

Financial Statements for 2023

FINAC-44

EC-78/Doc.8(1), EC-78/INF.8(1a), EC-78/INF.8(1b)

6 June 2024

Agenda

- Highlights of 2023 results and balances
- 2023 in further detail

Highlights of 2023 Results and Balances

Assessed Contributions

Assessed Contributions	
2023	2022
<p>Revenue equal to 50% of the biennial budget.</p> <p>Payment patterns improved during 2023, which is consistent with payment patterns in years in which Congress is held. Despite improvements in payments, 43% of annual assessment remained outstanding at the end of 2023 as compared to 50% at end of 2022.</p> <p>Improved early payment of 2024 assessed contributions received in 2023 – back to normal levels of around CHF 9.5 million.</p>	<p>Revenue equal to 50% of the biennial budget.</p> <p>Payment levels were generally consistent with 2021, with slight deterioration due to consistent non-payers</p> <p>Resulted in increase in allowance for non-payment of assessed contributions</p> <p>Payments in 2023 related to 2022 and prior assessments has been strong.</p>



Voluntary Contributions

Voluntary Contributions	
2023	2022
<p>Continued overall increase in all elements of voluntary contributions, particularly with EW4All at the forefront:</p> <ol style="list-style-type: none">1. Revenue increased by 9% to CHF 25 million2. Receivables for voluntary contributions increased by 11% to CHF 30 million1. Deferred revenue increased by 12% to CHF 82 million following year-end contributions, a number related to EW4All in Q4 2023.	<p>Overall increase in all elements of voluntary contributions:</p> <ol style="list-style-type: none">1. Revenue increased by 21% to CHF 23 million2. Receivables related to voluntary contributions increased by 27% to CHF 27 million related to multi-year contribution agreements3. Deferred revenue increased by 28% to CHF 71 million following increased overall contributions – expected to be implemented in the next few years.



Impact of Interest Rates

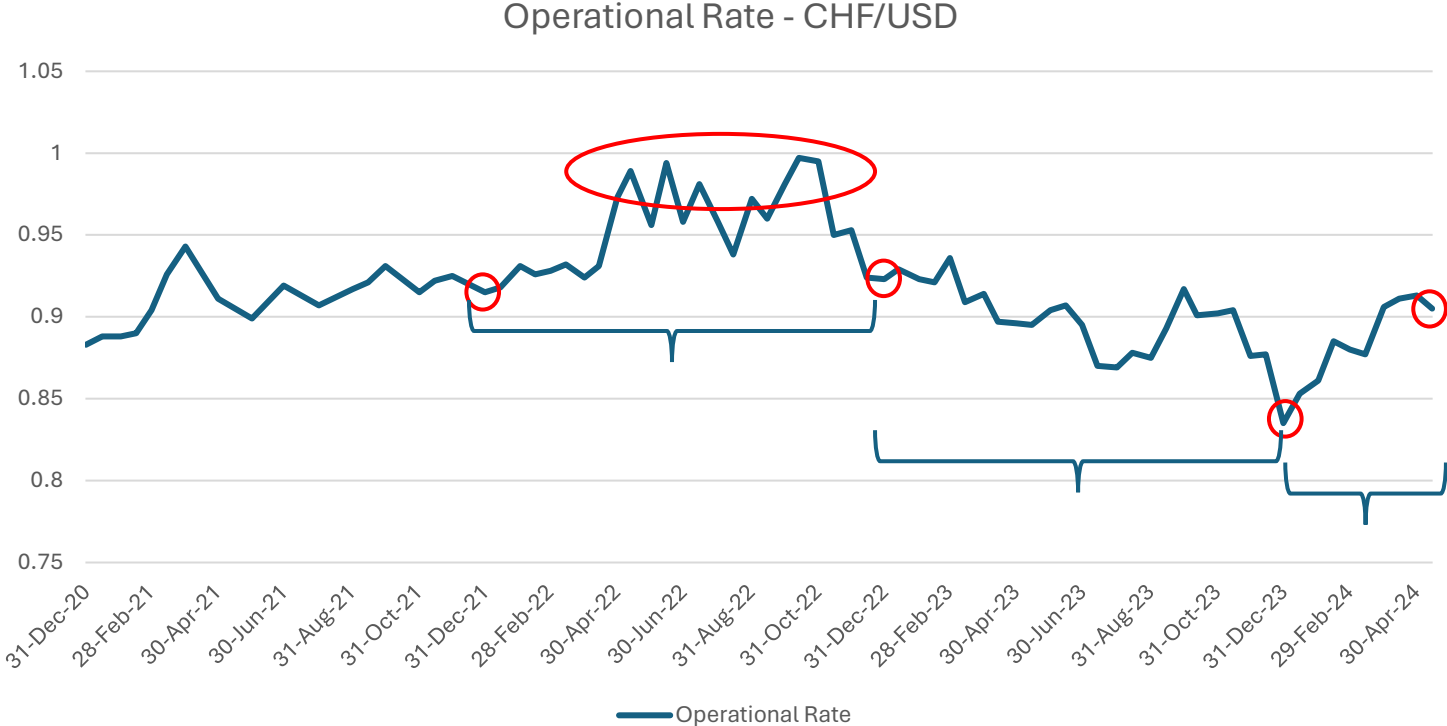
Interest Rates	
2023	2022
<p>Interest increased significantly in 2023 to CHF 1.4 million as a result of global interest rate increases in main currencies held (CHF and USD)</p> <p>Expect interest to maintain closer to 2023 levels than 2022 during 2024, although may be slightly lower (Swiss National Bank reduced their reference rate in March 2024).</p>	<p>Global central banks increased interest rates during 2022 to address inflationary pressures</p> <p>CHF interest rates became neutral in the middle of 2022 and then positive at the end of 2022.</p> <p>USD interest rates increased throughout 2022.</p> <p>Resulted in positive interest of CHF 26,000 and expect significantly higher returns in 2023.</p>

Impact of Exchange Rates

Exchange rates	
2023	2022
<p>CHF 4.2 million of exchange rate losses resulting primarily from strengthening of CHF against the US dollar.</p> <p>The foreign currency management policy aims to ensure holdings of funds in currencies are generally aligned with the currencies required for payments, while at the same time managing potential foreign exchange losses. For accounting purposes, however, exchange rates gains and losses will be experienced</p>	<p>Relatively small exchange rate losses (CHF 1.1 million) resulting from timing of receipt of contributions in non-CHF currencies during 2022 when CHF was weak against the US dollar</p>

Trend of CHF/USD rates

From 2021 through May 2024



Impact of COVID-19

Impact of COVID-19 pandemic, particularly on travel expenditures	
2023	2022
<p>Return to the new normal for travel for the whole of 2023. Allowed for full face-to-face Congress in May/June 2023.</p> <p>Allowed for increased travel expenditures during 2023 (+63%) as the first half of 2022 still had significant restrictions. Travel expenditures in 2023 were:</p> <ul style="list-style-type: none">40% participant and experts funded from RB33% extrabudgetary funded27% staff travel funded from RB	<p>Global restrictions on travel and face-to-face meetings significantly reduced.</p> <p>Allowed for significant increase in travel expenditures beginning in Q3 2022 and increased meeting and project related expenditure</p> <p>Face-to-face meetings, particularly constituent body meetings funded by the Regular Budget, began to be held again. Virtual possibilities continued.</p>

Salary Expenses

Salary expenses	
2023	2022
<p>Overall increase of CHF 5.4 million:</p> <p>Increase in professional staff costs CHF 2.6 million resulting from increases in salary costs as determined by the ICSC, a lower level of vacancies, and increased project-based staff.</p> <p>Increase of CHF 2.9 million related to the post-employment benefits liability.</p> <p>These increases were offset by a reduction in consultant costs of 0.4 million.</p>	<p>Overall increase of CHF 7.8 million:</p> <p>Reversal of provisions resulting in CHF 3.3 million increase.</p> <p>Increase in professional staff costs CHF 5.5 million resulting from completion of hiring of technical staff following the restructuring.</p> <p>Additional CHF 1.4 million in ST staff costs addressing vacancies.</p> <p>Reduction of CHF 2.5 million related to the post-employment benefits liability.</p>

Employee Benefit Liabilities

Employee Benefit Liabilities	
2023	2022
<p>No changes in methodology or approach. Generally stable staffing levels; therefore, no significant impact on liability.</p> <p>Increase in value of liability (CHF 14.8 million) was primarily driven by the reduction in long-term CHF interest rates from December 2022 to December 2023.</p>	<p>Change in methodology for estimating medical claims cost from premium basis to actual claims study.</p> <p>Resulted in:</p> <p>An approximately 50% increase in the value of the liabilities.</p> <p>A reduction in the active staff medical insurance expense of CHF 1.9 million, recognizing these costs as expenses associated with ASHI.</p>



Funds Held-in-Trust

Funds Held-in-Trust	
2023	2022
<p>Funds held on behalf of IPCC, GEO and other unconsolidated entities. Additionally, some funds held for pass-through arrangements related to SOFF.</p> <p>Levels generally consistent with 2022 for unconsolidated entities (CHF 30 million). IPCC and GEO account for approximately 90%.</p> <p>CHF 4 million held with respect to pass-through mechanisms (SOFF Peer Advisors) at the end of 2023.</p>	<p>Funds held on behalf of IPCC, GEO and other unconsolidated entities.</p> <p>Slight increase from 2021 up to CHF 30 million as COVID-19 pandemic implications carried into early 2022; however, seeing more implementation activity at the end of 2022 and into 2023.</p> <p>IPCC and GEO account for approximately 90%.</p>

Overall Analysis of 2023

Statement of Financial Performance

Revenues

(in 000's of CHF)

Revenue Category	2023	2022	Difference	Change (%)
Assessed Contributions	67,886	67,886	0	0%
Voluntary Contributions	24,929	22,879	2,050	9%
Revenue from Services	141	1,161	(1,020)	(88%)
Other Revenue	838	1,183	(345)	(29%)
In-Kind Contributions	1,870	1,870	0	0%
Total Revenue	95,664	94,979	685	1%

Revenues

- Consistent level of Assessed Contributions revenue due to annual split of biennial budget.
- Voluntary contribution revenue increased as a result of continued improved implementation and increased overall level of contributions for EW4All and other climate adaptation and mitigation activities.
- Revenue from services decreased as the “consulting” type activities reduced during 2023.
- Primary change in other revenue was driven by:
 - Foreign exchange losses experienced in 2023 due to significant strengthening of CHF as compared to USD offset by
 - Increased interest income following overall increase in global interest rates.

Expenses

(in 000's of CHF)

Expense Category	2023	2022	Difference	Change (%)
Salaries and employee benefits	68,049	62,640	5,409	9%
Meeting and projects	9,904	11,161	(1,257)	(11%)
Travel	8,875	5,430	3,445	63%
Supplies, consumable, and other running costs	6,452	6,207	245	4%
Depreciation and amortization	4,315	4,215	100	2%
In-kind expenses	1,870	1,870	-	0%
Finance costs	720	1,934	(1,214)	(63%)
Fellowships and training	2,419	990	1,429	144%
Other expenses	1,852	2,154	(302)	(14%)
Impact of joint ventures	455	126	329	261%
Total Expense	104,911	96,727	8,184	8%

Expenses

Salaries and employee benefits increased primarily due to:

- Increase in professional staff costs totaling approximately CHF 2.6 million resulting from **increases in salary costs** as determined by the **International Civil Service Commission (ICSC)**, a **lower level of vacancies** as compared to 2022, and further hiring of **project-based staff** working at WMO.
- Overall additional expense of CHF 0.2 million for the hiring of **short-term staff** to cover illnesses and to fill, in the short-term, staff positions during the recruitment of fixed term staff.
- Increase of CHF 2.9 million of staff costs related to the **actuarial liability calculation** of post-employment benefits in 2023, primarily related to increased actuarial interest and service costs.
- These increases were offset by a **reduction in consultant costs** of 0.4 million due to reduced usage of consultants during 2023.

Expenses

(in 000's of CHF)

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Expenses

- Meetings and Projects expense decreased slightly as there was a lower level of project implementation through implementing partners with further implementation through training and travel for workshops, meetings, etc.
- Travel increased due to the reduction of COVID-19 pandemic related restrictions for the full year of 2023 (travel began increasing in Q3 2022) and ongoing relatively high cost of travel due, inter alia, to high energy prices.
- 2023 travel expenses comprised participant and expert travel funded by the regular budget (40%), extrabudgetary-funded travel in support of projects (33%) and staff travel funded by the regular budget (27%);
- Fellowship and training expenses increased as a result of reduced restrictions on travel and easing of restrictions and educational institutions to support fellowship activities. Increases were experienced across all funding sources.

Performance by fund

(in 000's of CHF)

	Revenue	Expenses	2023 Net Deficit	2022 Net Deficit
General Fund Group	73,859	81,731	(7,872)	(758)
Regular Budget Support Funds	6,260	6,821	(561)	(450)
Development and Technical Assistance Funds	15,639	16,502	(863)	(542)
Others	54	5	49	2
Eliminations	(148)	(148)	0	0
Total	95,664	104,911	(9,247)	(1,748)

- All major fund groups experienced a Net Deficit in 2023 and 2022
- General Fund group implementation included significant activities that had been deferred from 2020-2021 and were implemented and expensed in 2023
- All fund groups' deficits were also impacted by foreign exchange losses on non-CHF cash holdings.

Overall Analysis of 2023

Statement of Financial Position

Assets

(in 000's of CHF)

Item	31 Dec 2023	31 Dec 2022	Change
Cash and cash equivalents	140,760	127,999	12,761
Assessed contributions receivable	18,849	22,993	(4,144)
Voluntary contributions receivable	29,995	27,041	2,954
Advances for projects and meetings	6,114	8,156	(2,042)
Other receivables	4,930	2,620	2,310
Property, plant and equipment	54,551	57,470	(2,919)
All other assets	1,184	1,716	(532)
Total Assets	256,383	247,995	8,388

Assets

- Cash and Investments increased due to:
 - Increases in voluntary contribution activity, primarily related to deferred revenue on cash received
 - Additional funds held-in-trust, primarily related to the pass-through mechanism supporting the Systematic Observation Financing Facility (SOFF) Peer Advisors
- Assessed contributions decreased primarily due to the increased level of payments from Members, which is consistent with years in which a Congress session is held.
- Voluntary contributions receivable increased due to overall higher levels of contributions to WMO supporting EW4All and other areas such as capacity development and climate adaptation and mitigation.
- Advances for project and meetings declined in 2023 due to the combination of increased implementation by WMO Implementing Partners and a lower level of utilization of Implementing Partners to implement activities.

Assets

(in 000's of CHF)

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Voluntary contributions receivable	29,995	27,041	2,954
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Other receivables	4,930	2,620	2,310
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All other assets	1,184	1,716	(532)
Total Assets	256,383	247,995	8,388

Assets

- Other receivables increased due to additional amounts due from tenants in the WMO Headquarters Building related to increased utility costs and a delay in payment in rent from one tenant at the end of 2023 (addressed at the beginning of 2024).
- Property, plant and equipment decreased as a result of depreciation expense in 2023, offset by approximately CHF 1.3 million of additions related to improvements made to both building and IT infrastructure that met the capitalization threshold.

Liabilities

(in 000's of CHF)

Item	31 Dec 2023	31 Dec 2022	Change
Payables and accruals	4,586	4,685	(99)
Employee benefits	142,032	127,215	14,817
Contributions received in advance	9,485	6,975	2,510
Unearned revenue from exchange transactions	-	20	(20)
Deferred Revenue	82,021	71,301	10,720
Borrowings	27,438	28,229	(791)
Funds held in trust	34,526	30,373	4,153
Provisions	260	1,706	(1,446)
Total Liabilities	300,348	270,504	29,844

Liabilities

- Employee Benefit Liabilities increased as a result of:
 - Increased interest and service charges that exceeded the level of payments on the liability.
 - Change in certain financial assumptions, primarily the higher discount rate due to a reduction in the long-term CHF interest rate.
- Contributions received in advance (assessed contributions) increased significantly in 2023, returning to historical levels of between CHF 9 million and CHF 10 million.
- Deferred revenue increased significantly due to the increased level voluntary contributions, many of which are multi-year in nature. There were significant funds received in Q4 2023, which will be implemented in the coming periods.

Liabilities

(in 000's of CHF)

Item	31 Dec 2023	31 Dec 2022	Change
Payables and accruals	4,586	4,685	(99)
Employee benefits	142,032	127,215	14,817
Contributions received in advance	9,485	6,975	2,510
Unearned revenue from exchange transactions	-	20	(20)
Deferred Revenue	82,021	71,301	10,720
Borrowings	27,438	28,229	(791)
Funds held in trust	34,526	30,373	4,153
Provisions	260	1,706	(1,446)
Total Liabilities	300,348	270,504	29,844

Liabilities

- The increase of funds held-in-trust primarily relates to the pass-through mechanism supporting the Systematic Observation Financing Facility (SOFF) Peer Advisors. WMO operates as an “agent” in this arrangement whereby the funds provided by the UNMPTF Office are held by WMO to be sent to the SOFF Peer Advisor until the Peer Advisor has qualified for additional funding.
- Provisions reduced significantly as:
 - the previously outstanding cases that were pending with the UN internal justice system were decided and, where required, payments were made. At 31 December 2023, there were no cases pending with the UN internal justice system.
 - The largest provision for refund to donors was finalized during 2023 (approximately CHF 1.0 million). This amount was paid in 2024 and the liability is recorded as a payable at 31 December 2023.
 - The remaining provision relates to amounts refundable to donors for which revenue had been previously recognized.

Overall Net Assets by Fund

(in 000's of CHF)

	Assets	Liabilities	2023 Net Assets	2022 Net Assets
General Fund Group	151,635	211,996	(60,361)	(40,279)
Regular Budget Support Funds	18,763	8,583	10,180	10,741
Development and Technical Assistance Funds	85,806	79,693	6,113	6,976
Others	179	76	103	53
Total	256,383	300,348	(43,965)	(22,509)

- Overall WMO and General Fund Group remained in a net negative asset position in 2023 resulting from:
 - The net loss for 2023 as described earlier and
 - The increase in the net actuarial loss on employee benefit liabilities.

- Voluntary contribution fund groups' net asset positions remained generally consistent. Decreases in overall net assets were due to the net deficit experienced during 2023.

Reflection in EC-78 Document

THE EXECUTIVE COUNCIL:

Noting the unqualified audit opinion of the External Auditor on the Financial Statements

Approves the audited financial statements for the World Meteorological Organization for the year 2023 (see document [EC-78/INF. 8\(1a\)](#));

Requests the Secretary-General to:

- (1) Transmit the financial statements together with the Secretary-General's report and the report of the External Auditor thereon to all Members of the World Meteorological Organization;
- (2) Continue to report progress on the implementation of the management action plan related to External Auditor recommendations to the Audit and Oversight Committee and the Executive Council

FINAC Recommendation

Recommendation 3:

That the Executive Council adopts [draft Resolution 8/1 \(EC-78\)](#) – Financial Statements of the World Meteorological Organization for the year 2023.

