



400th Plenary Meeting

PC Journal No. 400, Agenda item 2(b)

DECISION No. 486
IMPROVING THE BUDGETARY MANAGEMENT
OF THE ORGANIZATION

The Permanent Council,

Noting the extent of the activities of and resources used by the OSCE and the consequent need to strengthen its management,

Noting also that the Unified Budget is a key management tool for planning, implementing and evaluating the work of the Organization, its institutions and field operations,

Decides that the OSCE's budgetary management shall be based, *inter alia*, on the following principles:

1. The Unified Budget should:
 - (a) Make political mandates operational in the form of clearly defined annual objectives and outputs, for each of the Funds, Programmes and Subprogrammes for which the institutions and field operations are responsible, together with the full resource costs of each;
 - (b) Establish a clear link between objectives and the resources that will be required/allocated to reach these objectives;
 - (c) Identify multi-year obligations that could arise, indicating for all projects and activities with a multi-year implementation period the duration and the total resources required for completing the project/activity;
 - (d) Take into consideration the Organization's priorities as set out in its decisions.
2. The Permanent Council adopts the Unified Budget. It is responsible for establishing political objectives, for approving, rejecting or altering budget proposals, and for approving, controlling and evaluating implementation of the Unified Budget. In exercising its budgetary responsibility, it may establish political objectives covering more than one year.

3. As Programme Managers for the Organization, the Secretary General and the heads of institutions and field operations, are responsible through the Chairman-in-Office to the Permanent Council for translating their mandates into programmes, objectives and planned outputs and for the management of their programmes, and the achievement of the objectives and planned outputs with maximum effectiveness and in accordance with their approved budget and the political guidance provided to them by the Permanent Council. The heads of institutions and field operations are responsible through the Secretary General to the Permanent Council for drawing up budget proposals setting out the resources needed to carry out their programmes, for the management of their budgets, and for the efficient and transparent use of the resources entrusted to them for the agreed objectives, in compliance with approved procedures and guidelines.

4. As chief administrative officer, the Secretary General assists the Permanent Council in carrying out its responsibilities and is responsible to it for the efficient use of the Organization's resources. In order to bring into effect the improvements in budgetary management set out in this Decision, he/she will develop and implement the necessary procedures and guidelines in consultation with the Permanent Council. He/she will in particular:

- (a) Submit recommendations for all budget proposals to the Permanent Council, together with recommendations for funding them;
- (b) Ensure that budget proposals are prepared by Programme Managers in a transparent and timely manner and according to professional standards; that they clearly identify the objectives for which expenditures are proposed and the expected outputs, together with the full resource cost of each;
- (c) Ensure that narrative parts of the budget proposals correspond to the mandates of the relevant OSCE structures and are not inconsistent with agreed OSCE documents;
- (d) In the case of supplementary budgets, which should normally result from developments which could not reasonably have been foreseen or cost-estimated at the time of the adoption of the Unified Budget, confirm that, in his/her view they do not circumvent budgetary discipline and procedures. The Secretary General should, in contributing to the preparation of decisions related to new or additional activities, provide the Permanent Council with information on the resources required for the proposed activity and on the budgetary implications thereof, taking account of any spare resources which can be identified;
- (e) Develop and promulgate guidelines and procedures for programme managers to report on the implementation and impact of their budgets, the extent of achievement of the objectives and lessons learned. These reports will be made to the Permanent Council in time for inclusion in the programme outline exercise for the following year;
- (f) Subject to the availability of funds, issue expenditure authority to Programme Managers for the implementation of their budgets to programme managers;

- (g) Put in place and ensure compliance with the common administrative system and standards for the Organization as a whole in order to ensure the efficient and transparent use of OSCE resources; ensure that Programme Managers have been clearly advised of their authority and responsibilities in the field of financial and budgetary management and, with the agreement of the Permanent Council, that they have the necessary equipment and appropriately qualified staff to enable them to carry out these responsibilities; for this purpose develop standard terms of reference for sections for Administration and Management in institutions and field operations, setting out their duties and responsibilities, including those for reporting to the head of institution/field operations and the Secretariat.

5. The Secretary General will develop a system to process, in a transparent, timely and efficient manner, offers of and requests for extra-budgetary contributions provided to finance projects and activities that are consistent with OSCE objectives but are not funded under the Unified Budget. The system should include consultation on the project with the government of the host country, and periodic reporting to the donor and to the Permanent Council on the status of project implementation, including financial reporting. Projects will be carried out with full respect for the laws and regulations of the host country.

6. The Secretary General will make available to participating States consolidated information concerning administrative, financial and non-confidential staffing issues related to the activities of institutions and field operations. Heads of institutions and field operations will provide to the Secretariat all necessary information for this purpose.

7. The Secretary General will report on a regular basis to the Permanent Council on management issues no less than twice a year or on request of the Permanent Council.

PC.DEC/486
28 June 2002
Attachment 1

ENGLISH
Original: RUSSIAN

**INTERPRETATIVE STATEMENT
UNDER PARAGRAPH 79 (CHAPTER 6) OF THE
FINAL RECOMMENDATIONS OF THE HELSINKI CONSULTATIONS**

By the Delegation of Belarus to the OSCE:

“In connection with the adoption of the decision at the reinforced meeting of the OSCE Permanent Council on improving the budgetary management of the Organization, I should like to make the following interpretative statement on behalf of the Republic of Belarus.

The Republic of Belarus believes that consultations on the implementation of OSCE project activities funded by extrabudgetary contributions should result in the accepting State having to give its prior agreement to the implementation of such projects. Extrabudgetary projects cannot be carried out if the accepting State has not agreed to them.

We request that this interpretative statement be attached to the Journal of today’s meeting.”

PC.DEC/486
28 June 2002
Attachment 2

ENGLISH
Original: RUSSIAN

**INTERPRETATIVE STATEMENT
UNDER PARAGRAPH 79 (CHAPTER 6) OF THE
FINAL RECOMMENDATIONS OF THE HELSINKI CONSULTATIONS**

By the Delegation of the Russian Federation:

“The Russian Federation, having supported this decision, believes that it is only a first step towards a more detailed study of the question of extrabudgetary contributions within the Financial Committee, including - and this needs to be given particular emphasis - consideration of the position on this matter in the Report of the External Auditors of 18 June 2002 (PC.IFC/59/02/Rev.1 of 19 June 2002).

We request that this statement be attached to the Journal of today’s meeting.”

PC.DEC/486
28 June 2002
Attachment 3

ENGLISH
Original: GERMAN

**INTERPRETATIVE STATEMENT
UNDER PARAGRAPH 79 (CHAPTER 6) OF THE
FINAL RECOMMENDATIONS OF THE HELSINKI CONSULTATIONS**

By the Delegation of Switzerland:

“The Delegation of Switzerland cannot accept the contents of the interpretative statement of the Delegation of Belarus concerning the decision on improving the budgetary management of the Organization. It is not consistent with the text of the decision, which was adopted by consensus. According to this decision, no formal agreement of the accepting State is required for the implementation of projects financed on a voluntary basis.

We request that this interpretative statement be attached to the Journal of today’s meeting.”