



**Organization for Security and Co-operation in Europe
Permanent Council**

PC.DEC/671
12 May 2005

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555th Plenary Meeting

PC Journal No. 555, Agenda item 4(a)

**DECISION No. 671
PROVISIONAL FINANCING ARRANGEMENT
FOR IMPLEMENTATION OF 2005 UNIFIED BUDGET**

The Permanent Council,

Recalling the relevant provisions of the OSCE Financial Regulations,

Taking into account that no agreement on Scales of Contribution for the years 2005–2007 could be reached to date,

Decides to establish as an exceptional measure a provisional financing arrangement for implementation of 2005 Unified Budget as contained in the attached Annex. This financing arrangement will serve only for the implementation of the 2005 Unified Budget and shall be retroactively recalculated in accordance with the decision on scales of contribution for 2005–2007, based on criteria set out in Permanent Council Decisions Nos. 408 of 5 April 2001 and 468 of 11 April 2002. The decision on scales of contribution for 2005–2007 shall be adopted as soon as possible, preferably before 30 September 2005, but no later than 1 December 2005.

2005 Financing Arrangement for the OSCE

Participating State	Secretariat and Institutions	Field Operations
Albania	0.19	0.02
Germany	9.10	11.31
United States of America	9.00	13.57
Andorra	0.125	0.02
Armenia	0.11	0.02
Austria	2.30	2.36
Azerbaijan	0.11	0.02
Belarus	0.51	0.07
Belgium	3.55	4.07
Bosnia and Herzegovina	0.19	0.02
Bulgaria	0.55	0.06
Canada	5.45	5.27
Cyprus	0.19	0.14
Croatia	0.19	0.14
Denmark	2.05	2.36
Spain	4.00	4.41
Estonia	0.19	0.02
Finland	2.05	2.36
France	9.10	10.34
Georgia	0.11	0.02
United Kingdom	9.10	10.34
Greece	0.85	0.58
Hungary	0.70	0.46
Ireland	0.65	0.63
Iceland	0.19	0.12
Italy	9.10	10.34
Kazakhstan	0.42	0.06
Kyrgyzstan	0.11	0.02
Latvia	0.19	0.02
The former Yugoslav Republic of Macedonia	0.19	0.02
Liechtenstein	0.125	0.02
Lithuania	0.19	0.02
Luxembourg	0.55	0.30
Malta	0.125	0.02
Moldova	0.11	0.02
Monaco	0.125	0.02
Norway	2.25	2.36
Uzbekistan	0.41	0.06
Netherlands	3.80	4.07
Poland	1.40	1.05
Portugal	0.85	0.45

Participating State	Secretariat and Institutions	Field Operations
Romania	0.70	0.10
Russian Federation	9.00	3.72
San Marino	0.125	0.02
Holy See	0.125	0.02
Serbia and Montenegro	0.19	0.05
Slovakia	0.33	0.18
Slovenia	0.19	0.14
Sweden	3.55	4.07
Switzerland	2.45	2.65
Tajikistan	0.11	0.02
Czech Republic	0.67	0.50
Turkmenistan	0.11	0.02
Turkey	1.00	0.75
Ukraine	0.95	0.18

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

By the Delegation of Luxembourg on behalf of the European Union:

“With regard to the decision just adopted by the Permanent Council, the delegation of Luxembourg, speaking also on behalf of the European Union, the acceding countries Bulgaria and Romania, the candidate countries Turkey and Croatia* and the EFTA country Norway, member of the European Economic Area, would like to make an interpretative statement under Paragraph 79 (Chapter 6) of the Final Recommendations of the Helsinki Consultations.

The delay in reaching agreement on the budget and the scales of contribution has been very damaging for the effectiveness, efficiency and credibility of the Organization and for the morale of its staff. This should not be allowed to happen again. This underlines the need to reach agreement on scales of contribution for 2005–2007 as soon as possible, and at the latest by 1 December 2005, as set out in the decision on the provisional financing arrangement for implementation of the 2005 Unified Budget.

The European Union would like to reiterate its full support for the action taken by the Secretary General earlier this year in issuing the first interim bill to participating States. The Secretary General has exercised his authority under the Financial Regulations, which contain all relevant provisions on budgeting and financing in the absence of an approved budget and scales of contribution, in order to ensure the continuing functioning of the Organization.

We underline that the decision adopted on the provisional financing arrangement is distinct from and in no way a substitute for the action taken by the Secretary General on interim billing. The decision does not therefore preclude the Secretary General having to take similar action in the future.

The EU is committed to the adoption of scales of contribution for 2005–2007, and to their retroactive application provided the decision is adopted preferably by 30 September 2005, but at the very latest by 1 December 2005.

The EU further remains committed to the principle of programme budgeting, as outlined in Permanent Council Decision No. 553 of 27 June 2003. We would like to recall that by adopting this Permanent Council decision, the OSCE has adhered to the principle of programme budgeting, recognizing the individual programme as the core element of the Unified Budget. The European Union views the indicative list of projects recently circulated under SEC.GAL/100/05 as a document of a purely informative nature.

Mr. Chairman, we request that this statement be attached to the Journal of the day.”

* Croatia continues to be part of the Stabilization and Association Process.

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

By the Delegation of the United States of America:

“With regard to the decision just adopted by the Permanent Council (PC.DEC/671), the United States delegation would like to make an interpretative statement under Paragraph 79 (Chapter 6) of the Final Recommendations of the Helsinki Consultations.

The delay in reaching agreement on the scales of contribution and the Unified Budget has damaged the effectiveness, efficiency and credibility of the Organization and the morale of its staff. Let us not let this happen again. It is important that we reach an agreement on scales of contribution for 2005–2007 as soon as possible, and at the latest by 1 December 2005, as set out in the decision on the provisional financing arrangement for implementation of the 2005 Unified Budget.

The United States is committed to the adoption of scales of contribution for 2005–2007, and to their retroactive application provided the decision is adopted preferably by 30 September 2005, but at the very latest by 1 December 2005.

The United States emphasizes that the decision adopted on the provisional financing arrangement does not in any way undermine the responsibility of the Secretary General for the sound financial operations of the OSCE. The authority to exercise this responsibility is conferred on the Secretary General by the Financial Regulations, which provide for the issuing of interim bills to participating States. In this context, the United States reiterates its full support for the action taken by the Secretary General earlier this year in issuing a first interim bill to participating States. The decision adopted today does nothing to change the Secretary General’s responsibilities and his authority to issue such bills in the future, should circumstances require it, which we sincerely hope will not be the case.

Mr. Chairman, we request that this statement be attached to the Journal of the day.

Thank you, Mr. Chairman.”

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

By the Delegation of Canada:

“We have joined consensus on the decision on the provisional financing arrangement for implementation of the 2005 Unified Budget on the understanding that this decision shall in no way undermine the authority conferred on the Secretary General by the Financial Regulations to issue interim bills to participating States up to 100 per cent of the previous year’s budget in the absence of an approved unified budget or scales of contribution. In this connection, Canada fully supports the decision of the Secretary General to issue a first interim bill in 2005.

In addition, Canada attaches great importance to the deadline of 1 December 2005 for approval of the new scales of contribution for 2005–2007 prescribed in the aforementioned decision (PC.DEC/671). We understand that the new scales of contribution shall be retroactively recalculated to 1 January 2005 *only* on condition that the Permanent Council adopts a decision on scales of contribution for 2005–2007 not later than 1 December 2005.

Finally, Canada reiterates its support for the rates of assessment proposed in the former Bulgarian Chairmanship’s Best Guess (CIO.GAL/123/04 of 13 December 2004). Canada agreed to this proposal in a spirit of compromise and cannot accept any further increase in its share of the new scales of contribution for 2005–2007.

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

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Attachment 4

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

By the Delegation of the Russian Federation:

“We welcome the fact that through our common efforts we have succeeded in drawing up a correct provisional financing arrangement for implementation of the 2005 OSCE Unified Budget. We must stress the fact that the provisional financial arrangement thus adopted is by its nature non-renewable and will be retroactively recalculated in full in accordance with the decision on the OSCE’s system of financing for the period 2005–2007.

We regard the establishment of a new system for calculating the scale of contributions as an integral part of the process of reforming the Organization and will determine our position regarding the parameters of the Russian contribution in conjunction with the settlement of other important issues of OSCE reform.

We confirm the position of principle taken by the Russian Federation that the main issue involved in improving the scale system of contributions to the OSCE budget is that of steadily bringing it into line with the principle of capacity to pay as calculated by the United Nations methodology.

We also wish to confirm that we regard as illegitimate the Secretariat’s actions in issuing to participating States a so-called “interim bill” — not foreseen in the Financial Regulations of the OSCE — to cover the payment of contributions for financing the Organization during the period when no Unified Budget for 2005 had yet been adopted.

We request that the text of this statement be attached to the decision adopted by appending it to the Journal of the day.”