

PC.DEL/1060/16

8 July 2016

ENGLISH

Original: RUSSIAN

Delegation of the Russian Federation

**STATEMENT BY MR. ALEXANDER LUKASHEVICH,
PERMANENT REPRESENTATIVE OF THE RUSSIAN FEDERATION,
AT THE 1107th MEETING OF THE
OSCE PERMANENT COUNCIL**

7 July 2016

On the 2015 OSCE Financial Report

Mr. Chairperson,
Mr. Kay Scheller,
Mr. Hayk Karamyan,

We have carefully studied the report by the OSCE Secretary General on the Organization's financial situation in 2015 and the assessment of it by the Federal Court of Auditors of Germany as External Auditor. We note that the audit, including the examination of the field presences in Astana and Montenegro, found no serious violations or abuses of the financial procedures, the accounting system or observance of the OSCE Financial Regulations.

We should like to comment on some of the recommendations in the report. First there is the proposal for introducing key performance indicators of the work of the Organization's executive structures into the OSCE budget programme. We believe that before considering their use, we should first agree what they are for and, most important, what they should consist of. As we understand it, they should reflect the status of implementation by the OSCE executive structures of the decisions adopted by the Organization's decision-making bodies and also the degree of fulfilment of recommendations to improve performance and the normative basis for it. This applies in the first instance to the Organization's humanitarian institutions, particularly the Office for Democratic Institutions and Human Rights (ODIHR). As far as the field presences are concerned, the key performance indicator should be the degree of preparedness for transferring authority to the host countries, as defined in paragraph 41 of the Charter for European Security adopted in 1999.

We also note the recommendation by the External Auditor of the need to update the OSCE Financial Regulations. We are perfectly willing to discuss this question. One of the main shortcomings to be dealt with in the revised regulations is the OSCE's extrabudgetary activities. The first step in developing a proper procedure might be quarterly detailed information by the Secretariat on extrabudgetary projects carried out by institutions and field missions, including their object and financial conditions, and their compliance with the

OSCE's confirmed programmes and aims. This would be in line with Regulation 9.03 of the OSCE Financial Regulations.

We are counting on the representatives of the Court of Audit of Spain, which will be the OSCE External Auditor for the next three years (up to 30 April 2019), taking account of our proposals.

We have also carefully studied the annual report by the OSCE Audit Committee. It is interesting that the Committee members also commented on the question of extrabudgetary financing, complaining in particular at the absence of general co-ordination of extrabudgetary programmes carried out in our Organization. This once again underscores the validity of appeals for normative regulations in this area.

We also noted the concern in the Audit Committee's assessment about the absence up to now of an agreement between Poland and the ODIHR observed by the auditors during their visit to the Office last November. We would expect this document to reflect our proposals for the creation of the necessary conditions for unimpeded participation in OSCE meetings in Warsaw, including refraining from any bans on members of national delegations.

We have also carefully studied the report of the OSCE Office of Internal Oversight, which acts as internal auditor. We note the large number of audit examinations of the nine field presences and the Office of the High Commissioner on National Minorities and also the analysis of our Organization's activities over the past ten years to prevent illicit drug trafficking. The figures are impressive: they reflect an analysis of some 120 projects between 2004 and 2014 worth 7 million euros, for the most part implemented by the field presences in Turkmenistan, Uzbekistan and Tajikistan. We agree with the conclusion regarding the importance of strengthening co-ordination and institutionalization of the enabling mechanisms for anti-drug projects, particularly through the creation of a dedicated unit in the OSCE Transnational Threats Department.

A significant amount of the work by the Office of Internal Oversight was devoted to a comparative analysis of around 400 OSCE events between 2013 and 2015 by all of the Organization's executive structures. It is interesting that half of these events were in the human dimension and the rest were politico-military, economic and environmental and cross-dimensional events. This once again bears witness to the strong bias in the OSCE's programmes and conference activities. In that connection, we urge the Office of Internal Oversight to pay particular attention to the targeted spending of budgetary and extrabudgetary resources on the activities of humanitarian institutions, particularly the use of the ODIHR's resources for electoral activities.

Thank you for your attention.