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Organization for Security and Co-operation in Europe

The Secretariat

Director for Resources

Vienna, 2.6.1998

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To: All Delegations

Subject: Addendum to the Audited Financial Statements for 1997

1. Attached are copies of pages xvii. to xxi. of the Audited Financial Statements for 1997, which were not included in the bound copies distributed on 29/5/98 (PC.IFC/36/98 dated 28/5/98, refers). Please consider these pages for inclusion in your copy of the above statements.

2. Any inconvenience is regretted.

D. REPORT ON OSCE STRUCTURES, OPERATIONS, STAFFING AND FINANCES IN 1997

Structures

a) Decision Making Organs

The Summit

1. This body is the highest decision-making organ of the OSCE. It is composed of the Heads of State or Government of all participating States, which numbered 55 in 1997. The Summit did not convene during 1997.

The Ministerial Council

2. This organ is composed of the Foreign Ministers of the participating States and is the central decision-making and governing body of the OSCE. It meets, as a rule, towards the end of every term of chairmanship. The Ministerial Council met in Copenhagen in December, 1997.

The Senior Council

3. The Senior Council convenes periodically political deliberations, discusses and sets forth policy and broad budgetary guidelines. It convened once this year, in Prague, as the Economic Forum.

The Permanent Council

4. The Permanent Council is the regular body for political consultation and decision-making and can also be convened for emergency purposes. It is meeting in Vienna on a weekly basis and did so throughout 1997. The Permanent Council is assisted in its work by informal committees including the informal Financial Committee of Experts.

The Chairman-in-Office (CiO)

5. The CiO has overall responsibility for executive action. The Chairmanship rotates annually. The Danish Foreign Minister held the Chairmanship during 1997. Denmark was assisted in its work by the previous and succeeding Chairmen. Together they constitute the Troika, which in 1997 consisted of Switzerland, Denmark and Poland.

The Secretary General

6. The Secretary General of the OSCE is Mr Giancarlo Aragona of Italy, whose three year term in office began in June 1996. He acts as the representative of the CiO and provides support in all activities aimed at attaining the goals of the OSCE. His tasks also include the management of OSCE structures and operations.

b) Executive Organs

i) Institutions

- The Secretariat with offices in Vienna, Prague and Tashkent. The mandate for the office in Tashkent was extended until 1 July 1998.
- The Office for Democratic Institutions and Human Rights (ODIHR), Warsaw
- The High Commissioner on National Minorities (HCNM), The Hague.

ii) Missions

Missions were in 1997 in operation in Croatia, Estonia, Georgia, Latvia, Moldova, the former Yugoslav Republic of Macedonia, Tajikistan and Ukraine. Furthermore, the OSCE has deployed an Assistance Group to Chechnya, a Presence was established in Albania during the spring of 1997, as well as an expansion of the Mission to Croatia during the second half of 1997.

iii) Special Representatives

Special Representatives continued to carry out their respective tasks relating to the Estonian Government Commission on Military Pensioners, and to the joint Commission on the legal status of the Skrunda Radar Station.

iv) Sanctions Assistance Missions (SAMs)

The mandate of the Sanctions Co-ordinator and the Sanctions Assistance Missions were closed on 30 September 1996.

v) OSCE Tasks in Bosnia and Herzegovina

The mandate of the Mission to Bosnia and Herzegovina was extended until 31 December 1997 (PC Decision No 145). It is tasked with the preparation, conduct and supervision of the Municipal and Republika Srpska Assembly elections, human rights and democratisation issues. In addition, tasks relating to the implementation of Annex 1-B of the Dayton Peace Agreement were carried out by Representatives of the Chairman-in-Office operating from premises in Vienna. For the purpose of enabling the OSCE Secretariat to better support the Mission the staffing augmentation at the Secretariat was continued. This was also the case for the ODIHR, albeit to a much lesser extent.

vi) Activities Financed from Voluntary Contributions

The Fund, established in 1996 in order to support OSCE Action for Peace, Democracy and Stability in Bosnia and Herzegovina, was used in 1997 for continued support relating to the Municipal and Republika Srpska (PC Decision No. 186) elections held during 1997. The main activities financed through this Fund related to Human Rights activities, Democratisation Projects, the procurement of equipment and the recruitment and provision of registration and elections supervisors and monitors.

Included in the voluntary contributions held, is the fund to Foster the Integration of Recently Admitted Participating States (FIRAPS). The FIRAPS is to be used by nationals of recently admitted participating states in OSCE sponsored projects, support/sponsorship of projects on OSCE related topics taking place in a recently admitted participating state, and for the dissemination of knowledge about the OSCE in a language(s) understood by recently admitted participating States. Further the PC took a decision (PC Decision No 150 refers) to establish the Voluntary Fund for Activities Related to Economic Aspects of Security with effect from 1/1/97. Similarly, funds were established for other projects such as OSCE activities relating to the Elections in Chechnya and Albania.

vii) Other

The Minsk Group
The High Level Planning Group
The OSCE Representative and Field Assistants.

viii) Operations

All OSCE Institutions, Missions and other activities continued their operations throughout 1997. The following developments are worth noting:

- a) The biennial meeting to review the implementation of OSCE commitments in the field of human rights was held at the ODIHR in Warsaw;
- b) The co-Chairmanship of the Minsk Group became a shared responsibility in 1997 between the Russian Federation, the United States and France.

Staffing

7. The number of staff employed by OSCE Institutions and Missions towards the end of 1997 amounted to 1,343 people, including internationally and locally employed, seconded and contracted staff. A precise breakdown per OSCE Institutions and Missions is shown in Table 1.

Finances

8. A unified budget for 1997 was approved by the Permanent Council in December 1996, and then, in January, a budget for OSCE Tasks in Bosnia and Herzegovina in ATS 248,875,795 and a budget for the expanded Mission to Croatia for ATS 79,523,092. The final total approved budget amounted to ATS 654,551,003.

9. Aggregate expenditures were kept within the total budget. The unutilised part of the budget, excluding adjustments to prior years' accounts amounted to approximately ATS 60.4 million, which is equivalent to about 9% of the total unified budget. The aggregate unspent balance of the Voluntary Funds amounted to ATS 48.8 million or 7% of the total voluntary contributions received in 1997, including the carried forward fund balances from 1996. ATS 458.05 million were received during the year.

The following table provides a general overview of all OSCE budget allotments during 1997. Further, Statements V and VI provide an overall financial situation for all OSCE transactions.

	(in ATS)
OSCE Unified Budget	654,551,003
Fund to Support Action for Peace, Democracy and Stability in B&H	675,773,854
Fund for the Integration of Recently Admitted participating States	12,800,543
Economic Aspects of Security	4,974,560
Other	63,518,002
Total	1,411,617,962

10. Over-expenditures occurred against 6 line items in the unified budget. These were as follows:

- the budget for the Common Services in Prague (1)
- the budget for the sub-programmes under the ODIHR (2)
- the budget for the Personal Representative and Field Assistants (3)
- the budget for the Mission to Latvia (4)
- the budget for the Representative to the Estonian Government Commission (5)
- the budget under the OSCE Activities in Albania for Elections Assistance (6)

The reasons for these over-expenditures are explained in Note 3 to the financial statements.

11. The total cash deficit for 1997 amounted to ATS 4.6 million for the OSCE unified budget and total cash surplus of ATS 50.5 million for the voluntary funds.

12. Arrears continue to be a serious problem. By the end of 1997 assessed contributions amounting to ATS 30.4 million were still outstanding from 1996 and previous years, while ATS 156.1 million remained unpaid for 1997. As of 20 February 1998, these figures were still ATS 28 million for 1996 and previous years while the figure for 1997 had been reduced to ATS 117.2 million.

13. A Revolving Fund, established by the Permanent Council to meet short-term cash flow requirements of duly authorised OSCE activities, remained at the level of ATS 37,290,000. See Statement No. X.

14. In anticipation of lag times inherent in preparing budgets for new OSCE Missions and Projects, a Contingency Fund was established by the Permanent Council under Decision No. 182 (dated 17/7/97) to provide financing during the period. This Fund was set at a level of ATS 30,000,000. See Statement No XI.

Table 1. Number of Staff Employed by OSCE Institutions and Missions as at 31 December 1997

	Int'l Staff *	Local Staff **	Total
1. The Secretariat			
Vienna ***	21	112 (21)	133
Prague	1	4	5
Tashkent	2	3 (1)	5
2. ODIHR	12	19	31
3. HCNM	7	4 (1)	11
<i>Sub-total:</i>	<i>43</i>	<i>142 (23)</i>	<i>185</i>
4. Missions			
Albania	10	24	34
BiH	177	533	710
AG to Chechnya	5	17	22
Croatia	114	119	233
Estonia	6	4	10
Rep. on Milit. Pens.	1	0	1
Georgia	18	15	33
Latvia	6	8	14
Reps. in Latvia for Skrund	2	0	2
Moldova	6	9	15
Nagorno-Karabakh	5	12	17
Skopje	5	4	9
Tajikistan	7	17	24
Ukraine	4	8	12
<i>Sub-total:</i>	<i>366</i>	<i>770</i>	<i>1136</i>
5. HLPG	7	1	8
6. Article II and IV	13	1	14
Grand Total:	429	914	1343

* including seconded staff

** including short-term staff (no. of short-term staff is shown in brackets)

*** excluding Translators and Interpreters