

Report of Secretary General Roberto Montella
to the OSCE PA Standing Committee



2023
30 June
Vancouver

Introduction

Dear Members of the Standing Committee,
Dear colleagues,
Dear friends,

As we gather in Vancouver for our 2023 Annual Session, **our utmost priority remains the on-going war in Ukraine** and its severe and far-reaching security, legal, social, economic and environmental implications, which have informed the majority of activities of the Assembly in this reporting period. While there has been ample debate within the Assembly how to make an impact as an interparliamentary forum in the absence of a space for meaningful political dialogue, the Assembly continues to lend its unwavering support to Ukraine – through inter-alia resolutions, awareness raising, close and frequent coordination with participating States, OSCE Executive Structures / Institutions, other international organizations as well as through statements, press releases and visits – **consistently condemning** the illegal and unjustifiable actions of the Russian Federation in Ukraine in the strongest possible terms.

Despite the fact that the call for the introduction of a suspension mechanism to the Rules of Procedure in the 2022 Birmingham Declaration concerning participating States committing gross violations of international law and the Helsinki Principles lacked consensus among Standing Committee members for a relevant change to the Rules of Procedure, it is paramount that the Assembly remains highly engaged in exploring and assessing other means to further build upon its comprehensive toolbox, following the examples of other parliamentary bodies and international organizations, in support of Ukraine. Until dialogue can be revived, the **OSCE PA's tools and activities need to evolve** in line with the ever-changing security dynamics within the OSCE region. Particularly in view of the Russian war against Ukraine, which undoubtedly portrays the most severe security crisis in the history of our organization, we need to strive for a stronger, more agile and more viable OSCE Parliamentary Assembly.

The Current Situation in the OSCE Governmental Side and the Contribution of the OSCE Parliamentary Assembly

Presently, **no consensus on the 2023 OSCE unified budget** has been reached and a decision by OSCE participating States on the 2024 Chairmanship is yet to be made. The **mandates of all four Heads of Institutions** (OSCE Secretary General, OSCE Representative on Freedom of the Media, Director of the OSCE Office for Democratic Institutions and Human Rights and OSCE High Commissioner on National Minorities) expire at the end of the year and so will the **mandates of the OSCE Field Offices**. With this in mind, the parliamentarians of our Assembly have a great responsibility to lend their wide-ranging influence within their national parliaments to gather the much-needed political support and attention to aid administrative processes so the OSCE can continue to operate and maintain its activities, as well as to prepare for possible subsequent scenarios. In doing so, it is vital to adopt a sensible and realistic approach to ensure the preservation of the organization as a platform for dialogue and cooperation, which remains of distinct value being the only regional security organization of its kind, and is therefore especially relevant within the current international security framework.

Activities

The **exhaustive list** of the Assembly's activities for this reporting period can be found in Annex I of my report. In the following, I will highlight some key activities:

Call for Action Helsinki + 50 Initiative

In the framework of the Call for Action Helsinki + 50 Initiative, **the OSCE PA and the Mejlis of Turkmenistan jointly** hosted a regional seminar on the **"Role of Neutral States in Strengthening Security, Stability and Dialogue in the OSCE Area"** in **Ashgabat in May 2023**. The seminar gathered 130 participants including parliamentarians from Central Asia, Eastern and Western Europe, as well as diplomats, scholars and media representatives. It portrayed a timely occasion to discuss the important role of neutral states in promoting dialogue for achieving greater economic, social and political progress as well as their potential as mediators to strengthen security and stability.

Conference on “The Role of National Parliaments in Promoting Security and Stability through Green Economy, Connectivity and Sustainable Development”

The Milli Majlis of **Azerbaijan** and the OSCE Parliamentary Assembly co-organized a conference on the **“The Role of National Parliaments in Promoting Security and Stability through Green Economy, Connectivity and Sustainable Development” in Baku from 22 – 23 May**. The conference was attended by over 100 participants from 27 countries, who had the opportunity to exchange about the crucial role of green concepts, technologies, trade and international co-operation in achieving sustainable development and fostering economic growth.

Leinsweiler Seminar in Berlin

The sixth annual Leinsweiler Seminar hosted by the **German Delegation to the OSCE PA**, with support from the German Foreign Office, was held **in Berlin from 5 – 7 May 2023**. This year’s seminar focused on best practices and lessons learned from the work of OSCE field operations in South-East Europe, Moldova and Ukraine, and examined the current challenges and future of the organization. I would like to thank the German Bundestag and the German Delegation to the OSCE PA for continuing to promote parliamentary contributions to OSCE efforts through this important initiative since 2015.

Election Observation Missions

The OSCE PA deployed an election observation mission to **Kazakhstan for the 19 March** early parliamentary elections. 59 parliamentarians from 31 delegations took part in the election observation mission.

For the **14 May General Elections in Türkiye**, 84 parliamentarians from 27 countries observed election day procedures in Ankara, Istanbul, Izmir, Van and Diyarbakir. Subsequently, 25 parliamentarians from 12 countries returned to Türkiye to observe the **run-off elections on 28 May**. This year’s election observation mission to Türkiye is the highest-attended election observation mission the Assembly has deployed to Türkiye.

Ad Hoc Committees

In a two-day field visit to **Moldova from 10-11 March**, members of the **Ad Hoc Committee on Migration** met with ministers, legislators, stakeholders and policy advocates to learn more about Moldova’s significant efforts in hosting more

than 100,000 refugees fleeing the war in Ukraine, and to discuss areas where the Parliamentary Assembly and OSCE participating States can provide assistance.

The OSCE PA **Ad Hoc Committee on Countering Terrorism** conducted an official visit to **Switzerland from 22 – 23 March**. During the visit, committee members met with a wide range of interlocutors from the international community in Geneva as well as representatives from the Swiss authorities and Swiss National Parliament to discuss global terrorism developments and effective strategies to prevent radicalization, and the role parliamentarians can play in counter-terrorism efforts.

Administration

Budget

The budget proposal for the 2023 – 2024 financial year, which was distributed to you by the Treasurer, foresees a 2 % increase. The proposed budget is commensurate with the extraordinary economic challenges we are currently facing, and reflects the minimum basic needs of the Assembly in service to our parliamentarians.

Further, I note that **the Delegation of the Russian Federation has informed the Assembly of their decision to not honor their contribution payment for the financial year 2022-2023**, stating that the Russian Delegation was denied access to the 2022 Birmingham Annual Session and 2022 Warsaw Autumn Meeting due to the non-issuance of visas to delegation members by the respective host countries. **To cover the resulting deficit**, which amounts to 6 % of the total annual budget for 2022-2023 (given that the Russian Federation is one of main financial contributors to the Assembly), **the President and the Treasurer of the Assembly have authorized me**, in line with Article 14 of the OSCE PA Financial Rules and Regulations, **to use the unobligated reserves of the OSCE PA to cover the budget shortfall** for the financial year 2022-2023. **I wish to stress that national contributions not being honored** is unprecedented in the OSCE Parliamentary Assembly, and inevitably causes great uncertainty as it relates to future budgeting.

In view of the above, as I have underlined in my last report to the Standing Committee, the financial challenges the International Secretariat operates under persist. The sharp increase in living costs - which predominantly affect our line of work – keeps stretching the already limited resources of the Assembly. While I am very grateful for the commitment and dedication of our parliamentarians to the OSCE PA, which reflects in the broad range and continuously growing number of activities ¹, I must reiterate the gravity of the budgetary situation we are facing today. For the OSCE PA to be able to make meaningful contributions as a platform for parliamentary diplomacy, particularly in times during which the organization is being tested by extremely strained relationships between participating states, **it is imperative that our organization is appropriately funded to overcome the current crisis. I am a firm believer in the added value of our Assembly, and I know you are too. Thus, I strongly appeal to all of you to support the organization by ensuring sufficient financing in the future**, which will require a comprehensive account of the record-breaking inflation rates, the 6 % deficit in the budgetary cycle for 2022 – 2023, and the challenging conditions for the staff of the International Secretariat. Should the OSCE PA continue to be asked to do **more with less**, not only cuts pertaining to fixed costs at the International Secretariat in Copenhagen and Vienna will be required, but we will also operate on the availability of limited resources, which will eventually undermine the implementation of political priorities of our Assembly.

On this note, I wish to express my **continued gratitude to the Danish and Austrian authorities** for respectively hosting and co-hosting **our premises in Copenhagen and Vienna**.

Audit

As reported to you by the Treasurer at the last Standing Committee meeting in Vienna, **the conclusions of the financial audit for the budgetary cycle of 2021 – 2022, which was carried out by Deloitte** comprising a review of the financial accounts, reporting systems, business processes and internal controls of the International Secretariat, **were highly satisfactory and confirmed our accounts are well managed, and our working methods of high quality**.

In the context of auditing procedures within the OSCE PA, the Lithuanian Delegation to the OSCE PA put forth a proposal (which was supported by 51 members of 11 delegations) to the Bureau for a **“Business Audit of the Administrative Functions of the OSCE PA”**. The proposal called for a performance audit to assess the economy,

1. Annex II: Overview on Assembly’s Activities from 2010-2016 vs 2017-2023

efficiency and effectiveness of the administration of the organization through examining the overall structures of the OSCE PA in addition to the financial audit carried out annually. **Any proposal aiming at improving the services the International Secretariat delivers to members is looked at favorably, and I welcome the initiative to enhance the efficiency and effectiveness of our Assembly as a whole.**

The proposal of the Lithuanian Delegation was considered by **the Bureau** during its last meeting in Copenhagen, which **concluded** that the most effective course of action to enhance transparency, accountability, and integrity within the Assembly would be **to extend the annual financial audit by including an integrated business/performance audit.** The integrated financial – business/performance audit depicts a broadened auditing exercise complementary to the financial audit carried out by Deloitte **to further examine the OSCE PA's compliance with internal policies, rules and financial regulations in line with international best practices.**

As proposed by the Treasurer, the integrated financial – business/performance audit would be financed through a supplementary budget in the form of an addendum to the unified OSCE PA budget proposal for 2023-2024, which will be considered by the Standing Committee on 30 June in Vancouver. Should the Standing Committee approve the 2023 – 2024 budget proposal including the addendum for a supplementary budget, the integrated financial - business/performance audit will already be carried out for current budget cycle 2022 -2023 and commence from 1st October 2023. Its outcome will be presented by the Treasurer at the Standing Committee meeting at the Winter Meeting in Vienna in February 2024. ²

Staff

The staff of the International Secretariat are the backbone of our organization, and it is their knowledge, skills and experience that allow us to carry out the many important activities our parliamentarians wish to engage in. It is essential that we invest in and nurture our staff. As I mentioned during my oral report in Vienna, the conditions of employment of OSCE PA International Secretariat staff are not aligned with the OSCE employment conditions and remuneration, which are based on the United Nations system of pay & benefits.³ Together with Deputy Secretary General for Finance, Mr. Gustavo Pallares, I am aiming to limit the impact of budgetary constraints on our staff through a number of cost saving measures, as well as by regularly exploring avenues to limit expenses for further cost efficiencies.

2. Annex III: Addendum to 2023-2024 Budget Proposal Extra-Budgetary funding for Integrated Financial - Business/Performance Audit

3. Annex IV: OSCE PA Post-Table

However, **in the near future, a more systematic approach supported through adequate additional funding will be necessary to bring our International Secretariat staff in line with practices of other Parliamentary Assemblies, the OSCE and the United Nations, if we want to retain our highly qualified and valuable staff.**

I wish to also take this opportunity to warmly thank the Foreign Ministry of **Germany**, the Foreign Ministry of **Italy** and the Grand National Assembly of **Türkiye** for seconding staff to the International Secretariat.

Conclusion

On a concluding note, I would like to express my appreciation and gratitude to all of you for your valuable engagement in our Assembly, and for your support of my work and that of my colleagues at the International Secretariat.

Lastly, I want to thank the staff of the International Secretariat for their commitment and hard work, which lies at the heart of the Secretariat's service to the OSCE PA leadership and all of the Assembly's members.

OSCE PA Secretary General Roberto Montella

ANNEX I: Overview of OSCE PA Activities in the Reporting Period March – July 2023

EVENT	PLACE	DATE
OSCE PA Vice Chair Gerasymov Visit to Copenhagen Office	Copenhagen	1-3 March
Ad Hoc Committee on Migration Field Visit to Moldova	Chisinau	9-10 March
President Visit to Copenhagen Office	Copenhagen	10 March
Election Observation Mission to Kazakhstan	Astana	19 March
Ad Hoc Committee on Countering Terrorism Visit to Switzerland	Geneva & Bern	21 - 22 March
Treasurer Juel-Jensen Visit to Copenhagen Office	Copenhagen	22 March
Presidential Visit to Canada for Host Agreement Signing for 2023 Annual Session	Ottawa	28 - 30 March
Chairperson-in-Office Special Representative on Youth Memet Zhaku Visit to Vienna Office	Vienna	31 March
OSCE PA Special Representative on Civil Society Engagement Consultation Call with Committee Rapporteurs	Online	31 March
Webinar on "Dialogue on Future Generations"	Online	5 April
President and Treasurer Visit to Copenhagen Office	Copenhagen	12 April
Visit of North Macedonia Parliamentary Group to Copenhagen Office	Copenhagen	12 April
Presidential Visit to Iceland	Reykjavik	17- 18 April
Ad Hoc Committee on Countering Terrorism Members Participation in OSCE Alliance Against Trafficking in Human Beings Conference	Vienna	18 April
Meeting of the Sub-Committee on Rules of Procedure	Online	18 April
Bureau Meeting	Copenhagen	23 - 24 April
Visit of OSCE Court Judges to Copenhagen Office	Copenhagen	25 April
Pre-Assessment Visit to Vancouver for 2023 Annual Session	Vancouver	2 - 5 May
Call with OSCE PA Leadership and ODIHR Head of Mission for Election Observation Mission to Türkiye	Online	2 May
Leinsweiler Seminar	Berlin	5 - 7 May
Meeting with Election Partners from PACE, ODIHR and NATO Parliamentary Assembly	Bern	8 May
OSCE PA Secretary General Participation in PACE Election Conference	Bern	9 May
OSCE PA Deputy Secretary General Participation in OSCE Seminar Cycle for Students organized by the OSCE Permanent Mission of Italy	Online	9 May
President Participation in Global Parliamentary Congress on "The Future of the World"	Vilnius	12 May
Election Observation Mission to Türkiye	Ankara	14 May

Joint Seminar with Mejlis of Turkmenistan on "The Role of Neutral States"	Ashgabat	16 May
Treasurer Juel-Jensen Visit to Copenhagen Office	Copenhagen	17 May
Joint Conference with Milli Majlis of Azerbaijan on "Green Economic, Connectivity and Sustainability"	Baku	22 - 23 May
OSCE PA Special Representative on Youth Meeting with Chairperson-in-Office Special Representative on Youth	Online	24 May
Meeting of the Informal Gender Network	Online	26 May
Election Observation Mission to Türkiye (Run-Off)	Ankara	28 May
Meeting of the Sub-Committee on Rules of Procedure	Online	30 May
Call for Action-Helsinki +50 Meeting on "Future challenges for the OSCE"	Online	31 May
Online Bureau Meeting	Online	1 June
OSCE PA Special Representative on Civil Society Engagement Call with Civil Society Activists in Canada	Online	5 June
Presidential Visit to Kazakhstan	Astana	5 - 10 June
Joint Web Dialogue with the OSCE Representative for Freedom of the Media	Online	7 June
Vice President Participation in UN Mediterranean Commission on Sustainable Development	Marseille	14 - 16 June
Webinar on the "Implementation of UNSC Resolution 2250 and the Youth, Peace and Security Agenda: Role of Parliamentarians"	Online	15 June
OSCE PA 2023 ANNUAL SESSION	Vancouver	30 June - 4 July



Assembly's Activities



Number of Activities 2010-2016 vs 2017-*2023

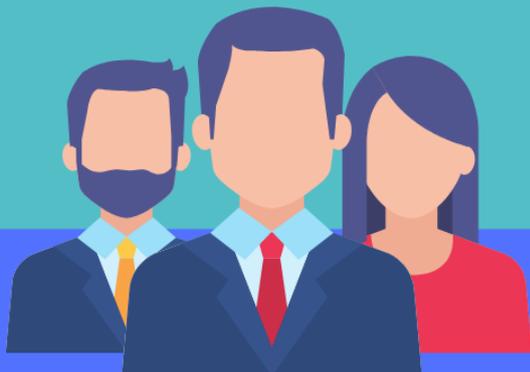


Total number of Activities
2010- 2016: 392

Total number of Activities
2017-*2023: 580

INCREASE BY

48 %



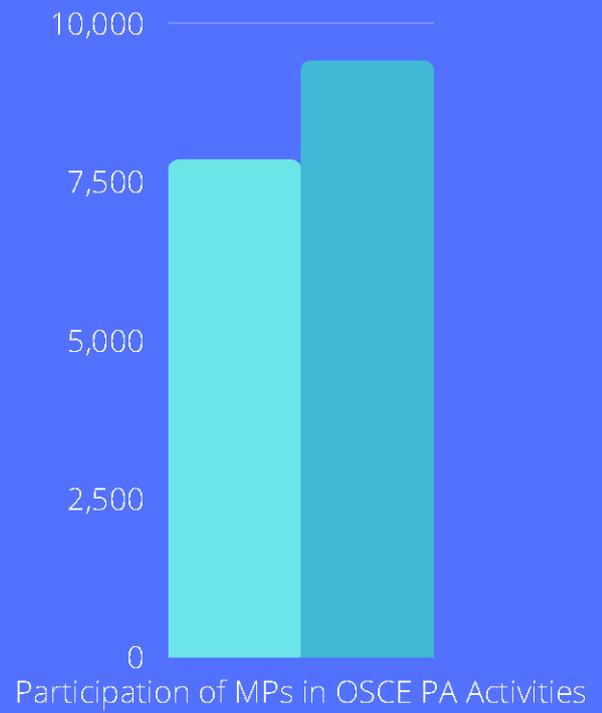
Total number of MPs participated in OSCE PA Activities

2010 - 2016: 7,833

Total number of MPs participated in OSCE PA Activities

2017 - *2023: 9,400

INCREASE BY



2010-2016

2017-*2023

INCREASE BY



Total number of MPs participated in OSCE PA field visits, conferences etc.
2010- 2016: 540

Total number of MPs participated in OSCE PA field visits, conferences etc.
2017-*2023: 3,251

*** information as of June 2023**



Assembly's Activities



Number of Activities per year 2010 – 2022

Everything You Want to Know



Since the outbreak of the COVID-19 pandemic the Assembly has not only not limited but embraced the opportunities offered by new remote working formats and video conferencing tools, thereby increasing the number of activities.

"Flexibility and adaption are some of the OSCE PA's greatest assets. I am proud that the Assembly is fully operative in all its key mandated activities, carving its functionality to respond to challenges and remaining engaged and on target on the most pressing issues of the international security agenda."

Total participation of MPs in OSCE PA Activities 2010 – 2022



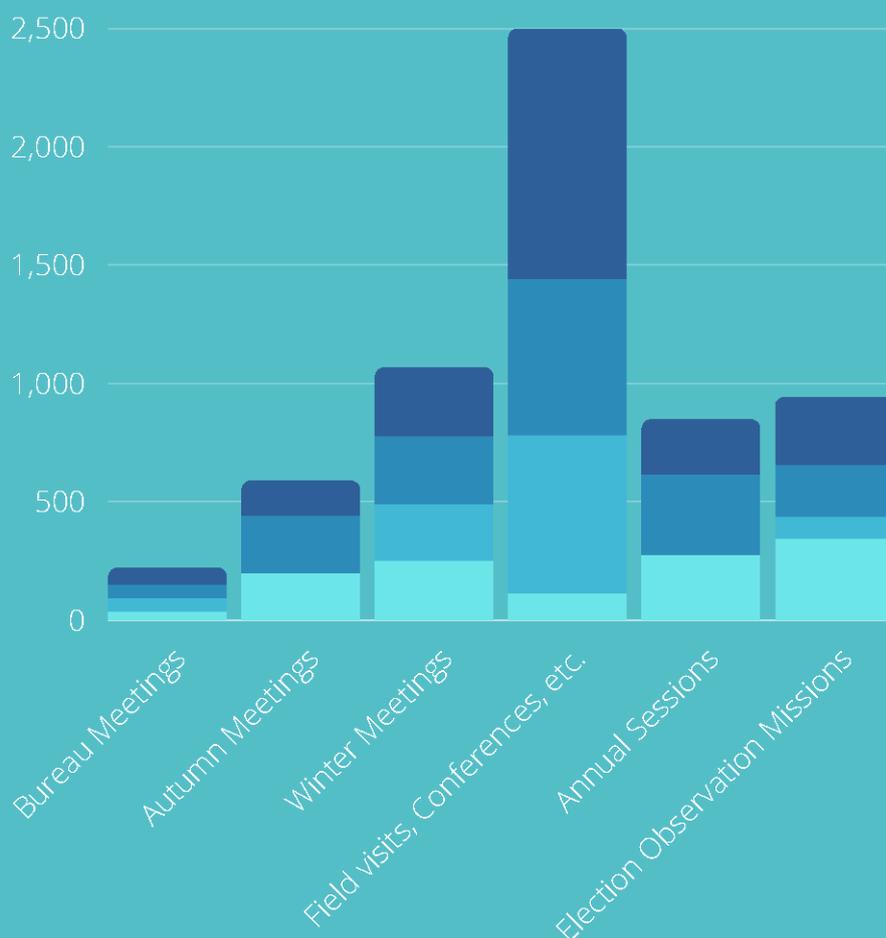
Total participation of MPs in OSCE PA Activities 2019 – 2022

TOTAL PARTICIPATION IN 2019

TOTAL PARTICIPATION IN 2020

TOTAL PARTICIPATION IN 2021

TOTAL PARTICIPATION IN 2022



Addendum to 2023-2024 Budget Proposal
Extra-Budgetary funding for Integrated Financial - Business/Performance Audit

1. Background Integrated Financial - Business/Performance Audit

- a. In an effort to make a strong organisation stronger and enhance transparency, accountability, and integrity within the OSCE PA, the Bureau concluded on June 1st that a supplementary budget should be proposed to fund an integrated Financial Business / Performance audit. This proposal will be presented for decision during the Standing Committee meeting on June 30th in Vancouver.

The financing of the integrated Financial Business / Performance audit will be an addendum to the Unified OSCE PA budget for the 2023-2024 financial year. The purpose of this supplementary budget is to broaden the scope of the annual financial audit by including a Business / Performance audit, which will already audit the current budget cycle 2022 -2023 and commence from 1st October 2023 and presented by the Treasurer at the Winter Meeting in Vienna February 2024.

The independent auditor will fulfil the crucial role of providing the OSCE Parliamentary Assembly with assurance that its processes are efficient, appropriate, and functioning effectively. Furthermore, this audit will expand the existing oversight mechanisms. The Auditor's responsibilities encompass conducting independent reviews of the OSCE PA International Secretariat's support for the Assembly's statutory and budgeted activities, as well as the implementation of the Assembly's Rules of Procedure and stated objectives.

The Integrated Financial - Business / Performance Audit will be an exercise that complements the Financial Audit carried out by Deloitte. It will be conducted in line with internationally accepted best practices and verify the OSCE PA compliance with internal policies, rules, and financial regulations of the organisation.

2. Scope of Business Audit

- a. The scope of the audit will cover the following areas:
 - (i) **Governance and Compliance audit and review**
 - a. Monitor the adequacy, and effectiveness of the International Secretariat's processes in support of Assembly work. Compliance with relevant legislation and internal financial rules and procedures.
 - b. Benchmarking remuneration and benefits against 'market data' for staff.
 - c. Comparison of remuneration against relevant public indexes
 - d. Evaluation of tax rules applying to employees

(ii) Performance and Efficiency

- a. Analysis of income and expenditures for relevant cost centres including analysis of YoY (Year on Year) development
- b. Evaluation of management's ability to budget and follow-up on discrepancies as well as assessing if current funding is adequate to fulfil the Assembly goals
- c. International Secretariat performance and analysis of measurable targets

(iii) Cost savings

- a. Procurement procedures
- b. Review of approval processes and internal controls
- c. Review of internal cost control procedures

3. Funding

- a. In addition to the 2023-2024 OSCE PA unified Budget an additional extra budgetary funding in the amount of **18,000 EUR** is required to integrate the business / performance audit.

4. Implementation Time Frame

- a. The Business / Performance Audit will commence on October 1, 2023 with time scope identical to that of the Financial Audit October 1, 2022-September 30, 2023 and its final report will be presented at the Winter Meeting in February 2024 in Vienna.



OSCE PA 2022-2023 Post Table Current

OSCE PA GRADE	# Human Resources	Base Salary Range
B1	1	P4 Step 1-13 on the UN Salary Scale
B2	2	P3 Step 1-13 on the UN Salary Scale
C1	6	P2 Step 1-13 on the UN Salary Scale
D1	6	P1 Step 1-13 on the UN Salary Scale
D2	6	Grade below UN Salary Scale
D3	1	Grade below UN Salary Scale
E (Seconded)	3	Amount subject to the discretion of the seconding country with no financial impact on the OSCE PA unified budget.
F1 (LTC*)	1	
F2 (STC*)	1	

* LTC/STC - Long / Short Term Consultant

**In addition, the following allowances are payable: A. Child Allowance B. Pension C. Health and Accident Insurance D. Post Allowance