

REPORT OF THE TREASURER
OF THE OSCE PARLIAMENTARY ASSEMBLY
TO THE STANDING COMMITTEE



2023
18 November

The 32nd Financial Year of the OSCE Parliamentary Assembly commenced on October 1st, 2023, and will extend until September 30th, 2024. In light of the current complex global political landscape, characterized by persistent protracted conflicts, mass migration issues, the ongoing fight against terrorism, and the critical challenge of climate change, the very underpinnings of the security architecture in the OSCE PA region are at stake. Therefore, it is paramount that our financial footing remains robust and resilient, especially in these trying times.

The Standing Committee in Vancouver approved a 2.4% increase of the budget, along with an 18,000 EUR Extra-Budgetary funding for the Integrated Financial-Business/Performance Audit. Given the exceptional array of accomplishments and focused activities undertaken by our organization, even in the face of challenges stemming from the current state of affairs in the OSCE region and the ongoing conflict in Ukraine, it is important to highlight that the Assembly has consistently demonstrated remarkable financial efficiency and cost-effectiveness. It's noteworthy that our budget remains considerably lower than that of comparable international

parliamentary organizations.

In accordance with the Rules of Procedure, I will be presenting the audited accounts and the findings from the Integrated Financial - Business/Performance Audit to the Standing Committee in Vienna during the Winter Meeting in February 2024. I do not wish to preempt Deloitte's conclusions for the financial audit as they are actively working on the audit, however I can already advance that due to the non-payment of the Russian Contribution for the financial year running 1 October 2022– 30 September 2023 the assembly's financial results will be over budget.

I would like to extend my sincere gratitude to the President, Bureau, and the Standing Committee for their steadfast support. Additionally, I am pleased to report that as of November 1st, 2023, we have received more than 63% of our annual contributions for the current financial year. However, it is crucial to acknowledge that the financial ramifications resulting from the Russian Federation's failure to meet their financial obligations will adversely impact the current financial year.

Integrated Financial - Business / Performance Audit

I am pleased to announce a significant milestone within our organization. For the first time, the Assembly is undergoing an Integrated Financial - Business / Performance Audit, conducted by independent external auditors, Deloitte. This initiative will fortify our organization's financial strength, enhance transparency, accountability, and integrity within the OSCE PA. Both the President and I have conducted extensive discussions with the

Deloitte audit team in September, I can confidently attest that the Deloitte team has been granted unrestricted access to all pertinent HR and financial data, ensuring an objective assessment of the OSCE PA's financial and operational performance.

The ongoing comprehensive audit encompasses a wide array of parameters, including but not limited to:

1. Cost Efficiency Evaluation: Examining the cost-effectiveness of various operations and expenditures.
2. Procurement Procedures Assessment: Reviewing the effectiveness of procurement processes.
3. Governance and Compliance Policy Scrutiny: Meticulously assessing internal governance and compliance policies.
4. Performance and Efficiency Analysis: Evaluating the OSCE PA's performance, efficiency, and cost-saving measures.
5. HR Recruitment and Dismissal Policies Review: Ensuring that human resources recruitment and dismissal policies align with best practices.
6. Process Adequacy and Effectiveness Monitoring: Overseeing the adequacy and effectiveness of the International Secretariat's processes that support Assembly work.
7. Compliance Verification: Ensuring compliance with relevant legislation and internal financial regulation rules and procedures.
8. Remuneration and Benefits Benchmarking: Comparing staff remuneration and benefits against market data and relevant public indexes.
9. Budget Management Assessment: Evaluating the management's ability to budget and track discrepancies.
10. Alignment with Assembly Objectives: Assessing whether current funding aligns with the Assembly's objectives and international best practices.

This rigorous examination underscores our unwavering commitment to continuous improvement and adherence to the highest standards. In addition, I have undergone a detailed briefing by the Secretariat concerning payment

and attestation controls, encompassing both management controls. I would also like to extend my commendation to the Secretariat for their steadfast dedication to achieving efficiency and cost savings. Your efforts are greatly appreciated.

Increasing Cost Efficiency in the Vienna Office

During my predecessor's diligent efforts to achieve cost savings in the previous year's budgetary process, a budgetary decrease of 7.69% was implemented in the Vienna Office. It's crucial to acknowledge the significant role the Vienna office plays as a liaison to the OSCE structures. However, in response to valuable feedback from numerous delegations and after

careful consultation with the Secretary General, the President and I have jointly instructed the Secretary General to explore the feasibility of downsizing the International Secretariat's office presence in Vienna. I am closely monitoring this ongoing process and remain committed to keeping the Assembly informed of any developments.

OSCE Parliamentary Assembly's Future Budget / 32nd Financial Year (01 October 2024 – 30 September 2025)

In my role as Treasurer, my objective is to ensure that the budget for the 32nd Financial Year aligns with the political will of the Assembly. The Secretariat has been in receipt of input from numerous delegations concerning proposed budget modifications, which I intend to integrate into the upcoming budget. The forthcoming budget will feature enhanced granularity in cost centers, providing more detailed descriptions. This will afford participating States a more comprehensive understanding of how funds are allocated and spent.

A preliminary assessment of the upcoming election cycle suggests that we are heading into an election super cycle next year, with elections anticipated in several countries. Given this expanded scope of activities, it is evident that our current election observation mission funding is insufficient and not aligned with our

objectives to be leaders on the political map. Consequently, an adjustment in the budget will be necessary to accommodate the increase in election observation participants and frequency of elections observed in the next financial year.

As Treasurer, my commitment is to align our financial strategies with the political objectives outlined in the Vancouver Declaration. Given the recent inflation trends, I recognize the urgency in addressing compensation issues. Therefore, I intend to propose a tiered adjustment to the next budget over 4 years aimed at bringing salaries in line with the UN Salary scale and post-adjustment rates. However, the success of this plan will depend on participating States' willingness to allocate the necessary budgetary adjustments.

Additional Contributions

It is important that **National Delegations help support the Assembly**. This can be done by:

1. **Seconding personnel** – We express our sincere gratitude to the Italian Government, German Government and Turkish Parliament for their valuable support in currently seconding personnel to the Secretariat. The provision of in-kind contributions, including both goods and services, especially through seconded staff, plays a crucial role in ensuring the financial stability and operational effectiveness of the Secretariat.

2. **Hosting the Assembly's Meetings and events** – Hosting Statutory Meetings and events are some of the largest contributions a National Parliament can make to the Assembly's work to foster dialogue, peace and security within the OSCE region. I would like to convey my appreciation to the Romanian delegation and their dedicated staff for their ongoing endeavors in preparing

for our forthcoming Annual Session. Additionally, I extend my gratitude for their flexibility and support regarding our new cost-sharing initiative, which will be applied to all future statutory meetings. I would also like to express my gratitude to the Armenian Parliament's delegation and their staff for hosting our Autumn Meeting under challenging circumstances and during a humanitarian crisis. Your efforts as well as all other parliaments that have previously hosted conferences and meetings are deeply appreciated.

3. **Extrabudgetary contributions** for specific events: programmatic activities, election observations and other seminars or conferences of interest to the OSCE PA and its Members.

4. Supporting of our Headquarters in Copenhagen and our Office in Vienna. We are most grateful to the parliament of Denmark and the Government of Austria for their continuous support.

OSCE / OSCE PA Scales of Contribution

In accordance with Rule 41, Paragraph 4 of our Rules of Procedure national contributions to the budget of the Parliamentary Assembly shall be apportioned according to the formula used to divide the costs of the intergovernmental OSCE.

We all agree that the current scales of contribution to the OSCE and OSCE PA are neither rational nor balanced. A new system should be agreed upon and we hope that the OSCE's Advisory Committee on Management and Finance (ACMF) and the OSCE Permanent Council will soon

reach consensus on a fairer formula than the present one. The OSCE PA is ready and willing to assist in this challenging process.

As we have discussed thoroughly in the Assembly and given the practical impossibility of amending the current OSCE PA Rules of Procedure to establish a new system for the Scales of Contribution in the PA we are committed to maintain the link between the Assembly and the Governmental side of the Organization regarding the apportioning of the total Budget. For our 2023 -2024 budget we will therefore apply the current scales as approved by the OSCE Permanent Council. Nevertheless, I strongly encourage national delegations to contribute extra budgetary funding for projects, seminars, and conferences in line with the Assemblies goals.

In collaboration with the President and the Secretary General, we have taken the initial step of reaching out to participating states, with the objective of encouraging minor contributors - those whose annual allocations fall below 10,000 EUR - to consider increasing their contributions in accordance with the Assembly's 2015 Helsinki Declaration resolution.

I wish to extend my sincere appreciation to the Icelandic and Estonian delegations for their leadership in this initiative, as they have chosen to augment their contribution amounts. Furthermore, I am grateful to the other delegations that have expressed their commitment to increasing their contributions in the upcoming budget cycles.

Your invaluable support significantly contributes to advancing our mission of promoting peace, security, and cooperation within the OSCE PA region. I look forward to fostering an open and constructive dialogue, particularly with all minor contributors, to chart the course of this process, including the potential formalization of this approach within our rules of procedure or financial regulations. Your engagement in this matter is highly valued and underscores our collective dedication to the organization's goals.

I would also like to take this opportunity to remind all national delegations of Rule 41.5 - Where the Assembly's accounts show that a participating State has not made its due contribution for a period of 9 months, Members of its delegation shall not be allowed to vote until the contribution has been received.

Treasurer
of the OSCE Parliamentary Assembly

Mr. Johan Büser

Yerevan, 18 November 2023

