

Special Representative

To:

PA President

and

PA Secretary General

Permanent Council Brief Week 50, 2008

The Permanent Council took no decisions this week. In particular, no agreement on the budget for 2009 is in sight. The Secretary General has already announced that he will ask the participating States to pay for 50% of their assessed contributions for 2008. However, some interesting developments have taken place. Next Thursday, the Audit Committee, which consists of one representative from the OECD, the World Bank and UNICEF each, will report in its assessment of the management and oversight arrangements of the OSCE, as is its task.

In its written report, which is already available, the Committee states that the OSCE "must focus on addressing longstanding issues, including clarity of delegated authorities, accountability for extra-budgetary contributions and the unified budget, and management of organization-wide risks, which represent major weaknesses in the risk management and governance for the OSCE." Members of the Audit Committee are "extremely concerned that important issues remain unresolved relating to extra-budgetary contributions and the lack of accountability to the Secretary General for field operations funded by the unified budget." It assesses that "failure of the Participating States to conclude the revision process required to provide clarity of authorities within which OSCE staff is expected to operate represents a major weakness in governance and reflects a "tone at the top" inappropriate to an international organization of the stature of the OSCE." It concludes that "**the organization must give high priority to concluding the revision of its financial regulations to provide clarity of accountability for financial, operational and administrative matters.**" The Committee also requests "the External Auditor to consider greater application of a risk-based approach in its final mandate year, and to reflect upon potential lessons learned from its investment in visits to all missions for the benefit of the organization. This should also include results of audits of procurement, reporting, monitoring, management practices, donor records, and archiving systems."

The ODIHR has withdrawn its request for additional funds for the purpose of paying its personnel.

Discussions with the representatives of the participating States show that a number of them consider the Ministerial Council to have been a success, largely due to the open exchange of views during the working lunch of the Ministers, and because of the high turnout of Ministers. Some also consider the fact that six papers in the Human Dimension were adopted and the resistance against the idea of quickly organizing a summit on a new security structure in Europe as positive.

In the last meeting of the Mediterranean Contact Group the incoming Greek PC Chairperson praised the activities of the Parliamentary Assembly. It should be noted, however, that while Spain as Chair of the Asian Contact Group has returned to established practice with regard to the seating arrangements in that group, Greece has not yet done so. Next year it will be up to Finland and Kazakhstan to return to the practice of the past five years.



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