepared in accordance with IPSAS. I certify, that to the best of my knowledge and information, all transactions during the year have been properly entered in the accounting records and that these transactions together with the following financial statements and notes, details of which form part of this document, fairly present the financial position of WMO at 31 December 2020:

Statement I	Statement of Financial Position as at 31 December 2020
Statement II	Statement of Financial Performance for the Year Ended 31 December 2020
Statement III	Statement of Changes in Net Assets for the Year Ended 31 December 2020
Statement IV	Statement of Cash Flow for the Year Ended 31 December 2020
Statement V	Statement of Comparison of Budget and Actual Amounts for the Year Ended 31 December 2020
Notes to the Financial Statements	

(Prof. P. Taalas)
Secretary-General
20 May 2021



Corte dei conti

AUDIT CERTIFICATE

Opinion

We have audited the Financial Statements of the World Meteorological Organization (WMO), which comprise the Statement of Financial Position as at 31 December 2020, the Statement of Financial Performance, the Statement of Changes in Net Assets, the Statement of Cash Flow and the Statement of Comparison of Budget and Actual Amounts for the year then ended, and Notes to the Financial Statements, including a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the World Meteorological Organization (WMO) as at 31 December 2020, and its financial performance, its changes in net asset, its cash flows and its comparison of budget and actual amounts for the Regular Programme General Fund for the year then ended, in accordance with IPSAS and the WMO Financial Regulations and Rules.

Basis for Opinion

We conducted our audit in accordance with the International Standards of Supreme Audit Institutions (ISSAIs), and the WMO Financial Regulations and Rules. In the field of financial statements audit, the ISSAIs are a direct transposition from the International Standards on Auditing (ISAs). The Corte dei conti applies the provisions of the ISAs in so far as they are consistent with the specific nature of its audits. Our responsibilities under these standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the WMO in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Nations system, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of the WMO Secretary-General and Those charged with governance for the Financial Statements

The Secretary-General is responsible for the preparation and fair presentation of the financial statements in accordance with International Public Sector Accounting Standards (IPSAS) and WMO's Financial Regulations, and for such internal control as he determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Secretary-General is responsible for assessing the WMO's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Secretary-General either intends to liquidate the Organization or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the WMO's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Corte dei conti's objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes its opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the WMO's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the WMO's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the WMO to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on Other Legal and Regulatory Requirements

Furthermore, in our opinion, the transactions of WMO that have come to our notice or that we have tested as part of our audit have, in all significant respects, been in accordance with the WMO Financial Regulations and Rules and its legislative authority.

In accordance with the WMO Financial Regulations (Article 15) and the "Additional terms of reference governing external audit" we have also issued a detailed report on our audit of the WMO Financial Statements for 2020.

Emphasis of matter – Impact of actuarial liabilities

We draw attention to the fact that the Statement of financial position shows a negative Net Asset (-4,878 kCHF), mainly due to the impact of 90,913 kCHF in actuarial liabilities relating to long-term employee benefits recorded in the financial position. Details of our analysis are included in our report. Management is acting according to its competences and powers and is constantly monitoring the situation. Our opinion is not modified in respect of this matter.

Rome, 13 May 2021

Guido Carlino
President of the Corte dei conti



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**FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 DECEMBER 2020**

(Prof. P. Taalas)
Secretary-General
20 May 2021

STATEMENT I

WORLD METEOROLOGICAL ORGANIZATION
STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2020
(in thousand of Swiss Francs)

	Note No.	2020	2019
ASSETS			
Current assets			
Cash and cash equivalents	3.1	110,756	83,417
Assessed contributions receivable	3.2	16,346	20,073
Voluntary contributions receivable	3.2	10,601	21,274
Inventories	3.3	77	79
Advances for projects and meetings	3.4	8,095	8,407
Other receivables	3.5	2,647	2,749
		148,522	135,999
Non-current assets			
Assessed contributions receivable	3.2	227	302
Voluntary contributions receivable	3.2	10,468	14,652
Property, plant and equipment	3.6	65,417	68,809
Intangible assets	3.7	337	351
Interest in joint ventures and associates	3.16	1,056	1,028
		77,505	85,142
Total assets		226,027	221,141
LIABILITIES			
Current liabilities			
Payables and accruals	3.8	2,556	4,386
Employee benefits	3.9	5,083	5,194
Contributions received in advance	3.10	9,486	9,200
Unearned revenue from exchange transactions	3.11	1,607	2,861
Deferred revenue	3.12	29,922	35,094
Borrowings	3.13	1,442	1,442
Provisions	3.14	5,585	2,751
Funds held in trust	3.15	23,115	14,862
		78,796	75,790
Non-current liabilities			
Employee benefits	3.9	90,913	86,347
Deferred revenue	3.12	32,882	32,412
Borrowings	3.13	28,314	29,050
		152,109	147,809
Total liabilities		230,905	223,599
Net assets		(4,878)	(2,458)
NET ASSETS/EQUITY			
Capital fund	Stat.III	7,024	7,024
Accumulated surplus / (deficit)	Stat.III	3,237	(532)
Employee benefits reserves	3.17	(15,139)	(8,950)
		(4,878)	(2,458)

The accompanying notes form an integral part of these financial statements.

STATEMENT II

WORLD METEOROLOGICAL ORGANIZATION
STATEMENT OF FINANCIAL PERFORMANCE
FOR THE YEAR ENDED 31 DECEMBER 2020
(in thousand of Swiss Francs)

	Note No.	2020	2019
Revenue			
Assessed contributions (Non-exchange)	5.1	67,886	64,852
Voluntary contributions (Non-exchange)	5.2	18,213	20,654
Revenue from Services	5.3	1,919	922
Other revenue	5.4	(2,315)	2,535
In-kind contributions (services) (Non-exchange)	5.5	1,870	1,870
Total Revenue		87,573	90,833
Expenses			
Salaries and employee benefits	6.1	58,515	60,759
Meetings and projects	6.2	9,048	13,260
Travel	6.3	630	7,868
Supplies, consumables and other running costs	6.4	6,473	6,334
Depreciation and amortization	3.6/3.7	3,991	3,995
In-kind expenditure (services)	6.5	1,870	1,870
Finance costs	6.6	1,322	1,806
Fellowships	6.7	899	821
Other expenditures	6.8	1,084	1,612
Movement in share of Net Assets/Equity of joint ventures and associates	3.16	111	(199)
Interest in joint ventures and associates	3.16	(139)	750
Total Expenses		83,804	98,876
Surplus/(deficit) for the year		3,769	(8,043)

The accompanying notes form an integral part of these financial statements.

STATEMENT III

WORLD METEOROLOGICAL ORGANIZATION
STATEMENT OF CHANGES IN NET ASSETS/EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2020

(in thousand of Swiss Francs)

	Capital Fund	Accumulated surplus	Employee benefits reserve (Note 4.17)	Total net assets
Net assets at 31 December 2019	7,024	(532)	(8,950)	(2,458)
Movements in fund balances and reserves in 2020:				
Contribution to the Working Capital Fund	-	-	-	-
Payments against reserves	-	-	(3,027)	(3,027)
Payroll charge for employee benefits reserve	-	-	3,266	3,266
Gain (loss) arising from actuarial valuation of liability for employee benefits at 31 December 2020	-	-	(6,428)	(6,428)
Surplus (deficit) for the year	-	3,769	-	3,769
Total movements during the year	-	3,769	(6,189)	(2,420)
Net assets 31 December 2020	7,024	3,237	(15,139)	(4,878)

STATEMENT OF CHANGES IN NET ASSETS/EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2019

(in thousand of Swiss Francs)
(restated)

	Capital Fund	Accumulated surplus	Employee benefits reserve (Note 4.17)	Total net assets
Net assets at 31 December 2018	7,023	7,511	10,004	24,538
Movements in fund balances and reserves in 2019:				
Contribution to the Working Capital Fund	1	-	-	1
Payments against reserves	-	-	(3,181)	(3,181)
Payroll charge for employee benefits reserve	-	-	3,030	3,030
Gain (loss) arising from actuarial valuation of liability for employee benefits at 31 December 2018	-	-	(18,803)	(18,803)
Surplus (deficit) for the year (restated)	-	(8,043)	-	(8,043)
Total movements during the year	1	(8,043)	(18,954)	(26,996)
Net assets 31 December 2019	7,024	(532)	(8,950)	(2,458)

The accompanying notes form an integral part of these financial statements

STATEMENT IV

WORLD METEOROLOGICAL ORGANIZATION
STATEMENT OF CASH FLOW
FOR THE YEAR ENDED 31 DECEMBER 2020
(in thousand of Swiss Francs)

	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Surplus/ (deficit) for the year	3,769	(8,043)
Amortization of discount on long-term loan	741	758
Change in discount on receivables	(91)	117
Depreciation and amortization	3,991	3,995
Interest and service charge for employee benefits	4,208	3,753
Net movement in employee benefits reserve	239	(151)
Increase (decrease) in provision for doubtful receivables	616	589
Interest in joint ventures	(28)	551
(Increase) decrease in inventories	2	(18)
(Increase) decrease in gross short-term contributions receivable	13,800	(10,527)
(Increase) decrease in gross long-term contributions receivable	4,350	(8,904)
(Increase) decrease in advances for projects and meetings	312	(1,330)
(Increase) decrease in other receivables	86	1,224
Increase (decrease) in contributions received in advance	286	(577)
Increase (decrease) in unearned revenue from exchange transactions	(1,254)	2,778
Increase (decrease) in deferred revenue	3,551	13,752
Increase (decrease) in funds held in trust	-	48
Increase (decrease) in payables and accruals	(1,830)	17
Increase (decrease) in provisions	2,834	2,053
Increase (decrease) in employee benefits liabilities	(6,181)	(1,944)
Net cash flows from operating activities	29,401	(1,859)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(533)	(530)
Purchase of intangible assets	(52)	(372)
(Increase) decrease in short-term investments	-	-
Net cash flows from investing activities	(585)	(902)
CASH FLOWS FROM FINANCING ACTIVITIES		
Contribution to Working Capital Fund by new Members	-	1
Increase (decrease) in undiscounted long-term borrowing	(1,477)	(1,477)
Net cash flows from financing activities	(1,477)	(1,476)
Net increase (decrease) in cash and cash equivalents	27,339	(4,237)
Cash and cash equivalents at beginning of year	83,417	87,654
Cash and cash equivalents at end of year	110,756	83,417

The accompanying notes form an integral part of these financial statements

STATEMENT V

STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS
FOR THE TWELVE MONTHS ENDING 31 DECEMBER 2020
(in thousands of Swiss Francs)

Appropriation Parts	Budget amount	Expenditure* on comparable basis	% of annual budget spent	Differences: final budget and actual
	Original			
1 Better serve societal needs: delivering, authoritative, accessible, user-oriented and fit-for-purpose information and services	15,675.6	12,926.6	82.5	2,749.0
2 Enhance Earth system observations and predictions: Strengthening the technical foundation for the future	11,946.9	10,341.3	86.6	1,605.6
3 Advance targeted research: Leveraging leadership in science to improve understanding of the Earth system for enhanced services	6,519.4	5,976.9	91.7	542.5
4 Close the capacity gap on weather, climate, hydrological and related environmental services: Enhancing service delivery capacity of developing countries to ensure availability of essential information and services needed by governments, economic sectors and citizens	13,319.0	11,438.2	85.9	1,880.8
5 Strategic realignment of WMO structure and programmes for effective policy- and decision-making and implementation	760.4	556.4	73.2	204.0
6 Policy-Making Organs and Executive Management	9,272.6	8,716.2	94.0	556.4
7 Language Services	10,099.1	10,049.4	99.5	49.7
Total expenditures	67,593.0	60,005.0	88.8	7,588.0

* Including actuals and obligations as per UNSAS

Notes to the Financial Statements at 31 December 2020

NOTE 1: PURPOSES OF THE ORGANIZATION

- (a) To facilitate world-wide cooperation in the establishment of networks of stations for the making of meteorological observations as well as hydrological and other geophysical observations related to meteorology, and to promote the establishment and maintenance of centres charged with the provision of meteorological and related services;
- (b) To promote the establishment and maintenance of systems for the rapid exchange of meteorological and related information;
- (c) To promote standardization of meteorological and related observations and to ensure the uniform publication of observations and statistics;
- (d) To further the application of meteorology to aviation, shipping, water problems, agriculture and other human activities;
- (e) To promote activities in operational hydrology and to further close cooperation between Meteorological and Hydrological Services; and
- (f) To encourage research and training in meteorology and, as appropriate, in related fields and to assist in coordinating the international aspects of such research and training.

NOTE 2: ACCOUNTING POLICIES

Basis of Preparation

1. The financial statements of the World Meteorological Organization (WMO) have been prepared on the accrual basis of accounting in accordance with the International Public Sector Accounting Standards (IPSAS) using the historic cost convention and the inclusion of long-term receivables and long-term borrowings at amortized cost.

2. As of 31 December 2020, the date of the Statement of Financial Position, the following IPSAS Standards had been issued, but had not taken effect:

- IPSAS 41 – Financial instruments and
- IPSAS 42 – Social benefits

IPSAS 41 and IPSAS 42 will come into force in periods beginning on or after 1 January 2023. The potential effects of these standards are being evaluated.

3. In accordance with IPSAS requirements, and reflecting the nature of WMO's business, revenue from assessed contributions and voluntary contributions received or confirmed in writing are recognized as non-exchange transactions as per IPSAS 23 - Revenue from Non-Exchange Transactions. WMO considers that there are restrictions on the use of all contributions, and that some of these restrictions meet the definition of a condition as described under IPSAS 23. Certain revenue arrangements meet the definition of exchange transactions under IPSAS 9 – Revenue from Exchange Transactions and are accounted for in accordance with this standard.

4. In accordance with the accrual basis of accounting, expense recognition occurs at the time of delivery of goods or services by the supplier or service provider and are recorded in the accounting records and recognized in the financial statements of the periods to which they relate.

5. The Statement of Cash Flow is prepared using the indirect method.

6. The functional and reporting currency of WMO is the Swiss Franc (CHF). Transactions in currencies other than CHF are translated into CHF at the prevailing United Nations Operational Rates of Exchange (UNORE) at the time of transaction. Assets and liabilities in currencies other than CHF are translated into CHF at the prevailing UNORE year-end closing rate. Resulting gains or losses are accounted for in the Statement of Financial Performance.

Cash, Cash Equivalents and Short-Term Investments

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

8. Interest revenue is recognized as it accrues.

Financial Instruments

9. Financial instruments are recognized when WMO becomes a party to the contractual provisions of the instrument until such time as when the rights to receive cash flows from those assets have expired or have been transferred and WMO has transferred substantially all the risks and rewards of ownership.

10. Receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in active markets. Receivables comprise contributions receivable in cash and other receivables. Receivables are stated at amortized cost.

11. All non-derivative financial liabilities including borrowings are recognized initially at fair value, and subsequently measured at amortized cost using the effective interest method.

Contributions and Receivables

12. Assessed contributions are recognized as revenue on the first day of the year to which they relate. Full provision is made against all unpaid contributions of Members who are deprived of the right to vote at sessions of WMO's constituent bodies.

13. Revenue from non-exchange transactions, such as voluntary contributions, is recognized as revenue at the time the agreement with the donor becomes binding unless the agreement includes conditions related to specific performance and the return of unexpended balances is the norm. Agreements containing such conditions require initial recognition of a liability and deferral of revenue recognition until such time as the liability is discharged through performance of the specific conditions included in the agreement.

14. Revenue from exchange transactions is recognized as revenue by reference to the stage of completion of the arrangement when such stage of completion can be reliably measured. Where the stage of completion of an arrangement cannot be reliably measured, revenue is recognized only to the extent of the expenses recognized that are recoverable.

15. Receivables are valued at amortized cost less allowances for estimated irrecoverable amounts and are discounted if cash flows are not expected within 12 months from the reporting date and if the impact of discounting is material.

16. In-kind contributions of services that directly support approved operations and activities, which have budgetary impact and can be reliably measured, are recognized and valued at fair value. These contributions include use of premises, utilities, transport and personnel. They are treated as both revenue and expense in the Financial Statements.

17. Donated Property, Plant and Equipment (PPE) are valued at fair market value and recognized as PPE and revenue, except heritage assets, which are not recognized.

Inventories

18. WMO's publications (which are distributed free-of-charge) and souvenirs on hand at the end of the financial year are recorded as inventories. Publications are valued at lower of cost or current replacement cost, and souvenirs at lower of cost or net realizable value.

19. Publications and souvenirs are expensed when they are sold or distributed.

20. Inventory is reviewed at the end of each financial year for obsolescence. Obsolete publications are held at nil value until their disposal. Slow moving publications are considered to be impaired and are reduced by 50% to reflect expected replacement cost.

Property, Plant and Equipment

21. Property, Plant and Equipment (PPE) with unit cost CHF 5,000 and above are capitalized and reported at historical cost less accumulated depreciation and any accumulated impairment losses. Depreciation on PPE is recognized over each asset's estimated useful life using the straight-line method. The estimated useful lives for PPE classes are as follows:

Class	Component	Useful life (in years)
Communications and IT equipment		3
Vehicles		5
Machinery and equipment		5
Furniture and fixtures		8
Headquarters Building	Various components	5-99

22. Impairment reviews for all PPE are undertaken on a regular basis; there was no indication of impairment during 2020.

Intangible Assets

23. Intangible assets are stated at historical cost less accumulated amortization and any impairment losses.

24. Publications titles are not considered to be intangible assets as they do not meet the provisions of IPSAS 31 – ‘Intangible Assets’. Consequently, development costs for new titles are expensed as they are incurred in accordance with IPSAS 12 — “Inventories”.

25. Amortization is provided over the estimated useful life using the straight-line method. The estimated useful lives for intangible asset classes are as follows:

Classes	Estimated useful life (years)
Software externally acquired	3
Software internally developed	6
Licenses and rights	3

Operating Leases

26. Leases which are not categorized as finance leases, with the balance of risk and reward remaining with lessor, are considered to be operating leases.

27. Expense incurred under an operating lease is charged on a straight-line basis over the life of the lease.

Employee Benefits

28. WMO recognizes the following categories of employee benefits:

- Short-term employee benefits due to be settled within twelve months after the end of the accounting period in which employees render the related service;
- Post-employment benefits;
- Other long-term employee benefits; and
- Termination benefits.

Employee benefits are recognized as expenses on an accrual basis. Similarly, terminal payments to staff members, including repatriation grant, repatriation travel and removal on repatriation are expensed on an accrual basis.

29. Unrealized actuarial gains/losses are taken directly to reserves in the period in which they occur.

30. WMO is a member organization participating in the United Nations Joint Staff Pension Fund (UNJSPF), which was established by the United Nations General Assembly to provide retirement, death, disability and related benefits to employees. The Pension Fund is a multi-employer defined benefit plan. As specified by Article 3(b) of the Regulations of the Fund, membership in the Fund shall be open to the specialized agencies and to any other international, intergovernmental organization which participates in the common system of salaries, allowances and other conditions of service of the United Nations and the specialized agencies.

31. The plan exposes participating organizations to actuarial risks associated with the current and former employees of other organizations participating in the Fund, with the result that there is no consistent and reliable basis for allocating the obligation, plan assets, and costs to individual organizations participating in the plan. WMO and the UNJSPF, in line with the other participating organizations in the Fund, are not in a position to identify WMO's proportionate share of the defined benefit obligation, the plan assets and the costs associated with the plan with sufficient reliability for accounting purposes. Hence WMO has treated this plan as if it were a defined contribution plan in line with the requirements of IPSAS 39. WMO's contributions to the plan during the financial period are recognized as expenses in the statement of financial performance.

Provisions and Contingent Liabilities

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

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

Fund Accounting and Segment Reporting

34. The financial statements are based on a fund accounting basis, showing at the end of the period the consolidated position of all WMO funds. A fund is a self-balancing accounting entity established to account for the transactions of a specified purpose or objective. Funds are segregated for the purpose of conducting specific activities or attaining certain objectives. Fund balances represent the accumulated residual of revenue and expenses.

35. A segment is a distinguishable activity or group of activities for which financial information is reported separately. WMO classifies all projects, operations and fund activities into five segments: (i) General Fund; (ii) Regular Programme Support Funds; (iii) Event Funds; (iv) Development, Technical Assistance and Technical Cooperation Funds; and (v) National Technical Support Funds. WMO reports on the transactions of each segment during the financial period, and on the balances held at the end of the period.

36. Under the General Fund, the Organization provides services to support Members and to support the implementation of the Purposes of the Organization in Note 1. These activities are funded by assessed contributions and miscellaneous income. The General Fund segment includes: (a) the accounting entity established in accordance with WMO Financial Regulation 9.1 for the purpose of accounting for contributions and advances of Members and expenditures authorized against them; (b) indirect support cost recoveries; (c) sales of publications and souvenirs; (d) rental of office space, conference facilities and parking space; (e) miscellaneous income; (f) the Working Capital Fund, which is established in accordance

with Financial Regulations 9.3 to 9.6; (g) contributions received which are not designated to a specific programme category or project; and (h) the Recruitment and Termination Benefits Reserve and the Post-Retirement Benefits Reserve.

37. Regular Budget Support Funds encompass contributions from Members, usually National Meteorological and Hydrological Services (NHMSs), which complement limited regular resources to enable WMO to implement technical programmes, projects, awards and prizes. The provision of funds is usually supported by a general letter of agreement or memorandum of understanding between WMO and contributing Members, who are represented in the governance bodies of such activities.

38. Event Funds support specific events and activities. They represent one-time contributions from various sources towards specific events, in Geneva or in Member countries. The cooperation is based on exchanges of letters. Reporting is through acknowledgment letters showing contributions toward the overall achievement of the events.

39. Development, Technical Assistance, and Technical Cooperation Funds represent projects for activities in countries or groups of countries. Contributions are from Members' NMHSs, governments, and development agencies under specific agreements with elaborate project plans. The projects require rigorous monitoring of financial and program implementation. WMO's obligations are defined and detailed with regard to management of, and reporting on, resources provided and project achievements.

40. National Technical Support Funds represent technical support activities which are defined by contributing countries, in coordination with WMO. Contributions of Members are used in accordance with the specific terms of the agreement establishing the fund, often in support of modernization of domestic NMHSs, the foreign aid policies and to support WMO-related activities of the contributing country. Funding may exceed the cost of activities identified, in anticipation of future activities to be elaborated. Contributions may be provided on a one-time basis or augmented periodically according to national budget processes and taking into account spend rates and/or identified requirements. Funds may also be used to contribute to activities under other segments (as may be agreed by the contributor).

41. Inter-segment transfers include revenue and expense arising from transfers between segments. Such transfers are accounted for at cost and eliminated on consolidation.

42. Joint ventures are accounting entities established jointly by WMO and other international public sector organizations in pursuit of objectives of mutual interest under arrangements that specify each venture's ownership interest. WMO accounts for its share of the ownership of each joint venture's net assets, as an asset if positive or liability if negative, based on WMO's proportion of the annual contributions made by all owner entities.

Budget Comparison

43. WMO's budget is prepared on a commitment basis and the financial statements are prepared on an accrual basis. In the Statement of Financial Performance (Statement II), expenses are classified based on the nature of expenses whereas in the Statement of Comparison of Budget and Actual Amounts (Statement V) expenditures are classified by the expected result in which the expenditures have to be charged.

44. The Executive Council approves the biennial budget which includes budgeted amounts for direct costs, programme support costs and management and administration. Budgets may be subsequently amended by the Executive Council.

45. The Statement of Comparison of Budget and Actual Amounts, Statement V, compares the final budget to actual amounts calculated on the same basis as the corresponding budgetary amounts. As the bases used to prepare the budget and financial statements differ, Note 7

provides a reconciliation between the actual amounts presented in Statement V to the actual amounts presented in the Statement of Financial Performance, Statement II.

Critical Accounting Estimates

46. Preparing financial statements in accordance with IPSAS requires WMO to make estimates, judgments and assumptions in the selection and application of accounting policies and in the reported amounts of assets, liabilities, revenues and expenses. For this reason, actual results may differ from these estimates. Accounting estimates and underlying assumptions are reviewed on an on-going basis and revisions to estimates are recognized in the year in which the estimates are revised and in any future year affected. Significant estimates and assumptions that may result in material adjustments in future years include: actuarial measurement of employee benefits; selection of useful lives and the depreciation/amortization method for property, plant and equipment/intangible assets; impairment on assets; timing of the recognition of deferred revenue; classification of financial instruments; and provisions, contingent assets and liabilities. Changes in estimates are reflected in the year in which they become known.

47. Expense includes estimated expenditure by project implementing partners who were not able to provide complete statements of expenditure in 2019 against advances made to them. Where deferred income was released based on such estimated expenditure, income from voluntary contributions was estimated to the same extent.

48. In preparation of the 2020 financial statements, some minor adjustments with immaterial effect were made to prior year comparative numbers in order to remove rounding differences. Small rounding differences may occur due to the presentation of some amounts in millions of Swiss francs.

49. The Organization's equity consists of accumulated surplus and reserves which form its net assets. The equity is managed in accordance with the Financial Regulations adopted by the World Meteorological Congress.

50. Investment guidelines issued by the Secretary-General provide that primary consideration be given to the security of the assets with due regard to maximizing revenue earned from investments. Funds not needed for immediate cash flow requirements may be invested in short-term deposits.

NOTE 3: ASSETS AND LIABILITIES**Note 3.1: Cash and Cash Equivalents**

	2020	2019
	<i>Swiss francs (thousands)</i>	
Unrestricted cash:		
Cash on hand	34	28
Deposits with banks – Swiss francs	35,335	19,458
Deposits with banks – other currencies	-	-
Total unrestricted cash	35,369	19,486
Restricted cash:		
Deposits with banks – Swiss francs	43,286	40,278
Deposits with banks – other currencies	32,101	23,653
Total restricted cash	75,387	63,931
Total cash and investments	110,756	83,417

51. Restricted cash is for projects as well as funds held in trust for entities to which WMO provides administrative support, but which are not under WMO's control, as shown in Note 8.1.

52. WMO Investment policy uses Moody's Baseline Credit Assessment (BCA) to measure the financial strength of banks. WMO has deposited funds in line with this policy with an aim to avoid or minimize negative interest where possible. The WMO Investment Committee normally meets once per quarter and monitors the investments of WMO to ensure they are in line with WMO Investment Policy. The following table provides an analysis of cash balances by rating of the financial institutions:

Baseline Credit Assessment (BCA)	aaa	%	aa3-a-	%	baa3-baa	%	ba-ba1	%	Cash on hand	Total
2020*	986	1	84,981	77	24,685	22	70	.	34	110,756
2019*	951	1	60,739	73	21,651	26	48	.	28	83,417

(* Amounts in thousands of Swiss francs)

53. Cash required for immediate disbursement is maintained in cash and bank current accounts. Balances held in deposit accounts are available at short notice. Cash and deposits are held on behalf of the Organization, including General Fund; Regular Programme Support Funds; Event Funds; Development, Technical Assistance and Technical Cooperation Funds; National Technical Support Funds and non-WMO entities administered by WMO.

54. Included within cash and cash equivalents are short-term deposits with original maturities in excess of three months of CHF 39.6 million as at 31 December 2020 (CHF 10.0 million as at 31 December 2019). The increase in the short-term deposits was due to the increased overall cash balance at the end of 2020 and to reduce exposure to negative interest rates on the Swiss franc.

Note 3.2: Contributions Receivable

	2020	2019
	<i>Swiss francs (thousands)</i>	
Current receivables:		
Assessed contributions with restrictions	24,948	28,075
Less: provision for delayed collection	<u>(8,602)</u>	<u>(8,002)</u>
Sub- total: current assessed contributions	<u>16,346</u>	<u>20,073</u>
Voluntary contributions with conditions	10,431	20,114
Voluntary contributions with restrictions	170	1,160
Contributions for services IPSAS 9	-	-
Less: provision for delayed collection	<u>-</u>	<u>-</u>
Sub-total: current voluntary contributions	<u>10,601</u>	<u>21,274</u>
Total current contributions receivable	<u>26,947</u>	<u>41,347</u>
Non-current receivables :		
Assessed contributions with restrictions	227	302
Less: discounting of cash flow not expected within 12 months	<u>-</u>	<u>-</u>
Sub-total: non-current assessed contributions	<u>227</u>	<u>302</u>
Voluntary contributions with conditions	10,348	14,443
Voluntary contributions with restrictions	147	327
Less: provision for delayed collection	-	-
Less: discounting of cash flow not expected within 12 months	<u>(27)</u>	<u>(118)</u>
Sub-total: non-current voluntary contributions	<u>10,468</u>	<u>14,652</u>
Total non-current contributions receivable	<u>10,695</u>	<u>14,954</u>
Total net contributions receivable	<u>37,642</u>	<u>56,301</u>

55. Contributions receivable (net of provisions for delayed collection and discounting) show an overall decrease of CHF 18.6 million, resulting from an decrease of CHF 3.8 million in unpaid assessed contributions, net of the provision for delayed collections, from CHF 20.4 million at 31 December 2019 to CHF 16.6 million at 31 December 2020, as well as decrease of CHF 14.8 million in unpaid voluntary contributions confirmed in writing from CHF 35.9 million at 31 December 2019 to CHF 21.1 million at 31 December 2020.

56. Total voluntary contributions receivable declined by approximately 41% from the end of 2019 to the end of 2020. This decline is due to the collection of a significant amount of large and/or multi-year voluntary contributions during 2020 that were outstanding at the beginning of the year.

57. Voluntary contributions with restrictions relate to funding which is received for specific trust funds.

58. The movement of the provision for delayed collection of contributions is as follows:

	2019	Utilization	Increased (Decreased)	2020
<i>Swiss francs (thousands)</i>				
Assessed contributions	8,002	-	600	8,602
Voluntary contributions	-	-	-	-
Total	8,002	-	600	8,602

59. The age analysis of the unpaid assessments from Members is as follows:

**Assessed contributions outstanding as at
31 December 2020**

<i>Swiss francs (thousands)</i>					
	(1980- 2017)	2018	2019	2020	Total
Total	6,292	1,408	3,163	14,312	25,175

Contributions outstanding as at 31 December 2019

<i>Swiss francs (thousands)</i>					
	(1980- 2016)	2017	2018	2019	Total
Total	5,768	1,152	3,691	17,766	28,377

60. Provisions are made against all unpaid contributions due from Members who were deprived of their right to vote at sessions of WMO's constituent bodies as of 31 December 2020. Any Member in arrears for more than two consecutive years is subject to the provisions of Resolution 37 (Cg-XI), Suspension of Members for failure to meet financial obligations. Members' contributions are not written off, nor are the Members released from their obligations.

61. As at 31 December 2020, no additional provision was recognized related to the potential for non-collection or delayed collection of assessed contributions resulting from additional challenges Members face related to the impact of the COVID-19 pandemic. Should individual Members face difficulties in paying their assessed contributions in full and on time, overall collections of assessed contributions could be delayed which would adversely impact WMO's ability to implement its planned activities.

62. Similarly, no provision for non-collection or delayed collection has been identified with respect to voluntary contributions receivable.

63. Current contributions receivable are for confirmed contributions that are due within twelve months while non-current contributions receivable are those that are due after 12 months from the date of the financial statements, and include agreements signed between WMO and some Members concerning payment of arrears of their assessed contributions, in accordance with Financial Regulation 8.8.

64. Of the total gross receivables from voluntary contributions at 31 December 2020, CHF 0.3 million are subject to restrictions indicating that the contribution be utilized to support WMO administered trust funds designated by the donor. The remaining receivables from voluntary contributions totalling CHF 20.8 million contain conditions requiring specific performance and the return of funds not utilized in accordance with the agreement with the donor and are offset by a liability (deferred revenue).

65. There were contingent assets at 31 December 2020 in the amount of CHF 0.1 million (2019: CHF 1.5 million). This represents agreements which had been entered into with donors for contributions for future years but where the funding for that future year is still subject to some parliamentary budget approval.

Note 3.3: Inventories

66. The following tables show the movements of inventory items during the year. The first table shows the total value of inventories — publications and souvenirs — as presented in the Statement of Financial Position. The second table shows a reconciliation of inventories which reflects the opening balance and the additions during the year reduced by the value of items sold or distributed and write offs/impairments made during the year.

Inventories

	2020	2019
	<i>Swiss francs (thousands)</i>	
Publications	8	8
Souvenirs	69	71
Total	77	79

Inventory Reconciliation

	2020	2019
Opening inventory	79	61
Purchases	0	40
Total Inventory available for sale or distribution	79	101
Less : Sold or distributed	2	22
Closing inventory	77	79

67. For publications, valuation includes costs incurred up to the point of sale or distribution. They include paper, CDs, editing and outsourcing where relevant.

68. Inventory on hand up to and including 3 years is valued at the lower of cost or current replacement cost for publications, and at lower of cost or net realisable value for souvenirs; inventory on hand for 4 and 5 years is valued at 50% of cost; inventory on hand over 5 years is fully provided for.

Note 3.4: Advances for projects and meetings

	2020	2019
	<i>Swiss francs (thousands)</i>	
Advances for projects	8,090	8,394
Advances for organization of meetings	5	13
Total advances for projects and meetings	8,095	8,407

69. Advances for projects and meetings represent operating advances to projects and support to institutions for the organization of WMO meetings held outside of Geneva, based on Letters of Agreement in which the recipient organization commits, inter alia, to providing an accounting for the advance within three months of the conclusion of the meeting. The advances are recognized as expense at the point in time when either the accounting is received, or the project is completed or the meeting is held. The decrease in advances in projects is due to decreased activities and the timing of reporting of expenditure for advances to projects in the various funds as can be seen in Note 8.1 under Segment Reporting.

70. It is expected that all advances to implementing partners will either be expended by the implementing partner or returned as an unspent balance. Despite the impact of the COVID-19 pandemic, no indicators have been identified that the advances may not be recoverable. Depending upon the duration of the effects of the COVID-19 pandemic, it is possible that implementation of the underlying activities funded by these advances may be delayed.

Note 3.5: Other receivables

	2020	2019
	<i>Swiss francs (thousands)</i>	
Sundry debtors	375	290
Education grant advances	506	644
Refunds due on taxes	548	741
Prepaid expenses	351	520
Deposits with UNDP Headquarters	733	591
Other assets	317	130
	<u>2,830</u>	<u>2,916</u>
Less : Provision for delayed payment	<u>(183)</u>	<u>(167)</u>
Total other receivables	<u>2,647</u>	<u>2,749</u>

The movement of the provision for write-offs during 2019 is as follows:

	2019	Utilization	Increased (Decreased)	2020
	<i>Swiss francs (thousands)</i>			
Provision for write-offs	167	-	16	183

71. Sundry debtors are primarily related to amounts due from Members for costs of the Organization's constituent body sessions in excess of costs of the same sessions if they had been held in Geneva. The majority of these amounts have been provided for.

72. Employees of WMO are entitled to grants for the education of their eligible dependents. Staff may request an advance at the beginning of the school year. The amount of the advance which is accrued at the end of the year is based on the number of months of attendance relative to the school year.

73. Refunds due on taxes represent: (a) advances made to enable staff to pay income taxes required by their home country governments; and (b) taxes withheld by governments from interest earned on deposit accounts that are domiciled in their jurisdictions.

74. Prepaid expenses include advance payments to providers of IT services, telecommunications services, advance payments of stipends to fellows, etc.

75. Deposits to UNDP Headquarters represent required advance payments to enable any UNDP country offices to provide services requested by WMO, as well as costs incurred by WMO in implementing UNDP projects. The services include arrangements for travel of participants sponsored by WMO to WMO events, most of them international.

76. Other assets include amounts recoverable from other United Nations System Organizations under secondment arrangements, amounts receivable from Members under agreements for hosting sessions of WMO constituent bodies.

77. Provisions for write-offs were made for sundry debtors and claims for reimbursements of government taxes to the extent that these amounts are unlikely to be recovered.

Note 3.6: Property, Plant and Equipment (PPE)

	2020					Total
	Headquarters Building	Computer Equipment	Furniture and Fixtures	Machinery and Equipment	Vehicles	
	<i>Swiss Francs (thousands)</i>					
Cost						
Opening balance 01.01.2020	107,532	813	245	3,221	356	112,167
Additions	346	-	-	187	-	533
Disposals/Adjustment	-	-	-	-	-	-
Closing balance 31.12.2020	107,878	813	245	3,408	356	112,700
Accumulated depreciation						
Opening balance 01.01.2020	(38,991)	(813)	(245)	(3,023)	(286)	(43,358)
Disposals/Adjustment	-	-	-	-	-	-
Depreciation charge for the year	(3,839)	-	-	(59)	(27)	(3,925)
Closing balance 31.12.2020	(42,830)	(813)	(245)	(3,082)	(313)	(47,283)
Net book value/ (closing balance) 31.12.2020	65,048	-	-	326	43	65,417
	2019					
	Headquarters Building	Computer Equipment	Furniture and Fixtures	Machinery and Equipment	Vehicles	Total
	<i>Swiss Francs (thousands)</i>					
Cost						
Opening balance 01.01.2019	107,215	813	245	3,035	428	111,736
Additions	317	-	-	186	27	530
Disposals/Adjustment	-	-	-	-	(99)	(99)
Closing balance 31.12.2019	107,532	813	245	3,221	356	112,167
Accumulated depreciation						
Opening balance 01.01.2019	(35,208)	(813)	(245)	(2,974)	(359)	(39,599)
Disposals/Adjustment	-	-	-	-	99	99
Depreciation charge for the year	(3,783)	-	-	(49)	(26)	(3,858)
Closing balance 31.12.2019	(38,991)	(813)	(245)	(3,023)	(286)	(43,358)
Net book value/ (closing balance) 31.12.2019	68,541	-	-	198	70	68,809

78. PPE are capitalized if their unit cost is equal to or greater than the threshold limit set at CHF 5,000. They are depreciated over the asset's estimated useful life using the straight-line method. The threshold level is reviewed periodically.

79. Assets are reviewed annually to determine if there is any impairment in their value. The reviews that were undertaken in 2020 did not result in any of the PPE being impaired in value. Due to constraints on access to the WMO Headquarters building, there were no formal physical inventories of PP&E items performed during 2020.

80. During 2020, improvements were made to the WMO headquarters building, including additional equipment to improve the conference facilities.

Note 3.7: Intangible Assets

	2020			
	Licenses and Rights	Software Internally developed	Software Externally acquired	Total Intangible Assets
	<i>Swiss Francs (thousands)</i>			
Cost				
Opening balance 01.01.2020	100	453	1,775	2,328
Additions	-	52	-	52
Disposals	-	-	-	-
Closing balance 31.12.2020	100	505	1,775	2,380
Accumulated Amortization				
Opening balance 01.01.2020	(100)	(102)	(1,775)	(1,977)
Disposals/adjustments	-	-	-	-
Amortization charge for the year	-	(66)	-	(66)
Closing Balance 31.12.2020	(100)	(168)	(1,775)	(2,043)
Net book value/ (closing Balance) 31.12.2020	-	337	-	337
	2019			
	Licenses and Rights	Software Internally developed	Software Externally acquired	Total Intangible Assets
	<i>Swiss Francs (thousands)</i>			
Cost				
Opening balance 01.01.2019	100	81	1,775	1,956
Additions	-	372	-	372
Disposals	-	-	-	-
Closing balance 31.12.2019	100	453	1,775	2,328
Accumulated Amortization				
Opening balance 01.01.2019	(100)	(81)	(1,659)	(1,840)
Disposals/adjustments	-	-	-	-
Amortization charge for the year	-	(21)	(116)	(137)
Closing Balance 31.12.2019	(100)	(102)	(1,775)	(1,977)
Net book value/ (closing Balance) 31.12.2019	-	351	-	351

81. Intangible assets are capitalized if their cost exceeds the threshold of CHF 5 000 except for internally developed software where the threshold is CHF 50 000. The capitalized value of the internally developed software excludes those costs related to research and maintenance costs.

82. During 2020, the final elements of the Community Platform were capitalized as these elements were placed into service during 2020. Total additions to the Community Platform intangible asset during 2020 amounted to CHF 52 000. These additions, as well as the portion of the Community Platform asset that was classified as in progress at the end of 2019 (CHF 81 000) began amortizing in 2020 as of the date they were placed in service.

Note 3.8: Payables and Accruals

	2020	2019
	<i>Swiss francs (thousands)</i>	
Vendor payables	1,690	3,598
Accruals	772	707
Other liabilities	94	81
Total payables and accruals	2,556	4,386

83. Payables to vendors relate to amounts due for goods and services for which invoices have been received.

84. Accruals are liabilities for the cost of goods and services that have been received or provided to WMO and which have not been invoiced by suppliers as of the reporting date.

Note 3.9: Employee Benefits

Employee benefits comprise:

- **Post-Employment Benefits**

85. Post-employment benefits are defined benefit plans consisting of United Nations Joint Staff Pension Fund (UNJSPF), After-Service Health Insurance Plan (ASHI) and Repatriation Grant and related benefits.

86. Arrangements relating to the UNJSPF are set out in paragraphs 109 to 119.

87. ASHI is a plan that allows eligible retirees and their eligible family members to participate in the United Nations Staff Mutual Insurance Society (UNSMIS), with a portion of the monthly premium paid by WMO.

88. Repatriation benefits consist of a repatriation grant lump sum, travel of the staff member and eligible dependants and shipment of their personal effects. The Organization pays the amounts due for repatriation grant, travel and relocation expenses for the entitled staff members.

- **Other Long-Term Employee Benefits**

89. Other long-term employee benefits include accumulated balances of annual leave and, where applicable, compensation payments in the case of death, injury or illness attributable to performance of duties.

90. As the accumulated balance of annual leave is generally not wholly utilized in the 12 months following the balance sheet date, it is considered by IPSAS 39 as an "other long-term employee benefit".

	2020	2019
	<i>Swiss francs (thousands)</i>	
After-service health insurance	86,227	81,812
Repatriation liabilities	5,468	5,589
Accumulated annual leave	4,301	4,140
Total benefits	95,996	91,541
Current liabilities - Short-term benefits	5,083	5,194
Non-current liabilities - Long-term benefits	90,913	86,347
Total benefits	95,996	91,541

Accumulated Annual Leave Liability

91. There is an increase in overall liabilities relating to accumulated annual leave of CHF 161,000. This increase was due to two offsetting factors. First, there was an increase in liabilities relating to annual leave which have not been utilized due to the pandemic in 2020 as there were worldwide restrictions on travel, which resulted in the average number of annual leave days accrued by staff member increasing to 35 days at 31 December 2020 compared to 28 days at 31 December 2019. This increase was offset by the separation of a number of staff members in connection with the reorganization of the WMO Secretariat, which resulted in payments for the commutation of annual leave to separating staff members increasing by CHF 1.2 million to CHF 1.5 million in 2020 from CHF 0.3 million in 2019.

Actuarial Valuations of Post – Employment and Other Separation – Related Benefits

92. Liabilities arising from post-employment benefits and other separation-related benefits are determined by a professional independent actuary. These employee benefits are established for staff members who are entitled to such benefits under WMO Staff Regulations and Staff Rules. A full actuarial valuation was carried out as at 31 December 2020. The prior valuation performed on 31 December 2019 was also a full actuarial valuation.

93. The CHF 4.3 million (5.0%) increase in the post-employment and other separation-related liabilities is mainly due to the following:

- (a) An increase of 4.9% arising from one additional year of service and interest on liabilities amounting to CHF 4.2 million;
- (b) A decrease of 4.7% relating to curtailment of the liability associated with staff members who were separated in connection with the WMO Secretariat reform amounting to CHF 4.1 million (see Note 6 for additional information);
- (c) A decrease of 2.5% following payment of benefits amounting to CHF 2.2 million;
- (d) An increase of 7.3% due to a net actuarial loss on the benefits of CHF 6.4 million relating to increases in the discount rate, changes to certain demographic assumptions and changes in the estimated liability due to actual experience.

94. The accrued benefit obligation represents that portion of the present value of future benefits that had been accrued from the staff members' date of entry on duty until 31 December 2020, the date of valuation. Active staff members' benefits are considered fully accrued when they reach their dates of full eligibility for benefits.

Actuarial Assumptions and Methods

95. During each actuarial study, WMO in conjunction with the actuary, reviews and selects assumptions that will be used by the actuaries in the year-end valuation to determine the expense and contribution requirements for WMO's after-service benefit plans (post-employment benefits and other separation-related benefits).

96. The following assumptions have been used to determine the value of post-employment and other separation-related employee liabilities for WMO at 31 December 2020:

- *Economics assumptions*

ASHI

Discount rate: 0.40% (2019: 0.50%)

The discount rate is estimated to approximate the single equivalent rate such that the present value of the plan's cash flows (i.e. expected as from 31 December 2020; for 2019 as from 31 December 2019) using the single rate that equals the present value of those cash flows using the spot rate at each maturity of the AA Corporate Bonds yield as at 31 December 2020 (2019: 31 December 2019) for the relevant currency (primarily CHF, with approximately 5% each in EUR and USD). The reference spot rates are based upon the Aon yield curve and were provided by the UN Headquarters.

Pensionable Remuneration Increase Rate: 2.00% (2018: 2.50%)

Salary increase rate:

The salary increase rate as per UNJSPF salary scale has been applied, as per following sample rates:

At 31 December 2020		
Age	General service staff	Professional staff
20	6.33%	8.57%
30	5.97%	6.57%
40	4.77%	4.77%
50	4.37%	3.77%
60	3.97%	3.47%

At 31 December 2019		
Age	General service staff	Professional staff
20	6.53%	8.77%
30	6.17%	6.77%
40	4.97%	4.97%
50	4.57%	3.97%
60	4.17%	3.67%

Healthcare cost increase rate:

As at 31 December 2020, the health care cost increase rate has been set to a constant rate for the future of 2.90% which is in line with the long-term nominal medical trend rates as per the UN guidelines. As at 31 December 2019, it was set to 3.00%.

Claim cost/ contribution rate:

The contributions rates applied as at 31 December 2020, which are unchanged compared to 31 December 2019, are the following:

	Payable by insured person	Payable by WMO
Retired member only	3.4%	6.8%
Retired member with one dependent	4.4%	8.8%
Retired member with more than one dependent	4.8%	9.6%

Repatriation

Salary increase rate:	Same as ASHI
Discount rate (using US dollar yield curve*):	1.90% (2019: 2.80%)
Travel cost increase rate:	2.00% (2019: 2:00%)

**the spot rates have been provided by UN Headquarters*

- *Demographic assumptions*

The tables of the United Nations Joint Staff Pension Fund have been applied for both 2020 and 2019 with respect to mortality, disability and early retirement rate, as these are based on the demographic experience of the UN Joint Staff Pension Fund. Turnover rates are based upon WMO specific experience. The following provides the details relating to the demographic assumptions:

Disability:	UNJSPF tables for 2020 and 2019
Mortality:	UNJSPF tables – The post retirement mortality rates utilized are headcount weighted, gender-distinct mortality rates with static longevity improvements applied for healthy retirees and beneficiaries
Retirement rates:	UNJSPF tables – The retirement rates are gender-distinct and vary based upon professional or general service staff and years of service.
Participation:	95% of future retirees are assumed to elect post-retirement medical coverage for 2020 and 2019
Spousal coverage:	60% of future retirees are assumed married at retirement and elect coverage for their spouse for both 2020 and 2019. Males are assumed to be 3 years older than spouse
Turnover rates:	Based upon WMO specific experience as summarized in the following table for both 2020 and 2019:

Age	Turnover Rate
30	20%
35	12%
40	7%
45	7%
50	5%
55	8%
60+	10%

The turnover rates for those aged over 55 are only applied if the staff member is not yet eligible for ASHI

97. Reconciliation of Defined Benefit Obligation for 2020

	After service health insurance	Repatriation
	<i>(Swiss francs thousands)</i>	
Benefit obligation at 31 December 2019	81,812	5,589
Service cost for 2020	2,999	661
Interest cost for 2020	405	143
Benefits paid in 2020	(1,416)	(789)
Actuarial (gain)/loss	6,415	13
Curtailments	(3,988)	(149)
Benefit obligation at 31 December 2020	86,227	5,468

98. Reconciliation of Defined Benefit Obligation for 2019

	After service health insurance	Repatriation
	<i>(Swiss francs thousands)</i>	
Benefit obligation at 31 December 2018	61,145	5,673
Service cost for 2019	2,508	558
Interest cost for 2019	483	204
Benefits paid in 2019	(1,474)	(499)
Actuarial (gain)/loss	19,150	(347)
Benefit obligation at 31 December 2019	81,812	5,589

99. Reconciliation of recognized actuarial gains / losses

	After service health insurance	Repatriation	Total
	<i>(Swiss francs thousands)</i>		
Actuarial gains/(losses) at 31 December 2019	(12,546)	1,807	(10,739)
Movement during the year	(6,415)	(13)	(6,428)
Actuarial gains/(losses) at 31 December 2020	(18,961)	1,794	(17,167)

100. In the 2020 valuation of employee benefits liabilities, the actuaries have determined net actuarial losses under post-employment benefits and other separation-related benefits of CHF 6.4 million (2019: net actuarial losses of CHF 18.8 million). Of this amount, an actuarial loss of CHF 3.7 million relates to changes in financial assumptions, an actuarial gain of CHF 1.4 million relates to changes in demographic assumptions, and an actuarial loss of CHF 4.1 million relates to experience adjustments.

101. Annual Expense is comprised of the following:

	2020	2019
	<i>(Swiss francs thousands)</i>	
Service cost	3,660	3,066
Interest cost	548	687
Total	4,208	3,753

102. During 2020, WMO implemented a reform and reorganization of the Secretariat. As a result of this reorganization certain staff members' contracts were terminated early. This reorganization was deemed to be a curtailment for purposes of IPSAS. As such, the resulting reduction in the liability of CHF 4.1 million, of which CHF 4.0 million related to the ASHI liability and CHF 0.1 million related to the repatriation liability, was recognized in income during 2020. See Note 6 for additional information.

103. The composition of the defined benefit obligation for ASHI between active staff members and retirees is as follows:

	31 December 2020	31 December 2019
	<i>(Swiss francs thousands)</i>	
Active staff members	34,990	36,514
Retirees	51,237	45,298
Total ASHI obligation	86,227	81,812

After-Service Health Insurance – Sensitivity Analysis

104. Two of the principal assumptions in the valuation of the After-Service Health Insurance are: (i) the rate at which medical costs are expected to increase in the future; and (ii) the discount rate used to determine the present value of benefits that will be paid from the plan in the future.

105. A sensitivity analysis was undertaken to determine the impact of the above assumptions on the liability and service cost under IPSAS 39.

106. The effect of an increase of one percentage point and the effect of a decrease of one percentage point in the discount rates are shown below:

ASHI Benefit Obligation at 31 December 2020	Discount rate currently reflected	Discount rate increase +1%	Discount rate decrease -1%
Amount	86,227	- 17.9%	+ 23.9%
Repatriation Related Benefit Obligation at 31 December 2020	Discount rate currently reflected	Discount rate increase +1%	Discount rate decrease -1%
Amount	5,468	- 6.1%	+ 7.0%

107. The effect on the ASHI DBO of an increase of one percentage point and the effect of a decrease of one percentage point in the assumed medical cost trend rates are shown below:

ASHI Benefit Obligation at 31 December 2020	Healthcare cost currently reflected	Healthcare cost increase +1%	Healthcare cost decrease -1%
Amount	86,227	112,392	66,051
Effect	-	26,165	(20,177)
Service cost and interest cost 2020	Healthcare cost currently reflected	Healthcare cost increase +1%	Healthcare cost decrease -1%
Amount	3,404	5,192	2,125
Effect	-	1,788	(1,279)

Expected Costs during 2021

108. The expected contribution of WMO in 2021 to the employee benefit plans is CHF 2.7 million.

United Nations Joint Staff Pension Fund (UNJSPF)

109. WMO is a member organization participating in the United Nations Joint Staff Pension Fund (the "Fund"), which was established by the United Nations General Assembly to provide retirement, death, disability and related benefits to employees. The Fund is a funded, multi-employer defined benefit plan. As specified in Article 3(b) of the Regulations of the Fund, membership in the Fund shall be open to the specialized agencies and to any other international, intergovernmental organization which participates in the common system of salaries, allowances and other conditions of service of the United Nations and the specialized agencies.

110. The Fund exposes participating organizations to actuarial risks associated with the current and former employees of other organizations participating in the Fund, with the result that there is no consistent and reliable basis for allocating the obligation, plan assets and costs to individual organizations participating in the Fund. WMO and the Fund, in line with the other participating organizations in the Fund, are not in a position to identify WMO's proportionate share of the defined benefit obligation, the plan assets and the costs associated with the plan with sufficient reliability for accounting purposes. Hence, WMO has treated this plan as if it were a defined contribution plan in line with the requirements of IPSAS 39, Employee Benefits. WMO's contributions to the Fund during the financial period are recognized as expenses in the Statement of Financial Performance.

111. The Fund's Regulations state that the Pension Board shall have an actuarial valuation made of the Fund at least once every three years by the Consulting Actuary. The practice of the Pension Board has been to carry out an actuarial valuation every two years using the Open Group Aggregate Method. The primary purpose of the actuarial valuation is to determine whether the current and estimated future assets of the Fund will be sufficient to meet its liabilities.

112. WMO's financial obligation to the Fund consists of its mandated contribution, at the rate established by the United Nations General Assembly (currently at 7.9% for participants and 15.8% for member organizations) together with any share of any actuarial deficiency payments under Article 26 of the Regulations of the Pension Fund. Such deficiency payments are only payable if and when the United Nations General Assembly has invoked the provision of Article 26, following determination that there is a requirement for deficiency payments based on an assessment of the actuarial sufficiency of the Fund as of the valuation date. Each member organization shall contribute to this deficiency an amount proportionate to the total contributions which each paid during the three years preceding the valuation date.

113. The latest actuarial valuation for the Fund was completed as of 31 December 2019. A roll forward of the participation data as of 31 December 2019 to 31 December 2020 will be used by the Fund for its 2020 financial statements.

114. The actuarial valuation as of 31 December 2019 resulted in a funded ratio of actuarial assets to actuarial liabilities, assuming no future pension adjustments, of 144.2% (139.2% in the 2017 valuation). The funded ratio was 107.1% (102.7% in the 2017 valuation) when the current system of pension adjustments was taken into account.

115. After assessing the actuarial sufficiency of the Fund, the Consulting Actuary concluded that there was no requirement, as of 31 December 2019, for deficiency payments under Article 26 of the Regulations of the Fund as the actuarial value of assets exceeded the actuarial value of all accrued liabilities under the plan. In addition, the market value of assets also exceeded the actuarial value of all accrued liabilities as of the valuation date. At the time of this report, the General Assembly has not invoked the provision of Article 26.

116. Should Article 26 be invoked due to an actuarial deficiency, either during the ongoing operation or due to the termination of the Fund, deficiency payments required from each member organization would be based upon the proportion of that member organization's contributions to the total contributions paid to the Fund during the three years preceding the valuation date. Total contributions paid to the Fund during the preceding three years (2017, 2018 and 2019) amounted to USD 7,131.6 million, of which 0.4% was contributed by the WMO.

117. During 2020, contributions paid to the Fund by WMO amounted to CHF 11.9 million (2019 CHF 10.4 million), of which CHF 7.9 million was borne by WMO, and CHF 4.0 million by staff members. Expected contributions due in 2021 are approximately CHF 11.2 million, of which CHF 7.5 million is expected to be borne by WMO, and CHF 3.7 million is expected to be borne by staff members.

118. Membership of the Fund may be terminated by decision of the United Nations General Assembly, upon the affirmative recommendation of the Pension Board. A proportionate share of the total assets of the Fund at the date of termination shall be paid to the former member organization for the exclusive benefit of its staff who were participants in the Fund at that date, pursuant to an arrangement mutually agreed between the organization and the Fund. The amount is determined by the United Nations Joint Staff Pension Board based on an actuarial valuation of the assets and liabilities of the Fund on the date of termination; no part of the assets which are in excess of the liabilities are included in the amount.

119. The United Nations Board of Auditors carries out an annual audit of the Fund and reports to the Pension Board and to the United Nations General Assembly on the audit every year. The Fund publishes quarterly reports on its investments and these can be viewed by visiting the Fund at www.unjspf.org.

Note 3.10: Contributions received in advance

	2020	2019
	<u>Swiss francs (thousands)</u>	
Assessed contributions received in advance	9,486	9,200
Other advance receipts	-	-
Contributions received in advance	<u>9,486</u>	<u>9,200</u>

120. Assessed contributions received in advance are for 2021 and later years.

Note 3.11: Unearned income from exchange transactions

	2020	2019
	<u>Swiss francs (thousands)</u>	
Unearned income from exchange transactions	<u>1,607</u>	<u>2,861</u>

121. Unearned income from exchange transactions relates to funds received under agreements accounted for as exchange transactions for which the related service has not yet been performed and, as such, the related revenue has not yet been earned.

Note 3.12: Deferred revenue

	2020	2019
	<i>Swiss francs (thousands)</i>	
Current:		
Contributions received	24,807	27,338
Contribution pledged	4,994	7,684
Office rental advances	121	72
Total current deferred revenue	29,922	35,094
Non-current:		
Contributions received	17,783	6,165
Contributions pledged	15,099	26,247
Total non-current deferred revenue	32,882	32,412
Total deferred revenue	62,804	67,506

122. Deferred revenue represents voluntary contributions which have been received, or pledges of voluntary contributions, when the written agreement with the donor becomes binding if the agreement included conditions related to specific performance of services to third parties and where the return of unexpended balances is the normal experience with the donor.

123. As at 31 December 2020, the amount of deferred revenue has decreased to CHF 62.8 million. Due to the impact of the COVID-19 pandemic, the implementation of activities under voluntary contributions has been delayed. As a result, the estimated expenditure in 2021 for voluntary funded activities has been reduced, resulting in a decrease in the current amount of revenue that has been deferred. Although not quantifiable at this time, some amount of revenue that has been deferred may need to be refunded if the underlying activities ultimately cannot be implemented and extensions are not granted by the donor.

Note 3.13: Borrowings

	2020	2019
	<i>Swiss francs (thousands)</i>	
Current	1,442	1,442
Non-current (amortized)	28,314	29,050
Total Borrowings	29,756	30,492

124. The headquarters building loan consists of borrowings made by WMO from the "Foundation des Immeubles pour les Organisations Internationales" (FIPOI). The undiscounted balance of the loan outstanding at 31 December 2020 was CHF 41,365,524 (CHF 42,842,824 at 31 December 2019). Of this amount, CHF 1,477,300 is payable in 2021, and the balance in subsequent years. The initial loan repayment period is 50 years, ending in 2048. No interest is payable on this loan. The loan is discounted based upon the effective interest method using the historical discount rate of 2.43%.

Note 3.14: Provisions

	2020	2019
	<i>Swiss francs (thousands)</i>	
Litigation	3,687	2,115
Contributions refundable to donors	1,898	636
Total provisions	5,585	2,751

125. At 31 December 2020, there were two cases proceeding against the Organization with the United Nations Administrative Tribunal (UNAT) in which it was deemed probable that the case will be decided in favour of the current or former staff members. The total estimate that the Agency would be liable for related to these cases is approximately CHF 3.7 million, which has been recorded as a provision in these financial statements.

126. The amounts of contributions refundable to donors has increased by CHF 1.3 million to CHF 1.9 million as at 31 December 2020. The increase is due primarily to one contribution that reached operational closure at 31 December 2020 for which there were unspent funds of approximately CHF 1.0 million at the end of the project.

127. Although not quantifiable at this time, as a result of delays in the implementation of some activities due to the COVID-19 pandemic, additional amounts of voluntary contributions may need to be refunded if the underlying activities ultimately cannot be implemented and extensions are not granted by the donor.

128. The movement of the provisions during 2020 is as follows:

	2019	Utilization	Reversal	Increased	2020
	<i>Swiss francs (thousands)</i>				
Litigation	2,115	-	-	1,572	3,687
Contributions refundable to donors	636	(358)	(143)	1,763	1,898
Total	2,751	(358)	(143)	3,335	5,585

Note 3.15: Funds Held in Trust

129. Funds held in trust are funds held by WMO on behalf of entities for which WMO provides accounting and other administrative support, but of which the Organization has shared or no control under IPSAS 35. The financial statements of such entities are not consolidated in WMO's financial statements. WMO acts as a bank for all those funds since they do not maintain their own bank accounts. The balance towards these funds represents the cash held by WMO for these funds. At 31 December 2020, WMO held funds in trust for the Intergovernmental Panel on Climate Change (IPCC), the Group on Earth Observations (GEO), the Typhoon Committee – ESCAP, and the Tropical Cyclones Panel. WMO had joint control with other organizations over the Joint WMO/ICSU/IOC Climate Research Fund (JCRF), the Global Climate Observing System (GCOS), and the Data Buoy Cooperation Panel (DBCP).

130. WMO has working relationships with the GEO, DBCP, the Typhoon Committee – ESCAP, the Tropical Cyclones Panel, IPCC, JCRF and GCOS. The Organization provides space, personnel administration, financial administration, procurement services and other administrative support to each of these entities which in turn provide technical and programmatic efforts in areas that assist WMO in carrying out its mandate. WMO negotiated agreements with DBCP, GEO, Typhoon Committee – ESCAP and the Tropical Cyclones Panel, to set up the reimbursement for the cost of services provided based on percentage charges.

131. WMO provides, without charge, space including meeting facilities and administrative support services to the Intergovernmental Panel on Climate Change (IPCC) which was established jointly by WMO and the United Nations Environment Programme. WMO provides financial support to IPCC including financing the salary of the IPCC Secretary. The services to JCRF and GCOS are free of charge.

132. WMO provides, without charge, space up to a maximum of 10 staff to the Group on Earth Observations (GEO).

133. Included in the Funds Held in Trust at 31 December 2020 was CHF 254,000 (nil at 31 December 2019) of funds provided by a donor on a pass-through basis. In this arrangement, WMO acts as the coordinator and receives and disburses funds to the other partners in the arrangement but does not have operational responsibility for the implementation by the other partners.

Note 3.16: Interest in Joint Ventures and Associates

134. The Organization has no ownership interest in controlled entities. WMO is part-owner of joint ventures including the Joint WMO/ICSU/IOC Climate Research Fund (JCRF), the Global Climate Observing System (GCOS), and the Data Buoy Cooperation Panel (DBCP). In accordance with IPSAS, only those funds or entities of which WMO has control or joint control are consolidated by applying the equity method.

Proportion of Ownership

	<u>2020</u>	<u>2019</u>
Funds included as Joint Ventures:		
• Joint WMO/ICSU/IOC Climate Research Fund	86%	85%
• Global Climate Observing System	50%	59%
Funds included as Associates:		
• Data Buoy Cooperation Panel	50%	50%

135. The share of ownership is based either on the proportion of contributions made to each entity by contributors, where such method is defined in the arrangement, as is the case with the Joint WMO/ICSU/IOC Climate Research Fund and the Global Climate Observing System, or on an equal basis where the method of determining the share of ownership is not defined in the arrangement, as is the case with the Data Buoy Cooperation Panel.

WMO's share of Joint Ventures and Associates

	2020	2019
	<i>Swiss francs (Thousands)</i>	
Revenue	2,053	2,182
Expenses	<u>(1,914)</u>	<u>(2,932)</u>
	139	(750)
Add/ (minus):		
Movement in WMO's share in net assets/ equity	<u>(111)</u>	199
Surplus/(deficit) for year	28	(551)
Add:		
Opening balance of WMO's share of net assets/equity	<u>1,028</u>	<u>1,579</u>
Closing balance of WMO's share of net assets/ equity 31 December	<u>1,056</u>	<u>1,028</u>

Note 3.17: Employee Benefits Reserves

	2020	2019
	<i>Swiss francs (thousands)</i>	
Recruitment and termination benefits reserve	-	-
Post-retirement benefits reserve	2,027	1,789
Net actuarial gain/(loss) arising from Actuarial Valuations of Employee Benefits	<u>(17,166)</u>	<u>(10,739)</u>
Total employee benefits reserves	<u>(15,139)</u>	<u>(8,950)</u>

136. Two reserves have been established by the Executive Council as facilities for funding and/or financing specific activities under specific circumstances. There are currently: the Recruitment and Termination Benefits Reserve and the Post-Retirement Benefits Reserve.

137. The Recruitment and Termination Benefits Reserve was established by Resolution 20 (EC-XXVII) to meet end-of-contract and recruitment costs, which are not specifically budgeted. The Reserve is funded from a 4 percent charge on payroll costs in accordance with Resolution 14 (EC-LXI). During 2020 and 2019, the amounts funded via the 4 percent charge on payroll costs were insufficient to meet the annual pay-as-you-go costs.

138. The Reserve for Post-Retirement Benefits was established by Resolution 7 (EC-LII) to meet after-service health insurance (ASHI) benefits of WMO's staff on a pay-as-you-go basis. It is funded from a 4 percent charge on payroll costs, with effect from 1 January 2020, in accordance with Resolution 16 (EC-LXXI).

139. The Reserve for Employee Benefits also includes net actuarial gains and losses arising from the actuarial valuations of employee benefits which are determined by a professional actuary at the end of each financial period. During 2020, the actuary assessed an actuarial loss of CHF 6.4 million.

NOTE 4: RISK ANALYSIS

140. WMO was exposed to the following financial instruments at the reporting date. All of the below financial assets are considered Loans and Receivables and the financial liabilities are measured at amortized cost. Due to their underlying nature, the carrying value of the below financial instruments approximates their fair value. None of the financial instruments represent derivative financial instruments.

	2020	2019
	<i>Swiss francs (thousands)</i>	
Financial Instruments		
Cash, cash equivalents and short-term investments	110,756	83,417
Assessed contributions receivable	16,573	20,375
Voluntary contributions receivable	21,069	35,926
Other receivables	375	290
Sub-total financial assets	148,773	140,008
Accounts payable	1,690	3,598
Loans payable	29,756	30,492
Sub-total financial liabilities	31,446	34,090
Financial instruments - net exposure	117,327	105,918

Credit Risk

141. Credit risk and liquidity risk associated with cash and cash equivalents are minimized substantially by ensuring that cash assets are placed with major financial institutions that have been accorded suitable investment grade ratings by a primary rating agency.

142. Contributions receivable comprise primarily amounts due from sovereign nations. Details of contributions receivable, including allowances for reductions in contribution revenue and doubtful accounts, are provided in Note 3.2. WMO does not hold any securities against contributions receivable. During 2020, 79% of the receivables related to the 2020 assessment were paid in full (73% at 31 December 2019 related to the 2019 assessment) and CHF 25.2 million of receivables were past due (CHF 28.4 million at 31 December 2019). A provision for delayed collection of assessed contributions of CHF 8.6 million existed at 31 December 2020 (CHF 8.0 million at 31 December 2019) and WMO has, as at 31 December 2020, Payment Agreements with Members involving outstanding contributions amounting to CHF 0.4 million (CHF 0.6 million at 31 December 2019).

143. Projects funded with voluntary contributions are implemented when contributions are received, thereby eliminating credit and liquidity risk.

144. During 2020, the regular budget was funded by assessed contributions from Members, of which 68% was assessed on 10 Members (the same as 2019). The Organization faces a liquidity risk if those Members delay the payment of their contributions. Of the unpaid assessed contributions of CHF 25.2 million at 31 December 2020 (CHF 28.4 million at 31 December 2019), 29% represented contributions from one Member (57% in 2019).

Liquidity Risk

145. WMO's total of cash and equivalents at 31 December 2020 of CHF 110.8 million (CHF 83.4 million at 31 December 2019) was sufficient to meet its current liabilities at that date of CHF 78.8 million (CHF 75.8 million at 31 December 2019). On an on-going basis, it is anticipated that WMO will have sufficient liquidity to pay all debts due. The maturity of the final liabilities is reflected in Statement I – Statement of Financial Position.

146. Implementation of WMO's regular budget for the General Fund is done against the receipt of assessed contributions. In the event that a shortfall of contributions arises then the Organization can draw funding down from the Working Capital Fund pending receipt of assessed contributions.

147. Implementation of activities in Regular Budget Support Funds; Event Funds; Development, Technical Assistance and Technical Cooperation Funds; and National Technical Support Funds are funded by voluntary contributions and cannot commence until the contribution has been received. Budgets are only allotted to the level of contributions received.

148. These procedures are adequate to ensure that there is sufficient cash to meet contractual liabilities.

Market Risk

Interest Rate Risk

149. Despite the recent financial performance of the markets due to Covid-19, the principal of the working capital portfolio of WMO remains safe, in line with its investment policy on working capital, as it holds high-quality assets aimed at preserving principal. Investment income on reinvested funds for 2020 was reduced from CHF 29,000 in 2019 to CHF 6,000 in 2020. Adverse impacts in the financial markets were the main driver for the decrease in investment revenue. This overall decline in the investment income earned by WMO was caused by the lower interest rates in 2020 due, in part, to the economic situation brought about by the pandemic.

150. During 2020, the banking partners of WMO indicated that they would begin charging negative interest on funds held in excess of certain threshold. Negative interest rates were avoided during 2020; however, as the market conditions relating to interest rates for the Swiss franc have continued to deteriorate, WMO is expected to begin to pay negative interest on certain of its holdings during 2021. Efforts are being made to mitigate the negative interest rate exposure, such as diversifying CHF holdings across WMO banking partners, holding multiple currencies at banking partners, negotiating ceilings with banking partners, etc.; however, these efforts are unlikely to fully mitigate the negative interest rate exposure

151. Other than as discussed in the preceding paragraphs, there was no exposure to interest rate risk during 2020.

Currency Risk

152. The WMO budget is funded by assessed contributions in Swiss francs (CHF), the functional and reporting currency of the Organization. As at 31 December 2020, CHF 78.7 million (71%) of the total cash balance of CHF 110.8 million was held in CHF (Note 3.1). The remaining balance of CHF 32.1 million was held in other currencies (CHF 23.6 million at 31 December 2019). The increase is a result of Voluntary Contributions received in currencies other than CHF for activities that are not yet fully implemented, as well as from increases of funds held in Trust as described in Note 3.16. An increase or decrease of between 5 and 10 per cent of the levels of foreign currency to CHF can be summarized as follows:

Effect of exchange rate fluctuations between the Swiss Franc on other currencies					
<i>(Amounts in thousands)</i>					
Currency	Balance in foreign currency at:		CHF equivalent of balance at 31 December 2020	Effect in CHF of increase / decrease in the value of foreign currency	
	31 December 2020	31 December 2019		of +/- 5%	of +/- 10%
USD	30,728	20,879	27,133	1,357	2,713
JPY	17,238	17,322	147	7	15
GBP	1,544	987	1,842	92	184
EUR	2,462	1,505	2,667	133	267
SGD	410	316	273	14	27
Other	-	-	41	2	4
Total			32,103	1,605	3,210

153. WMO's net assets consist of its accumulated surplus, reserves for employee benefits, the capital of the Working Capital Fund, and the capital of award and prize funds. The surplus of the General Fund is managed in accordance with the provisions of Article 9 (Funds) of the Financial Regulations of WMO. Surplus arising from activities funded with voluntary contributions is managed in accordance with donor agreements. Reserves for employee benefits are managed in accordance with resolutions of the Executive Council. The Working Capital Fund is set aside to maintain sufficient levels of liquidity and to cover operational deficits should they occur.

Note 5: REVENUE

	<u>2020</u>	<u>2019</u>
5.1 Assessed contributions	<u>67,886</u>	<u>64,852</u>
5.2 Voluntary contributions		
Voluntary contributions - settled	19,213	20,578
Voluntary contributions - unsettled	200	2,074
Less: Refunds	<u>(1,200)</u>	<u>(1,998)</u>
Total voluntary contributions	<u>18,213</u>	<u>20,654</u>
5.3 Revenue from services	<u>1,919</u>	<u>922</u>
5.4 Other revenue		
Currency exchange differences		
Realized gain/(loss)	(1,288)	92
Unrealized gain/(loss)	<u>(3,033)</u>	<u>(607)</u>
Total currency exchange differences	(4,321)	(515)
Rental office facilities	1,462	2,337
Inter-fund contributions	205	307
Other income	122	67
Programme support cost income	207	280
Interest	6	29
Publications	4	30
Total other revenue	<u>(2,315)</u>	<u>2,535</u>
5.5 In-kind contributions	<u>1,870</u>	<u>1,870</u>

154. Assessed contributions relate to the apportionment of the approved regular budget of WMO to the WMO Members. The increase in 2020 as compared to 2019 relates to the overall increase in the approved budget, in-line with the decision of the 71st session of the Executive Council.

155. Total revenue from voluntary contributions decreased by CHF 2.4 million in 2020 as compared to 2019. The decrease in revenue recognition was primarily driven by decreased expenses under voluntary contributions that are deferred, which is the basis for revenue recognition. The expenses declined primarily as a result of the COVID-19 pandemic where certain activities, primarily those directly in Member countries, had to be deferred due to the inability of WMO staff, consultants and implementing partners to fully implement the activities. In most cases, where relevant, no-cost extensions have been entered into.

156. All of the voluntary contributions of CHF 19.4 million were subject to restrictions which, in general, relate to funds received for specific activities. Some of these restrictions rose to the level of conditions, thus requiring an initial deferral of revenue until such conditions were met.

157. Revenue from services has increased by CHF 1.0 million during 2020 as overall activities related to advisory services have increased.

158. Other revenue is comprised of a number of elements, the most significant of which are as follows:

- (a) Currency exchange differences: During 2020, the Swiss franc increased in value against the USD by approximately 9%. As a result of this increase, holdings of USD have decreased in value and other exchange rate impacts have been recognized;
- (b) Rental of office facilities decreased during 2020 as a significant tenant returned to their original offices at the end of 2019 following the completion of the renovation of their offices. Although additional tenants began renting office space in the WMO Headquarters building during 2020, due to current market conditions and the impact of COVID-19, rental income for both office space and conference facilities did not reach the same level as in 2019

159. Investment income on reinvested funds for 2020 was reduced from CHF 29,000 in 2019 to CHF 6,000 in 2020. As discussed in Note 4: *Risk Analysis*, adverse impacts in the financial markets were the main driver for the decrease in investment revenue. This overall decline in the investment income earned by WMO was caused by the lower interest rates in 2020 due, in part, to the economic situation brought about by the pandemic.

160. During 2020 in-kind contributions have been recognized in respect of land and an interest free loan provided by the Swiss Authorities (FIPOI). In-kind contributions are expensed at the same time as they are recognized as revenue.

161. WMO also receives services in-kind from Members which are not recognized in these accounts as WMO did not have control over the services in-kind and could not measure the fair value of these services. The services in-kind which are provided by Members relate to the support provided for WMO meetings held in their countries.

162. WMO has offices in seven countries. Six of the Host Governments provide various services in-kind in relation to these offices including the provision of office premises, furniture and equipment, vehicles, support staff and support services. As the fair values of these in-kind services could not be measured accurately, they are not recognized in these accounts.

Note 6: EXPENDITURE

	2020	2019
	<i>(in thousands of Swiss Francs)</i>	
6.1 Salaries and employee benefits		
Staff costs	49,993	53,547
Employee benefits	4,145	4,865
Consultancy costs	4,377	2,347
Total salaries and employee benefits	58,515	60,759
6.2 Meetings and projects		
Project expenditure	7,643	9,652
Organization of meetings	1,405	3,608
Total meetings and projects	9,048	13,260
6.3 Travel		
Staff travel	318	2,638
Travel of permanent representatives with WMO	0	234
Other third parties	312	4,996
Total travel	630	7,868
6.4 Supplies, consumables and other running costs		
IT - services, software and equipment (non-capitalized)	3,476	2,834
Building maintenance and security	1,548	1,863
Purchase of furniture and equipment (non-capitalized)	1,081	940
Utilities	108	128
Stationery and supplies	126	256
Other running costs	134	313
Total supplies, consumables and other running costs	6,473	6,334
6.5 In-kind expenditure		
Rental value of land and interest on FIPOI loan	1,870	1,870
6.6 Finance costs		
Change in provision for delay in collection of receivables	616	589
Discounting LT receivables and Loans	648	876
Write-offs	0	212
Bank charges	58	129
Total finance costs	1,322	1,806
6.7 Fellowships		
Fellowships	422	674
Training	477	147
Total fellowships	899	821
6.8 Other expenditures		
Other	740	1001
Auditor's remuneration	67	140
Public information	68	147
Hospitality	5	92
Insurance	118	215
Staff training and development	86	17
Total other expenditure	1,084	1,612

163. During 2020, total salary and employee benefits expense decreased by 4% to CHF 58.5 million from CHF 60.8 million. There were a number of factors that led to this decrease as outlined in the following paragraphs.

WMO Secretariat Restructuring

164. In 2020, following the request by Congress in Resolution 2 (Cg-18), which requested the Secretary General to “identify efficiency gains especially in administrative work and processes and savings in the regular budget, the Secretariat implemented a reorganization of certain of its administrative processes. This reorganization led to the separation of 23 staff members in the general services staff category during 2020. The reorganization also included the creation of 7 new professional posts to support the reorganized and streamlined administrative processes.

165. The financial impact of the reorganization of the administrative processes in 2020 had three primary elements:

- (a) Most of the separated staff members were contractually entitled to termination indemnity payments as the separation resulted in the early termination of their employment contracts. During 2020, total contractual termination indemnities expensed and paid were approximately CHF 2.2 million;
- (b) Total salary cost for 2020 was reduced as compared to 2019 as there was a reduced level of staffing from the date of separation of these staff members, most of which occurred at the end of August 2020;
- (c) As discussed in Note 3.9, the impact of the early separation of staff members resulted in the curtailment of certain of the employee benefit liabilities (i.e. after-service health insurance and repatriation related liabilities). This curtailment resulted in a reduction of the long-term employee benefit liabilities and was recognized as a reduction in expense during 2020. The impact of the curtailment in 2020 was a gain of CHF 4.1 million.

166. In addition to the reduction in staffing levels as a result of the administrative reform in the later part of 2020, there was a delay in recruitment of certain positions in order to compensate for the required termination indemnity payments as a result of the administrative reform and to mitigate the risk of the delay in payment of assessed contributions by Members.

167. Consultancy costs, which are classified within salary and employee benefits expense increased during 2020, primarily within voluntary funded activities. The increase resulted from the increased use of consultants for project implementation as travel and other COVID-19 related restrictions required modifications to the method of implementation of certain activities.

168. Expenses in 2020 on meetings and projects was lower by 32% in 2020 as compared to 2019. The reduction in expenditures was a direct result of the impact of the COVID-19 pandemic and the reduced ability for activities to be implemented by implementing partners.

169. Travel related expenses were dramatically reduced in 2020 as a result of the significant restrictions implemented globally related to both local and international travel. As a result of these restrictions, travel expenses were reduced by over 90% and across all funding sources.

170. 2020 experienced an overall increase in expenses related to supplies, consumables and running costs, primarily in the area related to IT services. The increase in expense is the result of the ongoing maintenance and licenses related to the Community Platform as well as the implementation of other IT related services during 2020.

171. In-kind expenditures represent the estimated cost of the land and interest free loan provided by the Swiss Authorities (FIPOI). In-kind contributions are expensed at the same time as they are recognized as revenue.

172. Finance costs relate primarily to the provisions associated with potential delays in collectability or non-collectability of receivables as well as the effect of the implicit discounting of the interest free loan provided by FIPOI.

173. Fellowships and training expenses had a slight increase in 2020 due to additional training expenditures, primarily online training funded in connection with voluntary contributions. Fellowship expenditures were reduced in 2020 due to the impact of the COVID-19 pandemic on the institutions where many of the fellows were studying.

174. Other expenditures represent various types of expenditures and a number of these categories experienced declines in 2020 due to the reduced level of certain activities such as hospitality.

NOTE 7: STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS

175. Basis differences occur when the approved budget is prepared on a basis other than the accounting basis. WMO's budget and accounts are prepared using a different basis. The Statement of Financial Position, Statement of Financial Performance, Statement of Changes in Net Assets and Statement of Cash Flow are prepared on a full IPSAS accrual basis using a classification based on the nature of expenses in the Statement of Financial Performance, whereas the Statement of Comparison of Budget and Actual Amounts (Statement V) is prepared on a commitment accounting basis.

176. As required by IPSAS 24, the actual amounts presented on a comparable basis to the budget shall, where the financial statements and the budget are not prepared on a comparable basis, be reconciled to the actual amounts presented in the financial statements, identifying separately any basis, timing and entity differences. There may also be differences in formats and classification schemes adopted for presentation of financial statements and the budget.

177. Timing differences occur when the budget period differs from the reporting period reflected in the financial statements. There are no timing differences for WMO for purposes of comparison of budget and actual amounts.

178. Entity differences occur when the budget omits programmes or entities that are part of the entity for which the financial statements are prepared. Under entity differences, bilateral operations and trust funds form part of WMO activities and are reported in the financial statements although they are excluded from the budgetary process.

179. Presentation differences are due to differences in the format and classification schemes adopted for presentation of the Statement of Financial Performance by Segment (Note 8.2) and Statement V - Statement of Comparison of Budget and Actual Amounts.

180. The WMO Budget in Statement V applies only to the Regular Budget/General Fund as shown in Segment Reporting Note 8.2. The reconciliation between the actual amounts on a comparable basis in the Statement of Comparison of Budget and Actual Amounts (Statement V) and the actual amounts in the Statement of Financial Performance by Segment (Note 8.2) for the year ended 31 December 2020 is presented below:

		2020	2019
	Note	<i>Swiss francs (thousands)</i>	
Actual amount on comparable basis (Statement V)		60,005	66,033
Plus :			
Basis difference - obligations for prior years and other differences		528	786
Depreciation and amortization	3.6/3.7	3,991	3,995
Write offs		-	89
Expense in-kind	6.5	1,870	1,870
Employee benefits: interest and current service cost less benefits paid	3.9	(2,054)	1,809
Loss on discounting long-term liabilities		741	758
Provisions		616	551
Expense of Special Accounts outside regular budget (not in Statement V)		1,564	2,014
Other adjustments		(6)	-
Less:			
Basis difference - obligations for goods and services not received in 2020 / 2019		2,483	784
Loan repayment	3.13	1,477	1,477
Actual amount in the Statement of Financial Performance by segment (General Fund Note 8.2)		63,295	75,644

181. Open commitments including open purchase orders and net cash flows from operating, investing and financing activities are presented as Basis differences. Revenue and non-fund relevant expenses that do not form part of the Statement of Comparison of Budget and Actual Amounts are reflected as presentation differences.

182. Budget amounts have been presented on a functional classification basis in accordance with the 2020-2021 biennium budget which presents a breakdown of the budget by year for purposes of the above comparison.

NOTE 8: SEGMENT REPORTING

**Note 8.1 STATEMENT OF FINANCIAL POSITION BY SEGMENT
AS AT 31 DECEMBER 2020**
(in thousands of Swiss Francs)

	GENERAL FUND	REG'L BUDGET SUPPORT FUNDS	EVENT FUNDS	DEVELOPMENT, TECH ASS. & TECH -COOP FUNDS	NATIONAL TECH SUPP. FUNDS	TOTAL	31 December 2019
ASSETS							
Current Assets							
Cash and Cash equivalents	58,290	15,085	52	37,329	-	110,756	83,417
Assessed contributions receivable	16,346	-	-	-	-	16,346	20,073
Voluntary contributions receivable	-	748	-	9,853	-	10,601	21,274
Inventories	77	-	-	-	-	77	79
Advances for projects and meetings	96	230	-	7,769	-	8,095	8,407
Other receivables	1,726	21	-	900	-	2,647	2,749
Total current assets	76,535	16,084	52	55,851	-	148,522	135,999
Non-current assets							
Assessed contributions receivable	227	-	-	-	-	227	302
Voluntary contributions receivable	-	-	-	10,468	-	10,468	14,652
Property, plant and equipment	65,417	-	-	-	-	65,417	68,809
Intangible assets	337	-	-	-	-	337	351
Interest in joint ventures and associates	-	-	-	1,056	-	1,056	1,028
Total non-current assets	65,981	-	-	11,524	-	77,505	85,142
TOTAL ASSETS	142,516	16,084	52	67,375	-	226,027	221,141
LIABILITIES							
Current liabilities							
Payables and accruals	1,751	77	-	728	-	2,556	4,386
Employee benefits	5,083	-	-	-	-	5,083	5,194
Contributions received in advance	9,486	-	-	-	-	9,486	9,200
Unearned revenue from exchange transactions	-	-	-	1,607	-	1,607	2,861
Deferred revenue	121	4,883	-	24,918	-	29,922	35,094
Borrowings	1,442	-	-	-	-	1,442	1,442
Provisions	3,358	648	-	1,579	-	5,585	2,751
Funds held in trust	22,861	-	-	254	-	23,115	14,862
Total current liabilities	44,102	5,608	-	29,086	-	78,796	75,790
Non-current liabilities							
Employee Benefits	90,913	-	-	-	-	90,913	86,347
Deferred revenue	-	434	-	32,448	-	32,882	32,412
Borrowings	28,314	-	-	-	-	28,314	29,050
Total Non-current liabilities	119,227	434	-	32,448	-	152,109	147,809
TOTAL LIABILITIES	163,329	6,042	-	61,534	-	230,905	223,599
Net assets	(20,813)	10,042	52	5,841	-	(4,878)	(2,458)
NET ASSETS/EQUITY							
Capital funds	6,597	427	-	-	-	7,024	7,024
Accumulated surplus/(deficit)	(12,271)	9,615	52	5,841	-	3,237	(532)
Employee benefits reserves	(15,139)	-	-	-	-	(15,139)	(8,950)
Total net assets/equity	(20,813)	10,042	52	5,841	-	(4,878)	(2,458)

Note 8.2 STATEMENT OF FINANCIAL PERFORMANCE BY SEGMENT
FOR THE YEAR ENDED 31 DECEMBER 2020
(in thousands of Swiss Francs)

	GENERAL FUND	REG'L BUDGET SUPPORT FUNDS	EVENT FUNDS	DEVELOPMENT, TECH ASS. & TECH -COOP FUNDS	NATIONAL TECH SUPP. FUNDS	INTER- SEGMENT ELIMINATIONS	TOTAL	2019
REVENUE								
Assessed contributions	67,886	-	-	-	-	-	67,886	64,852
Voluntary contributions								
Voluntary contributions received	2	5,347	-	13,864	-	-	19,213	20,578
Voluntary contributions - pledged	-	33	-	167	-	-	200	2,074
Less: Refunds	-	12	-	(1,212)	-	-	(1,200)	(1,998)
Total voluntary contributions	2	5,392	-	12,819	-	-	18,213	20,654
Revenue from Services	(32)	109	-	1,842	-	-	1,919	922
Other revenue	3,443	(1,185)	-	(4,448)	(5)	(120)	(2,315)	2,535
In-kind contributions	1,870	-	-	-	-	-	1,870	1,870
Total Revenue	73,169	4,316	-	10,213	(5)	(120)	87,573	90,833
EXPENSES								
Salaries and employee benefits	47,541	3,771	-	7,203	-	-	58,515	60,759
Meetings and Projects	1,693	850	-	6,572	53	(120)	9,048	13,260
Travel	373	73	-	184	-	-	630	7,868
Supplies, consumables and other running costs	5,364	275	-	834	-	-	6,473	6,334
Depreciation and amortization	3,991	-	-	-	-	-	3,991	3,995
In-kind expenditures	1,870	-	-	-	-	-	1,870	1,870
Finance costs	1,405	1	-	(84)	-	-	1,322	1,806
Fellowships	249	163	-	487	-	-	899	821
Other expenditures	809	30	-	245	-	-	1,084	1,612
Movement in share of Net Assets/Equity of JVs	-	-	-	111	-	-	111	(199)
Interest in joint ventures and associates	-	-	-	(139)	-	-	(139)	750
Total Expenses	63,295	5,163	-	15,413	53	(120)	83,804	98,876
SURPLUS/(DEFICIT) FOR THE YEAR	9,874	(847)	-	(5,200)	(58)	-	3,769	(8,043)

183. Some internal activities lead to accounting transactions that create inter-segment revenue and expense balances in the financial statements. Inter-segment transactions are reflected in the above tables to accurately present these financial statements and are then eliminated for consolidated reporting purposes.

184. Contributions for operations and other activities are recognized as revenue, or deferred revenue, when these contributions are confirmed in writing. Expenses are incurred gradually over time according to projects' and beneficiaries' needs.

185. Accumulated fund balances under programme category funds and bilateral operations and trust funds represent the unexpended portion of contributions that are carried forward to be utilized in future operational requirements of the programmes.

NOTE 9: LEGAL OR CONTINGENT LIABILITIES

186. Other than as discussed in Note 3.14, there were no legal liabilities at 31 December 2020 or 2019. WMO was contingently liable for long-term liabilities related to employee benefits of persons who have been hired by WMO for entities which are administered by WMO. As of 31 December 2020, that liability amounted to CHF 3.9 million (2019: CHF 3.9 million).

187. As at 31 December 2020, there were three additional claims against the Organization in which it has been determined that it is possible, but not probable, that the claim may ultimately be decided in favour of the claimant. The Organization has chosen not to disclose any potential liability if the claim is decided in favour of the claimant so as not to prejudice any potential judgement.

NOTE 10: LOSSES, EX-GRATIA PAYMENTS AND WRITE-OFFS

188. WMO Financial Regulation 13.4 provides that "The Secretary-General may with the approval of the President make such ex-gratia payments as he deems to be necessary in the interest of the Organization, provided that a statement of such payments shall be submitted to the Executive Council with the financial statements as detailed in Article 14.1". There were no ex-gratia payments made during 2020.

189. WMO Financial Regulation 13.5 provides that "The Secretary-General may, after full investigation, authorize the writing-off of losses of cash, stores and other assets, except unpaid contributions to the regular budget, provided that a statement of all such amounts written off shall be submitted to the External Auditor with the financial statements". During 2020, there were no write-offs. Write-offs in 2019 amounted to CHF 212,000.

NOTE 11: COMMITMENTS**NOTE 11.1 Operating Leases (WMO Lessee)**

	2020	2019
	<i>Swiss francs (thousands)</i>	
Under 1 year	77	67
1 – 5 years	107	136
Beyond 5 years	-	-
Total	184	203
Expense recognized	77	88

190. The leases cover 28 heavy-duty photocopiers and 2 heavy-duty printers. The lease for the photocopiers was renewed on 29 March 2018, effective 1 April 2018 for a duration of five years. The charge for the photocopiers under the new lease is based on usage by “paper click”, with no additional charge for the toners. The lease for the printers was signed on 12 January 2018 with effect from 1 January 2018 for a duration of three years renewable for another years. Expense in 2020 amounted to CHF 77,000 representing CHF 7,000 on rental fees of printers and CHF 70,000 for photocopies (2019 expense was CHF 88,000 representing CHF 7,000 for rental fees and CHF 81,000 for photocopies).

NOTE 11.2 Operating Leases (WMO Lessor)

	2020	2019
	<i>Swiss francs (thousands)</i>	
Under 1 year	1,330	1,105
1 – 5 years	1,163	549
Beyond 5 years	-	-
Total	2,493	1,654
Income recognized	1,179	1,719

191. At 31 December 2020, WMO was leasing out office space to seven tenants for which it recognized income amounting to CHF 1,179,000. The decrease in income is due from the change in tenants and contracts. One tenant, occupying an entire floor left in November 2019, while the other tenant left mid-March 2020. The succeeding contracts covering the office spaces in these two floors began later than the previous contracts' termination dates and the office space covered by these leases in 2020 is smaller compared to area leased in 2019.

NOTE 11.3 Other Commitments

192. At 31 December 2020, WMO had commitments for the acquisition of goods and services contracted but not delivered amounting to CHF 6.7 million (2019: CHF 6.3 million).

193. Under IPSAS 1 on accrual accounting and on the basis of the delivery principle, commitments for future expenses are not recognized in the financial statements. Such commitments will be settled from the unexpended portion of contributions after receipt of the related goods or services.

NOTE 12: RELATED PARTY AND OTHER SENIOR MANAGEMENT DISCLOSURE**NOTE 12.1: Key Management Personnel**

	Number of posts	Compensation and post adjustment	Entitlements	Pension and health plans	Termination indemnities	Total remuneration	Outstanding advances against entitlements at 31.12	Outstanding loans at 31.12
<i>Swiss francs</i>								
Key management personnel, 2020	3	794,441	108,451	195,098	-	1,097,990	-	-
Key management personnel, 2019	3	804,382	109,048	204,606	-	1,118,036	-	-

194. Key management personnel are the Secretary-General, the Deputy Secretary-General, and the Assistant Secretary-General, as they have the authority and responsibility for planning, directing and controlling the activities of WMO. The Executive Council is composed a president, three vice-presidents, the six regional association presidents and of 27 other directors of National Meteorological or Hydrometeorological Services, serving in an individual capacity as representatives of the Organization and not as representatives of particular Members thereof.

195. The aggregate remuneration paid to key management personnel includes: net salaries, post adjustment, entitlements such as representation allowance and other allowances, assignment and other grants, rental subsidy, personal effect shipment costs, employer pension and current health insurance contributions, and termination indemnities.

196. Key management personnel are also qualified for post-employment benefits at the same level as other employees. These benefits cannot be reliably quantified.

197. Key management personnel are ordinary participants of the United Nations Joint Staff Pension Fund.

NOTE 13: EVENTS AFTER REPORTING DATE

198. WMO's reporting date is 31 December 2020. On the date of signing of these accounts, there have been no material events, favourable or unfavourable, incurred between the Statement of Financial Position date and the date when the financial statements have been authorized for issue that would have impacted these statements.

Authorization for issue

199. These financial statements are certified by the Secretary-General and Assistant Secretary-General of WMO, in accordance with the WMO Financial Regulations and Rules.

ANNEX A - Summary of Trust Fund Information

The following tables present information related to WMO Trust Funds as at 31 December 2020 and for the year then ended. The financial information presented in the tables below is based upon the IPSAS financial statements. **Table 1** present summary financial information by Trust Fund group in line with IPSAS segment reporting. In addition, information for the Trust Funds created in 2020 is presented in **Table 2**.

Table 1 – Summary financial information by Trust Fund Group as at and for the year ended 31 December 2020 (in CHF 000's)

Trust Fund Group	Total Revenue	Total Expense	Total Assets	Total Liabilities	Net Assets
Regular Budget Support Funds	4,316	5,163	16,084	6,042	10,042
Event Funds	-	-	52	-	52
Development, Technical Assistance and Technical Cooperation Funds	10,213	15,413	67,375	61,534	5,841
National Technical Support Funds	(5)	53	-	-	-
Total	14,524	20,629	83,511	67,576	15,935

Table 2 – Summary information of Trust Funds created in 2020 (in CHF 000's)

Trust Fund Name	Trust Fund Segment	2020 Revenue	2020 Expense	Deferred Revenue at 31 December 2020
Central Asia TAS and DSI	Dev, TA, TC	204	-	-
CREWS MDTF Haiti Trust Fund	Dev, TA, TC	6	-	1,315
CREWS MDTF Measuring Effectiveness of EWS	Dev, TA, TC	34	34	103
CREWS Pacific SIDS 2.0	Dev, TA, TC	-	-	2,865
South West Indian Ocean	Dev, TA, TC	-	-	1,185
FAO Project Trust Fund	Dev, TA, TC	-	-	24
ENANDES Trust Fund for Chile, Colombia and Peru	Dev, TA, TC	466	113	6,281
State of Climate Services Report	RB Support	9	9	-

Trust Fund Name	Trust Fund Segment	2020 Revenue	2020 Expense	Deferred Revenue at 31 December 2020
Full-value Chain Optimised Climate User-centric Services for Southern Africa - WMO-implemented Activities	Dev, TA, TC	-	-	416
Full-value Chain Optimised Climate User-centric Services for Southern Africa - Pass-through	Dev, TA, TC	-	-	-

	Name	Address
WMO	World Meteorological Organization	7 bis, avenue de la Paix 1211 Geneva 2 Switzerland
Legal Counsel	WMO Legal Counsel	7 bis, avenue de la Paix 1211 Geneva 2 Switzerland
Actuaries	Aon	avenue Edouard Rod 4 1260 Nyon Switzerland
Auditor	President Corte dei conti	Viale Giuseppe Mazzini, n. 105 00195 Rome Italy
