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Report of the Secretary-General

Part III: Administrative and statutory matters

(b) UNWTO financial report and audited Financial Statements for the year ended 31 December 2016

I. Introduction

1. In accordance with Financial Regulation 14.7, the Financial Statements of the World Tourism Organization for the year ended 31 December 2016 are submitted by the Secretary-General to the Executive Council.

2. The Financial Statements were subjected to external audit in accordance with Annex 1 to the Financial Regulations. The audit opinion and report of the External Auditors on the Financial Statements is submitted to the Executive Council in accordance with Financial Regulation 17.2.

3. The following document includes also the Secretary-General's discussion and analysis of UNWTO's financial position and financial and budgetary performance for the financial year ended 31 December 2016.

4. The report also includes a chapter on after-service employee benefits liabilities. The subject of the definition, funding and management of after-service employee benefits liabilities, and in particular After-Service Health Insurance (ASHI) is being analysed by the ASHI Working Group of the UN Finance and Budget Network (UNFBN) under the auspices of the Chief Executives Board (CEB) with a view to identifying actions to be taken to develop common approaches by United Nations system organizations. An Annex is included in the said document to show the background and progress to date of the UN ASHI Working Group.

II. Audit opinion

5. The External Auditors have issued an unqualified opinion on the UNWTO Financial Statements for the year ended 2016. As expressed in the External Auditors' opinion, "the UNWTO Financial

Statements present, in all material respects, a true image of the net assets and financial situation of the World Tourism Organization as at 31 December 2016, as well as of its performance, its cash flows and changes in equity for the year then ended, in accordance with the applicable regulatory framework for financial reporting, and in particular, with the accounting principles and criteria contained therein".

6. Following the request of the Executive Council (CE/DEC/9(CIII) and close collaboration between UNWTO and the Government of Andorra, the issue which led the exception to the 2015 external audit opinion regarding the timing difference in the auditing of the Financial Statements of the Themis Foundation has been resolved. For the 2016 Financial Statements, the audit report of the 2016 Financial Statements of the Themis Foundation was available at the time of the performance of the UNWTO external audit, to the satisfaction of the UNWTO External Auditors.

III. Actions to be taken by the Executive Council

7. The Executive Council is invited:

(a) To take note with satisfaction of the unqualified opinion of the External Auditors that the UNWTO Financial Statements for the year ended 2016 present a true image of the financial position of the UNWTO as at 31 December 2016 and of its performance, its cash flows and changes in equity for the year ended 31 December 2016, in compliance with UNWTO Financial Regulations and Rules and International Public Sector Accounting Standards;

(b) To take note that the issue which led to an audit opinion exception regarding the timing difference in the auditing of the Financial Statements of the Themis Foundation raised during the external audit of the UNWTO Financial Statements for the year ended 2015 has been resolved;

(c) To recommend the General Assembly to approve the UNWTO Financial Statements for the year ended 2016;

(d) To note that in the financial year 2016 the level of budgetary expenditure was maintained within the limit of approved appropriations, resulting in an implementation rate of 92% out of the total budgetary income and to observe that the level of budgetary income received (cash-in) in 2016, including Members' arrears, represents 94% of the approved budget income, resulting in a cash surplus which was returned to the Working Capital Fund (WCF) to partially cover the advance made from the WCF in previous years;

(e) To recommend that the Secretary-General continue in 2017 his approaches to Members that owe contributions to the Organization in order to secure their payment;

(f) To approve the adjustments made by the Secretary-General to the 2016 transfers of appropriations indicated in the document recommended by the Programme and Budget Committee and by the Executive Council members through a written consultation in accordance with Financial Regulation 5.3(a) and 5.3(b);

(g) To take note of the decisions taken by the UN General Assembly following its consideration of the report on After Service Health Insurance (ASHI) of the UN ASHI Working Group;

(h) To request the Secretary-General to continue monitoring the progress of the UN ASHI Working Group, particularly on full funding or alternatives to full funding of ASHI liabilities and on standardizing the general valuation methodology, in order to assess, in the context of the social and legal backdrop as well as acquired rights, cost-containment measures for UNWTO after-service employee benefits and to take into account, as appropriate, UN ASHI Working Group recommendations on adequate funding of the ASHI liability prior to presenting draft budgets and proposals to the Executive Council; and

(i) To express its gratitude to the Chair of the Programme and Budget Committee (Argentina) and the External Auditor (Spain) for the work carried out.

UNWTO Financial Report and Audited Financial Statements for the Year Ended 31 December 2016

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Financial Report of the Secretary-General for the year 2016

Introduction

1. In accordance with Financial Regulation (FR) 14.7 I have the honour to submit to the Executive Council (EC) the Financial Statements (FS) of the World Tourism Organization (UNWTO) for the year ended 31 December 2016.

2. The Financial Statements were subjected to external audit in accordance with Annex I to the Financial Regulations. The audit opinion and report of the External Auditor (EA) on the Financial Statements are submitted to the Executive Council in accordance with Financial Regulation 17.2.

3. This section, the financial report, presents the Secretary-General's discussion and analysis of UNWTO's financial position and financial and budgetary performance for the financial year ended 31 December 2016.

Overview of the Financial Statements

4. The Financial Statements are prepared in accordance with the UNWTO Financial Regulations, UNWTO Detailed Financial Rules and International Public Sector Accounting Standards (IPSAS)[1].

5. The present Financial Statements are the third prepared by UNWTO under IPSAS. The basis of IPSAS is the accrual accounting concept whereby transactions are recorded and reported when they occur and not when they are paid. IPSAS-based Financial Statements provide greater insights into an organization's revenue, expense, assets, liabilities and reserves and improves decision-making, financial management and planning at management and governance levels.

[1] FR 14.1

6. The Financial Statements consist of:

(a) A statement of financial position

Provides information on UNWTO's assets, liabilities, accumulated surplus/deficit and reserves at year end. It gives information about the extent to which resources are available to support future operations.

(b) A statement of financial performance

Presents the net surplus or deficit for the year—the difference between revenue and expense. It provides information on the nature of about the UNWTO's programme delivery expense and the amounts and sources of revenue.

(c) A statement of changes in net assets/equity

Highlights the sources of changes in the overall financial position.

(d) A cash flow statement

Provides information on UNWTO's liquidity and solvency including the sources and utilization of cash during the financial period. It explains the difference between the cash coming in and cash going out.

(e) A comparison of budget and actual amounts – Regular Budget

Highlights the extent to which approved Regular Budget (RB) resources were utilized and presents the difference between the actual budgetary expenditure and the approved budget appropriation.

(f) Notes to the Financial Statements

Assist in the understanding the Financial Statements. Notes comprise of a summary of significant accounting policies and other detailed tables and explanatory information. The notes also provide additional financial statement information and disclosures as required by IPSAS.

7. The Financial Statements also present information on the separately identifiable business segments, namely:

(a) The Programme of Work Services (PoWS)

The Programme of Work Services segment, being the General Fund (GF) mainly financed from the assessed contributions of the Members, covers (i) the main operations of the Organization for which programme appropriations for the financial period are voted by the General Assembly (the Regular Budget's (RB) programme of work) and, (ii) other non-RB activities within the GF.

(b) Other Services (OS)

The Other Services segment comprises the Voluntary Contributions Fund (VCF) and the Funds In Trust (FIT) and mainly relates to projects and activities financed from voluntary funding provided by donors through agreements or other legal authority.

8. The major financial reporting and disclosure aspects under IPSAS are:

(a) All UNWTO financial transactions are reported in a single set of Financial Statements with detailed information and segment information presented in the notes.

(b) Revenue for assessed contributions is recognized when UNWTO has the right to receive the contribution—that is to say at the beginning of each year. Voluntary contributions are fully recognized as revenue on the receipt of a confirmed contribution unless they contain performance conditions, which are to be met before recognition. In-kind contributions such as rent-free premises or material services such as travel or goods are also recognized as revenue. All other revenue is recognized on an accrual basis in the period the transaction occurred.

(c) Allowances are made where the receipt of receivables is considered doubtful.

(d) Expense is presented in the Financial Statements by nature of expense and is recognized when goods and services have been received.

(e) Inventories of a material nature such as publications are expensed on sale or distribution.

(f) The recognition of all employee liabilities to be paid out in future periods on an accrual basis including accumulated annual leave, end of service benefits and after-service medical liabilities determined by independent actuaries.

(g) Fixed and intangible assets are presented under IPSAS accounting policies.

(h) Recognition of the in-kind contribution of the annual lease of the Headquarters building in Madrid provided on a no-cost basis by the Government of Spain.

(i) Reconciliation is provided between the Statement of Financial Performance prepared on an accrual basis and the Statement of Comparison of Budget and Actual Amounts which is prepared and utilized on a modified accrual basis.

(j) Unspent approved budgetary provisions at year end are included in accumulated surpluses pending their utilization.

(k) Reserves are those specifically approved by the EC/GA.

(l) Budgetary commitments do not represent liabilities unless they are payables resulting from goods or services delivered during the financial year.

(m) Additional disclosure is made in respect of the financial risk management of the Organization and in respect of the remuneration of the key management personnel comprising personnel at and above D2 level.

9. Several key financial definitions under IPSAS are presented below to enhance the usability and understanding of these Financial Statements:

(a) Assets are resources controlled by UNWTO as a result of past events in which future economic benefits or service potentials are expected to flow to UNWTO.

(b) Liabilities are present obligations arising from past events, the settlement of which is expected to result in an outflow of resources embodying economic benefits or service potential.

(c) Net assets are the residual interest in the assets of UNWTO after deducting all its liabilities.

(d) Revenue is the gross inflow of economic benefits or service potential during the reporting period when those inflows result in an increase in net assets.

(e) Expenses are decreases in economic benefits or service potential during the reporting period in the form of outflows or consumption of assets or incurrence of liabilities that result in decreases in net assets.

(f) Non-exchange transactions are those transactions for which UNWTO either receives from or gives value to another entity without directly giving or receiving approximately equal value in exchange.

(g) Monetary items are units of currency held and assets and liabilities to be received or paid in fixed or determinable amounts.

(h) Surplus for the period is the excess of all items of revenue over expense recognized in a period.

10. Under the accrual basis of accounting, revenues and expenses are recognized in the Financial Statements in the period to which they relate. The excess of revenues over expenses results in a surplus which is carried forward to the accumulated surplus. These accumulated surpluses represent the unexpended portion of contributions to be utilized, as authorized, in requirements of the Organization.

11. Under IPSAS, the matching principle of revenue and expense does not apply to non-exchange transactions. The focus of IPSAS is the financial position, which is evidenced by the recognition of assets, when there is sufficient control, and of liabilities, when the criteria to recognize liabilities exist.

Aims, membership and strategic objectives of UNWTO

12. UNWTO's aims, as summarized in Article 3.1 of its Statutes, are "the promotion and development of tourism with a view to contributing to economic development, international understanding, peace, prosperity, and universal respect for, and observance of, human rights and fundamental freedoms for all without distinction as to race, sex, language or religion".

13. UNWTO's membership includes 156 countries, 6 Associate Members and over 476 Affiliate Members representing the private sector, educational institutions, tourism associations and local tourism authorities.

14. The Organization's governance, through the General Assembly and the Executive Council, is defined in the UNWTO Statutes[2].

15. The Programme of Work (A/21/8(I)(b))[3] sets out the strategic objectives of UNWTO over the period 2016-2017:

(a) The first strategic objective aims at improving the competitiveness of the Member States' tourism sector by promoting quality, innovation and excellence in tourism policy and destination management, product development and marketing, advancing travel facilitation and connectivity, reducing seasonality defining adequate tourism taxation and providing updated and relevant market information and data on trends, forecasts and the contribution of tourism to the economy and employment.

(b) The second strategic objective aims at promoting sustainability and responsibility in all aspects of tourism development among both private and public sectors and in the framework of the Post-

[2] Articles 9 to 20 of the Statutes
[3] Approved by resolution A/RES/619(XX)

2015 Sustainable Development Goals. This includes the promotion of ethical policies, behaviour and practices, improving resource management, enhancing accessibility for all, advancing tourism's contribution to peace, development and poverty alleviation, the preservation of cultural heritage and natural environments, namely in the scope of the fight against climate change, as well as the full integration of tourism into local economies, ensuring a fair distribution of the sector benefits amongst host communities, their full engagement in tourism development, respect for their social and cultural values and an overall contribution to the resilience of the sector.

16. Throughout the current financial period, the Organization continued to make significant efforts in a very challenging financial environment to ensure programme delivery towards the attainment of strategic objectives.

17. Funding of UNWTO is mainly through Regular Budget assessments on Members and through voluntary and trust fund contributions in support of the strategic objectives[4].

[4] FR 6, 10.3 and 10.4

Financial Statements highlights

Budgetary performance of the Regular Budget

Budgetary result of the Regular Budget

Table 1 - Comparison of budget and actual amounts and budgetary cash balance - Regular Budget for the year ended 31 December 2016
Euros

	Approved income / Original budget [1]	Final budget [2]	Actual amounts on comparable basis	Differences budget and actual [3]	Budgetary cash balance (cash-in less expenditure)
Budgetary difference	**0.00**	**0.00**	**1,065,347.40**	**-1,065,347.40**	**295,556.90**
Budgetary income	*13,492,000.00*	*13,492,000.00*	*13,415,038.50*	*76,961.50*	*12,645,248.00*
Contributions from Full and Associate Members	12,556,000.00	12,556,000.00	12,448,488.64	107,511.36	10,836,019.61
Other income sources	936,000.00	936,000.00	966,549.86	-30,549.86	724,703.54
Allocation from accumulated surplus - Publications store	333,000.00	333,000.00	333,000.00	0.00	333,000.00
Affiliate Members	603,000.00	603,000.00	633,549.86	-30,549.86	391,703.54
Arrear contributions	0.00	0.00	0.00	0.00	1,084,524.85
Budgetary expenditure	*13,492,000.00*	*13,492,000.00*	*12,349,691.10*	*1,142,308.90*	*12,349,691.10*
A Member Relations	2,436,000.00	2,311,240.50	2,311,240.50	0.00	2,311,240.50
B Operational	3,612,000.00	3,626,759.50	3,124,625.16	502,134.34	3,124,625.16
C Support, Direct to Members	3,985,000.00	4,040,000.00	4,027,398.28	12,601.72	4,027,398.28
D Support, Indirect to Members	3,459,000.00	3,514,000.00	2,886,427.16	627,572.84	2,886,427.16

[1] In accordance with Programmes structure and appropriations approved originally by A/RES/651(XXI) of document A/21/8(I)(b), its structure update approved by CE/DEC/8(CIII) of document CE/103/7(a) and its structure update approved by CE/DEC/8(CIV) of document CE/104/7(a).
[2] After transfers.
[3] Differences between final and actual budgetary income are due to: (a) EUR 107,114.36 due to the withdrawal of Australia on 18 August 2016, (b) EUR 397 rounding difference, and (c) Affiliate Members budgetary income was prepared based on an estimated number of Members.

18. This section analyses the Regular Budget as approved by the General Assembly. The Regular Budget is voted by the General Assembly of UNWTO for a biennium of two consecutive calendar years beginning with an even-numbered year[5]. The biennial budget is presented on an annual basis to cover the proposed programme of work of the Regular Budget for each financial year of the financial period[6].

19. The Regular Budget is financed from assessed contributions from Members[7] and budgetary allocations. Appropriations are available for budgetary commitments during the financial period to which they relate and for a further twelve months[8].

20. The Regular Budget of the Organization covering the two-year budget period 2016-2017 (A/21/8(I)(b)) was approved by the General Assembly (A/RES/651(XXI)) at EUR 26,984,000 broken down into the 2016 and 2017 annual budgets both amounting to EUR 13,492,000. The 2016 annual budget was adjusted by transfers[9] of EUR 365,218 as explained in Annex II on Appropriations transfers - Regular Budget.

21. In 2016, total budgetary income and total budgetary expenditure amounted to EUR 13,415,039 and EUR 12,349,691 respectively, resulting in an implementation rate of 92% out of the total budgetary income. Therefore, the budgetary result (total budgetary income less total budgetary expenditure) shows a surplus of EUR 1,065,347. UNWTO reports bi-annually to the Executive Council on the status of the biennial budget implementation[10] of the Regular Budget.

[5] FR 2, FR 4.4
[6] FR3, DFR IV.4
[7] FR 6
[8] FR 5.1(a), FR 5.2 (a)
[9] FR 5.3 (b)
[10] DFR III.4

22. The total budgetary income received (cash-in) amounts to EUR 12,645,248, including the Members' arrears received during the year ended 31 December 2016 (EUR 1,084,525), which represents 94% of the approved budgetary income.

23. The budgetary cash balance (total budgetary income received (cash-in) less budgetary expenditure) resulted in a cash surplus of EUR 295,557 which was returned to the Working Capital Fund[11] (see Annex III on Working Capital Fund available balance and advance to the Regular Budget).

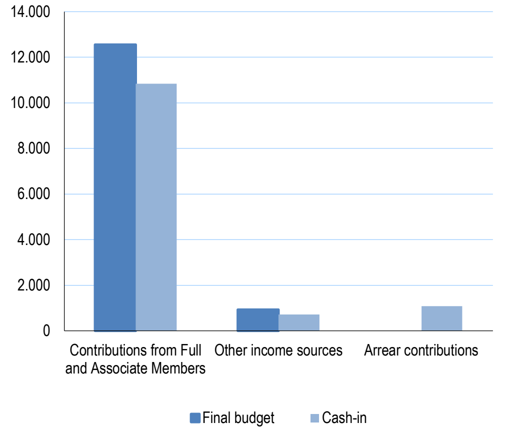


Figure 1 - Budgetary income: final budget vs cash-in (EUR thousands)

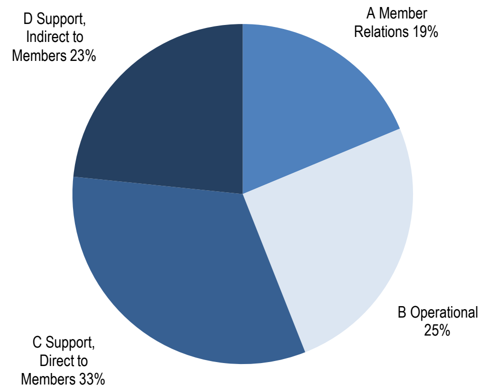


Figure 2 - Budgetary expenditure by programme: actual amounts

Comparison of financial performance to budgetary result of the Regular Budget

Table 2 - Reconciliation of financial performance with budgetary result of the Regular Budget for the year ended 31 December 2016
Euros

Financial surplus/(deficit) in the Statement of financial performance	*386,742.16*
Entity differences	1,245,792.84
Basis differences	-1,924,398.08
Budgetary result in the Statement of comparison of budget and actual amounts	**1,065,347.40**

24. The budget and the accounting bases differ. Consequently, the following differences have to be taken into account in the reconciliation between the financial performance (Statement of Financial Performance) and the budgetary result (Statement of Comparison of Budget and Actual Amounts):

(a) Entity differences

The Statement of Financial Performance includes all operations of UNWTO while the Statement of Comparison of Budget and Actual Amounts is limited to the operations related to the Regular Budget.

The General Fund[12] of the Organization is established for the purpose of accounting: (i) financial transactions in relation to the Regular Budget and (ii) other financial transactions not related to the Regular Budget (such as, miscellaneous revenues). The latter transactions (ii) as well as the VCF and the FIT, not being part of the Regular Budget, are entity differences eliminated in the reconciliation.

[11] FR 10.2(b)
[12] FR 10.1, FR 4.4, FR 2

(b) Basis differences

The Statement of Financial Performance is prepared on a full accrual basis in compliance with IPSAS while the Statement of Comparison of Budget and Actual Amounts is prepared on modified accrual basis in accordance to the Regular Budget.

The Regular Budget is approved on a modified accrual basis, whereby income is budgeted on an accrual basis plus allocations from accumulated surplus and expenditures are budgeted when it is planned that expenses will be accrued except for:

(i) Property, plant and equipment, intangible assets and finance lease liabilities which are budgeted when it is planned that payments will be made;

(ii) After-service employee benefits expenses for ASHI and other after-service benefits accrued in accordance with IPSAS but which are in excess of budgetary appropriations, which are based on expected annual disbursements (pay-as-you-go (PAYG) approach);

(iii) Allowance of unpaid Members' contributions and other accounting differences (such as foreign exchange differences, in-kind donations, depreciation/amortization, impairment and loss on sale of PPE and IA) which are unbudgeted; and

(iv) Transfer to the Replacement Reserve[13] which is budgeted based on the depreciation and amortization of previous years.

(c) Presentation differences

The Statement of Financial Performance uses a classification based on the nature of expenses while the Statement of Comparison of Budget and Actual Amounts classifies expenses by programmes/projects.

In the Regular Budget, the expenditures are classified between Member Relations (Major Programmes A), Operational (Major Programmes B), Support – Direct to Members (Major Programmes C) and Support – Indirect to Members (Major Programmes D)[14]. The financial impact of the presentation differences is zero.

[13] DFR VI 21-23
[14] FR 4.3

Financial performance

Revenue analysis

25. Total revenue amounted to EUR 22,538,536 UNWTO's activities are mainly funded by assessed contributions on its Members. Net revenue of EUR 13,584,889 from Members' assessed contributions represents 60% of the total revenue.

26. The remaining 40% of the revenue came from other contributions (Voluntary Contributions and Funds In Trust) of EUR 4,953,513 and other revenue amounting to EUR 4,000,134 Other revenue includes publication sales (EUR 303,956) and in-kind contributions (EUR 2,829,417).

27. In-kind donations have been recognized in respect of donated premises and conference facilities (EUR 2,125,864) and donated travel (EUR 703,553).

28. All of the amounts recorded as revenues may not ultimately be received. For this reason, UNWTO recognizes allowances for doubtful accounts.

Figure 3 - Revenue by source

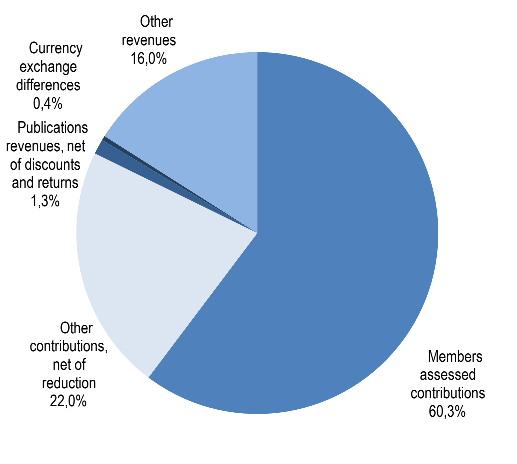
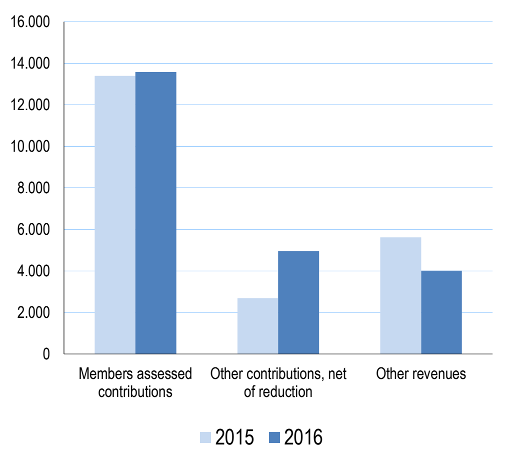


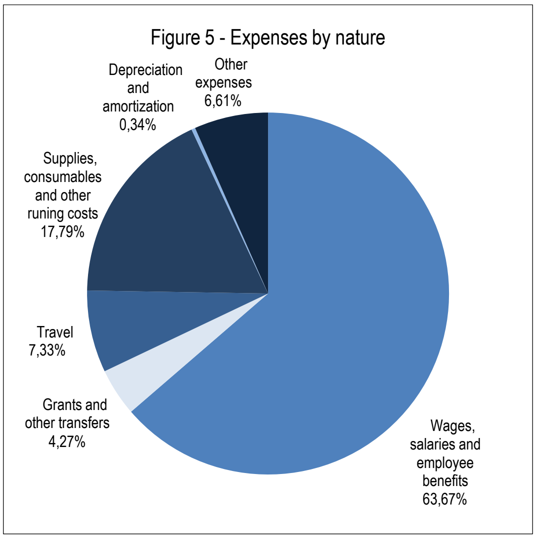
Figure 4 - Revenue by source (EUR thousands)

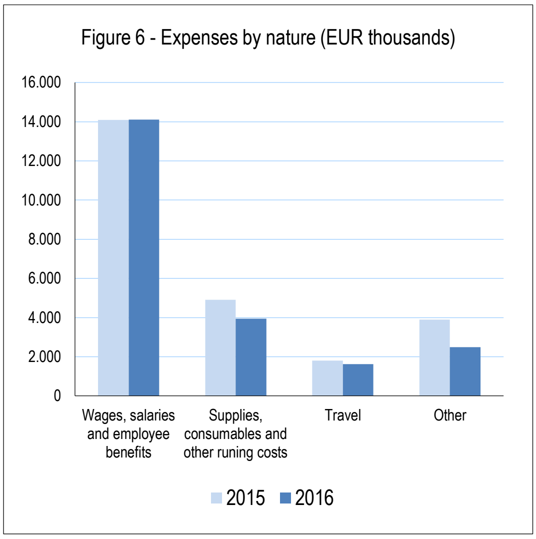


Expense analysis

29. Total expense amounted to EUR 22,151,793. Wages, salaries and employee benefits, the main category of expenditure, represent 64% of the total expenses (EUR 14,103,945). Salaries of regular staff amounted to EUR 8,836,945 (63% of wages, salaries and employee benefits). A further EUR 3,861,478 (27%) was spent on temporary personnel and consultants to support the delivery of the programmes and projects. The remaining EUR 1,405,521 (10%) relate to accrual of after-service employee benefits for current and retired staff.

30. Supplies, consumables and other running costs amounts to EUR 3,940,822 and represent 18% of total expenses. This category mainly includes supplies and consumables (EUR 556,195), rental expenses, including in-kind rental (EUR 2,152,374), contractual services (EUR 1,031,466), publishing expenses (EUR 71,376) and expendables (EUR 129,412).





Performance segment analysis

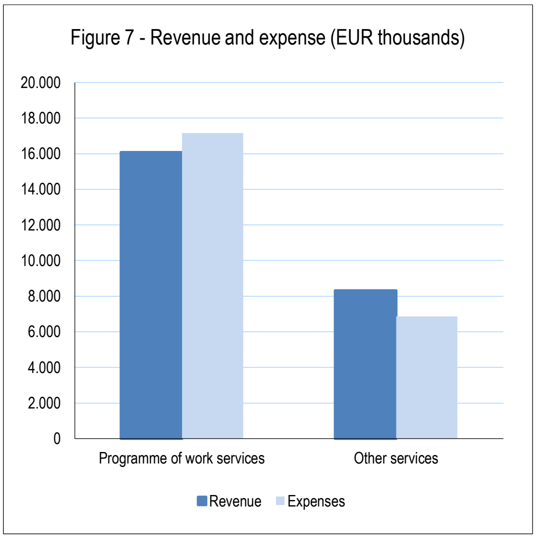
Table 3 - Summary financial performance by segment
for the year ended 31 December 2016
Euros

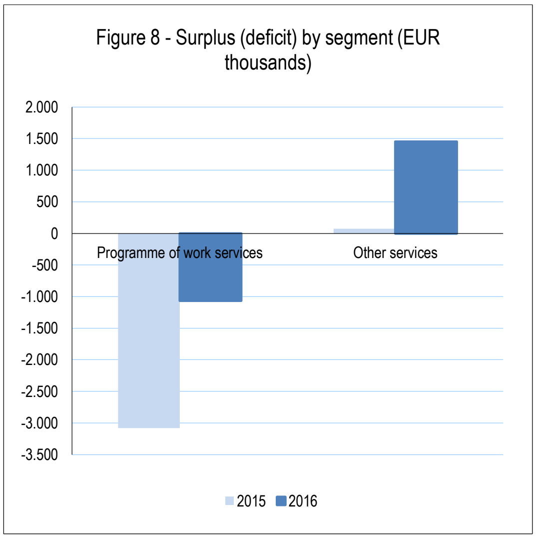
	Programme of work services	Other services	Inter-segment elimination*	Total UNWTO
Revenue	16,090,553.45	8,315,666.98	-1,867,684.88	22,538,535.55
Expenses	17,155,736.10	6,863,742.17	-1,867,684.88	22,151,793.39
Surplus/(deficit) for the year	**-1,065,182.65**	**1,451,924.81**	**0.00**	**386,742.16**

*Internal activities lead to transactions between segments. They are reflected here to accurately present this financial statement

31. The Programme of Work Services segment recorded a deficit of EUR -1,065,183. The deficit is mainly due to the impact of allowances on doubtful accounts (EUR 861,903) and of the unbudgeted interest and service costs and the change in actuarial valuation for after-service employee benefits (EUR 1,135,521).

32. The Other Services segment recorded a surplus of EUR 1,451,925 reflects IPSAS requirements and UNWTO accounting policies for unconditional non-exchange transactions in which the revenue is recorded once the corresponding agreement is signed while the expenses are recorded upon delivery in the same or subsequent financial year/s.





Financial position

Assets, liabilities and net equity analysis

33. Assets as at 31 December 2016 totalled EUR 21,693,882 (EUR 20,890,383 as at 31 December 2015). The Organization has cash and cash equivalent balances of EUR 16,226,782, representing 75% of total assets. Net outstanding contributions amount to EUR 4,107,654 representing 19% of total assets. Property, plant and equipment and intangible assets have a total net book value of EUR 528,836.

34. Liabilities as at 31 December 2016 totalled EUR 22,332,053 (EUR 22,160,702 as at 31 December 2015). Payables and accruals and advance receipts amount to EUR 838,141 and EUR 1,621,755 respectively, together representing 11% of total liabilities. 86% of total liabilities of the Organization are attributable to employee benefits most of which are non-current liabilities. Of the total employee benefits liabilities (current and non-current) of EUR 19,235,976, EUR 361,767 (2%) are current.

35. An overall working capital (current assets less current liabilities) of EUR 17,401,804 indicates a strong liquidity position. However, the Organization's ability to meet budgetary expenditures and short-term obligations could be impacted if delays are encountered in the collection of Members' contributions.

36. The impact of the after-service employee benefit liabilities (non-current employee benefit liabilities) results in a non-current position (non-current assets less non-current liabilities) of EUR -18,039,974 which will be met from future payments of contributions or reserves.

Figure 9 - Assets

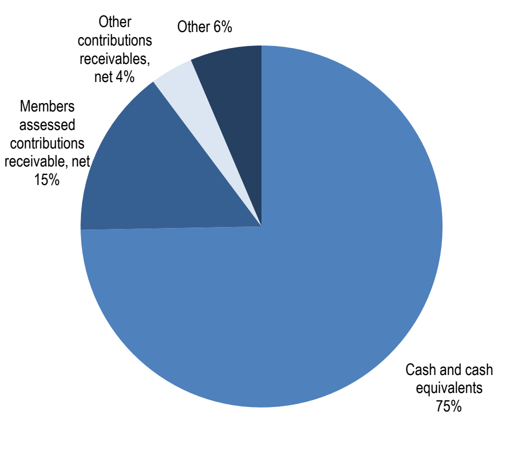
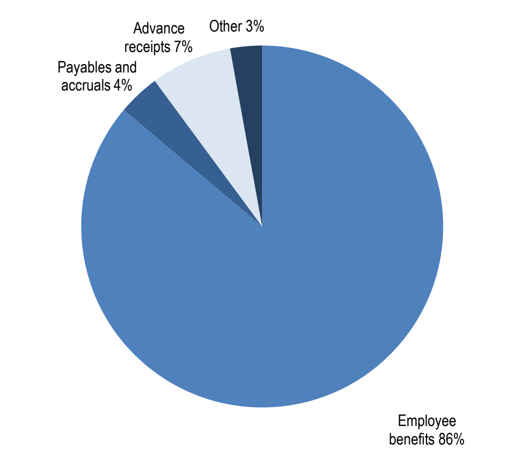


Figure 10 - Liabilities



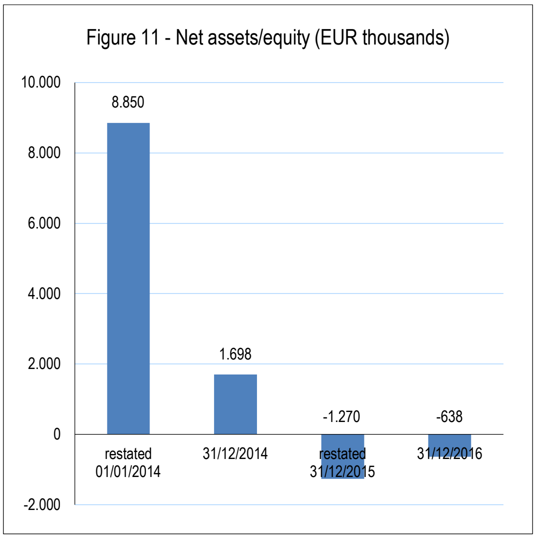
37. At 31 December 2016 the net negative equity of the Organization amounts to EUR 638,171, an improvement over the previous year (EUR -1,270,319 at 31 December 2015) and is represented by:

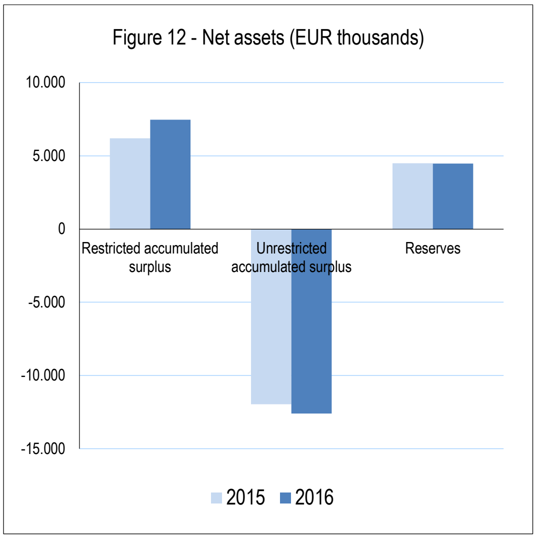
Table 4 - Net assets/equity
at 31 December 2016
Euros

	31/12/2016
Net assets/equity	**-638,170.93**
Reserves	4,474,599.04
Unrestricted accumulated deficit	-12,589,355.45
Unbudgeted after-service employee benefits	-17,509,073.28
General Fund and Publications Store	4,919,717.83
Restricted accumulated surplus	7,476,585.48

38. It should be noted that the reserves and the restricted accumulated surplus available to the Organization for future use are not without restrictions. Such net assets can only be applied in accordance with the

terms of reference of the reserve or project concerned or the appropriate contractual agreement with the donor, and as such there are restrictions on their future use.





Assessed contributions

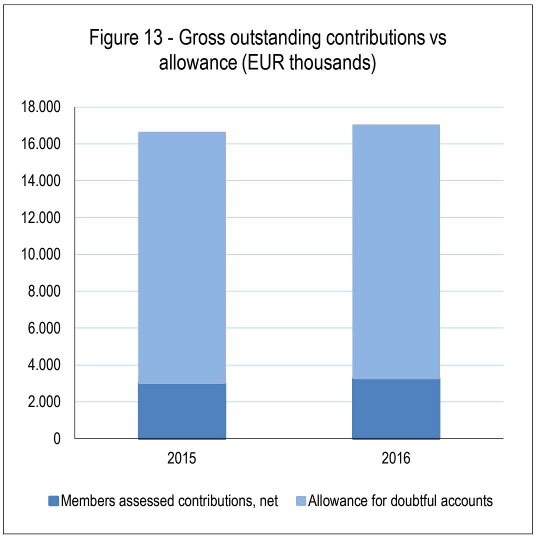
39. Gross outstanding assessed contributions amounted to EUR 17,010,586 and are similar to the level at 31 December 2015. In accordance with UNWTO accounting policies, an allowance of EUR -13,733,610 was made against the amount outstanding, bringing the net assessed contributions in the Statement of Financial Position to EUR 3,276,976. The gross assessed contributions are due and payable to the Organization in accordance with the Statutes[16] and Financial Regulations[17] of the Organization.

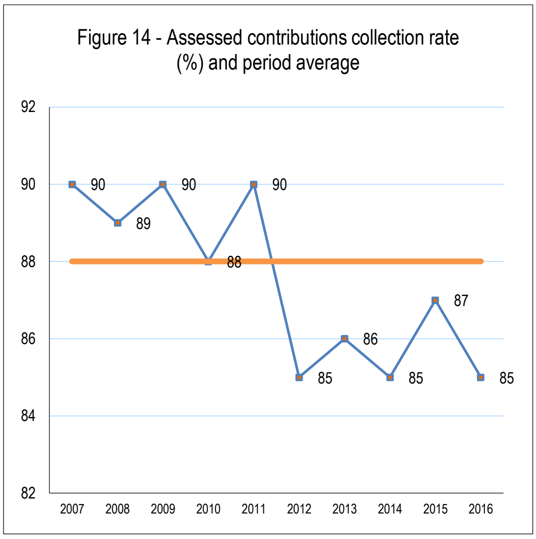
40. The collection rate of assessed contributions has deteriorated in recent years and at the end of 2016 represented 85% of contributions, which is three percentage points below the average of the last ten years (88%). The General Fund cash balance, and ability of the organization to meet its day-to-day and short-term obligations, is dependent on the timing of the payment of assessed contributions by Members.

41. The list of Members' outstanding assessed contributions as at 31 December 2016 is shown under Annex IV on the Statement of contributions due to the General Fund and the Working Capital Fund.

42. At 31 December 2016, 19 Members have payment plans to settle their outstanding contributions for a total of EUR 5,886,778.

[16] Statutes/Financing Rules Annex, para. 12
[17] FR 7.2





After-service employee benefits liabilities

43. At UNWTO after-service employee benefits liabilities include: After Service Health Insurance (ASHI), Accumulated Annual Leave (AAL) and End of Service Benefits (EoSB) (repatriation grant, end of service transport costs and removal expenses). These liabilities are calculated by a professional firm of actuaries. The most recent actuarial valuation carried out by UNWTO is dated 31 December 2016.

44. At 31 December 2016, after-service employee benefits liability amounts to EUR 19.12 million (M) representing an increase of EUR 0.87M from 2015 liability and EUR 1.88M from 2014 liability. Key changes related to economic and demographic assumptions since the prior valuation (31 December 2014) are summarized as follows:

(a) Discount rate experience is unfavourable

The discount rate is the most important economic assumption for the valuations. Lower discount rates produce higher liabilities because the future cash flows are discounted less. At 31 December 2016, the discount rates for ASHI and EoSB/AAL are 2.56% and 1.88%, respectively (2.92% and 2.29% respectively at 31 December 2014). The total Defined Benefit Obligation (DBO) increased by EUR 1.3M at 31 December 2016 as the result of change in the discount rates since the prior valuation.

(b) Inflation experience is favourable (ASHI)

Medical inflation is one of the principal assumptions in the ASHI valuation, a 1% increase in medical inflation has about the same impact as a 1% decrease in the ASHI discount rate. Because of economic downturn in Spain during the prior valuation, it was estimated that medical costs would increase at an initial rate at 2% per year in 2015, rising 0.25% to 3.5% in 2021. Based on UNWTO's favourable claims experience and the economic recovery in Spain, for the 31 December 2016 valuation, the increase was estimated at an initial rate at 5.1% in 2017, reducing by 0.5% every five years to the ultimate rate of 3.1% in 2037. The medical trend update increased the 31 December 2016 DBO by about EUR 2.2M.

(c) Medical claims experience is favourable (ASHI)

The ASHI liability is determined as the present value of expected future medical claims and administrative expenses for retirees and their dependents, net of expected premium payments by those participants. Medical claims are assumed to increase each year with medical inflation and are also assumed to increase as participants get older. The effect of in-network services (a range of fully covered services within Spain) introduced in 2012 by UNWTO has been fully phased-in. The retiree claim experience appears to have been more favourable than expected, resulting in a reduction in DBO by about EUR 2.9M.

(d) Demographic experience is unfavourable

Demographic experience (i.e., changes in the covered population) since the prior valuation was unfavourable. This is primarily due to fewer staff than expected separating before retirement eligibility, meaning that those staff may receive ASHI benefits in the future.

45. The change in net assets from EUR -1,270,319 in 2015 to EUR -638,171 in 2016 includes the impact of unbudgeted after-service employee benefits liabilities. The correlation between net assets and after-service employee benefits liabilities and the impact of the after-service employee benefits liabilities on the net assets are shown in the figures of below:

Figure 15 - Net assets vs after-service employee benefits liabilities (EUR thousands)

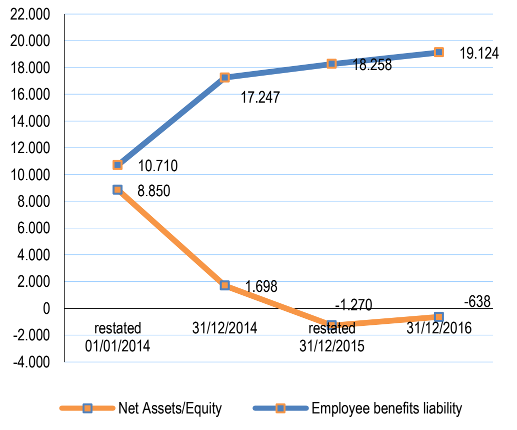
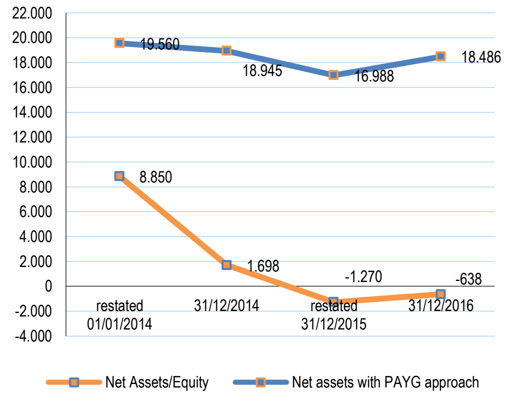


Figure 16 - Current net assets vs estimate net assets using pay-as-you-go basis for after-service employee benefits liabilities (EUR thousands)



After-Service Health Insurance (ASHI)

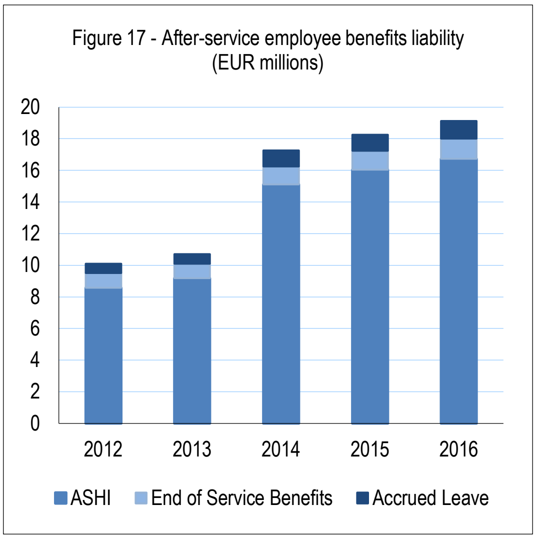
46. ASHI is the most significant after-service employee liability. Staff members with at least 10 years of service from the date of entry at UNWTO and having reached the minimum age of 55 at the time of separation can continue to benefit from the Organization's health insurance scheme.

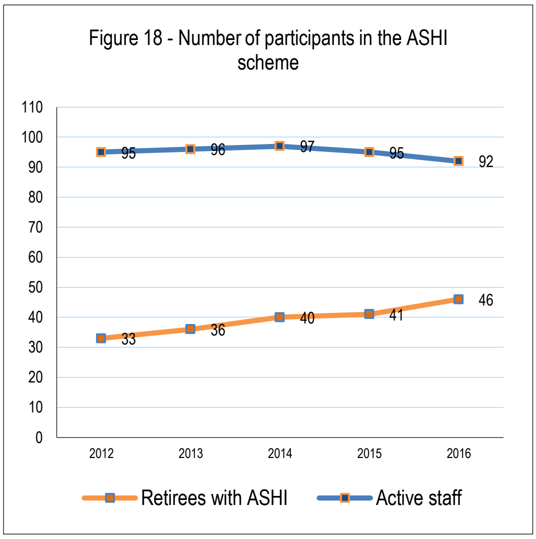
47. The ASHI liability reflects the total future costs associated with providing health insurance benefits to existing retirees and current staff upon retirement. The ASHI liability valuation is a point-in-time estimate based on the staff and retiree profile as well as on actuarial assumptions as at the date of valuation. Variances in the valuation can be significant, as the liability is highly sensitive to the values determined for the key actuarial factors: discount rate; medical trend rate; life expectancy; and length of service.

48. The financial assumption that most impacts the ASHI liability valuation is the discount rate. Even a modest discount rate fluctuation can have a significant effect on ASHI liability valuations. The discount rate is derived from current interest yields and reflects the "time value of money". It is a determining factor in the ASHI liability valuation as ASHI benefits are paid over an extended period. The continued decline in global interest rates in the last years has had a significant effect on discount rates and consequently the ASHI liability.

49. The total ASHI liability as at 31 December 2016 amounted to EUR 16.7M, an increase of 4% over the 2015 level.

50. At UNWTO, the active population (current regular staff) has remained mostly stable for the years 2012-2016 with variances between -3% and 2% while the number of retirees who benefit from ASHI has increased by 39% since 2012.





Funding of the liabilities

51. While IPSAS requires the recognition of after-service employee benefit liabilities on an accrual basis in an organization's Financial Statements, the question of the funding of such liabilities is a matter for the individual organization to decide upon. There is no obligation on an organization reporting under IPSAS to specifically fund such liabilities, but in the interest of sound financial management the Organization should develop a plan to ensure funding in the future.

52. UNWTO has made annual budgetary appropriations from the Regular Budget[23] (provisions for after-service employee benefits) since 2010 for the expected annual disbursement of after-service employee liabilities (PAYG basis). In addition, UNWTO has set aside additional allocations from surpluses[24] in the biennium 2006-2007 and in 2013. Of the total employee liabilities (EUR 19.1M) an amount of EUR 1.6M has been earmarked for this purpose. However, taking into account the overall unrestricted net assets of the General Fund, a further EUR 4.9M is available to cover after-service employee benefits liabilities, leaving a funding gap of EUR 12.6M as at 31 December 2016.

UN ASHI Working Group

53. The subject of the definition, funding and management of employee benefit liabilities and in particular ASHI within the United Nations system is being analysed by the ASHI Working Group of the UN Finance and Budget Network (UNFBN) under the auspices of the Chief Executives Board (CEB) with a view to identifying actions to be taken and developing common approaches by United Nations system organizations.

54. A number of UN system organizations do not have the employee liabilities fully funded and have adopted or are considering a range of options to achieve full funding over time or alternatives to full funding.

55. UNWTO is therefore closely following developments in the work of the UN ASHI Working Group. After the Working Group has finalized its recommendations, and in particular those concerning the funding of

[23] EUR 600,000 for the biennia 2010-2011 (A/18/15), 2012-2013 (A/19/12), 2014-2015 (A/20/5(I)(c)) and 2016-2017 (A/21/8(I)(b)).
[24] EUR 700,000 from 2006-2007 budgetary surplus as per CE/DEC/5(LXXXVIII) in accordance to A/RES/572/(XVIII) and EUR 196,557 from 2013 budget as per CE/DEC/11 (XCVIII)

ASHI liabilities, proposals may be presented to the respective UN system organization's governing bodies.

56. Annex V to this document shows the background and progress to date of the UN ASHI Working Group.

Working Capital Fund

57. The purpose of the Working Capital Fund (WCF) is to provide the financing of budgetary expenditures pending the receipt of contributions from Members[27].

58. As at 31 December 2016 the nominal level of the WCF was EUR 2,798,121 while the available balance was EUR 2,559,725. The movements of the WCF during the year 2016 are shown under Annex III on Working Capital Fund available balance and advance to the Regular Budget.

Position segment analysis

Table 5 - Summary financial position by segment
at 31 December 2016
Euros

	Programme of Work Services	Other Services	Inter-segment elimination*	Total UNWTO
Assets	15,264,238.95	7,627,199.83	-1,197,556.53	21,693,882.25
Liabilities	22,677,503.01	852,106.70	-1,197,556.53	22,332,053.18
Net Assets/Equity	**-7,413,264.06**	**6,775,093.13**	**0.00**	**-638,170.93**

Internal activities lead to transactions between segments. They are reflected here to accurately present this financial statement

59. The net assets/equity of the Programme of Work Services segment has deteriorated from a negative balance of EUR -6,589,831 in 2015 to EUR -7,413,264 as at 31 December 2016 mainly due to increases in the ASHI liability of EUR 698,107.

60. The Other Services segment's overall position remains positive with net assets of EUR 6,775,093 mainly corresponding to the restricted balances of extra-budgetary projects funded by voluntary contributions and funds in trust.

[27] FR10.2(b)

Financial risk management

61. UNWTO financial risk management policies are set out in the UNWTO Detailed Financial Rules[28] of the Organization.

62. UNWTO is exposed to a variety of financial risks related to exchange rate variations, interest rates variations, credit risk for banks/financial institutions and debtors and counterpart risk. UNWTO maintains a constant review of the extent of the financial risk exposure.

Exchange risk

63. The Organization is exposed to foreign currency exchange risk arising from fluctuations of currency exchange rates. As the Organization receives most of assessed contributions in euros and most of the Regular Budget's programme of work expenses are denominated in that currency, this ensures that much of the exposure to exchange fluctuations between euros and other currencies is removed. The Organization also has expenses in other currencies than euros, mainly in US dollars (USD).

64. UNWTO maintains a minimum level of assets in USD and in Japanese yen (JPY) and, whenever possible, holds accounts in euros. Non-EUR holdings primarily relate to contributions made by donors in currencies other than EUR. As revenue and most of the expenses for extra-budgetary projects are normally in the same currency, there is limited exposure to foreign currency exchange risk.

65. At 31 December 2016, 74% of cash and cash equivalents were denominated in EUR currency.

Interest risk

66. The Organization is exposed to interest rate risk on its financial interest-bearing assets. Interest rate risk is managed by limiting investments to defined periods.

Credit risk

67. Credit risk on receivables being mostly related to the payment of Members contributions is managed by using the Working Capital Fund and by restricting expenditures to available cash resources. Periodical reporting is made to the Executive Council of the Organization's financial situation and of the status of unpaid Members contributions.

68. UNWTO does not have significant credit risk in relation to accounts receivable since contributors are principally Members. However, an allowance is established when there is objective evidence, based on a review of outstanding amounts at the reporting date, that UNWTO will not be able to collect all amounts due according to the original terms of the receivables.

Counterpart risk

69. The primary objective of all investments is the preservation of the value of resources of the Organization. Within this general objective the principal considerations for investment management are: (a) security of principal, (b) liquidity, and (c) rate of return. UNWTO does not use derivatives or invest in equities. The Organization is developing investment policies to strengthen its financial risk processes.

70. Investments are made with due consideration to the Organization's cash requirements for operating purposes.

[28] DFR Annex V

Financial transparency and accountability

71. UNWTO has prepared the 2016 Financial Statements in accordance with IPSAS. By adopting and implementing IPSAS in 2014 and consolidating its implementation in the following years, UNWTO has enhanced its ability to produce relevant and useful financial information using internationally recognized accounting standards. The adoption of IPSAS supports improved financial management, transparency and accountability in UNWTO.

72. Continued compliance with IPSAS is a priority. The scope of IPSAS is constantly updated to reflect best practice and UNWTO will continue to adopt all new, revised and applicable IPSAS standards. UNWTO will continue to work closely with other UN system organizations on IPSAS and other issues related to financial management.

73. During 2016, UNWTO continued to focus on accountability and financial management improvements including:

(a) The Secretary-General being briefed on a monthly basis on the main financial and budgetary issues arising in order to identify possible improvements in the management of UNWTO's resources. Based on this information, the Secretary-General is able to focus on identified financial risks.

(b) A report of cash situation being produced on a monthly basis, based on which appropriate treasury decisions are made.

(c) A direct-debit method for invoicing assessed contributions of the Affiliate Members has been implemented effective 1 January 2017.

(d) For the first time since the Organization began, UNWTO's quarterly financial position and performance reports are being produced for management.

(e) Online budget and finance information is provided through Athena (UNWTO financial management information system) to managers and staff by programmes/projects thereby enhancing the efficiency and effectiveness of programme implementation.

(f) Continued the enhancement of Athena (Athena II plan) to develop modules on: (i) purchase management, and (ii) accounts payable. Athena II modules will go live in mid-2017. Enhanced IT systems reduce manual intervention and increase the efficiency of the organizations processes, extending well beyond accounting and finance matters and affecting all operations.

(g) Publication of the third edition of the UNWTO IPSAS Policy Guidance Manual to provide guidance on the policies and accounting practices established by UNWTO in the application of IPSAS.

(h) Publication of the fifth edition of Volume I of UNWTO Basic Documents which contains the Statutes, Rules of Procedure of governing bodies and main Agreements.

(i) A new contractual mechanism was introduced with effect from January 2016 for recruiting persons who are not subject to UNWTO Staff Regulations and Rules. These standardize the conditions of service and the hiring process and provide further transparency in the recruitment process.

(j) Proposed voluntary contributions projects are evaluated by a Review Panel and the corresponding draft agreements are reviewed from the legal and financial perspective with the intention of improving the quality and consistency of project agreements and to reduce risk.

74. UNWTO's framework of external review includes the External Auditor and the UN Joint Inspection Unit (JIU).

75. The Organization is committed to further enhancing transparency and accountability in future years, taking account of resource availability with a view to implementing a structured approach to accountability.

Submission of the Financial Statements at 31 December 2016

76. The Financial Statements of UNWTO are prepared on a going concern basis reflecting our confidence in the continued commitment by Members to achieving the aims of the UNWTO and providing the necessary financial resources accordingly.

77. The statement on going concern is based on (i) the approved budget for 2017[29] and (ii) continued Member and donor support through the payment of assessed contributions and voluntary contributions.

78. We hereby certify that to the best of our knowledge and information the Financial Statements include all transactions incurred for the period and that these transactions have been properly recorded and that the following Financial Statements and notes fairly present the financial results for 2016 and position of UNWTO at 31 December 2016.

Statement I – Statement of Financial Position at 31 December 2016

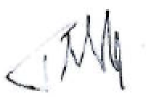
Statement II – Statement of Financial Performance for the year ended 31 December 2016

Statement III – Statement of Changes in Net Assets/Equity for the year ended 31 December 2016

Statement IV – Cash Flow Statement for the year ended 31 December 2016

Statement V – Statement of Comparison of Budget and Actual Amounts for the year ended 31 December 2016 – Regular Budget

Signed



Taleb Rifai

Secretary-General

José García-Blanch

Director of Administration

Madrid, 24 March 2017

[29] A/RES/651(XXI)

Opinion of the External Auditors[30]

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MINISTRY OF FINANCE
AND CIVIL SERVICE

GOVERNMENT COMPTROLLER'S
OFFICE

WORLD TOURISM ORGANIZATION

Audit Report on the Annual Accounts

Financial Year 2016

National Audit Office

[30] The Opinion of the External Auditors has been translated into English from the original Spanish. A facsimile of the original signed Opinion of the External Auditors is included in the Spanish version of document CE/105/7(b).

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MINISTRY OF FINANCE
AND CIVIL SERVICE

GOVERNMENT COMPTROLLER'S
OFFICE

Contents

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Introduction

The General Assembly of the World Tourism Organization (hereinafter, UNWTO), at its twenty-first session, decided to appoint Spain as external auditor for the period 2016-2017 (resolution A/RES/661(XXI)). The UNWTO requested through the Ministry of Foreign Affairs and Cooperation the appointment of external auditors for the said period. In response to that request, the Government Comptroller's Office agreed to take charge of the audit. To perform the audit of the annual accounts corresponding to 2016, the Comptroller General designated an Auditor, an official of the National Audit Office.

Pursuant to this, we have audited the annual accounts of 2016 which comprise the statement of financial position at 31 December 2016, the statement of financial performance, the statement of changes in equity, the cash flow statement and statement of comparison of budgeted amounts and actual amounts, as well as the notes to the financial statements for the year ended on that date.

The Secretary-General is responsible for the preparation of the annual accounts—as stipulated in Article 23 of the Statutes of the UNWTO and Article 14 of the Financial Regulations—which are prepared in accordance with the International Public Sector Accounting Standards (IPSAS) and in accordance with the Financial Regulations and Detailed Financial Rules. He is also responsible for the internal control he considers necessary to enable the preparation of such financial statements free of material misstatements.

The annual accounts referred to in this report were prepared by the Secretary-General on 24 March 2017 and were made available to the Auditor on the same date.

The Secretary-General initially prepared his annual accounts on 24 February 2017 and they were made available to the National Audit Office on 2 March. These accounts were modified on the date indicated in the previous paragraph

[Signed]

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Purpose and Scope of Work: Auditors' Responsibility

Our responsibility is to issue an opinion on whether the attached annual accounts provide a true image, based on the work performed in accordance with Public Sector Auditing Standards approved by the Resolution of the Government Comptroller's Office of 1 September 1998. Additionally, in matters not covered in the aforementioned standards, the International Standards on Auditing (ISA) approved by the IAASB of IFAC are applicable. The aforementioned standards require that we plan and perform the audit with the aim of obtaining reasonable, though not absolute, assurance that the annual accounts are free of material misstatements

An audit involves performing procedures to obtain appropriate and sufficient evidence about the amounts and the information contained in the annual accounts. The procedures selected depend on the auditor's judgment, including the assessment of risks of material misstatements in the annual accounts. In making such risk assessments, the auditor takes into consideration the internal control relevant to the preparation and fair presentation on the part of the manager of the annual accounts in order to design the appropriate audit procedures depending on the circumstances, and not for the purpose of expressing an opinion on the effectiveness of the internal control of the entity. An audit also includes evaluating the appropriateness of accounting criteria and the reasonableness of accounting estimates made by the manager, as well as evaluating the overall presentation of the annual accounts.

We believe that the audit evidence we have obtained provides a sufficient and appropriate basis for us to issue our audit opinion.

[Signed]

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Opinion

In our opinion, the accompanying annual accounts present, in all material respects, a true image of the net assets and financial situation of the World Tourism Organization as at 31 December 2016, as well as of its performance, its cash flows and changes in equity for the financial year then ended, in accordance with the applicable regulatory framework for financial reporting, and in particular, with the accounting principles and criteria contained therein.

[Signed]

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Matters not affecting the opinion

Emphasis of Matter paragraph

We draw attention to what is indicated in Notes 2.6, 2.12 and 20 of the attached Notes, which state that the Agency recognizes voluntary contributions revenue at the time when written confirmation of the contribution is received or when the agreement signed becomes binding, unless such agreement establishes a condition regarding the use of the funds, in which case revenue and a liability are recognized, in accordance with IPSAS 23. It was found that, in practice, these revenues have been recognized upon the signature of the agreement, and it had been considered that there were no conditions of use of such funds. Such consideration implies a value judgment and results in the non-correlation of the voluntary contributions with the expenses deriving from them.

Emphasis of Matter paragraph

We draw attention to what is indicated in Note 19 of the attached Notes, which states that the Agency recognizes negative Equity of €638,171. This figure includes the negative balance of the Programme of Work Services segment amounting to €7,413,264, as stated in paragraph 59 of the report of the Secretary-General. As also indicated by the said Report, this negative equity is highly correlated with the impact of unbudgeted after-service employee benefits liabilities, with a funding gap of €12.6 million, according to paragraph 52. The UN ASHI Working Group recommends that organizations adequately fund their long-term employee liabilities, by moving from a pay-as-you-go approach to a pay-as-you-accrue approach, which may imply setting aside more funds to cover future benefits (Annex V of the Annual Accounts).

Madrid, 30 March 2017

[Signed]

Javier Monzó Torrecillas

External Auditor

National Audit Office of the Government Comptroller's Office

Financial Statements

I. Statement of Financial Position at 31 December 2016

Statement of financial position
at 31 December 2016
Euros

	Note	31/12/2016	restated 31/12/2015
Assets		**21,693,882.25**	**20,890,382.60**
Current Assets		*20,846,992.87*	*20,110,886.64*
Cash and cash equivalents	5	16,226,782.08	15,871,873.95
Inventories	7	53,828.60	54,452.65
Members assessed contributions receivable, net	8	3,223,418.28	2,970,744.71
Other contributions receivables, net	8	800,677.84	941,473.32
Other receivables, net	9	458,000.66	209,299.37
Other current assets	10	84,285.41	63,042.64
Non-current assets		*846,889.38*	*779,495.96*
Investments	6	227,503.12	244,453.85
Members assessed contributions receivable, net	8	53,558.00	48,392.00
Other contributions receivable, net	8	30,000.00	151,400.00
Property, plant and equipment	11	230,004.11	177,594.81
Intangible assets, net	12	298,831.61	153,917.64
Other non-current assets	10	6,992.54	3,737.66
Liabilities and Net Assets/Equity		**21,693,882.25**	**20,890,382.60**
Liabilities		**22,332,053.18**	**22,160,701.64**
Current Liabilities		*3,445,189.31*	*4,173,496.62*
Payables and accruals	13	838,141.34	652,373.25
Transfers payable	14	478,532.66	478,301.47
Employee benefits	15	361,767.10	397,917.48
Advance receipts	16	1,609,099.84	2,418,800.33
Provisions	17	133,234.58	73,607.42
Other current liabilities	18	24,413.79	152,496.67
Non-current Liabilities		*18,886,863.87*	*17,987,205.02*
Employee benefits	15	18,874,208.81	17,967,864.11
Advance receipts	16	12,655.06	12,858.29
Other non-current liabilities	18	0.00	6,482.62
Net Assets/Equity	19	**-638,170.93**	**-1,270,319.04**
Accumulated surplus/(deficit)		-5,112,769.97	-5,763,886.78
Reserves		4,474,599.04	4,493,567.74

The accompanying notes form an integral part of these financial statements

II. Statement of Financial Performance for the year ended 31 December 2016

Statement of financial performance
for the year ended 31 December 2016
Euros

	Note	31/12/2016	31/12/2015
Revenue	20	**22,538,535.55**	**21,684,975.84**
Members assessed contributions		13,584,888.64	13,387,841.75
Other contributions (VC and FIT), net of reduction		4,953,512.82	2,678,314.31
Publications revenue, net of discounts and returns		303,956.40	335,077.21
Changes in currency exchange differences		90,530.96	555,055.20
Other revenues		3,605,646.73	4,728,687.37
Expenses	21	**22,151,793.39**	**24,690,487.58**
Wages, salaries and employee benefits		14,103,944.53	14,085,230.11
Grants and other transfers		945,006.48	862,883.82
Travel		1,623,504.47	1,800,359.62
Supplies, consumables and running costs		3,940,822.42	4,907,531.24
Depreciation, amortization and impairment		74,941.29	69,030.52
Other expenses		1,463,574.20	2,965,452.27
Surplus/(deficit) for the year		**386,742.16**	**-3,005,511.74**

The accompanying notes form an integral part of these financial statements

III. Statement of Changes in Net Assets/Equity for the year ended 31 December 2016

Statement of changes in net assets/equity
for the year ended 31 December 2016
Euros

	Note	Accumulated surplus	Surplus	Reserves	Total net assets
Net assets, 31/12/2015		**-5,763,886.78**		**4,493,567.74**	**-1,270,319.04**
Restated balance, 01/01/2016		*-5,763,886.78*		*4,493,567.74*	*-1,270,319.04*
Directly recognized revenues and expenses					
Net change WCF				-5,885.05	-5,885.05
Net change in reserves		126,624.49		-126,624.49	0.00
Actuarial gain/loss		249,135.00		0.00	249,135.00
Other adjustments		2,156.00		0.00	2,156.00
Net rev/exp recognized directly in net assets		*377,915.49*		*-132,509.54*	*245,405.95*
Result for the period			386,742.16	0.00	386,742.16
Direct transfers from result		273,201.32	-386,742.16	113,540.84	0.00
Other adjustments in accumulated surplus		0.00		0.00	0.00
Total recognized surplus for the period		273,201.32	0.00	113,540.84	386,742.16
Net assets, 31/12/2016	19	**-5,112,769.97**	**0.00**	**4,474,599.04**	**-638,170.93**

The accompanying notes form an integral part of these financial statements

IV. Cash Flow Statement for the year ended 31 December 2016

Cash flow statement **for the year ended 31 December 2016** Euros	**Note**	**31/12/2016**	**31/12/2015**
Surplus / (deficit) for the period		**386,742.16**	**-3,005,511.74**
Cash flows from operating activities		*225,588.85*	*4,270,865.82*
Depreciation, amortization and impairment, net of impairment recovery	11	74,941.29	68,849.51
(Increase) decrease in inventories	7	624.05	15,317.35
(Increase) decrease in contribution receivables, net	8	4,355.91	2,726,892.82
(Increase) decrease in other receivables, net	9	-248,701.29	26,297.59
(Increase) decrease in other assets	10	-24,497.65	23,229.03
Increase (decrease) in payables and accruals	13, 14, 16	-623,904.44	433,651.24
Increase (decrease) in employee benefits payable	15	870,194.32	974,593.85
Actuarial valuation	15	249,135.00	0.00
Increase (decrease) in provisions	17	59,627.16	28,090.51
Increase (decrease) in other liabilities	18	-134,565.50	-26,056.08
Loss (gain) on sale of property, plant and equipment	20	-1,620.00	0.00
Cash flows from investing activities		*-251,537.83*	*-113,885.52*
(Purchases of property, plant and equipment)	11	-124,028.12	-40,053.62
(Purchases of intangible assets)	12	-148,236.44	-80,909.94
Proceeds from sale of property, plant and equipment	20	1,620.00	0.00
Change on investments	6	16,950.73	-39,913.42
Prior year adjustments	19	0	44,232.45
Adjustments Acumulated Surplus	19	2,156.00	2,759.01
Cash flows from financing activities		*-5,885.05*	*-10,009.50*
Increase (decrease) in working capital fund	19	-5,885.05	-10,009.50
Net increase (decrease) in cash and cash equivalents		354,908.13	1,141,459.06
Cash and cash equivalents, beginning of the year	5	15,871,873.95	14,730,414.89
Cash and cash equivalents, end of the year	5	**16,226,782.08**	**15,871,873.95**

The accompanying notes form an integral part of these financial statements

V. Statement of Comparison of Budget and Actual Amounts for the year ended 31 December 2016 – Regular Budget

Statement of comparison of budget and actual amounts - Regular Budget
for the year ended 31 December 2016
Euros

	Note	Approved income / Original budget [1]	Final budget [2]	Actual amounts on comparable basis	Differences budget and actual [3]
Budgetary difference	22	**0.00**	**0.00**	**1,065,347.40**	**-1,065,347.40**
Budgetary income		*13,492,000.00*	*13,492,000.00*	*13,415,038.50*	*76,961.50*
Contributions from Full and Associate Members		12,556,000.00	12,556,000.00	12,448,488.64	107,511.36
Other income sources		936,000.00	936,000.00	966,549.86	-30,549.86
Allocation from accumulated surplus - Publications store		333,000.00	333,000.00	333,000.00	0.00
Affiliate Members		603,000.00	603,000.00	633,549.86	-30,549.86
Budgetary expenditure		*13,492,000.00*	*13,492,000.00*	*12,349,691.10*	*1,142,308.90*
A Member Relations		2,436,000.00	2,311,240.50	2,311,240.50	0.00
A01 Regional Programme, Africa		491,000.00	459,712.94	459,712.94	0.00
A02 Regional Programme, Americas		491,000.00	436,165.79	436,165.79	0.00
A03 Regional Programme, Asia and the Pacific		491,000.00	485,340.30	485,340.30	0.00
A04 Regional Programme, Europe		311,000.00	431,581.19	431,581.19	0.00
A05 Regional Programme, Middle East		311,000.00	311,627.07	311,627.07	0.00
A06 Affiliate Members (Knowledge Network)		341,000.00	186,813.21	186,813.21	0.00
B Operational		3,612,000.00	3,626,759.50	3,124,625.16	502,134.34
B01 Sustainable Development of Tourism		599,000.00	599,000.00	572,154.97	26,845.03
B02 Technical Cooperation		496,000.00	500,669.46	500,669.46	0.00
B03 Statistics and Tourism Satellite Account		553,000.00	451,303.51	449,737.45	1,566.06
B04 Tourism Market Trends		563,000.00	563,000.00	355,031.63	207,968.37
B05 Destination Management and Quality		399,000.00	344,000.00	255,300.45	88,699.55
B06 Ethics and Social Responsibility		226,000.00	246,043.51	246,043.51	0.00
B07 Themis		146,000.00	146,000.00	109,497.78	36,502.22
B08 Institutional Relations and Resource Mobilization		442,000.00	442,000.00	405,528.36	36,471.64
B09 Special Field Projects		104,000.00	223,000.00	118,918.53	104,081.47
B10 UNWTO Liaison Offices		84,000.00	111,743.02	111,743.02	0.00
C Support, Direct to Members		3,985,000.00	4,040,000.00	4,027,398.28	12,601.72
C01 Conferences Services		853,000.00	735,047.86	735,047.86	0.00
C02 Management		2,366,000.00	2,667,387.75	2,667,387.75	0.00
C03 Communications and Publications		766,000.00	637,564.39	624,962.67	12,601.72
D Support, Indirect to Members		3,459,000.00	3,514,000.00	2,886,427.16	627,572.84
D01 Budget and Finance		514,000.00	514,000.00	467,248.55	46,751.45
D02 Human Resources		453,000.00	453,000.00	322,567.66	130,432.34
D03 Legal and Contracts		196,000.00	196,000.00	184,242.20	11,757.80
D04 Information and Communication Technologies		755,000.00	755,000.00	689,380.40	65,619.60
D05 General Services		1,241,000.00	1,296,000.00	952,988.35	343,011.65
D06 Provisions		300,000.00	300,000.00	270,000.00	30,000.00

The accompanying notes form an integral part of these financial statements

[1] In accordance with Programmes structure and appropriations approved originally by A/RES/651(XXI) of document A/21/8(I)(b), its structure update approved by CE/DEC/8(CIII) of document CE/103/7(a) and its structure update approved by CE/DEC/8(CIV) of document CE/104/7(a).

[2] After transfers.

[3] Differences between final and actual budgetary income are due to: (a) EUR 107,114.36 due to the withdrawal of Australia on 18 August 2016, (b) EUR 397 rounding difference, and (c) Affiliate Members budgetary income was prepared based on an estimated number of Members.

VI. Notes to the Financial Statements

Note 1 – Reporting organization

80. The World Tourism Organization (previously WTO) held its first General Assembly in 1975. WTO was established through a transformation from the International Union of Official Travel Organizations (IUOTO) created in 1946 which in turn replace the International Union of Official Tourist Propaganda Organizations (IUOTPO), established in 1934. In 2003 the WTO General Assembly approved the transition of WTO into a specialized agency of the United Nations by resolution 453(XV). The WTO transition was ratified by the United Nations General Assembly by resolution A/RES/58/232.

81. The World Tourism Organization (UNWTO after the transition) is the United Nations agency responsible for the promotion of responsible, sustainable and universally accessible tourism. UNWTO promotes tourism as a driver of economic growth, inclusive development and environmental sustainability and offers leadership and support to the sector in advancing knowledge and tourism policies worldwide.

82. UNWTO is governed by a General Assembly, consisting of the representatives of its Full Members and Associate Members, which determine the policies and main lines of work of the Organization. Affiliate Members and representatives of other international organizations participate as observers. The Executive Council, which is composed by Full Members elected by the General Assembly in a ratio of one for every five Full Members, takes all necessary measures to ensure the effective and rational execution of the programme of work and adherence to the budget by the Secretary-General.

83. The Headquarters of the Organization is in Madrid, Spain. It also maintains an office in Japan (Regional Support Office for Asia and the Pacific).

84. UNWTO is not a controlled organization as defined under IPSAS 34 and 35.

Note 2 – Significant accounting policies

2.1. Basis of preparation

85. The Financial Statements have been prepared on an accrual and going concern basis and comply with the requirements of International Public Sector Accounting Standards (IPSAS).

86. The Financial Statements cover the period from 1 January to 31 December 2016 and are presented rounded off to two decimal places.

87. The Cash Flow Statement is prepared using the indirect method.

88. The functional and reporting currency of UNWTO is the euro[32] (EUR). Transactions in currencies other than EUR are translated into EUR, using the “indirect quotation” method, at the prevailing United Nations Rate of Exchange (UNORE) at the date of the transaction. Monetary assets and liabilities in currencies other than EUR are translated into EUR at the prevailing UNORE period end closing rate and any resulting gains or losses are accounted for in the Statement of Financial Performance.

89. The accounting policies set out below are in accordance with the current edition of the UNWTO IPSAS Policy Guidance Manual and have been applied consistently in the preparation and presentation of these Financial Statements.

[32] UNWTO FR 14.4

2.2. Jointly controlled entity

90. The Themis Foundation is jointly controlled by UNWTO and the Government of Andorra. Both, UNWTO and the Government of Andorra, have similar voting rights over the Themis Foundation.

91. The Themis Foundation's mission is to devise and implement education and training policies, plans and tools that fully harness the employment potential of the tourism sector and effectively enhance its competitiveness and sustainability. It is based in Andorra and its functional currency is the euro.

92. UNWTO uses the equity method to recognize its interest in the Themis Foundation. UNWTO has used the UN Framework for Control, Joint Control and Influence (CJI) in determining the joint control of the Themis Foundation.

2.3. Cash and cash equivalents

93. Cash and cash equivalents includes cash in hand, deposits held with banks and other short-term highly liquid investments that are readily convertible to cash and subject to an insignificant risk of changes in value.

94. Revenues earned on cash and cash equivalent holdings are recognized in the period in which they accrue.

95. Cash required for immediate disbursement is maintained in cash and in bank accounts. Balances in the deposit accounts are available at short notice (less than 3 months).

2.4. Financial instruments

96. Financial instruments are recognized when UNWTO 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 UNWTO has transferred substantially all the risks and rewards of ownership. They are classified as current if they are expected to be realized within 12 months of the reporting date.

97. UNWTO financial assets are largely short-term deposit instruments and receivables. These assets require initial recognition at fair value plus transaction costs and subsequent measurement at amortized cost using the effective interest method. As the term deposits are short-term and acquired at face value, no discount amortization is required. Receivables are stated at fair value, equivalent to nominal value, less allowance for estimated impairment. In particular, for assessed contributions receivable, an allowance is recognized based on historical experience.

98. UNWTO financial liabilities are mainly short-term payables for goods and services and unspent funds for refunds. They are initially recognized at fair value and, when applicable, subsequently measured at amortized cost using the effective interest method. As UNWTO's payables generally fall due within 12 months, the impact of discounting is immaterial, and nominal values are applied to initial recognition and subsequent measurement.

2.5. Inventories

99. Publication inventories held for sale on hand at year-end are presented as current assets in the Statement of Financial Position. On sale, exchange or distribution the inventories are recognized as an expense in the period in which the related revenue is recognized. If there is no related revenue, the expense is recognized when these inventories are distributed.

100. Publications intended for free distribution are immediately distributed and expensed after production. Any residual inventories considered as free publications are considered immaterial for inventory valuation purposes.

101. Inventories for sale are valued at the lower of cost and net realizable value, except inventories held for distribution at no or nominal charge, which are measured at the lower of cost and current replacement cost.

102. The cost of publications inventories includes all costs of production, including costs incurred in bringing the publications to their present condition and location. The cost of inventories is assigned in line with the weighted average cost formula.

103. Publication inventories are reviewed at the end of each financial year and titles seven years old or older are written off.

104. Publications held by distributors under a consignment stock arrangement continue to be shown as the Organization's asset until their sale by the distributor.

2.6. Contributions and receivables

105. Contributions are recognized at the beginning of the year to which they apply or when confirmed in writing by donors. However, in some cases a donor agreement may contain conditions over the application of funds to a specific activity such that a liability is recognized along with the asset when the agreement is confirmed in writing and revenue is only recognized when the conditions are met.

106. Contributions and receivables are measured at fair value and are presented net of any allowance for estimated irrecoverable amounts. Assessed contributions received prior to the commencement of the relevant specified budget period are recorded as an advance receipt liability.

107. In-kind contributions that directly support approved operations and activities and can be reliably measured, are recognized and valued at fair value at the time of receipt.

108. Pre-payments of less than EUR 5,000 are expensed in the year of purchase.

2.7. Property, plant and equipment

109. Property, plant and equipment (PPE) is presented at cost less accumulated depreciation and impairment. Heritage assets are not recognized in the Financial Statements.

Additions

110. The cost of an item of PPE is recognized as an asset if it is probable that future economic benefits or service potential associated with the item will flow to UNWTO and the cost of the item can be measured reliably. In most instances, an item of PPE is recognized at its cost. When an asset is donated, it is recognized at fair value as at the date of acquisition. Additions to PPE are subject to a threshold of EUR 1,500 below which they are fully expensed in the year of purchase.

Disposals

111. On sale or disposal of assets any difference between the net book value and disposal price is recognized as revenue or expense.

Subsequent costs

112. Costs incurred subsequent to initial acquisition are capitalized only when it is probable that future economic benefits or service potential associated with the item will flow to UNWTO, the cost of the item can be measured reliably exceeding the cost threshold applicable to the class of assets (except for leased premises), and the relevant PPE must have a remaining estimated useful life of more than one year. Subsequent expenditures on leased premised are capitalized if the cost exceeds EUR 50,000 and comply with some conditions.

Depreciation

113. Depreciation on PPE is provided on a straight-line basis over the expected useful life of the asset. The useful lives of major classes of assets have been estimated as follows:

Asset classes	Estimated useful life (in years)
Communication and IT Equipment	5
Vehicles and Machinery	10
Furniture and Fixtures	12
Other Equipment	5
Building	50
Land	No depreciation
Leasehold Improvements	The lesser of the lease term or useful life of the improvements

Impairment

114. The carrying values of fixed assets are reviewed for impairment if events or changes in circumstances indicate that the book value of the asset may not be recoverable. Impairment is included in the Statement of Financial Performance.

115. A review of all assets is made annually to identify impairment.

Heritage assets

116. UNWTO also has a limited number of "Works of Art" (also referred to as heritage assets), including paintings, statues and various other objects, which have been mainly donated by governments and other partners. The value of these works is not recognized in the Financial Statements of UNWTO in compliance with IPSAS 17.

2.8. Intangible assets

117. Intangible assets are presented at cost less accumulated amortization and impairment. Recognition of intangible assets is subject to a threshold of EUR 50,000 for software internally developed or EUR 5,000 for any other intangible asset classes below which they are fully expensed in the year of purchase.

Amortization

118. Amortization of intangible assets is provided on a straight-line basis over the expected useful life of the asset. The useful lives of the major intangible asset classes have been estimated as follows:

Intangible asset classes	Estimated useful life (in years)
Software acquired externally	6
Software internally developed	6
Licences and rights	6 or period of licence/right

2.9. Leases

Finance leases

119. Leases under which substantially all of the risk and reward of ownership have been transferred to the Organization through the lease agreement are treated as finance leases.

120. Assets purchased under a finance lease are shown as assets at the lower of the fair value of the asset and the present value of the minimum lease payments. An associated lease obligation is recognized at the same value.

121. Lease payments made under a finance lease are apportioned between payment of finance charges and reduction of the balance of the liability.

122. Assets acquired through a finance lease are depreciated over the shorter of the lease term or the useful life of the asset, except where such assets become the property of the Organization on completion of the lease term. In such cases, the asset is depreciated over its useful life. The finance charge will be calculated so as to produce a constant periodic rate of interest on the annual balance of the liability.

Operating leases

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

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

2.10. Employee benefits

125. UNWTO recognizes the following employee benefits:

(a) Short-term employee benefits

Short-term employee benefits are those which fall due wholly within twelve months after the end of the accounting period in which employees render the related service. Short-term employee benefits comprise first-time employment benefits (assignment grants); regular monthly benefits (wages, salaries, allowances) compensated absences (annual leave, sick leave, maternity/paternity leave) and other short-term benefits (education grant, reimbursement of taxes). These are treated as current liabilities. Some elements of normally short-term benefits may not be expected to be settled within 12 months of the reporting date. This is the case of annual leave entitlement, which is expected to be settled more than 12 months after the end of the reporting date and is therefore reported as a non-current liability.

(b) Post-employment benefits

Post-employment benefits include the pension plan and the post-employment medical care payable after the completion of employment. Post-employment benefit plans are classified as either defined contribution or defined benefit plans.

United Nations Joint Staff Pension Fund (UNJSPF)

UNWTO is a member organization participating in the United Nations Joint Staff Pension Fund (the UNJSPF or 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 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.

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, the plan assets and costs to individual organizations participating in the plan. UNWTO and the UNJSPF, in line with the other participating organizations in the Fund, are not in a position to identify UNWTO'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 UNWTO has treated this plan as if it were a defined contribution plan in line with the requirements of IPSAS 25. UNWTO's contributions to the Fund during the financial period are recognized as expenses in the Statement of Financial Performance.

After Service Health Insurance (ASHI)

The After Service Health Insurance programme extends subsidized health insurance coverage to retirees and their dependants under the same health insurance schemes as for active staff based on certain eligibility requirements. The ASHI programme at UNWTO is a defined benefit plan. Accordingly a liability is recognized to reflect the present value of the defined benefit obligation.

Actuarial gains and losses which may arise from experience and adjustments and changes in actuarial assumptions are recognized in the period in which they occur as a separate item directly in Statement of Changes in Net Assets/Equity.

(c) Other long-term employee benefits

Other long-term employee benefits are benefits which are expected to be settled more than 12 months after the end of the reporting period. These are treated as non-current liabilities.

(d) Termination benefits

Termination benefits include indemnities upon termination, and are expected to be settled within 12 months of the reporting date.

2.11. Provisions and contingencies

126. UNWTO recognizes a provision for future liabilities where a present obligation (legal or constructive) as a result of a past event exists and it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

127. Provisions are established to reflect an approximation of sales returns for publications using a percentage of the previous financial year sales based on the historical levels of returns.

128. Provision for refunds to donors is based on past experience of refunds.

129. 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 UNWTO.

130. Possible assets arising from past events, whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of UNWTO, and

where the inflow of economic benefits or service potential is probable, are disclosed in the notes to the Financial Statements as contingent assets.

2.12. Revenue recognition

131. Revenue is recognized when it is probable that future economic benefits or service potential will flow to UNWTO and those benefits can be measured reliably.

132. Accrual accounting for non-exchange transactions under IPSAS does not require the matching of revenue to related expenses. The cash flows arising from revenue and related expenses can take place in current and future accounting periods.

Non-exchange revenue

133. Revenue from non-exchange transactions is measured from an increase in net assets recognized. Where the full criteria for recognition of an asset under a non-exchange agreement are not fulfilled, a contingent asset may be disclosed.

134. Assessed contributions are assessed and approved for a two-year budget period. The amount of these contributions is then apportioned between the two years of the budget period. Assessed contributions are recognized as revenue in the Financial Statements at the beginning of the apportioned year in the relevant two-year budget period.

135. Other contributions, voluntary contributions and trust funds which are supported by written confirmation or agreement are recognized as revenue at the time the confirmation is received or agreement becomes binding and when control of the asset is deemed to be present, unless the confirmation or agreement establishes a condition on transferred assets that requires recognition of a liability. In such cases, revenue is recognized as the liability is discharged. Voluntary contributions which are not supported by written confirmation or binding agreement are recognized as revenue when received.

136. In-kind contributions that directly support approved operations and activities and can be reliably measured, are recognized and valued at fair value at the time of receipt. These contributions include PPE, the use of premises or conference rooms and donated travel. In–kind contributions that cannot be reliably measured will be disclosed by way of note only if they are considered material to the objectives of the UNWTO.

137. Revenue from in-kind contributions is matched by a corresponding expense in the Financial Statements except for PPE which is capitalized.

Exchange revenue

138. Revenue from exchange transactions is measured at the fair value of the consideration received and is recognized as the goods are delivered, with the exception of inventories under consignment held by distributors. Where the consideration is in cash or in a monetary amount, the measurement is at this amount. Revenues from exchange transactions mainly arise from the sale of publications.

2.13. Expense recognition

139. Expenses are recognized on an accrual basis when the transaction occurs and on the basis of goods or services delivered and represent outflows or consumption of assets or incurrences of liabilities during the reporting period.

2.14. Budget comparison

140. UNWTO prepares the Regular Budget on a modified accrual basis, which is the same basis as prior to IPSAS adoption.

141. The Statement of Comparison of Budget and Actual Amounts 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 (modified accrual basis and accrual basis respectively), a disclosure note provides reconciliation between the Statement of Comparison of Budget and the Statement of Financial Performance.

Note 3 – Accounting estimates

142. The preparation of Financial Statements in accordance with IPSAS necessarily includes the use of accounting estimates and management assumptions and judgement. The areas where estimates, assumptions or judgement are significant to UNWTO's Financial Statements include, but are not limited to: post-employment benefit obligations, provisions for litigation, financial risk on inventories and accounts receivable, accrued charges, contingent assets and liabilities, and degree of impairment of fixed assets. Actual results could differ from those estimates. Changes have been made to the estimates of the allowances for doubtful debts as set out under Notes on Contributions receivable. Changes in estimates are reflected in the period in which they are applied.

Note 4 – Segment reporting

143. The Financial Statements are prepared on a fund accounting basis, showing, at the end of the period, the consolidated position of all UNWTO funds. A fund is a self-balancing accounting entity established to account for the transactions of a specified purpose or objective. Fund balances represent the accumulated residual of revenue and expenses and in the VCF and FIT represent the unspent portion of contributions that are intended for utilization for future operations.

144. UNWTO classifies all programmes, projects, operations and activities into two segments as follows:

(a) The Programme of Work Services (PoWS)

The Programme of Work Services segment, mainly financed from the assessed contributions of Members, covers (i) the main operations of the Organization for which programme appropriations for the financial period are voted by the General Assembly and, (ii) other activities within the GF (i.e., the publications store activities). This segment comprises the General Fund.

(b) Other Services (OS)

The Other Services segment mainly relates to projects and activities financed from voluntary funding provided by donors through agreements or other legal authority. This segment comprises the Voluntary Contributions Fund and the Fund In Trust. The main sub-funds under this category are the Voluntary Contributions, the United Nations Development Programme and the Trust Funds.

Statement of financial position by segment
at 31 December 2016
Euros

	Programme of work services	Other services	Inter-segment elimination*	Total UNWTO
Assets	**15,264,238.95**	**7,627,199.83**	**-1,197,556.53**	**21,693,882.25**
Current assets	*14,447,349.57*	*7,597,199.83*	*-1,197,556.53*	*20,846,992.87*
Cash and cash equivalents	9,702,919.04	6,523,863.04	0.00	16,226,782.08
Inventories	53,828.60	0.00	0.00	53,828.60
Members assessed contributions receivable, net	3,223,418.28	0.00	0.00	3,223,418.28
Other contributions receivables, net	3,000.00	797,677.84	0.00	800,677.84
Other receivables, net	358,312.32	99,688.34	0.00	458,000.66
Other current assets	1,105,871.33	175,970.61	-1,197,556.53	84,285.41
Non-current assets	*816,889.38*	*30,000.00*	*0.00*	*846,889.38*
Investments	227,503.12	0.00	0.00	227,503.12
Members assessed contributions receivable, net	53,558.00	0.00	0.00	53,558.00
Other contributions receivable, net	0.00	30,000.00	0.00	30,000.00
Property, plant and equipment	230,004.11	0.00	0.00	230,004.11
Intangible assets, net	298,831.61	0.00	0.00	298,831.61
Other non-current assets	6,992.54	0.00	0.00	6,992.54
Liabilities and Net Assets/Equity	**15,264,238.95**	**7,627,199.83**	**-1,197,556.53**	**21,693,882.25**
Liabilities	**22,677,503.01**	**852,106.70**	**-1,197,556.53**	**22,332,053.18**
Current liabilities	*3,790,639.14*	*852,106.70*	*-1,197,556.53*	*3,445,189.31*
Payables and accruals	730,574.23	107,567.11	0.00	838,141.34
Transfers payable	15,350.00	463,182.66	0.00	478,532.66
Employee benefits	361,767.10	0.00	0.00	361,767.10
Advance receipts	1,609,099.84	0.00	0.00	1,609,099.84
Provisions	35,102.29	98,132.29	0.00	133,234.58
Other current liabilities	1,038,745.68	183,224.64	-1,197,556.53	24,413.79
Non-current liabilities	*18,886,863.87*	*0.00*	*0.00*	*18,886,863.87*
Employee benefits	18,874,208.81	0.00	0.00	18,874,208.81
Advance receipts	12,655.06	0.00	0.00	12,655.06
Net Assets/Equity	**-7,413,264.06**	**6,775,093.13**	**0.00**	**-638,170.93**
Accumulated surplus/(deficit)	-11,887,863.10	6,775,093.13	0.00	-5,112,769.97
Reserves	4,474,599.04	0.00	0.00	4,474,599.04

*Internal activities lead to transactions between segments. They are reflected here to accurately present this financial statement

Statement of financial performance by segment
for the year ended 31 December 2016
Euros

	Programme of work services	Other services	Inter-segment elimination*	Total UNWTO
Revenues	**16,090,553.45**	**8,315,666.98**	**-1,867,684.88**	**22,538,535.55**
Members assessed contributions	13,584,888.64	0.00	0.00	13,584,888.64
Other contributions (VC and FIT), net of reduction	243,683.54	4,709,829.28	0.00	4,953,512.82
Publications revenue, net of discounts and returns	304,006.40	-50.00	0.00	303,956.40
Currency exchange differences	-43,802.53	134,333.49	0.00	90,530.96
Other revenues	2,001,777.40	3,471,554.21	-1,867,684.88	3,605,646.73
Expenses	**17,155,736.10**	**6,863,742.17**	**-1,867,684.88**	**22,151,793.39**
Wages, salaries and employee benefits	12,085,775.16	2,018,169.37	0.00	14,103,944.53
Grants and other transfers	176,248.70	768,757.78	0.00	945,006.48
Travel	1,189,681.02	433,823.45	0.00	1,623,504.47
Supplies, consumables and running costs	2,035,777.23	1,905,045.19	0.00	3,940,822.42
Depreciation, amortization and impairment	74,941.29	0.00	0.00	74,941.29
Other expenses	1,593,312.70	1,737,946.38	-1,867,684.88	1,463,574.20
Surplus/(deficit) for the year	**-1,065,182.65**	**1,451,924.81**	**0.00**	**386,742.16**

*Internal activities lead to transactions between segments. They are reflected here to accurately present this financial statement

145. Internal activities lead to accounting transactions that create inter-segment assets and liabilities as well as inter-segment revenue and expenses. Inter-segment transactions are eliminated in the Statement of Financial Position by segment and the Statement of Financial Performance by segment respectively to accurately present these Financial Statements.

Note 5 – Cash and cash equivalents

Cash and cash equivalents
Euros

	31/12/2016	31/12/2015
Cash and cash equivalents	**16,226,782.08**	**15,871,873.95**
Cash in banks	11,058,019.84	10,303,557.52
Cash on hand	16,000.95	13,152.96
Imprest funds	5,000.00	5,000.00
Short term deposits	5,147,761.29	5,550,163.47

146. Cash is principally held in UNWTO Headquarters interest-bearing EUR and US dollar (USD) bank accounts. Limited amounts of cash are also held in local currency in the RSOAP.

Note 6 – Investments

Investments
Euros

	31/12/2016	31/12/2015
Investments	**227,503.12**	**244,453.85**
Non current investments	*227,503.12*	*244,453.85*
Investments in Joint Venture	227,503.12	244,453.85

147. Fixed-term deposits are held by banks and maturing between three and twelve months (current) and in more than twelve months (non-current).

148. The non-current investment is the UNWTO's investment in its joint venture with Themis accounted for using the equity method, i.e., Themis is recognized as an asset adjusted at the end of the year to include UNWTO's share in any surplus or deficit of the joint venture.

Note 7 – Inventories

Publications inventory Euros		
	31/12/2016	**31/12/2015**
Publications inventory, net realizable value	**53,828.60**	**54,452.65**
Publications inventory, carrying cost	83,339.34	95,962.30
Publications on hand	78,042.44	90,763.82
Publications on consignment	5,296.90	5,198.48
Impairment	-29,510.74	-41,509.65

149. Publication inventories are publications held for sale.

150. Inventory quantities are validated by physical stock counts. The cost of publication inventories includes all costs of production, including costs incurred in bringing the publications into their present condition and location. Cost is determined using the weighted average cost formula. The current year's cost per page is derived from the division of the total of the carrying cost of the beginning inventory and the production cost of pages produced during the year by the total of the number of pages in the beginning inventory and the number of pages produced during the year. The impairment of inventories represents the write down of inventories of publications to zero when that publication is equal or more than seven years from publications date.

151. Inventories include consignment stock held at distributor premises for which the Organization continues to bear the risk and reward until the point of sale by the distributor.

Note 8 – Contribution receivables

Contributions receivable Euros		
	31/12/2016	**31/12/2015**
Contributions receivable, net	**4,107,654.12**	**4,112,010.03**
Current contributions receivable, net	*4,024,096.12*	*3,912,218.03*
Members assessed contributions, net	3,223,418.28	2,970,744.71
Other contributions, net	800,677.84	941,473.32
Non-current contributions receivable, net	*83,558.00*	*199,792.00*
Members assessed contributions, net	53,558.00	48,392.00
Other contributions, net	30,000.00	151,400.00

152. All contributions receivable, whether assessed or voluntary relate to non-exchange transactions.

153. Contributions receivable represent unpaid assessed contributions by Full, Associate and Affiliate Members, unpaid voluntary and trust fund contributions and receivables to the Working Capital Fund (WCF).

154. Non-current contribution receivables are those contributions and advances which are expected to be received, on the basis of agreed payment plans, more than 12 months after the reporting date.

155. The allowance for doubtful accounts of assessed contributions receivable from Full, Associate and Affiliate Members and of the WCF is estimated as follows:

(a) No allowance is applied to those receivables outstanding for two years or less;

(b) An allowance of 100% is applied to receivables outstanding for over two years.

156. Write-offs of contributions receivables from Full and Associate Members are approved on a case-to-case basis by the General Assembly.

157. Affiliate Members unpaid receivables for more than five years and without an approved payment plan are written off upon recommendation of the Secretary-General in accordance with Detailed Financial Rules[33].

158. The allowance for doubtful accounts of contributions receivable from donors of Other contributions receivable (Voluntary Contributions and Funds In Trust) is calculated as follows:

(a) No allowance is applied to receivables outstanding for two years or less.

(b) An allowance of 100% is applied to receivables outstanding for over two years.

159. Write-offs of Other contributions receivable (Voluntary Contributions and Funds In Trust) are on a case-by-case basis.

Contributions receivable by type
Euros

	31/12/2016	31/12/2015
Contributions receivable, net	**4,107,654.12**	**4,112,010.03**
Members assessed contributions, net	3,276,976.28	3,019,136.71
Members assessed contributions receivable	17,010,586.48	16,598,760.74
Allowance for doubtful accounts	-13,733,610.20	-13,579,624.03
Voluntary contributions, net	827,677.77	1,092,587.25
Voluntary contributions receivable	1,242,934.81	1,151,415.01
Allowance for doubtful accounts	-415,257.04	-58,827.76
Miscellaneous contributions receivable	3,000.07	286.07

160. For assessed and voluntary contribution receivables due, adjustments or allowances are made to reflect the fair value of the receivables in the Financial Statements because of the uncertainty surrounding the timing of the future cash flows from the receivables. However such adjustments or allowances constitute neither a formal write-off of the receivable nor do they release members/donors from their obligation.

161. The following table illustrates the composition of the Members assessed contributions receivables only:

Members assessed contributions receivable by year of assessment
Euros

Year of assessment	31/12/2016	%	31/12/2015	%
Members assessed contributions receivable	**17,010,586.48**	**100.00%**	**16,598,760.74**	**100.00%**
2013 and earlier	12,872,907.68	75.68%	13,579,624.03	81.81%
2014	860,735.09	5.06%	1,251,442.31	7.54%
2015	1,248,271.65	7.34%	1,767,694.40	10.65%
2016	2,028,672.06	11.93%	0.00	0.00%

162. The movements of the allowance for doubtful accounts during 2016 are as follows:

33 DFR IV.2 and DFR IV.3

Allowance for doubtful accounts movements Euros				
	01/01/2016	**Utilization**	**Increase/ (decrease)**	**31/12/2016**
Allowance for doubtful accounts movements	**13,638,451.79**	**370,197.84**	**880,613.29**	**14,148,867.24**
Members assessed contributions	13,579,624.03	370,197.84	524,184.01	13,733,610.20
Voluntary contributions	58,827.76	0.00	356,429.28	415,257.04

Note 9 – Other receivables

Other receivables Euros		
	31/12/2016	**31/12/2015**
Other receivables	**458,000.66**	**209,299.37**
VAT receivable	181,893.63	76,573.48
Receivables from exchange transactions	276,107.03	132,725.89
Publications sales receivables, net	43,394.97	10,415.21
Publications sales receivables	49,076.22	15,335.21
Allowance for doubful accounts	-5,681.25	-4,920.00
Employee receivables	47,193.05	24,998.34
Accrued interest receivable	115.90	386.50
Miscellaneous receivables	185,403.11	96,925.84

163. Other receivables is composed by receivables from exchange transactions (publications sales receivable, employee receivables, interest accrued receivable and other miscellaneous receivables from exchange transactions) and by the value-added tax (VAT) recoverable of goods and services from the government of the host country (Spain) under the terms of the relevant host country agreement[36].

164. Miscellaneous receivables from exchange transactions mainly include receivables for donations paid in advance and other miscellaneous receivables. Receivables for donations paid in advance mainly refer to donated air tickets where the Organization advances the cost of the donated tickets, thus it expects to be reimbursed in exchange for the amount it paid out.

165. The allowance for doubtful accounts for publications sales receivables is estimated as follows:

(a) No allowance is applied to receivables outstanding for two years or less;

(b) An allowance of 100% is applied to receivables outstanding for over two years.

166. Receivables from sales of publications which have been fully provided for shall be written-off after being outstanding for five years, although, a write-off may be made earlier upon approval of the Secretary General.

167. An updated calculation of the allowance for doubtful accounts for publications sales receivables has also been applied in 2016.

[36] Headquarters agreement between the Kingdom of Spain and the World Tourism Organization / Article 10, and BOE of Spain no. 182 of 31 July 2015 / Article 10, applicable since 25 June 2015.

Note 10 – Other assets

Other assets Euros		
	31/12/2016	**31/12/2015**
Other assets	**91,277.95**	**66,780.30**
Other current assets	*84,285.41*	*63,042.64*
Advances	80,650.64	54,316.31
Pre-paid expenses	3,634.77	8,726.33
Other non-current assets	*6,992.54*	*3,737.66*

168. Other current assets are composed of advances, prepaid expenses and miscellaneous assets.

169. Advances include:

(a) Employee advances such as education grant, home leave travel, DSA (daily subsistence allowance) on mission travel and others in accordance to the UNWTO Staff Regulations and Rules;

(b) Advances made to UNDP to deliver services in the field on the Organization’s behalf, through the Service Clearing Account arrangement;

(c) Advances to implementing partners made under contracts with national bodies and similar organizations which deliver technical cooperation activities on UNWTO’s behalf; and,

(d) Advances to suppliers.

170. Other non-current assets include guarantees and deposits and miscellaneous non-current assets.

Note 11 – Property, plant and equipment

Property, Plant and Equipment (PPE) at 31 December 2016 Euros	**Communication and IT equipment**	**Vehicles**	**Furnitures and fixtures**	**Other equipment**	**Leasehold**	**Total**
01/01/2016						
Historical cost / fair value	557,380.62	94,855.00	18,324.60	420,542.57	0.00	1,091,102.79
Accumulated depreciation and impairment	-403,923.41	-94,855.00	-17,944.64	-396,784.93	0.00	-913,507.98
Opening carrying amount	**153,457.21**	**0.00**	**379.96**	**23,757.64**	**0.00**	**177,594.81**
Movement for the year						
Additions	18,637.86	0.00	0.00	9,905.86	104,775.31	133,319.03
Disposals	-95,483.24	0.00	0.00	0.00	0.00	-95,483.24
Impairment	0.00	0.00	0.00	0.00	0.00	0.00
Depreciation	42,069.12	0.00	-162.84	-25,744.96	-1,587.81	14,573.51
Total movements for year	**-34,776.26**	**0.00**	**-162.84**	**-15,839.10**	**103,187.50**	**52,409.30**
31/12/2016						
Historical cost / fair value	480,535.24	94,855.00	18,324.60	430,448.43	104,775.31	1,128,938.58
Accumulated depreciation and impairment	-361,854.29	-94,855.00	-18,107.48	-422,529.89	-1,587.81	-898,934.47
Closing carrying amount	**118,680.95**	**0.00**	**217.12**	**7,918.54**	**103,187.50**	**230,004.11**

171. Movement for the year includes fully depreciated PPE for EUR 9,290.91 which corresponds to two items reported for the first time. At 31 December 2016, UNWTO holds fully depreciated PPE which is still in use.

172. Assets are reviewed annually to determine if they are impaired.

173. The UNWTO Headquarters building is not part of property, plant and equipment as it is treated as a donated right to use under the provisions of IPSAS 23. Further disclosures on the treatment of this lease are provided in the Note on Revenue.

Note 12 – Intangible assets

Intangible Assets at 31 December 2016
Euros

	Software acquired externally	Software under development	Licences and rights	Total
01/01/2016				
Historical cost / fair value	12,373.20	143,606.64	0.00	155,979.84
Accumulated amortization and impairment	-2,062.20	0.00	0.00	-2,062.20
Opening carrying amount	**10,311.00**	**143,606.64**	**0.00**	**153,917.64**
Movements for year				
Additions	0.00	141,935.13	6,301.31	148,236.44
Disposals	0.00	0.00	0.00	0.00
Impairment	0.00	0.00	0.00	0.00
Amortization	-2,062.20	0.00	-1,260.27	-3,322.47
Total movements for year	**-2,062.20**	**141,935.13**	**5,041.04**	**144,913.97**
31/12/2016				
Historical cost / fair value	12,373.20	285,541.77	6,301.31	304,216.28
Accumulated amortization and impairment	-4,124.40	0.00	-1,260.27	-5,384.67
Closing carrying amount	**8,248.80**	**285,541.77**	**5,041.04**	**298,831.61**

174. The capitalized value of the internally developed software excludes those costs related to research and maintenance.

175. The costs recognized as "Software under development" relate to development work on the implementation of new modules in Athena (UNWTO financial management information system) under the so-called Athena II project. Costs are identified based on payment schedules and project milestones of the development phase of the project. Once the project is completed and implemented, these costs shall be classified under the account "Software internally developed".

Note 13 – Payables and accruals

Payables and accruals
Euros

	31/12/2016	31/12/2015
Payables and accruals	**838,141.34**	**652,373.25**
Accounts payable - personnel	155,755.38	129,182.49
Accounts payable - others	509,930.05	357,840.30
Accrued expenses	172,455.91	165,350.46

176. Accounts payable – others relate to amounts due for goods and services for which invoices have been received. Accounts payable – personnel refer to amounts due to staff, collaborators and other temporary services. Accrued expenses represent estimates for the value of goods and services that have been received or provided to UNWTO during the period and which have not been invoiced to UNWTO.

Note 14 – Transfers payable

Transfers payable
Euros

	31/12/2016	31/12/2015
Transfers payable (TP)	**478,532.66**	**478,301.47**
TP for technical cooperation and grants	420,976.96	387,658.94
TP to donors	57,523.57	73,997.53
Miscellaneous TP	32.13	16,645.00

177. Transfers payable include technical cooperation and grants payable to recipients and to the UN for jointly funded activities. It also includes transfers due to donors of unspent project funds, accrued interest payable, and the other payables to Full and Associate Members arising from distributions of surpluses, if applicable.

Note 15 – Employee benefits

Employee benefits by valuation type
Euros

	31/12/2016	restated 31/12/2015
Employee benefits	**19,235,975.91**	**18,365,781.59**
UNWTO valuation	*111,725.47*	*107,794.79*
Actuarial valuation	*19,124,250.44*	*18,257,986.80*
After-service employee benefits	19,124,250.44	18,257,986.80
ASHI	16,737,595.81	16,039,488.97
Accumulated annual leave (AAL)	1,105,444.61	1,012,507.81
End of service benefits (EoSB)	1,281,210.02	1,205,990.02

178. Employee benefit liabilities are determined by professional actuaries and calculated by UNWTO based on personnel data and past experience.

Employee benefits
Euros

	31/12/2016	restated 31/12/2015
Employee benefits	**19,235,975.91**	**18,365,781.59**
Current employee benefits	*361,767.10*	*397,917.48*
Short-term and other current employee benefits	111,725.47	107,794.79
After-service employee benefits	250,041.63	290,122.69
Non-current employee benefits	*18,874,208.81*	*17,967,864.11*
After-service employee benefits	18,874,208.81	17,967,864.11
ASHI	16,614,281.75	15,887,405.81
Accumulated annual leave (AAL)	1,036,591.81	953,605.61
End of service benefits (EoSB)	1,223,335.25	1,126,852.69

Employee benefits – current

179. Current employee benefits mainly include accrued employee benefits (salary, post adjustment, family allowance and language allowance), overtime, education grant, home leave travel and after-service employee benefits expected to be settled within 12 months after the end of the period in which the employee renders the related service.

180. Prior to 2016, total after-service employee benefits were shown as non-current employee benefit as those rights only crystallize on separation, typically more than twelve months from the reporting date. In 2016, after-service employee benefits are broken down into current and non-current. The amount of correction on the restated Statement of Financial Position for the year ended 31 December 2015 is as follows:

Employee benefit liabilities restatement
Euros

	As reported 31/12/2015	Adjustment	As restated 31/12/2015
Current Liabilities			
Employee benefits	107,794.79	290,122.69	397,917.48
Non-current Liabilities			
Employee benefits	18,257,986.80	-290,122.69	17,967,864.11

Employee benefits – non-current

181. Non-current employee benefits relate to post-employment and other long-term employee benefits. These include: After Service Health Insurance, Accumulated Annual Leave and End of Service Benefits (repatriation grant, end of service transport costs and removal expenses).

182. After Service Health Insurance (ASHI) – UNWTO operates the ASHI scheme which is a defined employee benefit plan. Under the scheme, staff retiring from UNWTO, at the age of 55 or above and with at least ten years' of service from the date of entry at UNWTO, may opt to remain (indefinitely) in that ASHI scheme with UNWTO responsible for the continued partial funding of insurance premiums. UNWTO performs biannually an actuarial valuation of the ASHI scheme to measure its employee benefits obligation.

183. Accumulated Annual Leave (AAL) – UNWTO staff can accumulate unused annual leave up to a maximum of 60 working days. On separation from UNWTO, staff members are entitled to receive a sum of money equivalent to their pay for the period of AAL that they hold at the date of separation. Although annual leave is a short-term employee benefit, the right to receive payment for unused annual leave, and consequently the Organization's liability for this balance, is shown as a long-term employee benefit as that right only crystallizes on separation, typically more than twelve months from the reporting date.

184. End of Service Benefits (EoSB) – A non-locally recruited staff member who has completed one year of service outside the country of his/her recognized home is entitled upon separation from UNWTO to a repatriation grant payable on the basis of completed years and months of qualifying service outside the country of his/her recognized home. Staff members are also entitled to travel and removal costs for repatriation on separation from UNWTO.

Actuarial valuations

185. Liabilities arising from ASHI, accrued annual leave and end of service benefits and are determined by consulting actuaries. The following assumptions and methods have been used to determine the value of post-employment and other separation-related employee liabilities for UNWTO as at 31 December 2016:

Measurement date	31 December 2016		
Actuarial method	Projected unit credit		
Discount rate	ASHI	2.56%	Based on the Defined Benefit Obligation cash flows from the 31 December 2016 valuations and the interest rates from a custom Spanish government bond yield curve as of 31 December 2016.
	AAL	1.88%	
	EoSB	1.88%	
Expected rate of return of assets	Not applicable		
General inflation rate	1.6%		
Salary growth	2.1% (1.6% inflation rate plus 0.5% productivity growth rate plus merit component).		
Future exchange rates	Equal to United Nations spot rates at 31 December 2016.		
Mortality rates	Based on those in the 31 December 2015 valuation of the United Nations Joint Staff Pension Fund.		

<table>
<tr><td colspan="2">Disability rates</td><td colspan="3">Based on those in the 31 December 2015 valuation of the United Nations Joint Staff Pension Fund.</td></tr>
<tr><td colspan="2">Withdrawal rates</td><td colspan="3">Based on those in the 31 December 2015 valuation of the United Nations Joint Staff Pension Fund.</td></tr>
<tr><td colspan="2">Retirement rates</td><td colspan="3">It was assumed that all participants hired prior to 2014 retire at age 62 and that those hired after retire at age 65.</td></tr>
<tr><td colspan="2">Advance payments</td><td colspan="3">No future advance payments are assumed.</td></tr>
<tr><td colspan="2">New hires</td><td colspan="3">It is assumed to maintain a level headcount and stable demographics for the active staff population.</td></tr>
<tr><td rowspan="6">ASHI</td><td rowspan="2">Medical costs increases</td><td>Initial</td><td>Ultimate</td><td>Year ultimate increase reached</td></tr>
<tr><td>5.1%</td><td>3.1%</td><td>2037</td></tr>
<tr><td>Average annual medical claim cost</td><td colspan="3">EUR 3,423 per adult in 2017</td></tr>
<tr><td>Future participants contributions</td><td colspan="3">In the long run, premiums will be adjusted if needed to stabilize the percentage of retiree claims and administrative expenses covered by retiree contributions.</td></tr>
<tr><td>Participation and lapse rates</td><td colspan="3">90% of future retirees will elect coverage and retain coverage for life.</td></tr>
<tr><td>Coverage of adult dependents for future retirees</td><td colspan="3">85% of male and 55% of female retirees have an adult dependent who elects coverage in the plan.</td></tr>
<tr><td rowspan="2">AAL</td><td>Accumulated balance</td><td colspan="3">As the accumulation of annual leave by employee historically remains stable year on year, it is assumed that the total accumulated balance is a long-term employee benefit taken by staff members on separation from UNWTO.</td></tr>
<tr><td>Annual leave days</td><td colspan="3">It is assumed to accrue (up to the 60-day cap) at rates of 10.0 days per year for the first four years of service, 0.8 days per year for the next 26 years, and 0.0 days per year thereafter.</td></tr>
<tr><td rowspan="2">EoSB</td><td>Members receiving benefits</td><td colspan="3">It is assumed that 100% of eligible members claim the repatriation grant. Repatriation travel and removal expenses are assumed to be payable to 80% of eligible staff members upon separation.</td></tr>
<tr><td>Repatriation travel and removal costs</td><td colspan="3">It is assumed at EUR 4,500 per staff member in 2017, reflecting the impact of expected inflation over the average expected future working years by staff members.</td></tr>
</table>

186. UNWTO conducts actuarial valuation of after-service liabilities on a periodical basis longer than annually.

187. The following table provide additional information and analysis on employee benefit liabilities calculated by actuaries:

After service employee benefits actuarial valuation
Euros

	ASHI	AAL	EoSB	Total
Defined benefit obligation at 01/01/2016	**16,039,488.97**	**1,012,507.81**	**1,205,990.02**	**18,257,986.80**
Movements for period ended 31/12/2016	*698,106.84*	*92,936.80*	*75,220.00*	*866,263.64*
Service costs	636,355.00	69,868.00	69,680.00	775,903.00
Interest costs	462,970.00	21,295.00	24,033.00	508,298.00
Recognition of (gain) / loss	-249,135.00	60,676.00	60,644.33	-127,814.67
(Benefit payments UNWTO)	-152,083.16	-58,902.20	-79,137.33	-290,122.69
Defined benefit obligation at 31/12/2016	**16,737,595.81**	**1,105,444.61**	**1,281,210.02**	**19,124,250.44**

188. The actuarial valuation of the defined benefit obligation is determined by discounting the probable future payment required to settle the obligation resulting from employee service rendered in the current and prior periods.

189. Actuarial gains or losses arise when the actuarial assessment differs from the long term expectation on the obligations: they result from experience adjustments (differences between the previous actuarial assumptions and what has actually occurred) and the effects of change in actuarial assumptions.

190. Actuarial gains or losses relating to ASHI are accounted for using the “reserve recognition” approach, and are recognized in the Statement of Changes in Net Assets/Equity. Those relating to AAL and EoSB are recognized through the Statement of Financial Performance. Actuarial gains (ASHI) and losses (AAL and EoSB) have been calculated for 2016.

191. The annual expense amounts recognized in the Statement of Financial Performance are as follows:

After service employee benefits recognized in the Statement of financial performance
Euros

	ASHI	AAL	EoSB	Total
Total expenses recognized at 31/12/2016	**1,099,325.00**	**151,839.00**	**154,357.33**	**1,405,521.33**
Service costs	636,355.00	69,868.00	69,680.00	775,903.00
Interest costs	462,970.00	21,295.00	24,033.00	508,298.00
(Gain)/loss on actuarial valuation	-	60,676.00	60,644.33	121,320.33

192. Current service cost is the increase in the present value of the defined benefit obligation resulting from employee service in the current period. Interest cost is the increase during the period in the present value of the defined benefit obligation which arises because the benefits are one period closer to settlement.

193. Two of the principal assumptions in the valuation of the ASHI are the rate of future medical cost increases (3.1%) and the discount rate (2.56%). The table below shows the estimated impact of unfavourable 1% per year changes in these assumptions on the liability at 31 December 2016:

ASHI sensitive analysis
Euros

	Long-term medical inflation rate	
Discount rate	*3.10% per year*	*4.10% per year*
2.56%	16,736,939	20,630,393
1.56%	20,841,468	26,071,974

194. One of the principal assumptions in the valuation of accrued leave and end of service benefits is the discount rate (1.88%). The table below shows the estimated impact of unfavourable 1% per year in that rate on the liability at 31 December 2016:

AAL and EoSB sensitive analysis
Euros

Discount rate	Accumulated Annual Leave	End of Service Benefits
1.88%	1,281,210	1,105,445
0.88%	1,381,041	1,236,492

United Nations Joint Staff Pension Fund (UNJSPF)

195. 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 Pension Fund will be sufficient to meet its liabilities.

196. UNWTO’s financial obligation to the UNJSPF 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 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.

197. The actuarial valuation performed as of 31 December 2015 revealed an actuarial surplus of 0.16% (a deficit of 0.72% in the 2013 valuation) of pensionable remuneration, implying that the theoretical contribution rate required to achieve balance as of 31 December 2015 was 23.54% of pensionable remuneration, compared to the actual contribution rate of 23.7%. The next actuarial valuation will be conducted as of 31 December 2017.

198. At 31 December 2015, the funded ratio of actuarial assets to actuarial liabilities, assuming no future pension adjustments, was 141.1% (127.5% in the 2013 valuation). The funded ratio was 91.2% (86.2% in the 2011 valuation) when the current system of pension adjustments was taken into account.

199. After assessing the actuarial sufficiency of the Fund, the Consulting Actuary concluded that there was no requirement, as of 31 December 2015, 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 Fund. 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.

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

Contributions paid to UNJSPF
Euros

	31/12/2016	Estimated 2017
Contributions paid to UNJSPF	1,453,625.83	1,509,590

Note 16 – Advance receipts

Advance receipts
Euros

	31/12/2016	31/12/2015
Advance receipts	**1,621,754.90**	**2,431,658.62**
Current defered liabilities	*1,609,099.84*	*2,418,800.33*
Advance receipts - Contributions	1,609,099.84	2,417,996.98
Miscellaneous advance receipts	0.00	803.35
Non-current defered liabilities	*12,655.06*	*12,858.29*
Advance receipts - Contributions	12,655.06	12,858.29

201. UNWTO recognizes as a liability amounts received under non-exchange contracts where either a binding agreement is not considered to be in place yet or where the payments received will be due in the following or more financial years. Those payments received for contributions which are actually due after 12 months or more are classified under non-current advance receipts.

202. At 31 December 2016 there are no liabilities related to conditional contributions.

Note 17 – Provisions

Provisions Euros		
	31/12/2016	**31/12/2015**
Provisions	**133,234.58**	**73,607.42**
Current provisions	*133,234.58*	*73,607.42*
Provisions for refunds to donors	98,132.29	47,402.41
Provisions for sales return	1,028.35	131.07
Other current provisions	34,073.94	26,073.94

203. UNWTO mainly recognizes a provision for probable liabilities that would result from return of sold publications to distributors, from obligations on the Organization where there is probability of outflow of resources and from refunds of unspent balances of closed projects to donors. The level of the provisions is based on past experience except for the provision for sales return which is also based on the level of sales of the year.

Note 18 – Other liabilities

Other liabilities Euros		
	31/12/2016	**31/12/2015**
Other liabilities	**24,413.79**	**158,979.29**
Other current liabilities	*24,413.79*	*152,496.67*
Finance lease liabilities	6,630.74	20,025.09
Miscellaneous other current liabilities	17,783.05	132,471.58
Other non-current liabilities	*0.00*	*6,482.62*
Finance lease liabilities	0.00	6,482.62

204. Falling under other liabilities UNWTO recognizes miscellaneous liabilities (inter-segment payables) and financial lease liabilities.

Finance leases

205. The Organization has finance leases in place for high-volume photocopiers. The difference between the minimum lease payments due and the present value of such payments is analysed in the table below:

Finance leases **at 31 December 2016** Euros			
	Minimum payments due	**Finance charges**	**Present value of minimum payments**
Finance lease liabilities	**7,127.94**	**358.39**	**6,630.74**
< 1 year	7,127.94	358.39	6,630.74
> 1 year and < 5 years	0.00	0.00	0.00

206. There are no sublease payments to be received on these leased assets. Ownership does not transfer to the Organization on conclusion of the lease, nor are there any options in place to purchase the equipment at that time.

Note 19 – Net assets / equity

Changes in net assets/equity - detailed
for the year ended 31 December 2016
Euros

	Restricted Accumulated Surplus	Unrestricted accumulated surplus	Total accumulated surplus	Surplus	Working capital fund	Replacement reserve	Special reserve for contingency	Total net assets
Net assets, 31/12/2015	**6,205,668.42**	**-11,969,555.20**	**-5,763,886.78**		**2,804,006.42**	**1,204,141.36**	**485,419.96**	**-1,270,319.04**
Restated balance, 01/01/2016	*6,205,668.42*	*-11,969,555.20*	*-5,763,886.78*		*2,804,006.42*	*1,204,141.36*	*485,419.96*	*-1,270,319.04*
Directly recognized revenues and expenses								
Net change WCF					-5,885.05			-5,885.05
Net change in reserves	-15.65	126,640.14	126,624.49			-125,719.45	-905.04	0.00
Actuarial gain/loss		249,135.00	249,135.00					249,135.00
Other adjustments	480,656.00	-478,500.00	2,156.00					2,156.00
Net rev/exp recognized directly in net assets	*480,640.35*	*-102,724.86*	*377,915.49*		*-5,885.05*	*-125,719.45*	*-905.04*	*245,405.95*
Result for the period				386,742.16				386,742.16
Direct transfers from result	1,123,276.71	-850,075.39	273,201.32	-386,742.16	0.00	113,540.84	0.00	0.00
Other adjustments in accumulated surplus	-333,000.00	333,000.00	0.00					0.00
Total recognized surplus for the period	790,276.71	-517,075.39	273,201.32	0.00	0.00	113,540.84	0.00	386,742.16
Net assets, 31/12/2016	**7,476,585.48**	**-12,589,355.45**	**-5,112,769.97**	**0.00**	**2,798,121.37**	**1,191,962.75**	**484,514.92**	**-638,170.93**

207. UNWTO accumulated surplus consists of: (a) Unrestricted accumulated surplus (deficit), and (b) Restricted accumulated surplus. The latter are mainly balances relating to projects funded by donors held for use on specific identified projects and project support costs (PSC), and as such are considered to be restricted.

208. The Working Capital Fund (WCF) has been established in an amount and for the purposes to be fixed by the General Assembly[38]. It is financed by contributions from Members made in accordance with the scale of contributions as determined by the General Assembly and by any other transfer from net equity which the Assembly decides may be so used[39].

209. In addition to the WCF the statutory reserves comprise the Replacement Reserve[40] and the Special Contingency Reserve[41] which have been established in accordance with the UNWTO Financial Rules and Regulations.

210. UNWTO recognizes actuarial gain and losses for ASHI directly in Statement of Changes in Net Assets/Equity. Actuarial valuations are made every two years and actuarial gains and losses are recorded accordingly.

[38] FR10.2(a) and FR 10.2(b)
[39] FR 10.2(c)
[40] DFR VI21 to VI.23
[41] DFR VI24 to VI.28

Note 20 – Revenues

Revenues Euros	**31/12/2016**	**31/12/2015**
Revenue	**22,538,535.55**	**21,684,975.84**
Members assessed contributions	*13,584,888.64*	*13,387,841.75*
Other contributions, net of reduction	*4,953,512.82*	*2,678,314.31*
Voluntary contributions	5,035,585.17	2,623,002.61
Funds in trust contributions	92,000.00	92,000.00
Reduction in contribution revenues	-174,072.35	-36,688.30
Publications revenues, net of discounts and returns	*303,956.40*	*335,077.21*
Publications revenues	359,077.55	401,836.10
Discounts and returns	-55,121.15	-66,758.89
Currency exchange differences	*90,530.96*	*555,055.20*
Other revenues	*3,605,646.73*	*4,728,687.37*
In-kind contributions	2,829,417.13	3,887,975.59
Donated use of premises/equipment	2,125,864.17	3,094,612.32
Donated travel	703,552.96	793,363.27
Miscellaneous revenues	776,229.60	840,711.78
Revenue from deposits and investments	35,911.57	85,753.83
Other miscellaneous	740,318.03	754,957.95

211. Assessed contributions are recognized as revenue at the beginning of the year to which they are apportioned in the relevant two-year budget period[42].

212. Voluntary Contributions and Funds In Trust are recognized as revenue at the signing of the corresponding binding funding agreement except for those which contain performance conditions as defined under IPSAS. Agreements signed during the year 2016 contained restrictions but not conditions within the meaning of IPSAS 23 (Revenue from non-exchange transactions), as donors could not enforce the return of the contribution and there is no history of such enforcement. Related expenses can take place in current and future accounting periods. These revenues are shown net of the provision for return to donors and refunds to donors (Reduction in contribution revenues line).

213. The sale of UNWTO publications is the only material exchange revenue producing activity of the Organization.

214. Currency exchange differences are composed of the difference between gains and loss on currency exchange differences.

215. Other revenues is composed by miscellaneous revenues, which include voluntary contribution support costs (at least 7% of the contribution) and in-kind contributions. UNWTO receives donations in-kind in the form of the use of premises for no or nominal rent and paid travel expenses. The use of premises is valued at the fair market value of the rental due on similar premises, while travel is valued (a) at the fair market value of the donated airfare and, (b) based on the DSA for other travel expenses. These in-kind contributions are recognized as revenue while a corresponding expense is also recognized.

216. Donated use of premises also includes:

(a) The UNWTO Headquarters building located at Madrid, Spain, in accordance with the agreements between UNWTO and the Government of Spain[43]. The commercial rate of renting the UNWTO

[42] FR Annex II. 1

[43] "Special Agreement on the Headquarters Building of the World Tourism Organization, as Provided for under Article 24 of the Convention between the World Tourism Organization and Spain Concerning the Organization's Legal Status in Spain".

Headquarters building was calculated by an independent appraisal in 2013 and adjusted by the variation of the rental level in the Madrid business district[44].

(b) The UNWTO liaison office located at Geneva whose commercial rate of renting is calculated based on the rental level in Geneva.

Note 21 – Expenses

Expenses Euros		
	31/12/2016	**31/12/2015**
Expenses	**22,151,793.39**	**24,690,487.58**
Wages, salaries and employee benefits	*14,103,944.53*	*14,085,230.11*
Salaries and benefits - regular staff	8,836,945.31	9,295,592.09
After-services benefits - regular staff	1,405,521.33	1,237,433.00
Salaries and benefits - non-regular staff	3,861,477.89	3,552,205.02
Grants and other transfers	*945,006.48*	*862,883.82*
Travel	*1,623,504.47*	*1,800,359.62*
Non-donated travel	919,951.51	1,006,996.35
Donated travel expenses	703,552.96	793,363.27
Supplies, consumables and other runing costs	*3,940,822.42*	*4,907,531.24*
Expendables	129,412.17	88,879.92
Supplies, consumables and others	556,194.64	657,481.83
Publishing expenses	71,375.76	91,658.61
Rental expense (included in-kind rental expense)	2,152,374.12	3,123,498.60
Rental expense	26,509.95	28,886.28
Rental expense in-kind	1,271,306.96	2,316,107.04
Rental headquarter	854,557.21	778,505.28
Contractual services	1,031,465.73	946,012.28
Depreciation and amortization	*74,941.29*	*69,030.52*
Depreciation and impairment - PPE	71,618.82	66,787.31
Amortization and impairment - Intangible Assets	3,322.47	2,062.20
Impairment - Publications	0.00	181.01
Other expenses	*1,463,574.20*	*2,965,452.27*
Doubtful accounts expense	1,418,009.79	2,914,209.85
Bank costs	14,735.23	16,550.15
Other miscellaneous	30,829.18	34,692.27

Wages, salaries and employee benefits

217. Wages, salaries and employee benefits include: (a) regular staff expenses related to wages, salaries and benefits and the movements in the actuarial liability for ASHI, Accumulated Annual Leave and End of Service Benefits, and (b) the cost of contracting collaborators and consultants and other temporary services, including their medical insurance.

Grants and other transfers

218. This item includes: (a) expenses for external training and seminars which are mainly travel and per diem costs for participants, (b) technical cooperation and grants which represent subventions and sponsorships, (c) contributions made to UN joint activities, and (d) other contributions.

[44] See “Office Market Snapshot” Madrid/Spain by Cushman & Wakefield of third quarter 2016 (www.cushmanwakefield.es).

Travel

219. Travel costs are for UNWTO staff, collaborators and consultants and other temporary service providers relate principally, to transportation and DSA expenses.

Supplies, consumables and other running costs

220. Included under this heading are items of expendable equipment and furniture and fittings which do not meet the criteria for capitalization as PPE (included donated goods in-kind) as well as items of expendable software and licences which do not meet the criteria for capitalization as intangible assets.

221. Supplies, consumables and others include offices and other supplies, insurances, utilities maintenance and repairs, hospitality and other running costs.

222. Publishing expenses include those costs related to the production of publications.

223. Rental expense represents premises rental cost including the expense which corresponds to the in-kind contribution for premises provided to UNWTO at no or nominal cost.

224. Contractual services represent expenses where UNWTO has engaged a third party to perform work on behalf of UNWTO. Major categories of these types of arrangements include professional services and research.

Depreciation, amortization and impairment

225. Depreciation is the annual expense resulting from the systematic allocation of the depreciable amounts of property, plant and equipment over their useful lives. Amortization is the annual expense resulting from the systematic allocation of the amortizable amount of intangible assets over their useful lives.

226. This item also includes impairment of PPE, intangible assets and publication inventories.

Other expenses

227. Doubtful accounts expense corresponds to the changes in the allowance for doubtful accounts for assessed, WCF, voluntary and trust fund contributions. It also includes an amount for doubtful publication receivables.

228. The other expenses are largely composed of bank charges and miscellaneous expenses.

Note 22 – Statement of comparison of budget and actual amounts – Regular Budget

Reconciliation of financial performance with budgetary result of the Regular Budget
for the year ended 31 December 2016
Euros

Financial surplus in the Statement of financial performance	**386,742.16**
Entity differences	**1,245,792.84**
Add: Revenues of	*9,674,175.61*
Other funds than the GF (VC and FIT)	8,315,666.98
Other projects within GF	1,358,508.63
Less: Expenses of	*8,428,382.77*
Other funds than the GF (VC and FIT)	6,863,742.17
Other projects within GF	1,564,640.60
Basis differences	**-1,924,398.08**
Add:	*2,062,406.57*
(a) Unbudgeted revenues under Regular Budget	1,918,233.55
(b) Budgeted transfer to the Replacement Reserves	113,540.84
(c) Budgeted PPE, IA and finance lease liabilities	30,632.18
Less:	3,986,804.65
(a) Unbudgeted expenses under Regular Budget	3,653,804.65
(b) Budgeted transfers from net assets	333,000.00
Budgetary result in the Statement of comparison of budget and actual amounts	**1,065,347.40**

229. As required under IPSAS 24, the actual amounts presented on a comparable basis to the budget are, where the Financial Statements and the budget are not prepared on a comparable basis, reconciled to the actual amounts presented in the Financial Statements, identifying any differences.

230. In order to reconcile the Statement of Comparison of Budget and Actual Amounts to the Statement of Financial Performance, the following differences have to be taken into account.

(a) Entity differences

These occur when the approved Regular Budget excludes projects, funds or entities which are nonetheless reported in the Financial Statements. At UNWTO the Voluntary Contributions Fund, Funds In Trust and the non-regular budget projects within the General Fund are not part of the approved Regular Budget.

(b) Basis differences

These occur when the approved Regular Budget is prepared on a basis other than the accounting basis. At UNWTO, the Regular Budget is prepared on a modified accrual basis whereas the Financial Statements are prepared on a full accrual basis in compliance with IPSAS.

In order to reconcile the budgetary result (Statement of Comparison of Budget and Actual Amounts) to the financial performance (Statement of Financial Performance), the non-accrual elements of the Regular Budget (e.g., property plan and equipment is budgeted when it is planned that the payments will be made) are removed as basis differences.

(c) Timing differences

These occur when the budget period differs from the reporting period reflected in the Financial Statements. At UNWTO, there are no timing differences.

(d) Presentation differences

These are due to differences in the format and classification schemes adopted for the Statement of Financial Performance and the Statement of Comparison of Budget and Actual Amounts. At UNWTO, the Statement of Financial Performance is classified by nature while the Statement of Comparison of Budget and Actual Amounts is classified by groups of programmes. The financial impact of this presentation is zero.

Note 23 – Commitments and contingencies

Legal commitments

231. UNWTO has outstanding commitments related to operating costs mainly in the form of issued contracts and purchase orders which will be expensed in the Financial Statements upon delivery in the forthcoming financial years and recorded against the corresponding annual budget. At 31 December 2016, legal commitments amount to some:

Legal commitments
Euros

	31/12/2016
Legal commitments	162,764.73

Operating lease commitments

232. UNWTO enters into operating lease arrangements mainly for the use of office premises and for the use of photocopying and printing equipment. Future minimum lease rental payments for the following periods are:

Operating leases
Euros

	31/12/2016	**31/12/2015**
Operating lease commitments	**126,472.97**	**58,508.27**
< 1 year	46,336.81	41,899.60
> 1 year and < 5 years	80,136.16	16,608.67

Contingent liabilities

233. On 31 December 2016, there are no contingent liabilities arising from legal actions and claims that are likely to result in a significant liability to UNWTO.

Contingent assets

234. At 31 December 2016, there are contingent assets amounting to EUR 105,500 related to the expression of support by donors for the 2017 International Year of Sustainable Tourism for Development and the 2017 UNWTO Awards. The probable future inflow of economic benefits depends upon future events, namely, the decisions of the donors to follow through on the letters of support, and are therefore not wholly under the control of UNWTO.

Note 24 – Losses, ex-gratia payments and write-offs

Losses, ex-gratia payments and write-offs
Euros

	31/12/2016	31/12/2015
Losses, ex-gratia payments and writte-offs	**17,579.44**	**3,059.39**
Losses and writte-offs	17,579.44	3,059.39

235. Financial Regulation 13.5 provides that "The Secretary-General may make such ex gratia payments as are deemed to be necessary in the interest of the Organization, provided that a statement of such payments is included in the accounts of the Organization". During the period 1 January to 31 December 2016, no ex-gratia payments were made.

236. Financial Regulation 13.4 provides that "The Secretary-General may, after full investigation, authorize the writing off of losses of cash, stores, and other assets, provided a statement thereof is submitted to the External Auditors with the accounts".

237. During the period 1 January to 31 December 2016, UNWTO did not incur any ex-gratia payments. Losses correspond to the loss in the value of the investment in the joint venture and write-offs correspond to approved uncollectible receivables related to sales of publications analysed on a case-by-case basis.

238. There were no reported cases of fraud or presumptive fraud in 2016.

Note 25 – Related party and key management disclosures

Governing bodies and related parties

239. UNWTO is governed by a General Assembly, consisting of the representatives of the Full and Associate Members of the Organization. They do not receive any remuneration from the Organization.

240. The General Assembly elects the Full Members which form the Executive Council in a ratio of one for every five Full Members. The Executive Council assures the overall management of UNWTO and meets twice a year. As a norm, the Organization does not pay for travel costs or any other costs incurred by the representatives of the Full Members in the execution of their duties as Members.

241. Representatives of Full Members are appointed separately by the Government of each Full Member, and are not considered as key management personnel of UNWTO as defined under IPSAS.

242. The Organization's only related party within the meaning of IPSAS 20 (Related party disclosures) is the Themis Foundation. During 2016, UNWTO provided EUR 109,000 as annual grant to the Themis Foundation.

Key management personnel

243. Key management personnel of UNWTO are personnel with a level of D2 and above as they have the authority and responsibility for planning, directing and controlling the activities of UNWTO. At UNWTO the key management personnel is composed of the Secretary-General, the Executive Directors and the Director of Administration.

244. The aggregate remuneration paid to key management personnel includes: net salaries, post adjustment, benefits and allowances as well as the employer pension and health insurance contributions.

Key management personnel
at 31 December 2016
Euros

	Number of individuals	Salary & post adjustment	Benefits & allowances	Pension and health plans	Total remuneration	Outstanding advances
Key mangement personnel	7	1,087,885.39	87,860.11	350,290.12	1,526,035.62	2,108.70

245. Key management personnel are also qualified for post-employment benefits at the same level as other employees. Key management personnel of UNWTO are participants of UNJSPF.

246. Advances are those made against salary, benefits and allowances in accordance with financial rules and regulations[46]. Advances against salary, benefits and allowances are available to all UNWTO staff.

[46] DFR VI.13

Unaudited Annexes

Annex I: Contact information

Name		Address
UNWTO	World Tourism Organization	Capitán Haya 42. Madrid, Spain
Actuary	Aon Hewitt	100 Half Day Road. Lincolnshire, Illinois 60069, United States of America
Principal banker	Banco Sabadell Atlántico	Pº de la Castellana 135. Madrid, Spain
External Auditor	Intervención General de la Administración del Estado, Spain	Maria de Molina 50. 28006 Madrid, Spain

Annex II: Appropriations transfers - Regular Budget

Appropriation transfers - Regular Budget [1]
for the year ended 31 December 2016
Euros

	Approved appropiations			Actual expenditure			Budget deviation	Transfer of appropiations		Revised appropiations	Balance
	Staff cost	Non-staff cost	Total	Staff cost	Non-staff cost	Total		From:	To:		
Total	**9,550,000.00**	**3,942,000.00**	**13,492,000.00**	**8,786,483.99**	**3,563,207.11**	**12,349,691.10**	**1,142,308.90**	**-365,217.79**	**365,217.79**	**13,492,000.00**	**1,142,308.90**
A Member Relations	**1,609,000.00**	**653,000.00**	**2,262,000.00**	**1,700,549.24**	**610,691.26**	**2,311,240.50**	**-49,240.50**	**-136,133.55**	**185,374.05**	**2,311,240.50**	**0.00**
A01 Regional Programme, Africa	348,000.00	143,000.00	491,000.00	364,272.32	95,440.62	459,712.94	31,287.06	-31,287.06	0.00	459,712.94	0.00
A02 Regional Programme, Americas	229,000.00	143,000.00	372,000.00	327,286.43	108,879.36	436,165.79	-64,165.79	0.00	64,165.79	436,165.79	0.00
A03 Regional Programme, Asia and the Pacific	348,000.00	143,000.00	491,000.00	369,931.77	115,408.53	485,340.30	5,659.70	-5,659.70	0.00	485,340.30	0.00
A04 Regional Programme, Europe	228,000.00	83,000.00	311,000.00	223,325.17	208,256.02	431,581.19	-120,581.19	0.00	120,581.19	431,581.19	0.00
A05 Regional Programme, Middle East	228,000.00	83,000.00	311,000.00	238,841.76	72,785.31	311,627.07	-627.07	0.00	627.07	311,627.07	0.00
A06 Affiliate Members (Knowledge Network)	228,000.00	58,000.00	286,000.00	176,891.79	9,921.42	186,813.21	99,186.79	-99,186.79	0.00	186,813.21	0.00
B Operational	**2,615,000.00**	**1,061,000.00**	**3,676,000.00**	**2,263,794.81**	**860,830.35**	**3,124,625.16**	**551,374.84**	**-101,696.49**	**52,455.99**	**3,626,759.50**	**502,134.34**
B01 Sustainable Development of Tourism	467,000.00	132,000.00	599,000.00	459,877.23	112,277.74	572,154.97	26,845.03	0.00	0.00	599,000.00	26,845.03
B02 Technical Cooperation	402,000.00	94,000.00	496,000.00	452,563.03	48,106.43	500,669.46	-4,669.46	0.00	4,669.46	500,669.46	0.00
B03 Statistics and Tourism Satellite Account	402,000.00	151,000.00	553,000.00	330,828.67	118,908.78	449,737.45	103,262.55	-101,696.49	0.00	451,303.51	1,566.06
B04 Tourism Market Trends	412,000.00	151,000.00	563,000.00	274,046.41	80,985.22	355,031.63	207,968.37	0.00	0.00	563,000.00	207,968.37
B05 Destination Management and Quality	292,000.00	52,000.00	344,000.00	199,949.24	55,351.21	255,300.45	88,699.55	0.00	0.00	344,000.00	88,699.55
B06 Ethics and Social Responsibility	174,000.00	52,000.00	226,000.00	180,612.46	65,431.05	246,043.51	-20,043.51	0.00	20,043.51	246,043.51	0.00
B07 Themis - Education and Training	0.00	146,000.00	146,000.00	0.00	109,497.78	109,497.78	36,502.22	0.00	0.00	146,000.00	36,502.22
B08 Institutional Relations and Resource Mobilization	292,000.00	150,000.00	442,000.00	284,344.99	121,183.37	405,528.36	36,471.64	0.00	0.00	442,000.00	36,471.64
B09 Special Field Projects	174,000.00	49,000.00	223,000.00	81,572.78	37,345.75	118,918.53	104,081.47	0.00	0.00	223,000.00	104,081.47
B10 UNWTO Liaison Offices	0.00	84,000.00	84,000.00	0.00	111,743.02	111,743.02	-27,743.02	0.00	27,743.02	111,743.02	0.00
C Support - Direct to Members	**3,433,000.00**	**607,000.00**	**4,040,000.00**	**3,352,867.20**	**674,531.08**	**4,027,398.28**	**12,601.72**	**-127,387.75**	**127,387.75**	**4,040,000.00**	**12,601.72**
C01 Conferences Services	705,000.00	148,000.00	853,000.00	573,221.53	161,826.33	735,047.86	117,952.14	-117,952.14	0.00	735,047.86	0.00
C02 Management	2,271,000.00	269,000.00	2,540,000.00	2,357,363.67	310,024.08	2,667,387.75	-127,387.75	0.00	127,387.75	2,667,387.75	0.00
C03 Communications and Publications	457,000.00	190,000.00	647,000.00	422,282.00	202,680.67	624,962.67	22,037.33	-9,435.61	0.00	637,564.39	12,601.72
D Support - Indirect to Members	**1,893,000.00**	**1,621,000.00**	**3,514,000.00**	**1,469,272.74**	**1,417,154.42**	**2,886,427.16**	**627,572.84**	**0.00**	**0.00**	**3,514,000.00**	**627,572.84**
D01 Budget and Finance	348,000.00	166,000.00	514,000.00	304,216.42	163,032.13	467,248.55	46,751.45	0.00	0.00	514,000.00	46,751.45
D02 Human Resources	348,000.00	105,000.00	453,000.00	230,567.10	92,000.56	322,567.66	130,432.34	0.00	0.00	453,000.00	130,432.34
D03 Legal and Contracts	119,000.00	77,000.00	196,000.00	113,801.83	70,440.37	184,242.20	11,757.80	0.00	0.00	196,000.00	11,757.80
D04 Information and Communication Technology	402,000.00	353,000.00	755,000.00	385,931.91	303,448.49	689,380.40	65,619.60	0.00	0.00	755,000.00	65,619.60
D05 General Services	676,000.00	620,000.00	1,296,000.00	434,755.48	518,232.87	952,988.35	343,011.65	0.00	0.00	1,296,000.00	343,011.65
D06 Provisions	0.00	300,000.00	300,000.00	0.00	270,000.00	270,000.00	30,000.00	0.00	0.00	300,000.00	30,000.00

Remarks:

[1] This information is presented in accordance to Programmes structure and appropriations approved originally by A/RES/651(XXI) of document A/21/8(I)(b), its structure update approved by CE/DEC/8(CIII) of document CE/103/7(a) and its structure update approved by CE/DEC/8(CIV) of document CE/104/7(a). On 21 December 2016, the Secretariat submitted the required budget transfers as per UNWTO data at 30 November 2016 through a written communication to the Programme and Budget Committee Members. The Members have not expressed any objection to this written procedure.

Appropriation transfers between programmes within the same part of the budget and from one part of the budget to another

Transfer	EUR	Description	Part	Programme
Appropriation transfers between programmes within the same part of the budget [1]				
1	-31,287.06	From	A Member Relations	A01 Regional Programme, Africa
	-5,659.70	From	A Member Relations	A03 Regional Programme, Asia and the Pacific
	-34,393.93	From	A Member Relations	A06 Affiliate Members (Knowledge Network)
	71,340.69	To	A Member Relations	A04 Regional Programme, Europe
	Transfer needed to mainly cover the excess in expenditure due to the increase in the activities carried out.			
2	-64,165.79	From	A Member Relations	A06 Affiliate Members (Knowledge Network)
	64,165.79	To	A Member Relations	A02 Regional Programme, Americas
	Transfer needed to cover excess expenditure on staff due to the existing difference between the average cost per post used in calculating the budget of each programme and the actual staff costs in the programme.			
3	-627.07	From	A Member Relations	A06 Affiliate Members (Knowledge Network)
	627.07	To	A Member Relations	A05 Regional Programme, Middle East
	Transfer needed to cover excess expenditure on staff due to the existing difference between the average cost per post used in calculating the budget of each programme and the actual staff costs in the programme.			
4	-4,669.46	From	B Operational	B03 Statistics and Tourism Satellite Account
	4,669.46	To	B Operational	B02 Technical Cooperation
	Transfer needed to cover excess expenditure on staff due to the existing difference between the average cost per post used in calculating the budget of each programme and the actual staff costs in the programme.			
5	-20,043.51	From	B Operational	B03 Statistics and Tourism Satellite Account
	20,043.51	To	B Operational	B06 Ethics and Social Responsibility
	Transfer needed to cover excess expenditure due both to the existing difference between the average cost per post used in calculating the budget of each programme and the actual staff costs in the programme as well as to the increase in the activities carried out.			
6	-27,743.02	From	B Operational	B03 Statistics and Tourism Satellite Account
	27,743.02	To	B Operational	B10 UNWTO Liaison Offices
	Transfer needed to mainly cover the excess in expenditure due to the increase in the activities carried out.			
7	-117,952.14	From	C Support - Direct to Members	C01 Conferences Services
	-9,435.61	From	C Support - Direct to Members	C03 Communications and Publications
	127,387.75	To	C Support - Direct to Members	C02 Management
	Transfer needed to cover excess expenditure due both to the existing difference between the average cost per post used in calculating the budget of each programme and the actual staff costs in the programme as well as to the increase in the activities carried out.			
Appropriation transfers from one part of the budget to another [2]				
8	-49,240.50	From	B Operational	B03 Statistics and Tourism Satellite Account
	49,240.50	To	A Member Relations	A04 Regional Programme, Europe
	Transfer needed to mainly cover the excess in expenditure due to the increase in the activities carried out.			

Remarks:

[1] Appropriation transfers between sections within the same part of the budget were carried out by the Secretary General subject to confirmation by the Programme and Budget Committee and the Executive Council (FR5.3(a) and CE/DEC/6(LIII)).

[2] Appropriation transfers between different parts of the budget were carried out by the Secretary General, subject to confirmation by the Programme and Budget Committee and the Executive Council (FR5.3(b) and decision CE/DEC/6(LIII)).

[3] On 21 December 2016, the Secretariat submitted the required budget transfers as per UNWTO data at 30 November 2016 through a written communication to the Programme and Budget Committee Members. The Members have not expressed any objection to this written procedure.

Annex III: Working Capital Fund available balance and advance to the Regular Budget

Working Capital Fund (WCF) available balance at 31 December 2016

Working Capital Fund available balance at 31 December 2016	
Euros	2016
Balance at 01/01/2016	**2,270,053.13**
Additions:	297,966.95
New Members	2,410.05
Arrear contributions applied to reimburse the advance made during previous years	295,556.90
Less:	-8,295.10
Members which have left the Organization	-8,295.10
Advance made to the GF to cover budgetary expenditure pending receipt of unpaid contributions [1]	0.00
Balance at 31/12/2016	**2,559,724.98**

[1] Part of intersegment transactions

Budgetary cash balance of the Regular Budget and WCF advance at 31 December 2016

Budgetary cash balance of the Regular Budget and WCF advance at 31 December 2016
Euro

	2016	%	2015	%
Approved budget	**13,492,000.00**	**100.00**	**13,492,000.00**	**100.00**
Budgetary income	*11,560,723.15*	*85.69*	*11,883,256.17*	*88.08*
Assessed contributions	11,227,723.15	*83.22*	11,340,256.17	*84.05*
Amount spent from the allocations approved by the GA	333,000.00	*2.47*	543,000.00	*4.02*
Allocation from accumulated surplus - RB			293,000.00	*2.17*
Allocation from accumulated surplus - Publications store	333,000.00	*2.47*	250,000.00	*1.85*
Budgetary expenditure	*-12,349,691.10*	*-91.53*	*-13,061,287.95*	*-96.81*
Cash deficit/advance made from the WCF (FR 10.2(b))	-788,967.95		-1,178,031.78	
Arrear contributions receipts in the financial year	*1,084,524.85*	*8.04*	*1,550,677.65*	*11.49*
WCF accummulated balance, after reimbursing WCF with arrears	**-238,396.39**		**-533,953.29**	

Annex IV: Contributions due to the General Fund and the Working Capital Fund

Statement of contributions due to the General Fund at 31 December 2016

Statement of contributions due to the General Fund
at 31 December 2016
Euros

	Years	Arrear Contributions	Contributions due	Total
Total contributions due		**14,979,678.57**	**2,028,672.06**	**17,008,350.63**
Budgetary contributions		**14,979,678.57**	**2,028,672.06**	**17,008,350.63**
Full Members - Membres Effectifs - Miembros Efectivos		*13,431,415.73*	*1,612,469.03*	*15,043,884.76*
Afghanistan - Afganistan	81-87,89-08,10,12,14	703,988.77	0.00	703,988.77
Albania - Albanie	-	0.00	0.00	0.00
Algeria - Algérie - Argelia	-	0.00	0.00	0.00
Andorra - Andorre	-	0.00	0.00	0.00
Angola	-	0.00	0.00	0.00
Argentina - Argentine	-	0.00	0.00	0.00
Armenia - Arménie	-	0.00	0.00	0.00
Australia - Australie	-	0.00	0.00	0.00
Austria - Autriche	-	0.00	0.00	0.00
Azerbaijan - Azerbaiyán - Azerbaïjan	-	0.00	0.00	0.00
Bahamas	-	0.00	0.00	0.00
Bangladesh (5)	-	0.00	0.00	0.00
Bahrain - Bahrein - Bahreïn	78-84,02,10,15	389,175.05	61,769.00	450,944.05
Barbados - Barbade	-	0.00	0.00	0.00
Belarus - Bélarus - Belarús	-	0.00	0.00	0.00
Benin - Bénin	12,14,15	77,672.00	26,779.00	104,451.00
Bhutan - Bhoutan - Bhután	-	0.00	0.00	0.00
Bolivia - Bolivie	81-87, 89-98	419,180.57	0.00	419,180.57
Bosnia And Herzegovina - Bosnie-Herzégovine - Bosnia y Herzegovina	-	0.00	0.00	0.00
Botswana (2)	-	0.00	0.00	0.00
Brazil - Brésil - Brasil	-	0.00	0.00	0.00
Brunei Darussalam - Brunéi Darussalam	-	0.00	53,558.00	53,558.00
Bulgaria - Bulgarie	-	0.00	0.00	0.00
Burkina Faso	12	24,843.00	26,779.00	51,622.00
Burundi	77-07,11-15	733,144.78	26,779.00	759,923.78
Cambodia - Cambodge - Camboya	82-92	285,237.96	0.00	285,237.96
Cameroon - Cameroun - Camerun	-	0.00	0.00	0.00
Cape Verde - Cap-Vert - Cabo Verde	-	0.00	0.00	0.00
Central African Republic - République Centrafricaine - Republica Centroafricana	07-15	215,372.10	26,779.00	242,151.10
Chad - Tchad	12-15	103,005.56	26,779.00	129,784.56
Chile - Chili	-	0.00	0.00	0.00
China - Chine	-	0.00	0.00	0.00
Colombia - Colombie (3)	-	0.00	24,328.67	24,328.67
Congo	-	0.00	442.38	442.38
Costa Rica	-	0.00	0.00	0.00
Côte D'Ivoire	15	4,127.11	0.00	4,127.11
Croatia - Croatie - Croacia	-	0.00	0.00	0.00
Cuba	-	0.00	0.00	0.00
Cyprus - Chypre - Chipre	-	0.00	0.00	0.00
Czech Republic - République Tchèque - Republica Checa	-	0.00	0.00	0.00
Dem.People'S Rep. of Korea - Rép.Pop.Dém. de Corée - Rep.Pop.Dem. de Corea	-	0.00	26,779.00	26,779.00
Dem. Republic of The Congo - République Dém. du Congo - Republica Dem. del Congo	98-00,02-06,08	259,396.26	26,779.00	286,175.26
Djibouti	03-15	282,852.00	24,101.00	306,953.00
Dominican Rep. - Rép. Dominicaine - Republica Dominicana	-	0.00	64,268.00	64,268.00
Ecuador - Équateur	-	0.00	1,568.84	1,568.84
Egypt - Égypte - Egipto (5)	-	0.00	0.00	0.00
El Salvador	96	785.75	398.20	1,183.95
Eritrea - Érythrée	-	0.00	0.00	0.00
Ethiopia - Éthiopie - Etiopia	-	0.00	26,779.00	26,779.00
Fiji - Fidji	-	0.00	0.00	0.00
France - Francia	-	0.00	0.00	0.00

	Years	Arrear Contributions	Contributions due	Total
Gabon (4)	15	53,195.56	53,558.00	106,753.56
Gambia - Gambie (5)	96-05,08-10,13,14	282,917.74	0.00	282,917.74
Georgia - Géorgie	-	0.00	0.00	0.00
Germany - Allemagne - Alemania	-	0.00	0.00	0.00
Ghana	15	32,134.00	32,134.00	64,268.00
Greece - Grèce - Grecia	-	0.00	0.00	0.00
Guatemala	-	0.00	0.00	0.00
Guinea - Guinée	96,98-00,07,14-15	206,000.75	6,506.26	212,507.01
Guinea-Bissau - Guinée-Bissau	92-96,99-15	476,805.55	26,779.00	503,584.55
Equatorial Guinea - Guinée Équatoriale - Guinea Ecuatorial	13-15	81,218.00	0.00	81,218.00
Haiti - Haïti	-	0.00	0.00	0.00
Honduras	15	29.18	0.00	29.18
Hungary - Hongrie - Hungria	-	0.00	0.00	0.00
India - Inde	-	0.00	0.00	0.00
Indonesia - Indonésie (2)	-	0.00	0.00	0.00
Iran, Islamic Rep. of - Iran,République Islamique d' - Iran, Republica Islamica de (1)	15	6,267.00	0.00	6,267.00
Iraq	87, 91-06,12	1,784,623.11	0.00	1,784,623.11
Israel - Israël	-	0.00	0.00	0.00
Italy - Italie - Italia	-	0.00	0.00	0.00
Jamaica - Jamaïque	-	0.00	0.00	0.00
Japan - Japon (2)	-	0.00	0.00	0.00
Jordan - Jordanie - Jordania	-	0.00	0.00	0.00
Kazakhstan - Kazajstán	-	0.00	0.00	0.00
Kenya	-	0.00	465.79	465.79
Kyrgyzstan - Kirghizistan - Kirguistan	95-10,12-15	472,631.89	0.00	472,631.89
Kuwait - Koweït	98	34,309.21	160,671.00	194,980.21
Lao People's Dem.Rep. - République Pop. Dém. Lao - Rep.Dem.Pop. Lao	90-95,04	151,842.00	0.00	151,842.00
Lebanon - Liban - Libano	-	0.00	104,841.00	104,841.00
Lesotho (2)	14	15,907.97	0.00	15,907.97
Liberia - Libéria	12-15	103,012.00	26,779.00	129,791.00
Libya - Libye - Libia	15	98,786.00	64,268.00	163,054.00
Lithuania - Lituanie - Lituania	-	0.00	0.00	0.00
Macedonia, Former Yugoslave Rep. - Macédoine, Ex-Rép. Yougoslave de - Macedonia, Ex Rep. Yugoslava de	-	0.00	0.00	0.00
Madagascar	14-15	48,708.57	26,779.00	75,487.57
Malaysia - Malaisie - Malasia	-	0.00	0.00	0.00
Malawi (4)	11-15	125,786.99	26,779.00	152,565.99
Maldives - Maldivas	-	0.00	0.00	0.00
Mali	15	139.28	2,202.76	2,342.04
Malta - Malte	-	0.00	0.00	0.00
Mauritania - Mauritanie	78-05,15	656,405.16	26,779.00	683,184.16
Mauritius - Maurice - Mauricio (5)	-	0.00	0.00	0.00
Mexico - Mexique	-	0.00	0.00	0.00
Monaco - Mónaco	-	0.00	0.00	0.00
Mongolia - Mongolie	-	0.00	31,480.00	31,480.00
Montenegro - Monténégro	-	0.00	32,134.00	32,134.00
Morocco - Maroc - Marruecos	-	0.00	0.00	0.00
Mozambique	-	0.00	0.00	0.00
Myanmar	-	0.00	0.00	0.00
Namibia - Namibie	08	44,358.00	0.00	44,358.00
Nepal - Népal	-	0.00	0.00	0.00
Netherlands - Pays-Bas - Paises Bajos	-	0.00	0.00	0.00
Nicaragua	00-02,08,09	85,515.04	0.00	85,515.04
Niger	3-87, 90-07,10-11,14-1	626,574.81	26,779.00	653,353.81
Nigeria - Nigéria	15	2,524.74	37,775.00	40,299.74
Oman - Omán	-	0.00	0.00	0.00
Pakistan (5)	10,12,15	39,398.89	247.02	39,645.91
Panama	-	0.00	0.00	0.00
Papua New Guinea - Papouasie-Nouvelle-Guinée - Papua Nueva Guinea	08-15	196,617.00	26,779.00	223,396.00
Paraguay	-	0.00	0.00	0.00
Péru - Perou	15	511.13	0.00	511.13
Philippines - Filipinas	-	0.00	2,323.11	2,323.11
Poland - Pologne - Polonia	-	0.00	0.00	0.00
Portugal	-	0.00	0.00	0.00
Quatar - Qatar	-	0.00	0.00	0.00

	Years	Arrear Contributions	Contributions due	Total
Republic of Korea - République de Corée - Republica de Corea	-	0.00	0.00	0.00
Republic of Moldova - République de Moldova - Republica de Moldova	-	0.00	0.00	0.00
Romania - Roumanie - Rumania	-	0.00	0.00	0.00
Russian Federation - Federation de Russie - Federacion de Rusia	-	0.00	35,744.00	35,744.00
Rwanda	12-15	29,302.04	26,779.00	56,081.04
Samoa	-	0.00	0.00	0.00
San Marino - Saint-Marin	-	0.00	0.00	0.00
Sao Tome-and-Principe - Sao Tomé-et-Principe - Santo Tome y Principe	86-14	596,313.65	0.00	596,313.65
Saudi Arabia - Arabie Saoudite - Arabia Saudita	03	101,628.00	0.00	101,628.00
Sénégal - Senegal	15	29,284.00	31,480.00	60,764.00
Serbia - Serbie	-	0.00	0.00	0.00
Seychelles	-	0.00	0.00	0.00
Sierra Leone - Sierra Leona	80-00,03-15	771,369.12	26,779.00	798,148.12
Slovakia - Slovaquie - Eslovaquia	-	0.00	0.00	0.00
Slovenia - Slovénie - Eslovenia	-	0.00	0.00	0.00
South Africa - Afrique du Sud - Sudafrica (2)	-	0.00	0.00	0.00
Spain - Espagne - España	-	0.00	0.00	0.00
Sri Lanka	-	0.00	0.00	0.00
Sudan - Soudan	86,89-03,06-08,13,14	479,189.92	0.00	479,189.92
Swaziland - Swazilandia	-	0.00	0.00	0.00
Switzerland - Suisse - Suiza	-	0.00	0.00	0.00
Syrian Arab Republic - République Arabe Syrienne - Republica Arabe Siria	12-15	247,224.00	64,268.00	311,492.00
Tajikistan - Tayikistán - Tadjikistan	-	0.00	0.00	0.00
Thailand - Thaïlande - Tailandia	-	0.00	0.00	0.00
Timor-Leste	15	659.76	26,779.00	27,438.76
Togo	05-06	39,973.83	0.00	39,973.83
Trinidad And Tobago -Trinidad-Et-Tobago-Trinidad Y Tobago	-	0.00	0.00	0.00
Tunisia - Tunisie - Tunez	-	0.00	0.00	0.00
Turkey - Turquie - Turquia (1)	-	0.00	0.00	0.00
Turkmenistan - Tukménistan	95-98,00-12	504,066.40	37,775.00	541,841.40
Ucrania - Ukraine	-	0.00	0.00	0.00
Uganda - Ouganda (5)	96-00,02-04,10-15	237,877.05	31,480.00	269,357.05
United Arab Emirates - Emirats Arabes Unis - Emiratos Arabes Unidos	81-87	518,247.76	0.00	518,247.76
United Rep. of Tanzania (5) - République-Unie de Tanzanie - Republica Unida de Tanzania	13-15	90,670.31	32,134.00	122,804.31
Uruguay	02-03	114,577.22	0.00	114,577.22
Uzbekistan - Ouzbékistan	-	0.00	0.00	0.00
Vanuatu	10-15	122,154.00	21,422.00	143,576.00
Venezuela	13-15	107,708.84	85,624.00	193,332.84
Viet Nam	-	0.00	0.00	0.00
Yemen - Yémen	79-89,95,14-15	290,128.45	31,480.00	321,608.45
Zambia - Zambie	14	26,040.90	0.00	26,040.90
Zimbabwe	-	0.00	0.00	0.00
Associate Members - Membres Associés - Miembros Asociados		*0.00*	*0.00*	*0.00*
Aruba	-	0.00	0.00	0.00
Macao	-	0.00	0.00	0.00
Madeira - Madere	-	0.00	0.00	0.00
Flanders - Flandre - Flandes	-	0.00	0.00	0.00
Hong Kong, China	-	0.00	0.00	0.00
Puerto Rico - Porto Rico	-	0.00	0.00	0.00
Affiliate Members - Membres Affiliés - Miembros Afiliados	*03-15*	*551,380.81*	*410,803.03*	*962,183.84*
Former Full Members - Anciens Membres effectifs - Ex-Miembros Efectivos	*79-99*	*918,478.93*	*0.00*	*918,478.93*
Former Associate Members - Anciens Membres associés - Ex-Miembros Asociad	*86*	*1,947.90*	*0.00*	*1,947.90*
Former Affiliate Members - Anciens Membres affiliés - Ex-Miembros Afiliados	*12-15*	*76,455.20*	*5,400.00*	*81,855.20*

Financial year starts
(1) March
(2) April
(3) May
(4) June
(5) July

Statement of contributions due to the Working Capital Fund at 31 December 2016

Statement of contributions due to the Working Capital Fund
at 31 December 2016
Euros

	31/12/2016
Total	**2,235.85**
Liberia	1,242.15
Vanuatu	993.70

Annex V: UN ASHI Working Group

Background and progress made

248. UN General Assembly Resolution A/RES/68/244 requested the UN Secretary-General to undertake a survey of current health care plans within the United Nations system to explore all options to increase efficiency and contain costs, and to examine the option of broadening the mandate of the UN Joint Staff Pension Fund (UNJSPF) to include administration of after-service health insurance benefits. In response to this, the UNFBN conducted a system-wide study on this issue. A report on the outcome of the study was prepared by the UN ASHI Working Group, and the report was submitted to the 70th session of the UN General Assembly in the form of a report of the UN Secretary-General (A/70/590).

249. The report of the UN Secretary-General (A/70/590) was considered by the UN Advisory Committee on Administrative and Budgetary Questions (ACABQ) on 1 February 2016. The report of the ACABQ (A/70/7/Add.42), as endorsed by the UN General Assembly, addressed the recommendations of the UN Secretary-General according to the four pillars identified in the report, and also recommended that the UN ASHI Working Group put forward its proposals regarding further options for increasing efficiency and containing costs.

250. The UN ASHI Working Group is working on a follow-up report to address the recommendations of ACABQ and the UN General Assembly which is planned to be presented to the UN GA in 2017.

Recommendations

251. The report of the UN ASHI Working Group (A/70/590) provided an overview and analysis of the key elements of the health insurance schemes applied across the United Nations system, focusing on the management and actuarial liabilities of after-service health insurance, and contained eight recommendations grouped by the four pillars. These recommendations are shown below with the relevant UN ACABQ recommendations:

(a) Pillar A: Cost analysis and administrative arrangements

(i) Recommendation 1: Collective negotiations with third-party administrators

UN System organizations should negotiate with TPAs collectively in order to optimize pricing for administrative services and network access. To support collective negotiation, UN System organizations should explore the feasibility of establishing and maintaining a common database that captures demographic and plan information; summarized claims data; terms and conditions of TPA agreements; staff costs; and summarized fraud information.

(ii) Recommendation 2: Collective negotiations with health-care providers

The self-administered plans (ILO, WHO, UNSMIS) have successfully conducted collective negotiations with health care providers in the Geneva area. Self-administered plans should continue to identify areas where collective negotiations with healthcare providers could result in material savings and/or operational improvements. These organizations should develop common standard processes enabling them to negotiate collectively with healthcare providers and provider networks in order to obtain best access to-and best pricing for quality healthcare, and to minimize pricing volatility.

These organizations should consider establishing a common database and provide additional information in relation to healthcare provider practices; terms and conditions of agreements; fraud information and quality assessments.

(iii) Recommendation 3: Underwriting reviews and negotiations with insurers

To provide a robust basis for challenging insurers' terms and conditions, organizations with externally insured plans should perform periodic underwriting reviews, the results of which should be shared within the UN System for benchmarking purposes.

The UN ACABQ recommended that the GA endorse recommendations 1 to 3 of the Working Group and encouraged the Working Group to continue exploring opportunities for the consolidation of health insurance plans at the various levels.

(b) Pillar B: UN System ASHI Framework Review

(i) Recommendation 4: To encourage organizations to further explore the value of national health insurance schemes in the context of their health insurance plans in a framework whereby the UN system organizations' plans act as a supplementary plan to level up the present terms and conditions provided to active and retired staff

The Working Group proposes that organizations engage Member States regarding the opening of eligibility of officials for primary coverage under those schemes. This concerns mainly retirees and their eligible dependents, but might also be extended to active population in certain situations. Organizations should evaluate the appropriateness, the practicality and the financial effects of incorporating into their health insurance plan the requirement to enrol in a national insurance scheme with national plans' contributions being borne by the organization's plan.

Pending the receipt of more information on national health insurance plans, the UN ACABQ did not recommend the endorsement of recommendation 4 of the Working Group. However, the UN ACABQ acknowledged the potential for savings, should the recommendation be implemented and expressed its expectation that the necessary information would be obtained in the next phase of the Working Group's study.

(ii) Recommendation 5: Broadening the UNJSPF mandate

Although the role of the UNJSPF, including the Investment Management Division, should not be broadened, the Fund could, pursuant to the UN ACABQ recommendation, be requested to share its best practice approach and its methods for centralization and administration of a complex multiple-employer plan with UN System organizations choosing to jointly provide ASHI coverage.

With regard to recommendation five, the UN ACABQ recommended that the Working Group continue to examine options for a system wide approach to managing ASHI benefits, without excluding a potential role for the Pension Fund, including sharing its best practices approach and its operating methods.

(c) Pillar C: Determination and Disclosure of the Liability

(i) Recommendation 6: Standardizing general valuation methodology and the establishment and application of key ASHI liability valuation factors

Within the context of completing its work under pillar C, the Working Group should coordinate its efforts with the UN High Level Committee on Management's (HLCM) UNFBN Task Force on Accounting Standards (UNTFAS) to harmonize the general ASHI liability principles to establish factors and actuarial assumptions no later than end of 2017, for implementation in the 2018 actuarial valuations.

The UN ACABQ recommended that the UN GA endorse recommendation 6 of the Working Group, noting an expectation that, to the extent possible, measures would be taken to standardize the general valuation methodology for ASHI liabilities across all organizations of the UN system.

(d) Pillar D: Funding Alternative of the liability

(i) Recommendation 7: Adequate funding of the ASHI liability

The Working Group recommends that organizations adequately fund their ASHI liability and build reserves at a minimum to fund the additional cost accrued during the current periods, represented by service cost, plus the corresponding interest costs. For those organizations that are still following a pay-as-you-go approach in relation to their ASHI liabilities, this would mean to move to a pay-as-you-accrue (PAYA) approach, reflecting the true cost of current operations.

In addition, organizations could consider embedding a funding mechanism into the standard staff costs used for budgeting. Member States and other contributing stakeholders could also consider providing organizations, where required, a one-off payment or specific time-limited funding methods to cover historic shortfalls in ASHI funding.

With regard to recommendation seven, the UN ACABQ noted that this would represent a move from a pay-as-you-go approach for ASHI liabilities, to a pay-as-you-accrue approach for many UN System organizations. The UN ACABQ also noted that the GA still considered the existing pay-as-you-go approach to be a viable option. The UN ACABQ considered that the rationale for setting aside budgetary resources intended for current activities to provide for expected future liabilities had not been sufficiently justified and recommended the continuation of the pay-as-you-go approach.

The UN ACABQ also requested that ASHI liabilities be closely monitored in the future to ensure the accurate attribution of accrued liabilities to their respective sources of funding.

(ii) Recommendation 8: Investment of reserves

The Working Group recommends that UN System organizations, through the Common Treasury Services Working Group (UNWGCTS) explore opportunities to cooperate in leveraging existing arrangements with external asset managers to maximize returns and minimize management fees.

The UN ACABQ recognized merit in recommendation eight to leverage the existing arrangements with external asset managers in the investment of reserves earmarked to cover ASHI liabilities for those organizations which had established such reserves, whist not ruling out the possibility of establishing an inter-agency facility for the investment of accumulated reserves.

Annex VI: Sub-funds reporting

Statement of financial position by sub-fund at 31 December 2016

Statement of financial position by sub-funds
at 31 December 2016
Euros

	Programme of work services	Voluntary Contributions	UNDP	Trust Funds	Inter-segment elimination*	Total UNWTO
Assets	**15,264,238.95**	**7,220,951.72**	**291,849.60**	**114,398.51**	**-1,197,556.53**	**21,693,882.25**
Current assets	*14,447,349.57*	*7,190,951.72*	*291,849.60*	*114,398.51*	*-1,197,556.53*	*20,846,992.87*
Cash and cash equivalents	9,702,919.04	6,364,550.44	44,914.09	114,398.51	0.00	16,226,782.08
Inventories	53,828.60	0.00	0.00	0.00	0.00	53,828.60
Members assessed contributions receivable, net	3,223,418.28	0.00	0.00	0.00	0.00	3,223,418.28
Other contributions receivables, net	3,000.00	618,056.28	179,621.56	0.00	0.00	800,677.84
Other receivables, net	358,312.32	99,688.34	0.00	0.00	0.00	458,000.66
Other current assets	1,105,871.33	108,656.66	67,313.95	0.00	-1,197,556.53	84,285.41
Non-current assets	*816,889.38*	*30,000.00*	*0.00*	*0.00*	*0.00*	*846,889.38*
Investments	227,503.12	0.00	0.00	0.00	0.00	227,503.12
Members assessed contributions receivable, net	53,558.00	0.00	0.00	0.00	0.00	53,558.00
Other contributions receivable, net	0.00	30,000.00	0.00	0.00	0.00	30,000.00
Property, plant and equipment	230,004.11	0.00	0.00	0.00	0.00	230,004.11
Intangible assets, net	298,831.61	0.00	0.00	0.00	0.00	298,831.61
Other non-current assets	6,992.54	0.00	0.00	0.00	0.00	6,992.54
Liabilities and Net Assets/Equity	**15,264,238.95**	**7,220,951.72**	**291,849.60**	**114,398.51**	**-1,197,556.53**	**21,693,882.25**
Liabilities	**22,677,503.01**	**719,977.76**	**129,773.94**	**2,355.00**	**-1,197,556.53**	**22,332,053.18**
Current liabilities	*3,790,639.14*	*719,977.76*	*129,773.94*	*2,355.00*	*-1,197,556.53*	*3,445,189.31*
Payables and accruals	730,574.23	60,384.81	47,182.30	0.00	0.00	838,141.34
Transfers payable	15,350.00	461,202.66	0.00	1,980.00	0.00	478,532.66
Employee benefits	361,767.10	0.00	0.00	0.00	0.00	361,767.10
Advance receipts	1,609,099.84	0.00	0.00	0.00	0.00	1,609,099.84
Provisions	35,102.29	98,132.29	0.00	0.00	0.00	133,234.58
Other current liabilities	1,038,745.68	100,258.00	82,591.64	375.00	-1,197,556.53	24,413.79
Non-current liabilities	*18,886,863.87*	*0.00*	*0.00*	*0.00*	*0.00*	*18,886,863.87*
Employee benefits	18,874,208.81	0.00	0.00	0.00	0.00	18,874,208.81
Advance receipts	12,655.06	0.00	0.00	0.00	0.00	12,655.06
Net Assets/Equity	**-7,413,264.06**	**6,500,973.96**	**162,075.66**	**112,043.51**	**0.00**	**-638,170.93**
Accumulated surplus/(deficit)	-11,887,863.10	6,500,973.96	162,075.66	112,043.51	0.00	-5,112,769.97
Reserves	4,474,599.04	0.00	0.00	0.00	0.00	4,474,599.04

* Internal activities lead to transactions between segments. They are reflected here to accurately present this financial statement

Statement of financial performance by sub-fund for the year ended 31 December 2016

Statement of financial performance by sub-funds
for the year ended 31 December 2016
Euros

	Programme of work services	Voluntary Contributions	UNDP	Trust Funds	Inter-segment elimination*	Total UNWTO
Revenues	**16,090,553.45**	**7,634,069.67**	**589,293.28**	**92,304.03**	**-1,867,684.88**	**22,538,535.55**
Members assessed contributions	13,584,888.64	0.00	0.00	0.00	0.00	13,584,888.64
Other contributions (VC and FIT), net of reduction	243,683.54	4,088,292.36	529,536.92	92,000.00	0.00	4,953,512.82
Publications revenue, net of discounts and returns	304,006.40	-50.00	0.00	0.00	0.00	303,956.40
Currency exchange differences	-43,802.53	115,549.69	18,783.80	0.00	0.00	90,530.96
Other revenues	2,001,777.40	3,430,277.62	40,972.56	304.03	-1,867,684.88	3,605,646.73
Expenses	**17,155,736.10**	**6,177,483.73**	**569,933.20**	**116,325.24**	**-1,867,684.88**	**22,151,793.39**
Wages, salaries and employee benefits	12,085,775.16	1,813,120.13	90,224.00	114,825.24	0.00	14,103,944.53
Grants and other transfers	176,248.70	768,757.78	0.00	0.00	0.00	945,006.48
Travel	1,189,681.02	431,704.13	2,119.32	0.00	0.00	1,623,504.47
Supplies, consumables and running costs	2,035,777.23	1,426,192.63	477,352.56	1,500.00	0.00	3,940,822.42
Depreciation, amortization and impairment	74,941.29	0.00	0.00	0.00	0.00	74,941.29
Other expenses	1,593,312.70	1,737,709.06	237.32	0.00	-1,867,684.88	1,463,574.20
Surplus/(deficit) for the year	**-1,065,182.65**	**1,456,585.94**	**19,360.08**	**-24,021.21**	**0.00**	**386,742.16**

* Internal activities lead to transactions between segments. They are reflected here to accurately present this financial statement

Acronyms

A/RES: General Assembly Resolution

AAL: Accumulated Annual Leave

ACABQ: Advisory Committee on Administrative and Budgetary Questions

ASHI: After Service Health Insurance

BOE: Boletín Oficial de Estado

CE/DEC: Executive Council Decision

CEB: Chief Executives Board

CJI: Control, Joint Control and Influence

DBO: Defined Benefit Obligation

DFR: Detailed Financial Rules

DSA: Daily Subsistence Allowance

EA: External Auditors

EC: Executive Council

EoSB: End of Service Benefits

EUR: Euro

FIT: Fund In Trust

FR: Financial Regulations

FS: Financial Statements

GA: General Assembly

GF: General Fund

HLCM: United Nations High Level Committee on Management

IA: Intangible Assets

ILO: International Labour Organization

IPSAS: International Public Sector Accounting Standards

IT: Information Technology

IUOTO: International Union of Official Travel Organizations

IUOTPO: International Union of Official Tourist Propaganda Organizations

JIU: Joint Inspection Unit

JPY: Japanese yen

M: Million

OS: Other Services

PAYG: Pay-as-you-go approach

PAYA: Pay-as-you-accrue approach

PoWS: Programme of Work Services

PPE: Property, Plant and Equipment

PSC: Project Support Costs

RB: Regular Budget

RSOAP: UNWTO Regional Support Office for Asia and the Pacific

TP: Transfers Payable

TPA: Third-Party Administrators

UN: United Nations

UNDP: United Nations Development Programme

UNFBN: United Nations Finance and Budget Network

UNJSPF: United Nations Joint Staff Pension Fund

UNORE: UN Operational Exchange Rate

UNSMIS: United Nations Supervision Mission in Syria

UNTFAS: United Nations Task Force on Accounting Standards

UNWGCTS: United Nations Common Treasury Services Working Group

UNWTO: World Tourism Organization

USD: United States dollar

VAT: Value Added Tax

VC / VCF: Voluntary Contributions / Voluntary Contributions Fund

WCF: Working Capital Fund

WHO: World Health Organization

WTO: World Tourism Organization