

124th Plenary Meeting

PC Journal No. 124, Agenda item 2

DECISION No. 182

The Permanent Council,

Having considered, following the statement of the OSCE Chairman-in-Office to the Permanent Council on 17 April 1997, measures to improve the process for financing new OSCE activities,

Recalling Decision No. 127 (PC.DEC/127) of 27 June 1996 establishing the OSCE Financial Regulations, which entered into force on 1 July 1996,

Recalling also Decision No. 133 (PC.DEC/133) of 27 June 1996 establishing a Revolving Fund in the amount of ATS 37,290,000 to meet the short-term cash flow requirements of duly authorized OSCE activities that may result from the thirty-day period foreseen in Financial Regulations 4.04 and 4.05 between billing and payment of assessed contributions,

Noting that the Financial Regulations call for awareness, on the part of decision-makers, of the financial implications of their decisions and that these Regulations include mechanisms to adjust financial planning to new situations when new OSCE tasks so require during the financial year,

Recalling that Financial Regulation 2.08 specifically calls upon decision-making bodies to take into account the financial implications of new decisions and provides that, if a draft decision is likely to have such financial implications, the Secretary General should submit his estimates in respect of these implications in due time before a decision is scheduled to be taken,

Bearing in mind that the nature of the tasks faced by the OSCE may require rapid action, based on a consensus decision, before new funds can be made available by participating States through the normal budgetary process,

Decides that:

- A Contingency Fund shall be established to enable the OSCE to act immediately after the adoption by the Permanent Council of a decision on a new OSCE activity and to cover the corresponding financial requirements prior to the approval of the relevant supplementary budget;
- A total of ATS 30,000,000 shall be set aside for the establishment of this Fund;

- Participating States shall be billed for their assessed contributions to the establishment of this Fund in the next billing procedure. Since a cash surplus of funds, financed through assessed contributions during the financial year 1995, is presently available to be credited against participating States' future contributions according to Financial Regulation 7.07(b), no additional cash contributions for establishing the Contingency Fund shall be required from those States that have contributed to the surplus;
- When adopting a decision on a new OSCE activity, the Permanent Council may authorize at the same time the release from the Contingency Fund of an amount which should normally not exceed 25 per cent of a cost estimate to be submitted by the Secretary General in accordance with Financial Regulation 2.08, in order to finance on an interim basis the initial implementation of such approved activity, pending the approval of the relevant supplementary budget according to established procedures;
- Following the formal adoption of a supplementary budget for a corresponding new activity, for which funds were temporarily made available from the Contingency Fund, the Fund shall be replenished accordingly;
- At the end of each financial year, the Contingency Fund may be carried over to the next financial year, and in such a case, a separate statement shall be included in the annual accounts for each financial year;
- The functioning of the Contingency Fund and the amount of funding provided for above shall be reviewed and, where necessary, adjusted, on an annual basis; and
- The Fund shall be subject to external audit as provided for in Financial Regulations 8.01-8.06.

Chairman's Statement

The Chair has worked towards two connected decisions: one on the creation of a Contingency Fund; the other on a financial mechanism for specific larger projects. Only the first issue was ready for a decision on it to be taken today. The discussion of these two items has constantly been tangled up with the discussion on the adequacy of the Helsinki scale of distribution as adopted in 1992. For that reason, I am going to put the question of the scale of distribution as well as the questions relating to the criteria forming the basis of the scale, as provided for in paragraph 4 of Decision XII of the Helsinki Document 1992, on the agenda of the Permanent Council when it convenes after the summer break. In this connection, the criteria applied by other relevant international organizations and the mechanisms applied for periodic review of the scale will also be examined. The question of the financial mechanism remains a separate item and will continue to be discussed in parallel.