

## Special Representative

To:

PA President

and

PA Secretary General

### *PC Brief Week 12, 2013*

This week, meetings of the PC, and the last meeting of the FSC under the Chairmanship of Liechtenstein took place, as well as meetings of the Preparatory Committee, the Human Dimension Committee and the Advisory Committee on Management and Finance. In parallel, the OSCE held its OSCE-Australia Conference. Friday was an official OSCE holiday. The Permanent Council meeting was an unusually short one. The main issue is currently the lack of consensus on the annual Human Dimension events. As announced, Azerbaijan continues to block the consensus.

In the PC, OSCE Secretary General Zannier replied to my statement of last week. Key points from his reply are: Political oversight is guaranteed through his annual report to the Ministerial Council and his reporting to the PC, and parliamentary accountability takes place through the oversight by national parliaments over the national governments. Furthermore, he stated "I am not aware of any specific decision by the MC **assigning a direct oversight role to the OSCE PA**. However, and notwithstanding this fact, I have accepted to continue the practice, initiated by my predecessor, of briefing the PA Standing Committee, in its Fall Session, about the OSCE budget, and discussing related management issues. This openness on my part, however, **seems to have been misunderstood as a general acknowledgment that a degree of oversight role of the OSCE PA exists**. To correct this false impression, I will be forced to discontinue this kind of briefings to the PA Standing Committee, and include more general information about budgeting and management matters in my remarks to the Winter Session." Referring to internal procedures and controls, he added that the annual audit, which is performed by national audit institutions and regularly issues a "clean bill of health", ensures sufficient oversight. Like last week, Canada attacked my statement saying that it had "gone too far", did not reflect a cooperative spirit and that this was not what taxpayers paid OSCE institutions for.

In the Audit Report of 2005, the External Auditors, at the time from the UK, stated: "... the OSCE might review its arrangements for engaging external audit services and introduce open competition. These arrangements should be based on assessment against objective and competitively assessed criteria such as technical quality, experience and price; ensuring that the Organization meets the full costs of the external audit so as to secure a demonstrably objective and independent audit process; and that the period of tenure is extended beyond one year to between four and six years, in order to provide for a more stable, effective and efficient audit scrutiny." In the opinion, the auditors went into many more details of their recommendations. This, and the long list of resolutions since the 2001 Paris PA Annual Session, which led to the constitution of the Committee on Transparency and Accountability, as well as the PA's recommendations during the Corfu Process, were the reference points for my statement. The reaction we received represents a clear rejection of the PA's calls for direct reporting to the PA and a stronger role for the PA in the budget and audit process.

In my reply, I acknowledged that the Secretary General had accurately described the existing, mainly Executive Branch-internal system. I defended the right of the PA to recommend changes of this status quo, and expressed regret over his announcement to discontinue an established practice that had been put in place more than ten years ago and successfully practiced by his two predecessors. Later I learnt that Zannier told others he had taken the decision to discontinue briefing the PA already before last week's statement. After the meeting, a Western ambassador told me that he had just raised the same concerns about a lack of transparency and performance assessments, particularly in regards to projects financed by extra-budgetary funds.



Andreas Nothelle  
Ambassador  
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