

2024 OSCE

Financial Report and Financial Statements
and the Report of the External Auditor



Organization for Security and
Co-operation in Europe

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Letter of Transmittal to the Chairperson of
the Permanent Council to the OSCE from
the Secretary General

Letter of Transmittal to the Chairperson of the Permanent Council of the OSCE from the Secretary General



Organization for Security and Co-operation in Europe
The Secretariat

1 July 2025

Madam Chairperson,

Pursuant to Financial Regulation 7.04, I have the honour to submit the Financial Report and Financial Statements of the Organization for Security and Co-operation in Europe for the year ended 31 December 2024 and the Report of the External Auditor thereon for your consideration and approval.

Yours sincerely,

A handwritten signature in blue ink, appearing to read 'F. Sinirlioğlu', is written over the typed name and title.

Feridun H. Sinirlioğlu
Secretary General

Letter of Transmittal to the President of
the Austrian Court of Auditors from the
Secretary General

Letter of Transmittal to the President of the Austrian Court of Audit from the Secretary General



Organization for Security and Co-operation in Europe
The Secretariat

31 March 2025

Madame,

Pursuant to Financial Regulation 7.04, I have the honour to submit the draft Financial Statements of the Organization for Security and Co-operation in Europe for the year ended 31 December 2024.

Yours sincerely,

A handwritten signature in blue ink, belonging to Feridun H. Sinirlioğlu, is written over a horizontal line.

Feridun H. Sinirlioğlu
Secretary General

Dr. Margit Kraker
President of the Austrian Court of Audit,

Rechnungshof
Dampfschiffstraße 2
1030 Wien, Austria

Financial Report of the Secretary General

Financial Report of the Secretary General for the year ended 31 December 2024

INTRODUCTION

1. The Secretary General of the Organization for Security and Co-operation in Europe hereby submits the Financial Report, the Financial Statements, and the Report of the External Auditor, with their opinion, for the year ended 31 December 2024, in accordance with Financial Regulation 7.04.
2. The Financial Statements are prepared on an accrual basis in accordance with International Public Sector Accounting Standards (IPSAS) and the OSCE's Financial Regulations.
3. The OSCE is a forum for political dialogue on a wide range of security issues and a platform for joint action to improve the lives of individuals and communities. Through its comprehensive approach to security that encompasses the politico-military, economic and environmental, and human dimensions and its inclusive membership, the OSCE helps bridge differences and to build trust between States by co-operating on conflict prevention, crisis management and post-conflict rehabilitation. With 57 participating States in North America, Europe, and Asia, the OSCE is the world's largest regional security organization. The OSCE is a regional organization in the sense of Chapter VIII of the United Nations Charter and is an observer in the United Nations General Assembly.
4. This report focuses on the financial position and performance of the OSCE, its expenditure against all provisional expenditure authorizations issued in 2024, in line with FR 3.04 and the relevant PC decisions, including the Financial Regulations.
5. An organizational chart of OSCE Structures and Institutions as at 31 December 2024 is included as an Annex to the Financial Report.

SUMMARY OF THE YEAR 2024

6. The most significant factor influencing the financial performance of OSCE during 2024 was the continued lack of consensus on approval of the Unified Budget (UB). 2024 marks the third successive year that OSCE has operated without an approved budget. In consequence of this, Financial Regulation 3.04 was applied throughout 2024 and an allotment of 25% of the last approved budget was made to cover the first three months of the year, followed by monthly allotments for the remainder of the year. Since the Permanent Council also had not approved the 2022 and 2023 Unified Budgets, the budgetary allotments were made on the basis of the 2021 Unified Budget. In an environment of high inflation, this de facto Zero Nominal Growth budget proved to be inadequate to meet the needs of the organization, despite the implementation of concerted cost containment measures, thus adversely affecting both programmatic activity and the efficient utilisation of resources. Four additional provisional expenditure authorizations totalling EUR 3.0 million were necessary and were approved by Permanent Council during 2024 to cover the resource requirements of various programmes (PC.DEC/1485, PC.DEC/1487, PC.DEC/1491 and PC.DEC/1494).

7. 2024 marked a record year for new extra-budgetary (ExB) pledges received by the organization, with new pledges and donor reallocations growing from EUR 52.4 million in 2023 and EUR 77.1 million in 2024 (EUR 51.5 million in 2023 and EUR 76.8 million in 2024 inclusive of prior-year pledge adjustments). As at 31 December 2024, deferred funds held for the implementation of extra-budgetary project activities increased to EUR 113.4 million. The sustained growth in extra-budgetary activities underlines the continued confidence of donors in the OSCE and the positive impact of the organizations mandated activities.
8. The 2024 consolidated surplus of EUR 7.0 million highlighted the continued resilience of the organizations financial operations. International Organizations are expected to maintain balanced financial performance over time, with fluctuations in the operating surplus and deficit caused by timing differences between revenue and expenditure recognition considered normal. The 2024 surplus is primarily driven by the performance of Treasury operations over the 12-month period, with revenues of EUR 5.8 million generated through investments, an increase of 55% year-on-year. The surplus was also supplemented by the billing of EUR 3.6 million for the closed Project Co-ordinator in Ukraine, in line with Financial Regulation 4.04, against which there was no budgetary allotment.
9. The Cash Surplus resulting from operations during 2024 totals EUR 6.8 million, of which EUR 6.5 million relates to the Unified Budget and EUR 0.3 million for the former Special Monitoring Mission to Ukraine (revenue generated from the receipt of assessed contribution arrears and proceeds from the sale of vehicles). The total Cash Surplus reported as at 31 December 2024 has, as a result of 2024 performance less the four additional provisional expenditure authorizations of EUR 3.0 million, increased by 15% to EUR 28.4 million.
10. The overall financial position remains sound, with significant liquid assets in the form of cash and short-term investments.

FINANCIAL STATEMENTS TREND ANALYSIS

11. Direct comparison of financial information over the period remains complex due to the impact of Covid-19 on operational activities in the years 2020-2023, together with the financial impact of the closure of the former OSCE missions in Ukraine. For these reasons, variances between the years should be treated with caution and do not represent a deterioration in financial performance over the period, rather, that despite the decreased scale of OSCE operations the organization has strengthened its financial position as highlighted by Statements of Financial Position.
12. The key financial information for the period 2020-2024 is presented in the tables below and analysed in further detail beneath.

STATEMENT OF FINANCIAL POSITION EUR'000	2020	2021	2022	2023	2024
Cash, bank and investments	134,744	133,347	159,910	173,945	173,353
Contributions receivable	18,861	29,129	26,765	18,713	43,428
Other current assets	11,167	12,708	11,983	12,295	10,829
CURRENT ASSETS	164,772	175,183	198,658	204,953	227,609
Non-current assets	17,823	20,110	13,783	11,660	9,801
TOTAL ASSETS	182,594	195,293	212,441	216,613	237,411
CURRENT LIABILITIES	130,007	141,825	158,063	153,371	170,502
NON-CURRENT LIABILITIES	3,434	3,544	3,737	3,513	3,786
TOTAL LIABILITIES	133,441	145,369	161,800	156,883	174,288
TOTAL NET ASSETS	49,154	49,924	50,641	59,730	63,122

STATEMENT OF FINANCIAL PERFORMANCE EUR'000	2020	2021	2022	2023	2024
Assessed Contributions	227,218	229,570	183,862	138,204	138,204
Extra-budgetary contributions	30,512	34,899	41,340	47,888	56,501
Contributions in kind	72,042	75,491	43,081	30,089	31,406
Other revenue	5,734	3,276	3,661	7,470	9,919
TOTAL REVENUE	335,506	343,236	271,944	223,651	236,030
Staff costs	214,820	217,674	163,604	128,235	132,983
Consultancy and sub-contracting	31,196	35,235	25,458	25,092	24,989
Travel	7,988	11,794	17,654	14,629	15,331
Services and office costs	32,130	38,238	34,543	34,192	36,284
Other expenses	32,020	29,601	28,302	11,306	20,829
TOTAL EXPENSES	318,153	332,542	269,561	213,453	230,416
Gains/(Losses)	(1,875)	1,310	2,748	(1,350)	1,351
<i>SURPLUS/(DEFICIT) FOR THE YEAR</i>	<i>15,478</i>	<i>12,003</i>	<i>5,131</i>	<i>8,848</i>	<i>6,964</i>

13. The cash position of the organization remains sound, with current assets at 1.33 times current liabilities and total assets at 1.36 times total liabilities. The quick ratio, which is the generally accepted measure of liquidity and one which should ideally be above 1.0, remains at 1.29. All three key financial ratios underline that the organization retains a healthy financial position, with assets considerably exceeding liabilities.
14. The tables below present these ratios over the course of the past five years, demonstrating that the organization continues to ensure robust liquidity. The positive improvement of these three key financial indicators over the period is a result of the sound management actions taken, notwithstanding the zero nominal growth budgets in 2020 and 2021 and the lack of an approved Unified Budget in the years 2022 through 2024.

Current Ratio (EUR'000)	2020	2021	2022	2023	2024
Current assets	164,772	175,183	198,658	204,953	227,609
Current liabilities	130,007	141,825	158,063	153,371	170,502
<i>Ratio</i>	<i>1.27</i>	<i>1.24</i>	<i>1.26</i>	<i>1.34</i>	<i>1.33</i>

Total Assets to Total Liabilities (EUR'000)	2020	2021	2022	2023	2024
Total assets	182,594	195,294	212,441	216,613	237,411
Total liabilities	133,441	145,369	161,800	156,883	174,288
<i>Ratio</i>	<i>1.37</i>	<i>1.34</i>	<i>1.31</i>	<i>1.38</i>	<i>1.36</i>

Quick Ratio (EUR'000)	2020	2021	2022	2023	2024
Liquid assets*	157,150	166,921	191,400	197,639	220,564
Current liabilities	130,007	141,825	158,063	153,371	170,502
<i>Ratio</i>	<i>1.21</i>	<i>1.18</i>	<i>1.21</i>	<i>1.29</i>	<i>1.29</i>

*Liquid assets include investments as these consist only of term-deposits which can be readily converted into cash.

Assets

15. Current assets have grown by EUR 62.8 million (38.1%) over the five-year period, with the development attributed to the increase in the cash surplus on account totalling EUR 28.4 million as at 31 December 2024, the growth in contributions receivable, and the increased volume of extra-budgetary funding received by the organization.
16. Cash, bank and investments are managed centrally by the Secretariat in order to safeguard funds, better monitor cash flows and optimise investment strategy. Holdings in cash, bank and investments have grown steadily since 2020, rising to EUR 173.4 million as at 31 December 2024, with over 99% of funds held in banks carrying an investment grade of BBB- and above. The upturn in cash holdings can be primarily attributed to the increase in extra-budgetary activities, with deferred ExB funds of EUR 113.4 million recorded at year-end awaiting project implementation. Other factors which have contributed to the rise in cash holdings include the enlargement of the cash surplus to EUR 28.4 million and the funds held for third parties totalling EUR 17.9 million, largely for the payment of seconded personnel salaries.
17. Contributions receivable have surged to the highest level in 2024, increasing by EUR 24.7 million year-on-year. This is made up of outstanding Unified Budget assessed contribution receivables of EUR 18.3 million, open assessed contribution receivables for the former Special Monitoring Mission to Ukraine of EUR 1.7 million, extra-budgetary contribution receivables of EUR 30.6 million and an offsetting allowance for doubtful debt of EUR 7.0 million on assessed contributions. The trend in ExB receivables is not a cause for concern, as various new pledges were agreed during 2024 and the variance is largely down to timing differences between billing and payment by the donor. The increase in Unified Budget assessed contribution receivables of EUR 5.6 million follows payment patterns over recent years, with associated liquidity risks mitigated in 2024 through Treasury cash management operations.
18. Other current assets have remained steady over recent years at between EUR 11-12 million, and consist mainly of taxes receivable, prepayments made to implementing partners and suppliers, and inventories held for distribution to third-party beneficiaries.
19. Total non-current assets amount to EUR 9.8 million as at 31 December 2024, out of which property, plant and equipment (PP&E) represents the largest component at EUR 6.3 million, with intangible assets totalling EUR 3.5 million. With a gross PP&E cost of EUR 41.8 million as at 31 December 2024 and accumulated depreciation of EUR 35.5 million, the PP&E average age ratio of 0.85 in 2024 is the lowest over the period, indicating that the organization continues to be faced with considerable capital under-investment and ageing equipment. The main driver for the decrease of EUR 9.2 million in non-current assets over the five-year period is however related to the disposal of PP&E from the former OSCE Missions in Ukraine at the end of their mandates.

PP&E Average Age Ratio (EUR'000)	2020	2021	2022	2023	2024
Cost as at 31 December 2024	71,162	75,804	53,538	44,122	41,751
Accumulated Depreciation and Impairment Losses as at 31 December 2024	(55,706)	(59,838)	(43,774)	(36,207)	(35,475)
Net Carrying Amount as at 31 December 2024	15,456	15,966	9,764	7,915	6,276
Ratio	0.78	0.79	0.82	0.82	0.85

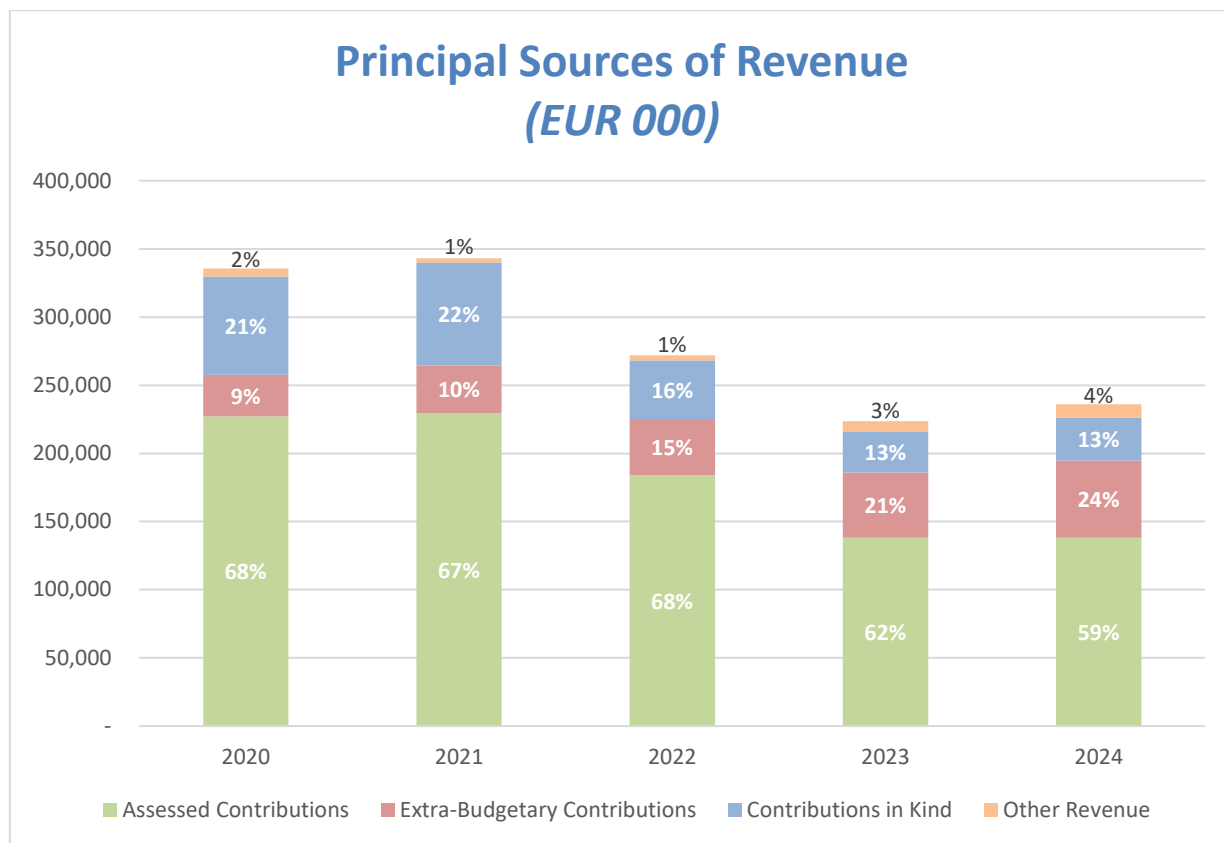
Liabilities

20. Non-current liabilities, which are relatively low at the OSCE compared to many other International Organizations, are made up of liabilities for employee benefits that are expected to fall due after more than one year, specifically for the expected cost of repatriation. The principal reason they are low is that the OSCE does not offer After Service Health Insurance (ASHI), which is a significant liability for many International Organizations. Non-current employee benefits have remained stable through the period as there has been no update to the post table since it was last approved in 2021, limiting any major changes in staff composition.
21. The principal movement in current liabilities relates to the growth in extra-budgetary funding through the period. Liabilities for extra-budgetary contributions consist of deferred revenues for pledged funds which have not yet met the criteria for recognition and provisions for the return of unused pledges, which totalled EUR 128.5 million in 2024 (EUR 109.5 million in 2023). It is important to highlight that, although the liability for extra-budgetary deferred revenue and provisions has increased by 43% to EUR 128.5 million through the period 2020-2024, this is fully offset by corresponding account receivables and cash received in advance of extra-budgetary activities commencing, eliminating any liquidity risk.
22. Funds held on behalf of third parties has remained steady at EUR 17.9 million year-on-year (EUR 17.7 million in 2023), and consists primarily of funds held for the payment of seconded personnel on behalf of seconding States (EUR 9.5 million), and the overpayment of assessed contribution for the Special Monitoring Mission to Ukraine (EUR 7.4 million) held on account whilst awaiting instruction from the relevant participating States (the primary driver for the overall increase in the period 2020-2024).

Revenue

23. Analysis of the consolidated revenue figures over the period 2020 through 2024 must be considered carefully in respect of the closure of the former Special Monitoring Mission to Ukraine which accounted for approximately EUR 90 million of the assessed contributions revenue and EUR 45 million of the contributions in-kind recognized in the years 2020 and 2021 (and approximately half of this in 2022). With SMM excluded, it can be seen that the organizations revenue has grown progressively over the 5-year period due to the increase in extra-budgetary funded activities (a EUR 27.0 million increase over the EUR 34.7 million in ExB revenue recognized in 2020), whilst revenue from assessed contributions for the Secretariat, Institutions and Field Offices remained stable at EUR 138.2 million in all five years¹, due to Zero Nominal Growth budgets in 2020 and 2021 and the fact that Financial Regulation 3.04 had the same practical effect in the years 2022 through 2024.
24. Overall, total revenue of the OSCE increased by 5.5% year-on-year to EUR 236.0 million in 2024 (EUR 223.7 million in 2023), due principally to the increased volume of conditional extra-budgetary activities conducted over the 12-month period (an increase of EUR 8.6 million year-on-year), the increase of EUR 2.0 million in finance revenue generated through investments, and the additional provisional expenditure authorizations of EUR 3.0 million which were approved by the Permanent Council in 2024 (EUR 1.0 million in 2023).

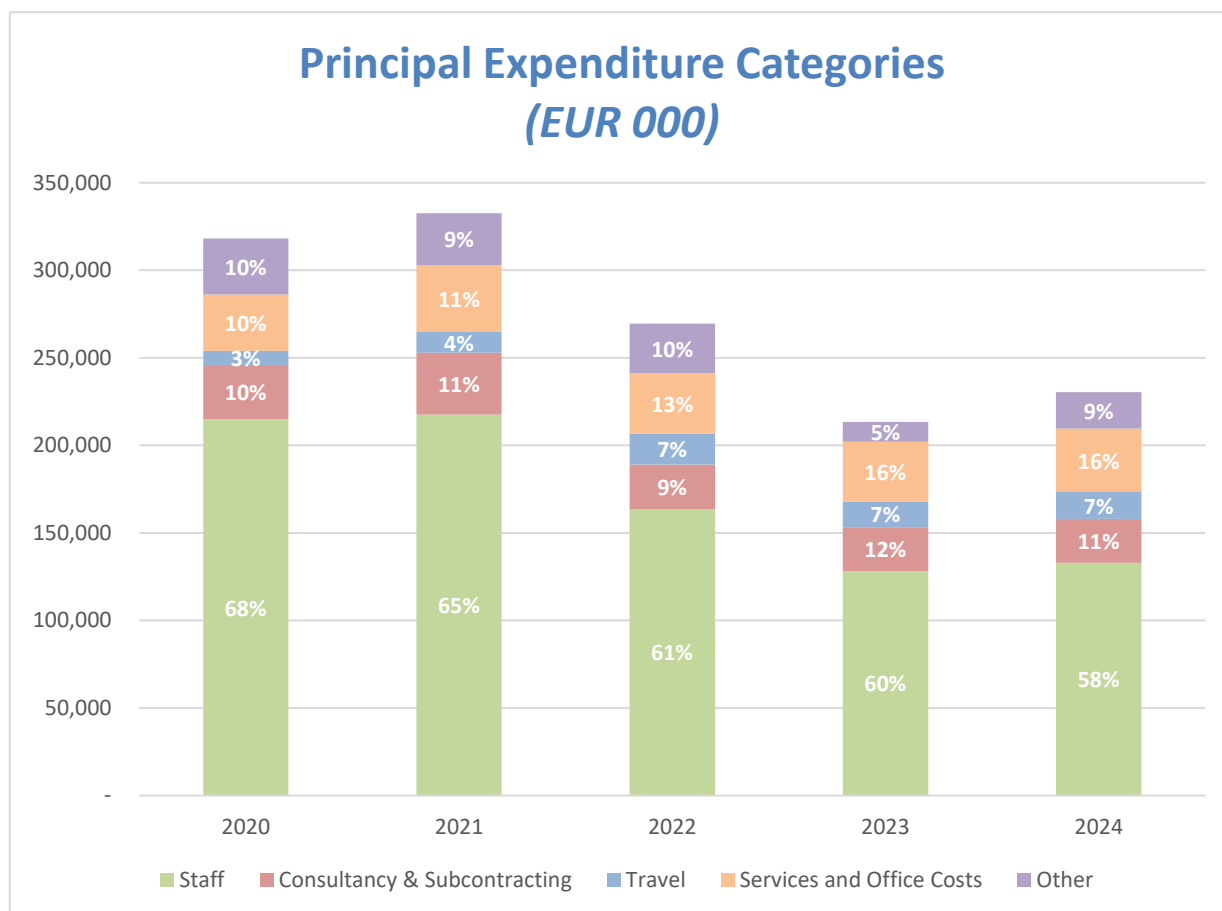
¹ In the years 2022, 2023 and 2024, the revenue was provisionally billed and recognized at EUR 138.2 million, whilst the Permanent Council also approved additional provisional expenditure authorizations to finance unfunded requirements of the organization.



Expenses

25. Total expenditure of the organization has reduced significantly over the period 2020 through 2024, falling by EUR 87.7 million (27.6%) due to the closure of the former Special Monitoring Mission to Ukraine and the Project Co-ordinator in Ukraine. This variance should therefore be considered prudently in line with the performance of the other OSCE Executive Structures, as the expenditures of these two Executive Structures alone amounted to EUR 143.2 million in 2020. Comparing 2020 with 2024 on a like-for-like basis, expenditures have increased from EUR 175.0 million to EUR 230.4 million (31.7%), due to the resumption of programmatic activities after the COVID-19 pandemic and the marked increase in extra-budgetary funded activities through the period.
26. As at 31 December 2024, total expenditure amounted to EUR 230.4 million, growing 7.9% versus the expenditure of EUR 213.5 million recorded in 2023. The primary drivers for the increase in expenditures relate to staff costs, extra-budgetary funded travel costs and assets acquired for third-parties, and the increase in the allowance for doubtful debt on outstanding assessed contribution receivables.
27. Staff costs remain the largest category of OSCE expense and inflation-driven pay increases promulgated by the International Civil Service Commission (ICSC) have driven cost growth each year, with costs rising by EUR 4.7 million (3.7%) year-on-year in 2024. Staff seconded by participating States remained an essential resource for the organization, and these contributions had a total estimated value to the OSCE of EUR 25.0 million in 2024, a slight increase over the 2023 cost of EUR 24.4 million, but significantly less than in the years up to 2022 due to the closure of the SMM.
28. The levelling-off of travel costs in 2023 and 2024 highlights the impact of the cost containment measures imposed during this period, with the fall in travel costs under the Unified Budget offset by increases in travel costs for extra-budgetary related activities of EUR 0.6 million year-on-year in 2024.

29. Although OSCE has not historically acted as a traditional donor organization, the recent requirements of many extra-budgetary projects have resulted in increased levels of equipment and supplies procured for donation to third-party beneficiaries, with the issuance expense of inventories for donation rising by EUR 3.3 million (157.6%) to EUR 5.4 million in 2024.
30. The increase in the allowance for doubtful debt on outstanding assessed contribution receivables of EUR 5.5 million in 2024 has resulted in a total allowance of EUR 7.0 million. This change in the allowance is a result of the forward-looking impairment model introduced following the adoption of IPSAS 41 on 01 January 2023, taking into account historical payments patterns of all participating States. This allowance does not relieve participating States of their obligations towards any outstanding contributions.



Operating Surplus/Deficit

31. Since International Organizations are not generally operated to make profits, there is an expectation that surpluses and deficits will broadly balance over time as they are driven by timing differences between the recognition of revenue and the expenditure of funds. Consequently, fluctuations are not unusual and do not necessarily present any cause for concern.

EUR'000	2020	2021	2022	2023	2024
Unified Budget	10,112	3,117	5,336	8,692	4,460
Special Purpose Funds	5,836	8,319	(3,702)	(897)	(797)
Extra-budgetary funds	(470)	567	3,497	1,053	3,301
Total Surplus/(Deficit) for the period	15,478	12,003	5,131	8,848	6,964

32. The large operating surpluses in the years 2020 and 2021 were a result of two factors, the COVID-19 pandemic and the former Special Monitoring Mission to Ukraine (SMM) for which the mandate ended in 2022. The impact of the pandemic on OSCE operations was considerable, with programmatic activities heavily scaled down in accordance with national restrictions during this period, reducing expenditures incurred and therefore increasing the operating surplus under the Unified Budget. Since then, operations have normalised and despite the Unified Budget provisional allotment implementation nearing 100% in 2022 and 2023, the organization generated considerable surpluses primarily through Treasury investment activities and the unallotted funds billed for the former Project Co-ordinator in Ukraine.
33. Special Purpose Funds (SPF) were historically dominated by SMM, which accounts for the majority of the surpluses recorded in the years 2020-2021 and the deficit of EUR 3.7 million in 2022. The deficits recorded under SPF in the years 2023-2024 relate to timing differences between the recognition of revenues and expenditures.
34. Extra-budgetary project surpluses are largely balanced through the period as the pledged funds are conditional and therefore deferred, with revenues recognised upon implementation of project activities (and therefore expenditures) in line with the respective pledge agreements.
35. The cash surplus differs from operating surplus shown above for three reasons:
- (i) It relates only to those Executive Structures that make up the Unified Budget, with a separate calculation carried out for the SMM cash surplus;
 - (ii) The budget and IPSAS definitions of both revenue and expenditure differ and adjustments are necessary to reconcile the two; and
 - (iii) An adjustment is made for net Assessed Contributions received by adding the amount outstanding as at 1 January and deducting the amount as at 31 December of the year in question.
36. The Unified Budget cash surplus of EUR 6.5 million in 2024 marks an increase of 74.3% when compared to 2023, although the total 2024 cash surplus is down EUR 17.6 million year-on-year due to the substantial one-off cash surplus generated in 2023 through the administrative closure activities for the former Special Monitoring Mission to Ukraine.
37. The growth in the Unified Budget cash surplus is, as previously described, driven by the Treasury investment activities which generated cash revenues of EUR 5.8 million in 2024, together with the unallotted funds billed for the former Project Co-ordinator in Ukraine in the amount of EUR 3.6 million which were neither allotted or consumed, the budgetary surplus of EUR 2.1 million and other minor revenues generated. These amounts were partially offset by the increase of EUR 5.6 million in Unified Budget assessed contributions receivable during 2024.
38. The scale of the cash surplus should however be treated with caution, as the budgetary surplus remains extremely low, despite the cost containment measures implemented in order to remain within the level of the 2021 provisional allotments. This highlights the budgetary constraints under which the organization continues to operate.

EUR'000	2020	2021	2022	2023	2024
Budget Surplus/(Deficit) for the period	10,112	3,117	3,931	2,028	2,087
IPSAS adjustments	(7,506)	(540)	427	2,971	6,425
Project Co-ordinator in Ukraine unallotted provision	-	-	-	3,619	3,619
Net Assessed Contributions received	1,434	1,250	(4,338)	(4,893)	(5,638)
Cash surplus²	4,040	3,827	19	3,725	6,492
Final Unified Budget/Provisional Expenditure Authorizations	138,204	138,204	139,117	135,544	137,588
Cash Surplus percentage of UB	2.9%	2.8%	0.0%	2.7%	4.7%
SMM Cash Surplus	-	-	-	20,669	268
Balance of other closed Special Purpose Funds	-	-	198	1	-
Total Cash surplus	4,040	3,827	218	24,395	6,760

SEGMENTAL BREAKDOWN

39. The OSCE had three principal revenue streams during 2024: Assessed Contributions (AC) for the Secretariat, Institutions and Field Missions; projects financed through Extra-Budgetary (ExB) contributions accepted under the terms of Article IX of the Financial Regulations; and other Special Purpose (SP) and ExB Funds as necessary to meet the various objectives established by the Permanent Council. The following table shows the principal elements of the financial statements pertinent to each part of the OSCE's budgetary structure.

STATEMENT OF FINANCIAL POSITION EUR'000	UB	SP	ExB	Total
Current Assets	61,398	23,232	142,979	227,609
Non-current Assets	7,438	385	1,978	9,801
TOTAL ASSETS	68,836	23,617	144,958	237,411
Current Liabilities	36,373	211	133,918	170,502
Non-current Liabilities	3,429	-	357	3,786
TOTAL LIABILITIES	39,802	211	134,275	174,288
TOTAL NET ASSETS	29,034	23,406	10,682	63,122
STATEMENT OF FINANCIAL PERFORMANCE EUR'000	UB	SP	ExB	Total
Revenue	178,139	214	57,677	236,030
Expenses	174,021	1,011	55,384	230,416
Foreign Exchange Gains/(Losses)	342	-	1,009	1,351
SURPLUS/(DEFECIT) FOR THE YEAR	4,460	(797)	3,302	6,964

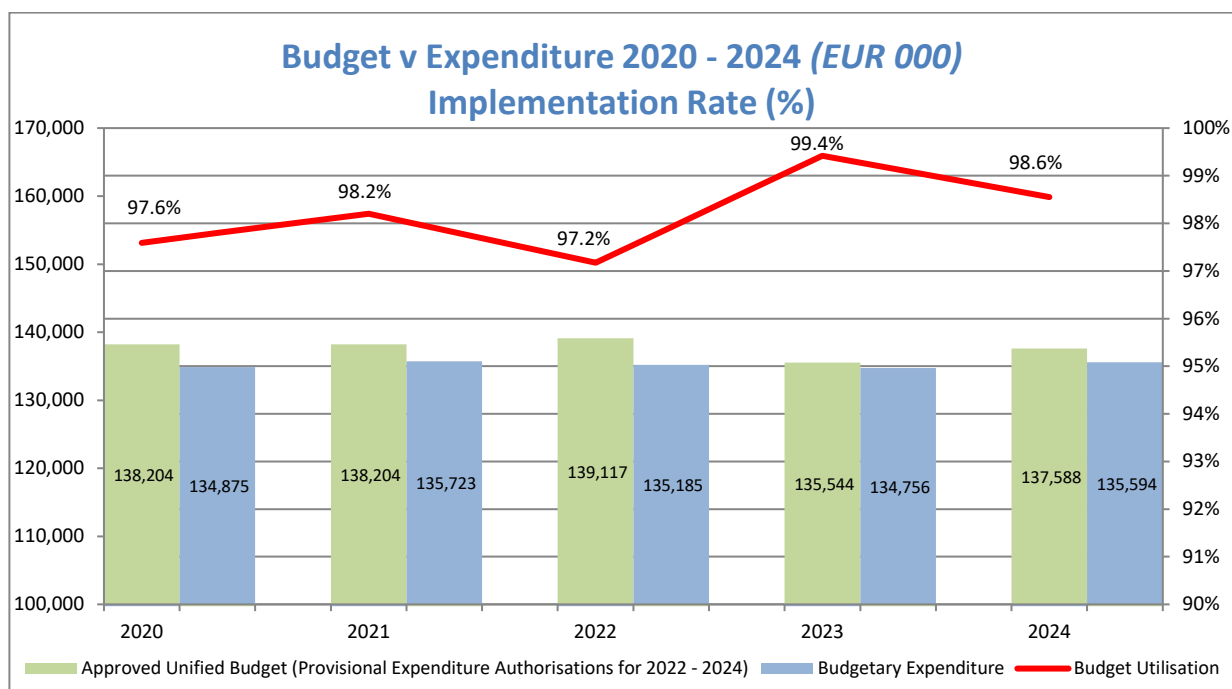
² The cash surplus relates purely to those Executive Structures that form the Unified Budget. The Unified Budget cash surplus recorded in the Financial Statements 2022-2024 includes the additional provisional expenditure authorizations.

2024 PROVISIONAL RESOURCE UTILISATION³

40. Expenditure for 2024 is presented on a modified cash basis, which records expenses when they are incurred or when binding commitments made, whereas expenses in the Statement of Financial Performance are recognised as goods or services are delivered in accordance with the accruals basis of IPSAS. The Statement of Comparison of Budget and Actual Amounts (Statement V) compares amounts on the budgetary basis, whilst Note 10 of the Financial Statements Note disclosures provides detailed reconciliations between the two. In addition, the two accounting frameworks use different systems of cost classification to reflect the differing needs of the users. The following section of the report considers the budgetary performance on the budgetary basis, as distinct from the IPSAS basis discussed in the foregoing sections.
41. The Permanent Council could not find consensus on the Unified Budget Proposals tabled by the Chair and consequently there was no approved budget for 2024. Financial Regulation 3.04 provides that, in these circumstances, the Secretary General and Heads of Institution are authorized to incur obligations and make payments until 31 March of the current financial year up to the level of 25 per cent of the previous Budget, and thereafter, on a monthly basis up to 1/12th of the previous Budget until the new Budget is adopted. Since the Budget was not approved during the year, the Organization operated under provisional expenditure authorizations throughout 2024 at the level of the approved 2021 Unified Budget (PC.DEC/1413 dated 18 August 2021), with four additional provisional expenditure authorizations also approved by the Permanent Council in the total amount of EUR 3.0 million, funded from the cash surplus reported as at 31 December 2023.
42. The information below, and further detailed in the 2024 Resource Utilization Report, represents an assessment of the extent to which the resources available in 2024 under the total provisional expenditure authorization have been used to report on progress towards outcomes. Furthermore, information is provided on financial utilization, comparing actual expenditure to available resources as at the end of 2024, as well as the post table occupancy rate. The financial utilization rates are calculated with reference to the original provisional expenditure authorization made available at the level of the 2021 Unified Budget, in line with Financial Regulation 3.04.
43. The provisional expenditure authorization made available in line with Financial Regulation 3.04 amounted to EUR 134.6 million (at the level of the 2021 approved UB as per PC.DEC/1413, dated 18 August 2021, excluding the closed structures). In order for the Organization to meet its 2024 financial obligations, the Permanent Council approved the additional provisional expenditure authorizations in the total amount of EUR 3.0 million through the following decisions: EUR 397 thousand under PC.DEC/1485 (dated 02 August 2024), EUR 1,166 thousand under PC.DEC/1487 (dated 19 September 2024), EUR 861 thousand under PC.DEC/1491 (dated 26 November 2024), and EUR 578 thousand under PC.DEC/1494 (dated 19 December 2024). The total 2024 provisional expenditure authorization amounted to EUR 137.6 million.
44. The absence of a consensus among participating States regarding the approval of the 2022, 2023 and 2024 Unified Budget significantly hampered the OSCE's ability to commit resources in a planned manner. This posed serious challenges to the Organization's ability to fund mandated activities and meet its contractual obligations and staff salaries, led to a real loss of purchasing power given the accumulated but unfunded level of inflation across the whole OSCE area, and prevented the Organization from achieving planned cost efficiencies. The lack of budget approval continues to damage the reputation of the OSCE, renders the Organization less reliable in terms of delivery of the programmatic activities, and makes it a less attractive contracting partner, thus leading to a loss of credibility, trust and legitimacy.

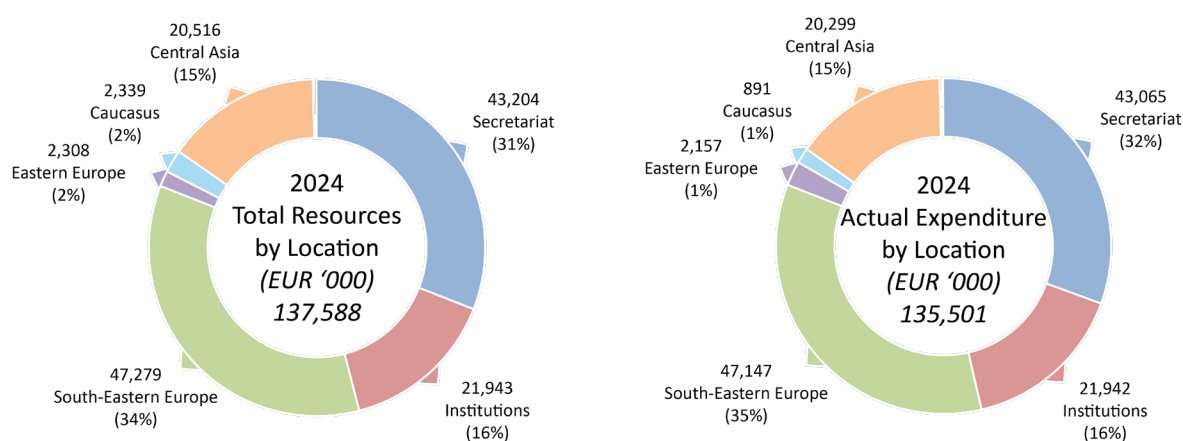
³ Noting that agreement could not yet be found on all programmatic activities.

45. Over the last five years, the average Unified Budget utilization remained at the level of 98%. However, in most Executive Structures, the implementation rate is closer to 100%, and starting with 2022, it exceeded 100%, necessitating alternative means of funding (additional provisional expenditure authorizations and Repository Programme ‘Core Support Mechanism’). The achieved utilization rate is a reflection of the increased efforts by programmes to sustain, constrain and adapt their operations to the monthly provisional allotments and respond to the dire financial situation by reducing and reprioritizing their activities.

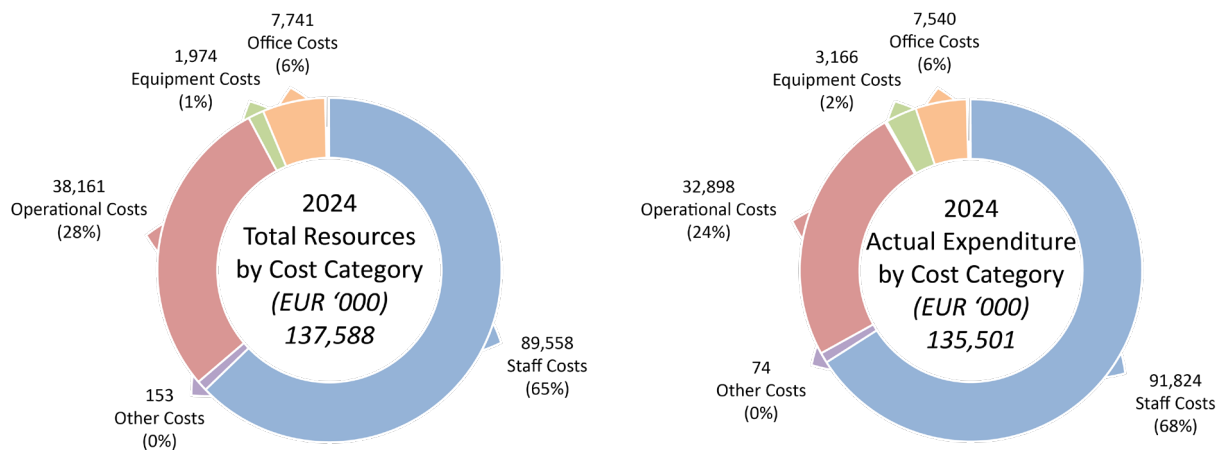


*2024 budgetary expenditure includes EUR 93 thousand from the Repository Programme “Core Support Mechanism”

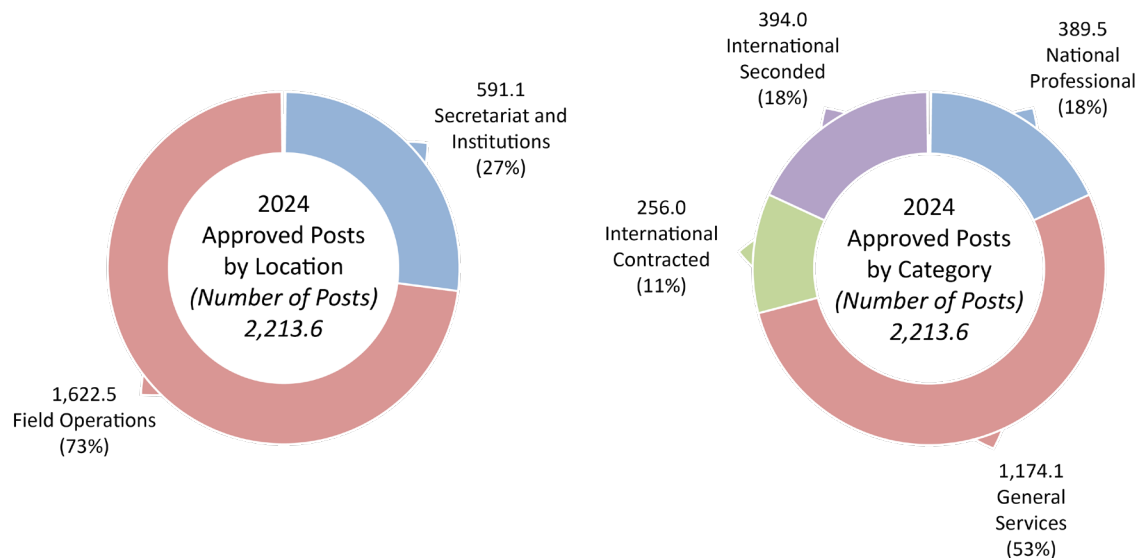
46. The 2024 total provisional expenditure authorization comprises EUR 65.1 million (47%) for the Secretariat and Institutions, and EUR 72.4 million (53%) for the Field Operations. The geographical distribution of resources made available under the total provisional expenditure authorization and the 2024 actual expenditure is shown below.



47. The distribution of the resources by main cost category, as highlighted in the below charts, indicates that staff costs represent the largest cost category with 65% of the 2024 total provisional expenditure authorization, followed by operational costs, the second largest cost category with 28%. The actual expenditure in 2024 by main cost category reflects a proportion of 68% for staff costs and 32% for non-staff costs as shown below.



48. Due to the lack of an approved budget for 2022, 2023 and 2024, the 2021 post table remained binding in 2024. The distribution of the approved posts, as highlighted below, shows that 73% of all posts are located in Field Operations with the remaining 27% in the Secretariat and Institutions. From a staff category point of view, the post table shows the following breakdown: General Services 53%, National Professional 18%, International Seconded 18% and International Contracted 11% (as below).



49. While staff costs continue to represent the largest share of total expenditures, the lack of an updated and approved Post Table to meet the Organization's critical needs hampered its ability to deliver on its mandate. Due to the absence of an approved Unified Budget in 2022, 2023, and 2024, the Organization's human resources, which remained tied to the 2021 Unified Budget approved post table, were stretched to the limit. The lack of a Unified Budget approval in the past three years meant that none of the proposed post table changes could be implemented. Taking into account the vacancy rate per staff category, secondments, while being the most cost-effective category of staffing, continue to be the most challenging to fill, resulting either in the inability to carry out planned activities or the requirement to hire more expensive temporary staff.

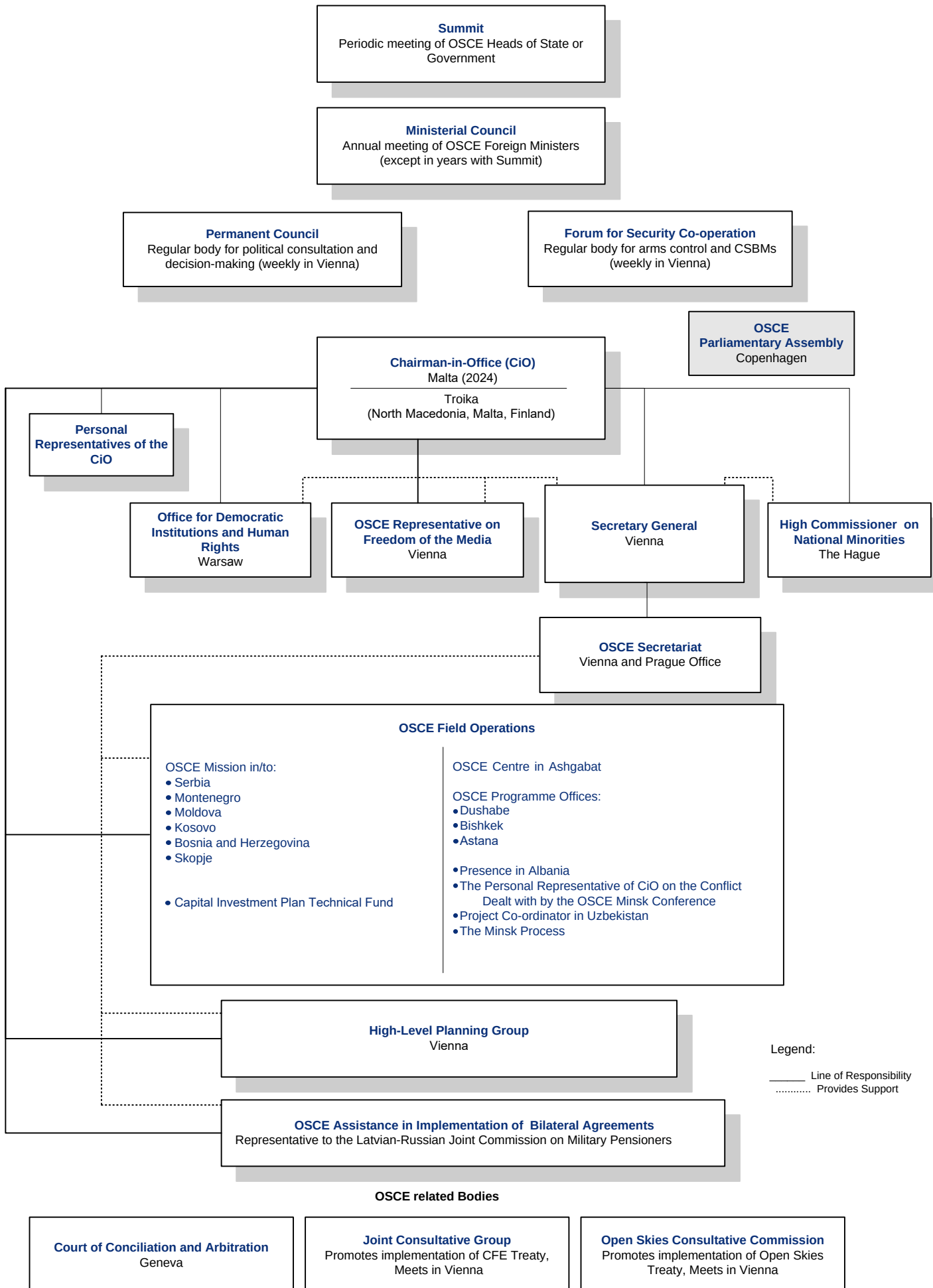
50. During 2024, the OSCE advertised 182 international positions. Of these, 115 recruitment processes concluded successfully, resulting in the hiring of 60 contracted and 55 seconded staff, and attracting 9,995 applications (8,518 for contracted and 1,477 for seconded posts). Of all applicants, 44% were long-listed for international contracted roles, exceeding DHR's target of 35%. Conversely, the proportion of applications for seconded positions that met the minimum requirements declined substantially from 67% in 2023 to 41% long-listed per vacancy in 2024, falling below the 75% target. Consequently, 82% of the seconded roles required extensions and re-advertisement, considerably exceeding the 15% target.

Nevertheless, the recruitment process itself remained efficient, with an average time to hire of 112 days at the organizational level and 108 days at the Secretariat level in 2024.

51. The OSCE continues to rely heavily on the secondment system for a significant proportion of its post table (18% in 2024, which constitutes 61% of all international posts), and therefore the continuity of programmatic activities depends on the participating States' sustained support and commitment to actively second qualified personnel. In 2024, the overall quality of applications for seconded positions did not meet the expectations, with only 41% being long-listed per vacancy, falling short of the 75% target.

OSCE Structures and Institutions

As at 31 December 2024



Statement of Responsibilities of the
Secretary General and Conformity of the
Financial Statements

Statement of the Responsibilities of the Secretary General and Conformity of the Financial Statements with the Financial Regulations of the OSCE and with International Public Sector Accounting Standards

RESPONSIBILITIES OF THE SECRETARY GENERAL

1. The Secretary General, assisted by the heads of mission and heads of institution, is required by Financial Regulation 7.01 to maintain such accounting records for all Funds operated by the OSCE as are necessary according to International Public Sector Accounting Standards, and to prepare annual financial statements.
2. Financial Regulation 7.02 requires that the financial statements shall contain: a statement of financial position; a statement of financial performance; a cash flow statement; a statement of changes in net assets; a statement of comparison of budget and actuals; accompanied by segment reporting by Fund and such other information as may be requested by the Permanent Council or deemed necessary or useful by the Secretary General.
3. The Secretary General is further required to establish and issue Financial and Administrative Instructions, in consultation with the heads of institution where required, to provide for the appropriate implementation of the Financial Regulations as approved by the Permanent Council, including effective financial administration and the exercise of economy. Mechanisms for internal oversight and financial control are required to support the Secretary General's management of the Organization's resources. The Secretary General and the heads of institution, to the extent that their institutions are concerned, are responsible and accountable for the proper application of the Financial Regulations.

STATEMENT OF CONFORMITY

4. We hereby confirm that the financial statements and supporting notes were properly prepared in accordance with the Financial Regulations and applicable International Public Sector Accounting Standards.



Feridun H. Sinirlioğlu
Secretary General



Mirosława Boryczka
Director for Management
and Finance



James Oxley
Chief of Accounts
and Treasury Unit

30 June 2025

|

AUDITED FINANCIAL STATEMENTS



**Rechnungshof
Österreich**

Unabhängig und objektiv für Sie.

Dr. Margit Kraker

Präsidentin des Rechnungshofes

Organization for Security and Co-operation in Europe
Secretary General Feridun H. Sinirlioğlu
Wallnerstraße 6
1010 Wien

Vienna, 30 June 2025
GZ 2025-0.493.437

**Submission of the Audit Opinion and Audit Report by the
External Auditor on the Financial Statements 2024 of the OSCE**

Dear Secretary General,

On 19 September 2024, the Organization for Security and Co-operation in Europe (OSCE) appointed the Austrian Court of Audit (ACA) as External Auditor for the Financial Statements 2024.

The terms of the engagement have been agreed in an Audit Engagement Letter dated 23 October 2024.

Pursuant to Article VIII of OSCE's Financial Regulations, the ACA hereby submits its Audit Opinion and Audit Report in terms of the Financial Statements 2024 of the OSCE.

The ACA would like to express its appreciation for the cooperation and assistance provided by the management and the staff of the OSCE. The ACA values their support during the External Audit.

Yours sincerely,

Dr. Margit Kraker

1 Appendix

VI. Audit Opinion

Opinion

We have audited the Financial Statements of the Organization for Security and Co-operation in Europe (OSCE) for the 12-months period ended 31 December 2024. These Financial Statements 2024 comprise the Statement of Financial Position as at 31 December 2024, the Statement of Financial Performance, the Statement of Changes in Net Assets, the Cash Flow Statement and the Statement of Comparison of Budget and Actual Amounts the year then ended, and Notes to the Financial Statements, including a summary of significant accounting policies.

In our opinion, the accompanying Financial Statements 2024 present fairly, in all material respects the Financial Position of the OSCE as at 31 December 2024 and of its Financial Performance and its Cash Flows for the year then ended in accordance with the International Public Sector Accounting Standards (IPSAS).

Basis for Opinion

We conducted our audit in accordance with the International Standards of Supreme Audit Institutions (ISSAIs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements' section of our report. We are independent from the OSCE in accordance with the ethical requirements that are relevant to our audit of the OSCE's Financial Statements, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and those charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the Financial Statements in accordance with the IPSAS and according to Regulation 7.01 of OSCE's Financial Regulations as well as for such internal control as Management determines is necessary to enable the preparation of Financial Statements that are free from material misstatement, whether due to fraud or error.

In preparing the Financial Statements, Management is responsible for assessing OSCE's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless Management either intends to liquidate the OSCE or to cease operations, or has no realistic alternative but to do so.

Those charged with Governance are responsible for overseeing OSCE's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the Financial Statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an Audit Report that includes our Audit Opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISSAIs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Financial Statements.

As part of an audit in accordance with ISSAIs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of OSCE's internal control.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- conclude on the appropriateness of Management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on OSCE's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our Audit Report to the related disclosures in the Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are strictly based on the audit evidence obtained up to the date of our Audit Report.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal controls we identify during our audit.

Financial Statements

I. Statement of Financial Position

Total OSCE

As at 31 December 2024

EUR '000		TOTAL OSCE	
	Note	2024	2023
ASSETS			
Current Assets			
Cash and Cash Equivalents	3.1	54,777	112,818
Investments	3.2	118,576	61,127
Contributions Receivable	3.3	43,428	18,713
Accounts Receivable	3.4	3,783	4,980
Prepayments	3.5	5,168	6,526
Inventory	3.6	1,857	792
Other Current Assets	3.7	20	(4)
		227,609	204,953
Non-Current Assets			
Property, Plant and Equipment	3.8	6,276	7,915
Intangible Assets	3.9	3,506	3,725
Other Non-Current Assets	3.7	20	20
		9,801	11,660
Total Assets		237,411	216,613
LIABILITIES			
Current Liabilities			
Accounts Payable	4.1	2,536	3,505
Accruals	4.2	7,930	7,903
Deferred Revenue	4.3	3,337	5,764
Conditional ExB Contributions	4.4	113,377	102,639
Funds Held for Third Parties	4.5	17,919	17,657
Employee Benefits Current	4.6	8,360	8,387
Cash Surplus Current	4.7	0	0
Provisions	4.8	15,155	6,897
Other Current Liabilities	4.9	1,888	618
		170,502	153,371
Non-Current Liabilities			
Employee Benefits Non-Current	4.6	3,786	3,513
Other Non-Current Liabilities	4.9	0	0
		3,786	3,513
Total Liabilities		174,288	156,883
Net Assets		63,122	59,730
NET ASSETS/EQUITY			
Cash Surplus	5.1	28,371	24,613
Cash Surplus Withheld	5.2	15	15
Revolving Fund	5.3	2,710	2,710
Contingency Fund	5.3	2,180	2,180
Other Reserves	5.4	(3,414)	(2,844)
Accumulated Surplus/(Deficit)	5.5	33,260	33,056
Total Net Assets/Equity		63,122	59,730

(Signed)

Feridun H. Sinirlioğlu
Secretary General
30 June 2025

(Signed)

James Oxley
Chief of Accounts and Treasury

(Signed)

Mirosława Boryczka
Director for Management and Finance

II. Statement of Financial Performance

Total OSCE

For the Year Ended 31 December 2024

EUR '000		TOTAL OSCE	
	Note	2024	2023
REVENUE			
Assessed Contributions	6.1	138,204	138,204
Extra-Budgetary Contributions	6.2	56,501	47,888
Finance Revenue	6.3	5,623	3,630
Contributions In-Kind	6.4	31,406	30,089
Revenue from Exchange Transactions	6.5	636	1,178
Other Revenue	6.6	3,660	2,662
Total Revenue		236,030	223,651
EXPENSES			
Staff Costs	7.1	132,983	128,235
Consultancy and Subcontracting	7.2	24,989	25,092
Travel Expenses	7.3	15,331	14,629
Services and Office Costs	7.4	36,284	34,192
Consumables and Supplies	7.5	3,630	3,204
Depreciation and Amortisation	7.6	2,904	3,297
Equipment Expenses	7.7	8,228	3,701
Other Operating Expenses	7.8	6,068	1,104
Total Expenses		230,416	213,453
Foreign Exchange Gains/(Losses)	8	1,351	(1,350)
Surplus/(Deficit) for the Period	10.1	6,964	8,848

(Signed)

Feridun H. Sinirlioğlu
Secretary General
30 June 2025

(Signed)

James Oxley
Chief of Accounts and Treasury

(Signed)

Mirosława Boryczka
Director for Management and Finance

III. Statement of Changes in Net Assets

Total OSCE

For the Year Ended 31 December 2024

EUR '000	Note	Cash Surplus	Cash Surplus Withheld	Revolving Fund	Contingency Fund	Other Reserves	Accumulated Surplus/(Deficit)	Total Net Assets
Balance as at 31 December 2023		24,613	15	2,710	2,180	(2,844)	33,056	59,730
Changes in Net Assets for 2024								
Increase/(Decrease) in Cash Surplus Withheld	5.2							0
Allocation of Current Year Cash Surplus	4.7	(3,002)						(3,002)
Actuarial Gains/(Losses)	4.6					(570)		(570)
Surplus/(Deficit) for the Period	5.1, 10.1	6,760					204	6,964
Balance as at 31 December 2024		28,371	15	2,710	2,180	(3,414)	33,260	63,122

(Signed)

Feridun H. Sinirlioğlu
Secretary General
30 June 2025

(Signed)

James Oxley
Chief of Accounts and Treasury

(Signed)

Mirosława Boryczka
Director for Management and Finance

IV. Cash Flow Statement

Total OSCE

For the Year Ended 31 December 2024

EUR '000		TOTAL OSCE	
	Note	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES			
Surplus/(Deficit) for the Period	10.1	6,964	8,848
Non-Cash Movements			
Deduction of Unrealized Foreign Exchange Gains/Losses on Cash and Cash Equivalents	8	(602)	982
Deduction of Depreciation, Amortisation and Impairments	7.6, 3.10	2,904	3,297
Deduction of Loss on Disposal of PP&E	6.5	1,422	238
Deduction of Non-Cash Changes in Net Assets	5.4	(570)	253
(Increase) / Decrease in Contributions Receivable	3.3	(24,715)	8,052
(Increase) / Decrease in Accounts Receivable	3.4	1,198	(255)
(Increase) / Decrease in Prepayments	3.5	1,358	428
(Increase) / Decrease in Inventory	3.6	(1,065)	(501)
(Increase) / Decrease in Other Current/Non-Current Assets	3.7	(24)	16
Increase / (Decrease) in Accounts Payable	4.1	(969)	215
Increase / (Decrease) in Accruals	4.2	27	723
Increase / (Decrease) in Deferred Revenue	4.3	(2,427)	157
Increase / (Decrease) in Conditional ExB Contributions	4.4	10,738	10,918
Increase / (Decrease) in Funds Held for Third Parties	4.5	262	(1,369)
Increase / (Decrease) in Employee Benefits	4.6	246	605
Increase / (Decrease) in Cash Surplus Payable	4.7	0	(3,827)
Increase / (Decrease) in Provisions	4.8	8,258	(10,353)
Increase / (Decrease) in Other Liabilities	4.9	1,270	(1,986)
Net Cash Flows from Operating Activities		4,275	16,441
CASH FLOWS FROM INVESTING ACTIVITIES			
(Purchase) / Sale of Investments	3.2, 9.2	(57,449)	50,469
(Addition) / Disposal of PP&E and Intangibles	3.8, 3.9, 9.2	(2,468)	(1,412)
Net Cash Flows from Investing Activities		(59,916)	49,058
CASH FLOWS FROM FINANCING ACTIVITIES			
Credits for Cash Surplus Withheld	5.2	0	(12)
Allocation of Cash Surplus	4.7	(3,002)	0
Transfer between Funds		-	-
Net Cash Flows from Financing Activities		(3,002)	(12)
Net Increase/(Decrease) in Cash and Cash Equivalents	3.1, 9.1	(58,643)	65,487
Cash and Cash Equivalents at Beginning of Period	3.1, 9.1	112,818	48,313
Foreign Exchange Gains/(Losses) on Cash and Cash Equivalents	8	602	(982)
Cash and Cash Equivalents at End of Period		54,777	112,818

(Signed)

Feridun H. Sinirlioğlu
Secretary General
30 June 2025

(Signed)

James Oxley
Chief of Accounts and Treasury

(Signed)

Mirosława Boryczka
Director for Management and Finance

V. Statement of Comparison of Budget and Actual Amounts
Secretariat, Institutions and Field Operations

For the Year Ended 31 December 2024

EUR '000	Note	2024 Provisional Expenditure Authorization (FR 3.04) ¹	Additional Provisional Expenditure Authorization ²	Total Provisional Expenditure Authorizations ³	Actuals ⁴	Variance	Repository Programme Expenditure ⁵	Total	Variance Under/(Over) Total Authorizations
The Secretariat		40,874	2,330	43,204	43,065	139	17	43,082	122
Office for Democratic Institutions and Human Rights		16,394	397	16,791	16,790	1	0	16,790	1
High Commissioner on National Minorities		3,504	39	3,543	3,543	0	0	3,543	0
Representative on Freedom of the Media		1,609	0	1,609	1,609	0	0	1,609	0
Total Secretariat and Institutions		62,381	2,766	65,147	65,007	140	17	65,024	123
South-Eastern Europe		47,043	236	47,279	47,147	131	51	47,198	81
Eastern Europe		2,308	-	2,308	2,157	152	8	2,165	144
Caucasus		2,339	-	2,339	891	1,447	0	891	1,447
Central Asia		20,516	-	20,516	20,299	217	17	20,316	200
Total Field Operations		72,205	236	72,441	70,494	1,947	76	70,570	1,871
Total	10.2	134,586	3,002	137,588	135,501	2,087	93	135,594	1,994

Reconciliation to Cash Surplus

Revenue credits ⁶	(731)
Non-budget revenue ⁷	7,156
Project Co-ordinator in Ukraine unallotted provision	3,619
Budgetary excess of revenue over expenditure	12,130
<i>Add:</i> Assessed Contributions receivable as at 1 January 2024	12,615
<i>Less:</i> Assessed Contributions receivable as at 31 December 2024 ⁸	18,253
Cash Surplus for the year 2024	5.1, 10.1
	6,492

1 - No Unified Budget for 2024 was approved by the Permanent Council and allotments were made under Financial Regulation 3.04 up to the level of the last approved budget (the Unified Budget for 2021).

2 - Additional Provisional Expenditure Authorizations approved under PC.DEC/1485, PC.DEC/1487, PC.DEC/1491 and PC.DEC/1494.

3 - The Total Provisional Expenditure Authorization represents the level of 2021 Unified Budget complemented by PC.DEC/1485, PC.DEC/1487, PC.DEC/1491 and PC.DEC/1494.

4 - The budget basis and the accounting basis differ. Actuals are reported on this statement on a budget basis. Refer to Note 9 for more information on the difference in bases.

5 - The Repository Programme "Core Support Mechanism", described in Annex 1, constitutes extra-budgetary expenditure and therefore does not contribute to the cash surplus.

6 - Revenue credits represent additional revenue items which are recorded as credits to expenditure to finance purchase of replacement assets.

7 - Non-budget revenue represents amounts received over and above the Assessed Contributions, principally interest received from banks.

8 - Contributions were assessed in accordance with Financial Regulation 4.04 and a second bill was issued to fund the allotments made under Financial Regulation 3.04.

A full breakdown by Fund, Main Programme and Programme can be found in the Resource Utilization Report at Annex 2 to these Financial Statements.

(Signed)

Feridun H. Sinirlioğlu
Secretary General
30 June 2025

(Signed)

James Oxley
Chief of Accounts and Treasury

(Signed)

Mirosława Boryczka
Director for Management and Finance

Notes to the Financial Statements

Notes to the Financial Statements

NOTE 1: REPORTING STRUCTURE

- 1.1 – Reporting Entity
- 1.2 – Fund Accounting and Segment Reporting

NOTE 2: SIGNIFICANT ACCOUNTING POLICIES

- 2.1 – Basis of Presentation
- 2.2 – Financial Instruments
- 2.3 – Uncollected Assessed Contributions
- 2.4 – Inventories
- 2.5 – Property, Plant and Equipment
- 2.6 – Intangible Assets
- 2.7 – Impairment of Assets
- 2.8 – Operating Leases
- 2.9 – Accruals
- 2.10 – Employee Benefits
- 2.11 – Cash Surplus or Deficit
- 2.12 – Deferred Revenue
- 2.13 – Provisions
- 2.14 – Contingent Liabilities and Contingent Assets
- 2.15 – Revenue from Non-Exchange Transactions
- 2.16 – Contributions In-Kind
- 2.17 – Revenue from Exchange Transactions
- 2.18 – Indirect Common Costs
- 2.19 – Expenses
- 2.20 – Critical Accounting Estimates and Judgments

NOTE 3: ASSETS

- 3.1 – Cash and Cash Equivalents
- 3.2 – Investments
- 3.3 – Contributions Receivable
- 3.4 – Accounts Receivable
- 3.5 – Prepayments and Services Receivable
- 3.6 – Inventory
- 3.7 – Other Current and Non-Current Assets
- 3.8 – Property, Plant and Equipment
- 3.9 – Intangible Assets
- 3.10 – Impairment of Assets

NOTE 4: LIABILITIES

- 4.1 – Accounts Payable
- 4.2 – Accruals
- 4.3 – Deferred Revenue
- 4.4 – Conditional Extra-Budgetary Contributions

- 4.5 – Funds Held for Third Parties
- 4.6 – Employee Benefits
- 4.7 – Cash Surplus Current
- 4.8 – Provisions
- 4.9 – Other Current and Non-Current Liabilities

NOTE 5: RESERVES

- 5.1 – Cash Surplus
- 5.2 – Cash Surplus Withheld
- 5.3 – Revolving and Contingency Funds
- 5.4 – Other Reserves
- 5.5 – Accumulated Surplus/(Deficit)

NOTE 6: REVENUE

- 6.1 – Assessed Contributions
- 6.2 – Extra-Budgetary Contributions
- 6.3 – Finance Revenue
- 6.4 – Contributions In-Kind
- 6.5 – Revenue from Exchange Transactions
- 6.6 – Other Revenue

NOTE 7: EXPENSES

- 7.1 – Staff Costs
- 7.2 – Consultancy and Subcontracting
- 7.3 – Travel Expenses
- 7.4 – Services and Office Costs
- 7.5 – Consumables and Supplies
- 7.6 – Depreciation and Amortization
- 7.7 – Equipment Expense
- 7.8 – Other Operating Expenses

NOTE 8: FOREIGN EXCHANGE GAINS/(LOSSES)

NOTE 9: CASH FLOW STATEMENT

- 9.1 – Cash and Cash Equivalents
- 9.2 – Cash Flows from Investing Activities

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Notes to the Financial Statements

NOTE 1: REPORTING STRUCTURE

1.1 – Reporting Entity

The OSCE traces its origins to the early 1970s, to the Helsinki Final Act (1975) and the creation of the Conference on Security and Co-operation in Europe (CSCE). In 1994, the CSCE, having evolved well beyond its initial role, was renamed the Organization for Security and Co-operation in Europe. Now with 57 participating States in Europe, North America and Asia, the OSCE is the world's largest regional security organization, working to ensure peace and stability for more than a billion people. The OSCE is a regional organization in the sense of Chapter VIII of the United Nations Charter and is an observer in the United Nations General Assembly.

The OSCE operates in three dimensions:

Politico-military dimension – includes mechanisms for conflict prevention and resolution, and military confidence-building measures.

Economic and environmental dimension – activities aimed at counteracting threats and challenges to security and stability caused by economic and environmental factors.

Human dimension – set of norms and activities related to human rights and the rule of law.

With its Secretariat, specialized Institutions, expert units and network of Field Operations, the OSCE addresses a range of issues that have an impact on common security, including arms control, terrorism, good governance, energy security, human trafficking, democratization, media freedom and minority rights.

OSCE's Secretariat is based in Vienna. Most of the OSCE's activities are implemented in South-Eastern Europe, Eastern Europe, the South Caucasus and Central Asia. Field Operations play a major role in this regard, they are established at the invitation of the respective host countries, and their mandates are agreed by consensus by the participating States. Additional activities, funded from extra-budgetary contributions, are undertaken in accordance with Article IX of the Financial Regulations to supplement the Unified Budget and other programmes.

1.2 – Fund Accounting and Segment Reporting

The basic financial governing document of OSCE is the Financial Regulations approved by the Permanent Council on 27 June 1996 (DOC.PC/1/96) and subsequently revised. The latest revision is PC.DEC/1419 dated 16 November 2021. In accordance with these Regulations, the OSCE operates a system of fund accounting and the audited Financial Statements present the consolidated financial results of Budgetary Funds, as well as Special Purpose Funds and Extra-Budgetary Funds.

For purposes of the presentation of the 2024 Unified Budget Proposal, Funds were grouped under Secretariat and Institutions; and Field Operations, with the latter, in turn, being grouped into Regions. This hierarchical presentation is also followed in the segmental reports annexed to the 2023 Financial Statements. The segmental information also includes an analysis of extra-budgetary expenses broken down by Executive Structure.

Full details of the Funds budgeted and segments reported in 2024 can be found in Annex 1 to these Statements.

NOTE 2: SIGNIFICANT ACCOUNTING POLICIES

2.1 – Basis of Presentation

2.1.1 – Applicable Accounting Standards

These Financial Statements are prepared on an accrual basis, in accordance with the requirements of International Public Sector Accounting Standards (IPSAS) and the OSCE Financial Regulations, and using the historic cost convention. Where IPSAS is silent concerning any particular matter, the appropriate International Financial Reporting Standard (IFRS) or International Accounting Standard (IAS) is applied.

The last change to the accounting standards came in 2023 with the adoption of IPSAS 41, “Financial Instruments”, with effect from 1 January 2023.

2.1.2 – Reporting Year

These Financial Statements cover the calendar year ended 31 December 2024. The reporting period coincides with the calendar year.

2.1.3 – Going Concern basis

The Financial Statements have been prepared on the basis that the OSCE is a going concern. Management’s assessment takes into consideration all significant decisions and available financial evidence, including the decisions of the Permanent Council to extend the mandates of all Executive Structures, the continued positive historical trend of collection of assessed contribution and voluntary contribution payments, and the fact that the Permanent Council has taken no decision to cease the operations of OSCE.

2.1.4 – Currency

The Financial Statements are presented in Euro which is also the functional currency of the Organization. The figures are presented rounded to the nearest thousand Euros and to the nearest one-tenth of a percent, which may result in totals that differ slightly from the sum of their constituents.

Foreign currency transactions are translated into Euros based on the prevailing United Nations Operational Rates of Exchange (UNORE). The UNORE are normally set on the first day of each month, and revised mid-month with effect from the 15th of the month. Assets and liabilities are valued at the end of the reporting period using the UNORE prevailing on 31 December. Gains and losses arising from transactions and translation are recorded as currency exchange adjustments.

2.2 – Financial Instruments

Financial instruments consist of cash, bank accounts, short-term deposits, contributions and other accounts receivable and accounts payable. Financial instruments maturing within one year of the reporting date are classified as current. Financial instruments with a maturity date of more than one year after the reporting date are classified as non-current assets. The OSCE does not engage in transactions involving hedging or derivative financial instruments.

Financial instruments are recognized when OSCE becomes a party to the contractual provisions of the instrument until such time as the rights to receive cash flows from those assets have expired or have been transferred and the Organization has transferred substantially all the risks and rewards of ownership.

Financial instruments are initially recognized at fair value, normally being the transaction price. The subsequent measurement depends on their classification. The OSCE classifies its financial instruments at amortized cost based on the Organizations management model and the contractual cash flow characteristics of the financial instruments. The OSCE assesses impairment of its financial assets on a forward-looking expected credit loss basis.

Classification and measurement principles for financial assets

IPSAS 41 introduced a principles-based approach to the classification of financial assets and requires the use of two criteria: the entity's model for managing its financial assets and the contractual cash-flow characteristics of those assets. Depending on these criteria, financial assets are classified in the following categories: 'financial assets at amortized cost' (AC), 'financial assets at fair value through net assets/equity' (FVNA), or 'financial assets at fair value through surplus or deficit'.

Impairment model

IPSAS 41 requires the use of a forward-looking impairment model based on expected credit losses (ECL) over the lifetime of the financial assets (the simplified approach). The ECL is the present value of the difference between the contractual cash flows and the cash flows that the OSCE expects to receive and takes into account possible default events and the evolution of the credit quality of the financial assets. The impairment model applies to all financial assets measured at AC or at FVNA.

The measurement category of each group of financial instruments was reviewed during the year. The table below identifies the measurement category for each group of financial instruments under IPSAS 41.

FINANCIAL ASSETS				
Asset Category	Financial Asset	Classification IPSAS 41		
		Management Model Test	SPPI Test*	Classification Category
Cash & Cash Equivalents	Cash in bank and on hand – convertible & non-convertible	Hold to collect cash flows	N/A	Amortized cost
	Term Deposits & Others (< 90 days)		Passed	Amortized cost
Investments	Term Deposits (90 days or more)	Hold to collect cash flows	Passed	Amortized cost
	Certificate of Deposit			Amortized cost
Receivables	Assessed Contributions	Hold to collect cash flows	Passed	Amortized cost
	Voluntary Contributions			Amortized cost
	Other Receivables			Amortized cost
Derivatives (Not applicable for OSCE)	Forward contracts/ Foreign currency options	Held for trading	N/A	Fair Value Through Surplus and Deficit

**The "SPPI test" takes the contractual terms of a financial asset and considers whether the cash flows give rise to payments on specified dates that are solely payments of principal and interest (SPPI) on the principal amount outstanding.*

FINANCIAL LIABILITIES	
Category of Financial Liabilities	Classification IPSAS 41
Accounts payable and accrued liabilities	Amortized cost
Contributions received in advance	N/A
Funds held on behalf of third parties	Amortized cost
Derivative liabilities (Not applicable for OSCE)	Fair Value Through Surplus and Deficit
All financial liabilities other than those at fair value through surplus or deficit	Amortized cost
Other liabilities	In accordance with the relevant accounting standard.

2.3 - Uncollected Assessed Contributions

The forward-looking impairment model, introduced following the adoption of IPSAS 41, incorporates reasonable and supportable information that is available without undue cost or effort at the reporting date. The asset's carrying amount is reduced by the amount of the impairment lifetime loss which is recognised in the Statement of Financial Performance. If, in a subsequent period, the amount of the impairment loss decreases, the previously recognised impairment loss is reversed through the Statement of Financial Performance.

This allowance does not relieve the participating States in arrears from their obligations to the OSCE.

2.4 - Inventories

Inventories consist of two classes:

- Consumables and supplies held for use by the Organization to support the delivery of its programmatic objectives and
- Inventories held for distribution to beneficiaries at no or nominal charge.

Consumables and supplies are expensed upon purchase. Where a material stock is purchased and is in store at year end for future consumption, it is stated at the lower of cost or net realisable value, subject to capitalization thresholds of EUR 150 per item and EUR 50 thousand per class and location. Cost is determined using a weighted average cost formula. Net realisable value is the estimated selling price, less any costs of disposal.

Inventories held for distribution to beneficiaries at no or nominal charge are stated at the lower of either cost or current replacement cost, subject to a capitalization threshold of EUR 150 per item. These items are uniquely identifiable and cost is therefore determined using the specific identification method. Current replacement cost is that which the OSCE would incur to acquire the asset as at the reporting date.

Write downs from cost to current replacement cost or net realizable value are recognized in the Statement of Financial Performance as incurred.

2.5 - Property, Plant and Equipment

Property, plant and equipment is stated at historical cost less accumulated depreciation and any recognized impairment losses. The threshold for capitalization of property, plant and equipment is EUR 1 thousand. Subsequent costs that are included in an asset's carrying amount include freight and installation. Repairs and maintenance costs are charged to the Statement of Financial Performance during the period in which they are incurred. Gains and losses on disposal are determined by comparing the proceeds with the carrying amount of the asset, and are included in the Statement of Financial Performance. Depreciation is charged using the straight-line method and the residual values are estimated at zero.

The estimated useful lives for the different property, plant and equipment classes are shown in the following table. For leasehold improvements, the shorter of the useful life or the lease agreement applies.

Asset Class	Useful Life (Years)
ICT Equipment	3 to 10
Vehicles, including Unmanned Aerial Vehicles	5 to 12
Household and Office Equipment	3 to 10
Security and Safety Equipment	3 to 25
Other Equipment	3 to 10
Leasehold Improvements	7 to 35

2.5.1 – Leasehold Improvements

Leasehold improvements refer to improvements made by the OSCE to the buildings occupied by the Secretariat and Institutions. Leasehold improvements in all other Executive Structures are expensed immediately due to the short term nature of their mandates. These improvements revert to the lessor at the expiration of the lease or right to use agreement and include building adjustments, fixtures, technical, communication and security infrastructure. The threshold for capitalization of leasehold improvements is established at EUR 50 thousand.

2.5.2 – Buildings

Buildings are not capitalized as assets because, although the OSCE has been given the right to use them, there is no full transfer of the risks and rewards incidental to ownership. The buildings affected by this decision are those used by the Secretariat and Institutions in the following locations:

- The Secretariat, Wallnerstrasse 6-6a and part of Wallnerstrasse 8, 1010 Vienna, Austria;
- The Secretariat (Documentation Centre in Prague), Náměstí Borisa Němcova, 160 00 Prague 6, Czechia;
- Office for Democratic Institutions and Human Rights, Ul. Miodowa 10, 00-251 Warsaw, Poland; and
- High Commissioner on National Minorities, Prinsessegracht 22, 2514 AP The Hague, The Netherlands.

2.6 - Intangible Assets

Intangible assets consist of software and are stated at cost less accumulated amortization and any recognized impairment losses.

Intangible assets are amortized using the straight line method over their estimated useful life; residual values are estimated at zero. The OSCE has identified two main reporting classes of intangible assets: software licenses externally acquired and internally-developed software. The capitalisation thresholds and useful lives for the different asset classes are tabulated below.

Self-constructed intangible assets, including those under development, are recorded at cost, including any directly attributable costs of preparing the asset for its intended use. These include salaries and employee

benefits, as well as external consultancy costs. Amortization starts once the completed assets are available for use.

Software maintenance and service costs are charged to the Statement of Financial Performance during the period in which they are incurred.

Asset Class	Capitalisation Threshold (EUR '000)	Useful Life (Years)
Externally Purchased Software	1	5
Internally-Developed Software	50	7
Internally-Developed Software Under Development	50	7

2.7 - Impairment of Assets

The OSCE performed a review of its assets in conjunction with revenue earned to identify whether it owned any cash-generating assets. Cash-generating assets are assets held with the primary objective of generating a commercial return. In 2024 there were no intangible assets or items of property, plant and equipment which met this definition, therefore all assets were classified as non-cash-generating and *IPSAS 21 - Impairment of Non-Cash-Generating Assets* was applied to the reporting of impairments.

Intangible assets and items of property, plant and equipment are reviewed annually for impairment to determine if the carrying amount is still considered to be recoverable. Situations that could lead to impairment include major damage or obsolescence. Impairment losses are recognized in the Statement of Financial Performance for the amount by which the asset's carrying amount exceeds its recoverable service amount, and are reported together as amortization and depreciation.

2.8 - Operating Leases

Leases where the OSCE does not retain a significant portion of the risks and rewards inherent in ownership are classified as operating leases. As explained in Note 2.6.2, buildings occupied by the Secretariat and Institutions are not capitalised. Buildings occupied by other Missions are regarded as operating leases due to the short terms of their mandates. Rent under operating leases, both cash payments and contributions in-kind, is charged to the Statement of Financial Performance as incurred.

2.9 - Accruals

Accruals include liabilities for goods and services delivered during the year, but for which invoices were not received at the year-end.

Unliquidated obligations (ULOs) represent obligations for goods ordered but not yet delivered to the Organization at the year-end. ULOs are recognized for budgetary purposes, but do not satisfy the delivery principle under IPSAS and are therefore not included in these financial statements, except for the actuals in Statement V - Statement of Comparison of Budget and Actual Amounts.

2.10 - Employee Benefits

Employee benefits entitlements are set out in the OSCE Staff Regulations and Staff Rules approved by the Permanent Council.

2.10.1 - Employee Benefits Current

Current employee benefits are expected to be settled within 12 months of the reporting date and include pay and allowances, assignment grants, education grants, annual leave, home leave and rest and recuperation for employees in certain Field Operations. The amounts related to these liabilities are calculated by OSCE and

determined by an independent actuary using the methodology and assumptions as described in Note 4.6 – Employee Benefits, based on personnel data and past experience, and are as follows:

- Annual leave – in accordance with OSCE’s Staff Rules, OSCE officials may carry forward up to thirty days of unused leave from one leave year to the next. The leave year runs from 1 January to 31 December of each year. In addition, a fixed-term staff or mission member may be granted advance annual leave up to a maximum of fifteen days. Annual leave is considered as a current benefit and hence is not subject to actuarial valuation. The liability for annual leave is calculated by multiplying the net number of unused leave days as of 31 December 2024 up to a maximum of thirty days by the basis of the monthly net salary, including post adjustment if applicable, and employer’s provident fund contributions.
- Home leave and rest and recuperation leave – Heads of Mission and other fixed-term international Mission Members, both contracted and seconded, are entitled to home leave once every twelve months. In addition, for those staff serving in duty stations designated as hazardous or hardship, there is an additional entitlement to rest and recuperation leave once every twelve months. For international fixed-term contracted Staff Members, the entitlement for home leave is once every two years. The OSCE also covers the travel expenses of spouse and dependent children who reside at the duty station with the Staff Member. The liabilities for home leave and rest and recuperation are calculated by using estimates of travel expenses based on historical average costs.

The effect of discounting on these liabilities is deemed to be immaterial and these liabilities were classified as current.

The duty stations that qualified for rest and recuperation at 31 December 2024 were as follows:

- Centre in Ashgabat;
- Programme Office in Bishkek;
- Project Co-ordinator in Uzbekistan;
- Programme Office in Dushanbe;

2.10.2 - Employee Benefits Non-Current

Non-current employee benefits are disclosed in accordance with IPSAS 39. They relate to post-employment benefits, including repatriation benefits such as:

- Repatriation Grant – OSCE makes a grant towards the costs of repatriation for international fixed term contracted staff members and their eligible dependents, upon separation from service. This entitlement is subject to minimum qualifying periods ranging from one to five years depending on grade and date of entry into service. The amount of the grant is calculated on the basis of the staff member’s last salary, excluding post adjustment, and the staff member’s completed years and months of qualifying service.
- Repatriation Travel – upon separation, the OSCE covers the travel expenses for fixed-term contracted OSCE officials, seconded officials and international short-term contracted staff. The spouse and dependent children of international fixed-term contracted staff members are also entitled to repatriation travel.
- Removal of Household Effects – upon separation, international contracted staff members appointed for a period of one year or more are entitled to the payment of the removal of household effects. The costs to be reimbursed shall be the actual expenses incurred.

The present value of non-current employee benefits liabilities is determined by discounting the estimated cash outflows using interest rates of high-quality corporate bonds with a duration that approximates the maturity terms of the related liabilities. Although some benefits classed as non-current will fall due for payment within twelve months, the amount is not considered material and is not separately recognised under current liabilities.

2.11 - Cash Surplus or Deficit

The calculation and treatment of the cash surplus is laid down in Financial Regulation 7.07, which is reproduced in the next three sub-paragraphs.

(a) At the end of each financial year the cash surplus or deficit for the Funds financed through assessed contributions shall be determined by calculating the excess of revenue received over the expenditure, or the excess of the expenditure over revenue received, as the case may be.

(b) Unless otherwise determined by the Permanent Council, the cash surplus of all Funds financed through assessed contributions shall be credited against contributions of the participating States during the year following the one in which the financial statements were accepted by the Permanent Council. The crediting shall be done in accordance with the scale of distribution for the year to which the surplus relates. The allocation to a participating State of its share of the cash surplus shall be deferred in cases where that State is in arrears for the year to which the surplus relates and until such time as these arrears have been paid in full.

(c) In the event of a cash deficit the Secretary General shall bring the matter to the attention of the Permanent Council and make proposals for appropriate action by the Council.

Cash surplus is not calculated for Extra-Budgetary Funds. Unspent amounts are refunded upon request of donors after expiration of the pledges.

Cash surpluses for Special Purpose Funds are calculated in accordance with the Permanent Council Decisions that established each of the Funds.

Cash surpluses are regarded as a part of Equity until the conditions in sub-paragraph (b) above are met, at which point they are transferred to liabilities and are recognised as current liabilities at the end of the year in which the statements are accepted.

2.12 - Deferred Revenue

Unified Budget deferred revenue consists mainly of assessed contributions received in advance and credits to participating States to be deducted from future assessments.

Extra-budgetary contributions are either used as agreed in the project related to the pledge, or are returned or redeployed at the direction of the donor. Such pledges are therefore considered to be conditional and are initially recognised as deferred revenue until such time as the condition is met and project expenditure incurred.

2.13 - Provisions

Provisions are recognized in circumstances when the OSCE has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and the amount can be reliably estimated. The amount of the provision is the best estimate of the expenditure expected to be required to settle the present obligation at the reporting date.

2.14 - Contingent Liabilities and Contingent Assets

Contingent liabilities are disclosed when there are possible obligations that arise from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the OSCE. Contingent assets are disclosed when there are probable assets that arise from past events and whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the OSCE.

2.15 - Revenue from Non-Exchange Transactions

Revenue from assessed contributions and revenue from extra-budgetary contributions are recognized as non-exchange transactions in accordance with IPSAS 23.

Revenue from assessed contributions from participating States is recorded on an accrual basis, independent from when the cash is received. It reflects the Unified Budget assessed for the year, including any revisions, and adjusted for any shortfall between the Budget and the approved Scales of Contribution; together with any Special Purpose Funds that are financed by assessed contributions, also including any applicable revisions.

Extra-budgetary contributions are initially recognized in the Statement of Financial Position, as they are all considered to be conditional (see note 2.12), and are subsequently recognized as revenue in the Statement of Financial Performance when project expenditure occurs. Where the criteria for recognition as stipulated under a donor agreement are not fulfilled, the contributions are refundable to donors.

2.16 – Contributions In-Kind

Contributions in-kind in the form of goods (including inventory, property, plant and equipment and intangible assets) are measured at fair value and recorded as contributions in-kind in the Statement of Financial Performance.

Contributions in-kind of services comprise seconded staff occupying posts approved by the Permanent Council or agreed as part of an extra-budgetary project, certain ancillary services related to premises provided free of rent (security, maintenance, utilities etc.) and other services. Although recognition is not required by IPSAS 23, these classes of services in-kind are measured at fair value and recorded as contributions in-kind in the Statement of Financial Performance. The estimated value of seconded personnel is based on a calculation of the additional cost of employing international contracted staff and mission members in their place, and is not intended to reflect the actual costs to the States seconding them.

2.17 - Revenue from Exchange Transactions

Revenue from exchange transactions refers mainly to the occasional sales of assets. Revenue is measured at the fair value of the consideration received or receivable and is recognized as goods and services are delivered.

2.18 – Indirect Common Costs

Indirect Common Costs are levied on Extra-budgetary projects and some third-party payments and are intended to defray costs incurred for provision of administrative support that cannot be easily attributed to specific projects. As revenue is recognised, it is transferred to a separate extra-budgetary accounting fund for subsequent allotment and use.

2.19 - Expenses

Expenses are accounted for on an accrual basis and are recognized when the goods or services are delivered to the OSCE.

2.20 - Critical Accounting Estimates and Judgments

The preparation of the Financial Statements involves the use of accounting estimates and professional judgment; therefore there is a risk that actual amounts could differ from the related estimates. The areas where those are more significant in the preparation of OSCE's Financial Statements include *inter alia*: useful lives of tangible and intangible assets, provisions, accruals, deferred revenue, contingent assets and liabilities and employee benefits.

NOTE 3: ASSETS

3.1 – Cash and Cash Equivalents

Cash and cash equivalents comprise cash on hand, cash at bank, and short-term deposits with initial maturity of 90 days or less.

OSCE operates a pooling system for banking purposes and most cash is held in Secretariat bank accounts. Consequently, some Funds, particularly Extra-Budgetary and Special Purpose Funds, hold comparatively little or no cash as it is transferred from the Secretariat accounts to local accounts as required, under internal financial regulatory arrangements. The inter-fund balances shown in Annex 1 complete the picture of each Fund's net asset position.

In accordance with Financial Regulation 5.02, funds not needed for immediate requirements are pooled in bank accounts administered by the Secretariat and invested in the form of money market deposits. Those deposits with an initial maturity of 90 days or less were classified as cash equivalents.

Cash, cash equivalents and investments are adjusted at each reporting date to reflect lifetime expected credit losses calculated using weighted long-term average default rates per the financial rating of the banking institutions in which they are held.

EUR '000	As at 31 December 2024				As at 31 December 2023
	Secretariat, Institutions, Field Offices and Cash Pools	Special Purpose Funds	Extra- Budgetary Funds	Total	Total
Cash	199	-	-	199	231
Bank	45,072	-	4,506	49,578	92,587
Short-term Deposits	-	-	5,000	5,000	20,000
Total	45,271	-	9,506	54,777	112,818

3.2 – Investments

Investments consist of money-market deposits with initial maturity over 90 days. At the end of the reporting period, investments (including Revolving and Contingency Funds) amounted to EUR 118,576 thousand (EUR 61,127 thousand in 2023), made up principally of deposits held in relation to Extra-Budgetary Funds.

3.3 – Contributions Receivable

Contributions receivable include assessments billed to participating States and extra-budgetary contributions billed to donors that have not yet been received by OSCE.

EUR '000	2024	2023
Secretariat, Institutions and Field Offices Assessed Contributions Receivable	18,253	12,615
Special Monitoring Mission to Ukraine Assessed Contributions Receivable	1,659	1,675
Extra-budgetary Contributions Receivable	30,561	6,003
Total Contributions Receivable	50,473	20,292
Allowance for Doubtful Debts	(7,045)	(1,579)
Total Net Contributions Receivable	43,428	18,713

The forward-looking impairment model, introduced following the adoption of IPSAS 41, incorporates reasonable and supportable information that is available without undue cost or effort at the reporting date. The asset's carrying amount is reduced by the amount of the impairment lifetime loss which is recognised in the Statement of Financial Performance. If, in a subsequent period, the amount of the impairment loss

decreases, the previously recognised impairment loss is reversed through the Statement of Financial Performance.

With assessed contributions receivable increasing year-on-year in 2024, payment patterns, which form the basis of the forward-looking expected credit loss (ECL) model, indicate that the trend in outstanding obligations is likely to persist over the near-term. As a result, the allowance for doubtful debts have increased to EUR 7,045 thousand in 2024 (EUR 1,579 thousand in 2023).

3.3.1 - Unified Budget Assessed Contributions Receivable

A schedule of outstanding Assessed Contributions Receivable by participating State is shown below:

EUR '000	Outstanding for 2022 and Prior Years	2023	2024	Outstanding Balance as at 31 December 2024
Participating State				
Armenia	-	-	45	45
Azerbaijan	-	44	46	90
France	-	-	867	867
Kyrgyzstan	737	46	46	829
Russian Federation	5,285	5,569	5,569	16,423
Total	6,022	5,659	6,572	18,253

An allowance for doubtful debt of EUR 6,361 thousand (EUR 1,176 thousand in 2023) has been created to leave a net carrying balance of EUR 11,892 thousand (EUR 11,439 thousand in 2023).

3.3.2 - Special Purpose Funds Assessed Contributions Receivable

Assessed Contributions Receivable for Special Purpose Funds related to the bills issued for the financing of the Special Monitoring Mission to Ukraine are tabulated below. The open contributions receivable for the financial year 2022 take into account the revised provisional bill for the Special Monitoring Mission to Ukraine (SMM) from 1 April 2022 onwards:

EUR '000	Outstanding for 2022 and Prior Years	2023	2024	Outstanding Balance as at 31 December 2024
Participating State				
Azerbaijan	5	-	-	5
Belarus	9	-	-	9
Hungary	87	-	-	87
Russian Federation	1,141	-	-	1,141
Tajikistan	21	-	-	21
Turkmenistan	111	-	-	111
Uzbekistan	285	-	-	285
Total	1,659	-	-	1,659

An allowance for doubtful debts of EUR 684 thousand (EUR 403 thousand in 2023) has been created to leave a net carrying balance of EUR 975 thousand (EUR 1,272 thousand in 2023).

3.3.3 – Extra-budgetary Contributions Receivable

Extra-budgetary contributions receivable relates to the agreements and pledge acceptances with donors which are due for payment. The breakdown by Extra-budgetary Funds is as follows:

EUR' 000	2024	2023
Fund to Support OSCE Action for Peace, Democracy and Stability in Bosnia and Herzegovina	703	108
Fund for Activities Relating to Economic and Environmental Aspects of Security	1,051	432
Fund for Activities Related to Special Monitoring Mission to Ukraine	10	10
Other PC Established Funds – Partnership Fund	11	120
Other Activities and Special Projects	28,786	5,333
Total	30,561	6,003

The aging of the extra-budgetary accounts receivable is as follows:

EUR' 000	Outstanding Balance	Less than one year	1 – 3 years	3 – 4 years	More than 4 years
Fund to Support OSCE Action for Peace, Democracy and Stability in Bosnia and Herzegovina	703	662	41	-	-
Fund for Activities Relating to Economic and Environmental Aspects of Security	1,051	887	164	-	-
Fund for Activities Related to Special Monitoring Mission to Ukraine	10	-	-	-	10
Other PC Established Funds - Partnership Fund	11	11	-	-	-
Other Activities and Special Projects	28,786	27,875	523	232	156
Total	30,561	29,435	728	232	166

3.4 – Accounts Receivable

Accounts receivables are carried at the original invoice amount, less an allowance for estimated doubtful debts based on a review of all outstanding amounts at the year-end. Accounts receivables consist mainly of recoverable Value Added Tax and other receivables.

The receivables from customers include EUR 175 thousand (EUR 1,336 thousand in 2023) held in the Stability Fund, the excess of premiums paid to the insurance company Cigna over settlements made, which will be used in the future to defray cost increases or provide additional services.

EUR '000	2024	2023
Tax Receivable from Governments	2,688	2,684
Receivable from Customers	901	1,884
Other Receivables	70	76
Accrued Interest Receivable	758	960
Allowance for Doubtful Debts	(634)	(624)
Total	3,783	4,980

3.5 – Prepayments and Services Receivable

Prepayments do not meet the definition of financial instruments as defined by *IPSAS 41 – Financial Instruments* because they are intended to be settled through delivery of goods or services, rather than cash. Furthermore, prepayments are considered non-monetary items as defined by *IPSAS 4 - The Effects of Changes in Foreign Exchange Rates*, and therefore are translated at the transaction exchange rate.

EUR '000	2024	2023
Prepayments to and services receivable from Suppliers	2,831	4,372
Prepayments to and services receivables from Implementing Partners	1,464	1,350
Prepayments to Staff	855	768
Other Prepayments	18	36
Total	5,168	6,526

3.6 – Inventory

Inventory recognized in the Statement of Financial Position consists of project assets held for distribution to beneficiaries. The total amount of inventories recognized as an expense during 2024 was EUR 5,450 thousand (EUR 2,115 thousand in 2023).

EUR '000	2024	2023
Project assets held for distribution to beneficiaries	1,857	792
Total	1,857	792

3.7 – Other Current and Non-Current Assets

Other current and non-current assets include payroll prepayments, deposits for rent recoverable after the termination of the leases and insurance premium receivable.

EUR '000	2024	2023
Current Payroll Prepayments	20	(4)
Total Other Current Assets	20	(4)
Long Term Deposit for Rent	20	20
Total Other Non-Current Assets	20	20
Total	40	16

3.8 – Property, Plant and Equipment

Property, Plant and Equipment is initially recognized at cost and subsequently depreciated using the straight line method over the assets' useful life to an assumed residual value of zero.

2024

EUR'000	ICT Equipment	Vehicles	Household and Office Equipment	Security and Safety Equipment	Leasehold Improve- ments	Other Equipment	Total Property, Plant and Equipment
<i>Cost as at 1 January 2024</i>	8,374	24,839	4,417	1,716	4,381	396	44,122
Additions	1,323	616	154	8	-	9	2,110
Disposals	(700)	(2,976)	(322)	(336)	-	(147)	(4,481)
<i>Cost as at 31 December 2024</i>	8,997	22,478	4,249	1,388	4,381	258	41,751
<i>Accumulated Depreciation and Impairment Losses as at 1 January 2024</i>	7,030	20,222	3,999	1,331	3,255	370	36,206
Depreciation	867	1,027	147	103	81	9	2,234
Impairments	-	-	-	-	-	-	-
Disposals	(614)	(1,843)	(232)	(135)	-	(142)	(2,965)
<i>Accumulated Depreciation and Impairment Losses as at 31 December 2024</i>	7,283	19,406	3,915	1,299	3,336	236	35,475
Net Carrying Amount as at 31 December 2024	1,714	3,072	334	89	1,045	22	6,276

2023

EUR'000	ICT Equipment	Vehicles	Household and Office Equipment	Security and Safety Equipment	Leasehold Improve- ments	Other Equipment	Total Property, Plant and Equipment
<i>Cost as at 1 January 2023</i>	9,313	33,380	4,478	1,560	4,381	426	53,538
Additions	426	1,615	172	331	-	8	2,552
Disposals	(1,366)	(10,157)	(233)	(175)	-	(38)	(11,968)
<i>Cost as at 31 December 2023</i>	8,374	24,839	4,417	1,716	4,381	396	44,122
<i>Accumulated Depreciation and Impairment Losses as at 1 January 2023</i>	7,313	27,636	4,007	1,282	3,174	362	43,775
Depreciation	1,007	1,129	174	161	81	12	2,564
Impairments	-	38	-	-	-	-	38
Disposals	(1,291)	(8,581)	(182)	(112)	-	(5)	(10,170)
<i>Accumulated Depreciation and Impairment Losses as at 31 December 2023</i>	7,030	20,222	3,999	1,331	3,255	370	36,206
Net Carrying Amount as at 31 December 2023	1,344	4,617	418	385	1,126	26	7,915

The Property, Plant and Equipment total cost as at 31 December 2024 of EUR 41,751 thousand includes fully depreciated assets still in use to the amount of EUR 28,239 thousand (EUR 27,582 thousand in 2023).

3.9 – Intangible Assets

Internally developed software and intangible assets under development consist of software licenses and costs incurred to make the software operational. These costs include salaries and professional fees.

2024

EUR'000	Software Licenses Purchased	Internally Developed Software	Intangible Assets under Development	Total Intangible Assets
<i>Cost as at 1 January 2024</i>	1,857	6,968	1,228	10,053
Additions	32	-	428	460
Disposals	(9)	-	-	(9)
Assets under Construction Capitalized	-	207	(207)	-
<i>Cost as at 31 December 2024</i>	1,881	7,174	1,449	10,504
<i>Accumulated Amortization as at 1 January 2024</i>	1,360	4,968	-	6,328
Amortization	211	459	-	670
Impairments	-	-	-	-
Disposals	-	-	-	-
<i>Accumulated Amortization and Impairment Losses as at 31 December 2024</i>	1,571	5,427	-	6,998
Net Carrying Amount as at 31 December 2024	309	1,748	1,449	3,506

2023

EUR'000	Software Licenses Purchased	Internally Developed Software	Intangible Assets under Development	Total Intangible Assets
<i>Cost as at 1 January 2023</i>	2,102	6,894	944	9,940
Additions	76	-	357	433
Disposals	(321)	-	-	(321)
Assets under Construction Capitalized	-	73	(73)	-
<i>Cost as at 31 December 2023</i>	1,857	6,968	1,228	10,053
<i>Accumulated Amortization as at 1 January 2023</i>	1,458	4,483	-	5,941
Amortization	210	485	-	695
Impairments	-	-	-	-
Disposals	(308)	-	-	(308)
<i>Accumulated Amortization and Impairment Losses as at 31 December 2023</i>	1,360	4,968	-	6,328
Net Carrying Amount as at 31 December 2023	497	2,000	1,228	3,725

The 2023 table has been restated to reflect the transfer of a completed internally developed software, in the amount of EUR 73 thousand, from intangible assets under development to internally developed software. This restatement increased the cost of internally developed software, as at 31 December 2023, from EUR

6,894 thousand to EUR 6,968 thousand, with the cost of intangible assets under development reduced from EUR 1,301 thousand to EUR 1,228 thousand. There is no impact in the amortization expense in 2023.

3.10 - Impairment of Assets

No new impairment losses were recorded in 2024 (EUR 38 thousand in 2023), accumulated impairment losses carried forward relate to the vehicles of the former missions in Ukraine. There were no reversals of impairment recorded during the year.

NOTE 4: LIABILITIES

4.1 – Accounts Payable

Accounts Payable consisted mainly of invoiced amounts due to suppliers and payments due to OSCE staff.

EUR '000	2024	2023
Payables to Suppliers	1,574	2,478
Payables to Implementing Partners	(28)	4
Amounts Owed to Staff	990	1,023
Total	2,536	3,505

4.2 – Accruals

Accruals include liabilities for goods and services delivered during the year, but for which invoices were not received at the year-end.

EUR '000	2024	2023
Accruals	7,930	7,903
Total	7,930	7,903

Payroll-related accruals are reported as part of Employee Benefits Current in note 4.6.

4.3 – Deferred Revenue

The Permanent Council approved deferral of the use by the Office for Democratic Institutions and Human Rights of EUR 849 thousand (PC.DEC/1288) which was originally approved through a supplementary budget in 2016 (PC.DEC/1177) and carried forward to 2017 (PC.DEC/1240). This amount is deferred until the time the observations of local elections are carried out in certain areas of Donetsk and Luhansk.

Total deferred revenue is summarized by source of funds in the table below:

EUR '000	2024	2023
Advance Assessed Contributions payments by participating States	2,488	4,915
Deferred funds per PC.DEC/1288	849	849
Total Unified Budget Deferred Revenue	3,337	5,764
Total Deferred Revenue	3,337	5,764

4.4 – Conditional Extra-Budgetary Contributions

In line with the requirements of IPSAS 23 - *Revenue from Non-Exchange Transactions*, extra-budgetary contributions subject to conditions are classified as deferred revenue. As the conditions are satisfied, the carrying amount of the liability is reduced and an amount of revenue equal to that reduction is recognized.

The amount recognized as a liability is the best estimate of the amount that would be required to settle the obligation as at the reporting date. As the conditions on extra-budgetary contributions are satisfied through performance as set within projects, the carrying amount of the liability is reduced and an amount of revenue is recognized equal to the amount expensed in the period for the activities specified in the extra-budgetary projects.

EUR '000	2024	2023
Extra-Budgetary Contributions Subject to Conditions	110,518	101,240
Extra-Budgetary Contributions Advances	2,859	1,399
Total Extra-Budgetary Contributions	113,377	102,639

4.5 – Funds Held for Third Parties

Funds held for Third Parties are mainly funds received from participating States for payment on their behalf of salaries to personnel seconded to the OSCE at no cost to the Organization, and overpayments for the Special Monitoring Mission to Ukraine resulting from the adjustment described in note 6.1 where the participating State concerned had not notified its intended disposition of the funds. In 2024 there were six participating States (five participating States in 2023) on whose behalf the salary is paid by OSCE. The services of these personnel are donated by participating States. The personnel concerned are paid by the OSCE on behalf of the States concerned from the third-party funds held in its accounts for this purpose. Depending on the timing differences between receipt of funds from the participating States concerned and disbursements to individuals, large sums may be held for salary payments at the end of the reporting period.

EUR '000	2024	2023
Seconded personnel salary funds	9,539	9,509
Special Monitoring Mission to Ukraine overpayments	7,395	7,441
Other third party funds	985	707
Total Funds Held for Third Parties	17,919	17,657

4.6 – Employee Benefits

Actuarial assumptions are required to be disclosed in the Financial Statements in accordance with *IPSAS 39 – Employee Benefits*. The following key assumptions and methods have been used by the actuary to determine the value of non-current employee benefits in order to estimate the liability.

Discount rate of 2.70% (3.14% in 2023) derived in reference to market yields of high quality corporate bonds - iBoxx Euro Corporate AA Euro bonds, with a duration of 1.47 years, which approximates the maturity terms of the related liabilities;

Present value of future benefits based on salary projections;

Average increases in salary of 9.5% in 2025 followed by 2.0% per year thereafter (4.9% in the first year and 2.5% thereafter projected in 2023);

No increase in shipment;

Increase in travel costs of 2.0% annually for the years 2025-2027 (increases of 2.5% for the first year, 2.1% for the second year and 0% thereafter projected in 2023) in line with the AMEX projected air travel increases and ECB inflation forecast; and

Estimated years of service based on OSCE's historical averages.

The actuarial valuation of the defined benefits obligation is determined by discounting the probable future payment required to settle the obligation resulting from employee service rendered in the current and prior periods.

Actuarial gains or losses arise when the actuarial assessment differs from the long term expectation on the obligations: they result from experience adjustments (differences between the previous actuarial assumptions and what has actually occurred) and the effects of change in actuarial assumptions. Actuarial gains or losses for non-current benefit obligations are recognized directly in Equity/Net Assets. Current service cost is the increase in the present value of the defined obligation resulting from employee service in the current period.

The service cost is recognized in the Statement of Financial Performance.

The following table provides more details regarding how the different types of benefits have changed in 2024:

EUR'000	Defined Benefit Obligation as at 1 January 2024	Current Service Cost	Interest Cost	Actual Payments	Actuarial (Gains)/ Losses	Defined Benefit Obligation as at 31 December 2024
Home leave and rest and recuperation	225	279	-	(296)	-	208
Annual leave	6,612	574	-	(447)	-	6,739
Total annual leave, home leave and rest and recuperation	6,837	853	-	(743)	-	6,947
Repatriation grant	2,440	365	74	(562)	309	2,626
Repatriation shipment	863	218	26	(428)	281	960
Repatriation travel	210	50	6	(45)	(21)	200
Total repatriation benefits	3,513	633	106	(1,035)	569	3,786
Total	10,350	1,486	106	(1,778)	569	10,733

Liabilities for current employee benefits also include payroll-related accruals in the amount of EUR 1,413 thousand (EUR 1,550 thousand in 2023), for total current employees liabilities of EUR 8,360 thousand (EUR 8,387 thousand in 2023).

The repatriation benefits estimates in the table are based on the actuarial assumptions set out above. If these assumptions were to change, the effects on the defined benefit obligation would be as tabulated below.

Discount Rate	Effect 2024	Effect 2023
Effect on Defined Benefit Obligation in % of +0.1%	-0.15%	-0.17%
Effect on Defined Benefit Obligation in % of -0.1%	+0.15%	+0.18%
Future salary increase		
Effect on Defined Benefit Obligation in % of +1%	+1.42%	+1.69%
Effect on Defined Benefit Obligation in % of -1%	-1.40%	-1.66%

The post-employment repatriation benefits are entirely unfunded and the liabilities will be met from budget allotments for the years in which they fall due, or from extra-budgetary revenue, as appropriate. The expected servicing cost of repatriation liabilities, net of payments, in 2025 amount to minus EUR 683 thousand, due to the increased number of staff reaching the end of their contracts during the year (expected servicing cost for 2024 of minus EUR 492 thousand reported in 2023).

4.6.1 - Provident Fund

The Provident Fund is a defined contribution plan. The employer contributions of 15% of staff salaries are fixed and are recognized as payroll expense. Employees contribute 7.5% of their salary and may make additional voluntary contributions of up to 15%. The assets are held by Utmost Worldwide in the beneficial ownership of the employee. The Secretary General's responsibility is to establish arrangements to provide a Provident Fund facility to employees and to monitor these arrangements. The balance of funds held for the benefit of OSCE Staff by the Provident Fund as at 31 December 2024 was EUR 127,477 thousand (EUR 123,678 thousand in 2023).

The Provident Fund is administered by Utmost Worldwide Limited in accordance with the contract. The OSCE obtains the Financial Statements of Utmost Worldwide Limited on an annual basis. The latest available Financial Statements were in respect of the year ended 31 December 2024 and were audited by PricewaterhouseCoopers CI LLP, Chartered Accountants, who gave an unmodified opinion on the Financial Statements.

The Provident Fund summary statement for the year ending 31 December 2024 is shown in the Appendix.

4.7 – Current Cash Surplus

Unless otherwise determined by the Permanent Council, the cash surplus is credited against assessed contributions of the participating States in the year following the year in which the financial statements are accepted by the Permanent Council.

As the Permanent Council has not to date accepted the Financial Statements for 2022 and 2023, the cash surplus as reported as at 31 December 2023 is not yet payable and remains in reserves (see Note 5.1- Cash Surplus). Following the Permanent Council decisions PC.DEC/1485, PC.DEC/1487, PC.DEC/1491 and PC.DEC/1494 on the Additional Provisional Expenditure Authorizations, for a total of EUR 3,002 thousand, the remaining cash surplus as reported at 31 December 2023 stands at EUR 21,610 thousand.

4.8 – Provisions

The provision for unearned revenue of extra-budgetary pledges currently expiring on or before 31 December 2024 amounts to EUR 15,155 thousand (EUR 6,897 thousand in 2023). This represents funds pledged for extra-budgetary projects prior to 31 December 2024 where the pledge is now time-expired and the Organization awaits instructions from the donor on whether to extend the pledge validity for a further period of time or to return or re-purpose the unspent amounts.

4.9 – Other Current and Non-Current Liabilities

Other current liabilities consist primarily of pending refunds of Provident Fund reimbursements to staff and refunds of office rent received in advance from Governments.

EUR '000	2024	2023
Governments Advance Refunds	1,467	393
Other Current Liabilities	421	225
Total Other Current Liabilities	1,888	618
Non-Current Liabilities	-	-
Total Other Non-Current Liabilities	-	-
Total	1,888	618

NOTE 5: RESERVES

5.1 - Cash Surplus

The cash surplus for 2024 is not due for settlement until the year following acceptance of these Financial Statements, and it is therefore classified as Equity until the date of that acceptance. The Secretariat, Institutions and Field Offices total cash surplus for 2024 of EUR 6,490 thousand is calculated as shown in Statement V and reconciled to the IPSAS Surplus/(Deficit) in Note 9.1.

Since the Permanent Council has not to date accepted the Financial Statements for 2022 and 2023, the cash surpluses are not yet payable and remain in reserves. Permanent Council decisions PC.DEC/1485, PC.DEC/1487, PC.DEC/1491 and PC.DEC/1494, on utilisation of the Cash Surplus as at 31 December 2023 totalled EUR 3,002 thousand, leaving a remaining balance of EUR 942 thousand.

An interim cash surplus of EUR 20,669 thousand for the Special Monitoring Mission to Ukraine was calculated from the sum of all revenues and expenses during all mandates from 2014 to 31 March 2022 and the closure period to 31 October 2022, as at 31 December 2023. The Special Monitoring Mission cash surplus of EUR 268 thousand in 2024 consists primarily of funds received from the sale of the remaining assets from the SMM vehicle fleet. Further transactions are expected during 2025 and a further cash surplus/deficit position will be calculated when all known transactions have been completed.

EUR '000	2024	2023
Unified Budget - Secretariat, Institutions and Field Offices	19	19
Border Observer Mission	198	198
Total Cash Surpluses for 2022	218	218
Unified Budget - Secretariat, Institutions and Field Offices	3,725	3,725
Special Monitoring Mission to Ukraine cash surpluses as at 31 December 2023	20,669	20,669
Closure of the Information Security Enhancement Fund	1	1
Closure of the Fund for the Purpose of Financing Agreed Capital Requirements	-	-
Total Cash Surpluses for 2023	24,395	24,395
PC.DEC/1485 – provisional authorization for the ODIHR Elections Programme	(397)	-
PC.DEC/1487 – provisional authorization for the Conference and Language Services Programme	(1,166)	-
PC.DEC/1491 – provisional authorization for the anticipated financing requirements of the Secretariat ODIHR Elections Programme	(861)	-
PC.DEC/1494 – provisional authorization for the anticipated financing requirements of the Secretariat, High Commissioner on National Minorities and Mission in Kosovo	(578)	-
Total Additional Provisional Expenditure Authorizations for 2024	(3,002)	24,395
Unified Budget - Secretariat, Institutions and Field Offices	6,492	-
Special Monitoring Mission to Ukraine	268	-
Total Cash Surpluses for 2024	6,760	-
Total Cash Surpluses as at 31 December 2024	28,371	24,613

5.2 - Cash Surplus Withheld

The cash surplus for those participating States that have not settled their assessed contributions in full is withheld by the OSCE until the outstanding payments are received.

Cash surplus withheld does not meet the definition of a liability and is therefore included in the reserves. The table below is a summary of the cash surplus withheld by participating State and by year. There were no cash surplus distributions related to the fiscal years 2014 through 2017 and cash surpluses for 2022, 2023 and 2024 are not yet due for distribution, and therefore none are retained for those years. The longest outstanding cash surplus withheld is from the fiscal year 2006.

In 2024 Kyrgyzstan paid EUR 23 thousand against the outstanding receivables, although there were no releases of the Cash Surplus withheld.

EUR '000	2019 and Prior Years	2020	2021	Total
Kyrgyzstan	13	1	1	15
Total Cash Surplus Withheld	13	1	1	15

5.3 – Revolving and Contingency Funds

The Revolving Fund, in the amount of EUR 2,710 thousand, was established by the Permanent Council (PC.DEC/133 dated 27 June 1996) to meet the short-term cash requirements of duly authorized OSCE activities that could result from the period between the billing and payment of assessed contributions.

The Contingency Fund, in the amount of EUR 2,180 thousand, was established by the Permanent Council (PC.DEC/182 dated 17 July 1997) to allow OSCE to act immediately after the adoption of a Permanent Council decision on a new activity and to cover the corresponding financial requirements prior to the approval of the relevant supplementary budget.

5.4 – Other Reserves

Other Reserves consists of actuarial gains and losses related to employee benefits of EUR 3,414 thousand in 2024 (EUR 2,844 thousand in 2023).

5.5 – Accumulated Surplus/(Deficit)

The increase in the Accumulated Surplus/Deficit during 2024 to EUR 33,260 thousand (EUR 33,056 thousand in 2023) as shown in Statement III includes the Cash Surplus for 2024 in the amount of EUR 28,371 thousand (see Note 5.1 – Cash Surplus) and the surplus for the period in the amount of EUR 6,964 thousand (see Note 9.1 – Reconciliation of Surplus/(Deficit) for the Period).

NOTE 6: REVENUE

6.1 – Assessed Contributions

Accrued revenue from provisional assessed contributions amounted to EUR 138,204 thousand (EUR 138,204 thousand in 2023). Participating States could not reach consensus on the Unified Budget for 2024 and provisional assessments in the sum of EUR 138,204 thousand (also EUR 138,204 thousand in 2023) were made in pursuance of Financial Regulation 4.04 and to fund obligations incurred and payments made under Financial Regulation 3.04.

EUR '000	2024	2023
Provisional assessments for the 2024 Unified Budget	138,204	138,204
Total Revenue from Assessed Contributions	138,204	183,204

During 2024, four Provisional Expenditure Authorizations were approved by the Permanent Council for a total of EUR 3,002 thousand to address the financing requirements of the Organization (see Note 6.6 – Other Revenue).

6.2 – Extra-Budgetary Contributions

Revenue from extra-budgetary contributions includes proceeds from new pledges received in 2024, as well as revenue from conditional agreements previously recorded as deferred revenue, for which conditions were satisfied during the year. Total proceeds from extra-budgetary contributions pledged and billed during the reporting period amounts to EUR 75,502 thousand in 2024 (EUR 50,626 thousand in 2023) and includes an amount of EUR 275 thousand pledged (EUR 4,144 thousand in 2023) in respect of the Repository Programme (RP) “Core Support Mechanism”. The total amount pledged towards the RP as at 31 December 2024 stands

at of EUR 4,419 thousand (EUR 4,144 thousand as at 31 December 2023). Donor reallocations from third-party funds to ExB projects totalled EUR 1,319 thousand during the financial year (EUR 918 thousand in 2023).

As all extra-budgetary contributions pledged to the organization are conditional, revenue is recorded as the conditions of the pledges are fulfilled, with the remaining funds recorded as a deferred revenue. During the period, deferred revenue increased by EUR 20,320 thousand (EUR 3,656 thousand in 2023), with the total extra-budgetary deferred revenue at 31 December 2024 climbing to EUR 113,377 thousand (EUR 102,639 as at 31 December 2023), ref. Note 4.4.

Extra-budgetary revenue, recorded in line with IPSAS 23, increased to EUR 56,501 thousand in 2024 (EUR 47,888 thousand in 2023) in line with project activity during the year.

The RP was established to accept contributions from participating States to cover the underfunding of core costs across all Executive Structures, bridging the gap between the UB funding level and the expected actual requirements. Unspent amounts are carried forward into 2025. The RP was funded via three sources of income:

- Pledges from participating States which had overpaid on their contributions towards the SMM administrative closure assessment, and who subsequently agreed to transfer funds held on account to the RP;
- Certain participating States who agreed to the use of all or some of their share of the 2021 cash surplus for this purpose; and
- Additional voluntary contributions made by participating States.

A breakdown of expenditure on the RP can be found in Schedule J of Annex 1 to these financial statements.

EUR '000	2024	2023
Revenue from Extra-Budgetary Contributions	75,502	50,626
Revenue from Conditional Agreements Recognized/(Deferred) during the period	(20,320)	(3,656)
Reallocation of Project Funds	1,319	918
Total	56,501	47,888

The reallocation of project funds resulted in a net inflow of EUR 1,319 thousand (EUR 918 thousand in 2023) from Third Party Funds to Extra-Budgetary Funds.

6.3 – Finance Revenue

Finance revenue includes interest from bank balances and short-term cash deposits.

EUR '000	2024	2023
Interest received from banks	5,825	3,100
Accrual adjustments	(202)	530
Total	5,623	3,630

6.4 – Contributions In-Kind

Revenue from contributions in-kind consists of contributions in-kind from seconded staff, ancillary services and donated goods as shown in the table below:

EUR '000	2024	2023
Seconded Staff	24,985	24,352
Ancillary Services	977	855
Goods In-Kind	5,444	4,882
Total Contributions In-Kind	31,406	30,089

The total value of contributions in-kind of the services of seconded personnel is recorded as Contributions In-Kind in the Statement of Financial Performance. The estimated value of seconded personnel is based on a calculation of what it would cost to employ international contracted staff and mission members in their place, and does not reflect the actual costs to the participating States seconding them.

EUR '000	2024	2023
Seconded Staff	23,891	23,434
Seconded Staff - Extra-Budgetary Projects	1,094	918
Total Contributions In-Kind of Seconded Staff Services	24,985	24,352

In addition, certain ancillary services, such as security, maintenance and utilities, were provided in respect of premises provided free of charge.

EUR '000	2024	2023
Ancillary Services	977	855
Total Contributions In-Kind of Ancillary Services	977	855

Contributions in-kind in the form of goods (including supplies, inventory, property, plant and equipment and intangible assets) are measured at fair value and recorded as Contributions In-Kind in the Statement of Financial Performance. The total fair value of goods in-kind received consists of the following items:

EUR '000	2024	2023
<i>Donated Property, Plant and Equipment and Intangible Assets</i>	-	-
Premises	5,440	4,876
Equipment	4	6
<i>Premises and Equipment provided rent-free</i>	<i>5,444</i>	<i>4,882</i>
Total Revenue from Goods In-Kind	5,444	4,882

6.5 – Revenue from Exchange Transactions

Revenue from Exchange Transactions of EUR 636 thousand (EUR 1,178 thousand in 2023) refers to gains and losses related to the sale of assets and minor equipment.

6.6 – Other Revenue

Revenue Reallocated from Internal Sources in 2024 represents funds reallocated from the Cash Surplus, as reported in the 2023 Financial Statements as at 31 December 2023, to finance the Additional Provisional Expenditure Authorizations as approved by the Permanent Council.

- PC.DEC/1485, dated 2 August 2024, approved the additional provisional expenditure authorization of EUR 397,300 for the activities of the ODIHR Elections Programme.
- PC.DEC/1487, dated 19 September 2024, approved the additional provisional expenditure authorization of EUR 1,166,300 for the activities of the Conference and Language Services Programme.
- PC.DEC/1491, dated 26 November 2024, approved the additional provisional expenditure authorization of EUR 860,600 for the anticipated financing requirements of the Secretariat.
- PC.DEC/1494, dated 19 December 2024, approved the additional provisional expenditure authorization of EUR 578,100 for the anticipated financing requirements of the Secretariat, High Commissioner on National Minorities and Mission in Kosovo.

Indirect Common Costs (ICC) revenue of EUR 69 thousand (EUR 57 thousand in 2023) derived from charges for the processing on behalf of participating States of salaries for personnel seconded by them to OSCE. The remaining EUR 3,958 thousand (EUR 3,132 thousand in 2023) of ICC revenue recognised in segment report H.2 represents charges levied on extra-budgetary projects as described in Note 2.18 and is recorded as Extra-Budgetary Revenue.

Other revenue includes, inter alia, revenue from certain shared conference services, insurance claims and discounts taken.

EUR '000	2024	2023
Revenue Reallocated from Internal Sources	3,002	958
Indirect Common Costs Revenue	69	57
Other Revenue	589	1,647
Total	3,660	2,662

NOTE 7: EXPENSES

7.1 – Staff Costs

Salaries include amounts paid to international and local contracted staff, local professional staff, and temporary assistance.

The board and lodging allowance (BLA) consists of a daily allowance payable by the OSCE which is intended to partially cover the living costs incurred by international mission members. BLA is paid to international contracted and seconded staff. The BLA rates are established for each Mission in December each year and remain valid for the following year.

Other staff costs include hazard pay, personal income tax, medical services, overtime, vacancy advertisement costs and ex gratia payments to staff and mission members.

Insurance refers to health, life and accident insurance.

Other employee benefits include education grant, child and spouse allowance, appointment travel, assignment grant, rental subsidy, training, interns compensation and service cost for employee benefits (see Note 2.11 - Employee Benefits).

EUR '000	2024	2023
Salaries	76,196	73,143
BLA for international seconded staff	9,140	9,382
BLA for international contracted staff	1,451	1,441
Provident fund	10,456	9,804
Other staff costs	1,074	1,123
Insurance	3,739	3,239
Other employee benefits	5,942	5,751
In-kind seconded staff costs	24,985	24,352
Total	132,983	128,235

The in-kind seconded staff costs recognize the value to the Organisation of staff seconded free of charge by participating States. The estimated value is based on a calculation of what it would cost to employ international contracted staff and mission members in their place, and does not reflect the actual costs to the participating States seconding them.

7.1.1 - Ex Gratia Payments

Ex gratia payments are made in extraordinary situations when the OSCE has a moral obligation or it is in the overall interest of the Organization to do so. Disclosure of ex gratia payments is required by Financial Regulation 6.05. During 2024 ex gratia payments to staff and mission members totalling EUR 2.5 thousand were made (EUR 2.5 thousand in 2023). Details of other ex gratia payments may be found in note 7.8.1. The list of Executive Structures concerned is as follows:

EUR '000	2024	2023
Secretariat	3	3
Total	3	3

7.2 – Consultancy and Subcontracting

Other contractual services include, inter alia, subcontracting services related to the implementation of projects. Paramedical services were provided to ODIHR for Human Rights Department activities in Ukraine.

EUR '000	2024	2023
Special Services Agreements	15,045	14,523
Implementing Partner costs	5,494	6,403
Paramedical services	84	133
Other contractual services	4,366	4,033
Total	24,989	25,092

7.3 – Travel Expenses

Travel expenses include travel ticket costs, daily subsistence allowance, local transportation, terminal allowances and other travel costs. Travel of non-OSCE officials includes the same types of cost and is related mainly to their attendance at conferences and seminars and recruitment of new staff.

EUR '000	2024	2023
Travel of non-OSCE officials	9,119	8,378
Duty travel for OSCE officials	5,894	5,996
Travel for training of OSCE officials	318	255
Total	15,331	14,629

7.4 – Services and Office Costs

Communication services include, among others, internet access fees, rental of communication equipment and leased lines. IT services refer to software maintenance and support fees, as well as rental and installation of IT equipment.

EUR '000	2024	2023
Rental and maintenance of buildings	15,078	15,257
Conferences, seminars, workshops	9,438	7,792
IT services	5,716	5,507
Communication services	1,077	1,143
Interpreters, translators and typing services	1,871	1,829
Bank charges	445	495
Printing and copying services	573	419
Vehicles maintenance costs	257	267
Freight and transportation	437	266
Insurance other than staff	415	361
Ancillary services in-kind	977	856
Total	36,284	34,192

Incurred costs of EUR 177 thousand (EUR 117 thousand in 2023) of services and office costs relates to agreements with third parties which are fully reimbursable.

7.5 – Consumables and Supplies

Consumables and supplies include items that are either used or consumed in rendering services, such as office supplies, ICT supplies and spare parts. Other supplies include mainly safety and security supplies and stationery.

EUR '000	2024	2023
Fuel and lubricants	389	424
Other supplies	1,920	1,547
Communication and IT supplies	401	453
Publications, newspapers and printed materials	231	227
Spare parts	94	107
Building/Household Supplies	595	446
Total	3,630	3,204

7.6 – Depreciation, Amortization and Impairments

Amortization charges are applied to intangible assets capitalized on the OSCE Statement of Financial Position. Depreciation relates to tangible property, plant and equipment.

EUR '000	2024	2023
Amortization	670	695
Depreciation	2,234	2,564
Impairments	-	38
Total	2,904	3,297

Impairments reported relate to the disposal of assets of the former missions in Ukraine.

7.7 – Equipment Expense

Equipment expenses include costs related to the acquisition of equipment which would otherwise meet the definition of Property, Plant and Equipment but are below the capitalization threshold of EUR 1 thousand, both those purchased by OSCE and those donated to the Organization. Also included is the estimated value of equipment loaned by donors on cost-free rentals. Inventory donated to third parties includes all items donated and is not subject to the capitalisation threshold. Assets retired represents the remaining net book value of project assets donated or otherwise disposed of, except through sale (see Note 6.5 – Revenue from Exchange Transactions).

EUR '000	2024	2023
Equipment Purchased	1,352	1,579
Inventory Donated to Third Parties	5,450	2,116
Equipment Received In-kind	4	6
Assets retired	1,422	-
Total Equipment Expenses	8,228	3,701

7.8 – Other Operating Expenses

The increase in other operating expenditures is driven by the change in Allowance for Doubtful Debts in relation to the forward-looking impairment model introduced following the adoption of IPSAS 41 (see Note 3.3). This increase is partially offset by the cost containment measures taken during 2024 to reduce non-critical expenditures such as on representation.

EUR '000	2024	2023
Other Operating Costs	311	522
Representation Costs	209	344
Project Costs	82	231
Change in Allowance for Doubtful Debts	5,466	7
Total	6,068	1,104

7.8.1 – Ex Gratia Payments

Ex gratia payments, included under other operating costs (Note 7.8), are made in extraordinary situations when the OSCE has a moral obligation or it is in the overall interest of the Organization to do so. Disclosure of ex gratia payments is required by Financial Regulation 6.05. During 2024 ex gratia payments other than to staff and mission members totalling EUR 21.5 thousand were approved by the Secretary General (EUR 11 thousand in 2023). Details of ex gratia payments to staff and mission members may be found in note 7.1.1. The list of Executive Structures concerned is as follows:

EUR '000	2024	2023
Presence in Albania	1.5	-
Mission to Bosnia and Herzegovina	-	1
Mission to Moldova	5	3
Office for Democratic Institutions and Human Rights	2.5	
Personal Representative of the CiO on the Conflict Dealt with by the Minsk Conference	2.5	5
Special Monitoring Mission to Ukraine	7.5	2
Secretariat – Support Programme to Ukraine	2.5	-
Total	21.5	11

7.8.2 – Cash and Other Losses and Write-Offs

The Joint Consultative Group (JCG) on the Conventional Forces in Europe Treaty has been underpaying its invoiced contributions towards the costs of Hofburg, with the rate of underpayment for 2024 standing at 4.384% (9.0% in 2023). OSCE continues to press its claim for these funds without success to date. Consequently, a bad debt allowance has been created in full (an expected credit loss of 100% in line with IPSAS 41) with a corresponding write-down in 2024 of EUR 10 thousand (EUR 20 thousand in 2023), increasing the cumulative allowance for JCG to EUR 255 thousand (EUR 245 thousand in 2023). This allowance does not represent an abandonment of the claim or release the JCG from its obligation to pay under the terms of its Financial Agreement with the OSCE. Cash and other losses and write-offs are included under other operating costs (Note 7.8).

EUR '000	2024	2023
Cash and other losses	-	-
Bad debt allowance for the Joint Consultative Group (JCG)	10	20
Write-off of uncollectible receivables	19	3
Total	29	23

NOTE 8: FOREIGN EXCHANGE GAINS/(LOSSES)

Gains and losses made on transactions in currencies other than the Euro consist of amounts realized when the payable balance is settled and those not yet realized because the payable remains open. The latter may change with future exchange rate movements until the moment that they are realized.

EUR '000	2024	2023
Unrealized Gains/(Losses) – cash and cash equivalents	602	(982)
Unrealized Gains/(Losses) – other	883	9
<i>Subtotal Unrealized Gains/(Losses)</i>	<i>1,485</i>	<i>(973)</i>
Realized Gains/(Losses)	(134)	(377)
Total	1,351	(1,350)

NOTE 9: CASH FLOW STATEMENT

9.1 – Cash and Cash Equivalents

Cash and cash equivalents consist of cash on hand, balances with banks, and investments in term-deposits with an initial maturity of 90 days or less. Cash and cash equivalents included in the Cash Flow Statement (Statement IV) are further detailed in Note 3.1.

9.2 – Cash Flows from Investing Activities

Cash Flows from Investing Activities as listed in the Cash Flow Statement (Statement IV) consist of investments in term-deposits with initial maturity over 90 days (ref. Note 3.2), the acquisition of property, plant and equipment (ref. Note 3.8) and intangible assets (ref. Note 3.9), and the sale of any fixed assets deemed obsolete or surplus to operations requirements.

EUR '000	2024	2023
Investments in term-deposits	(367,300)	(305,410)
Proceeds from matured term-deposits	309,852	355,880
Purchase of property, plant and equipment and intangible assets	(2,570)	(2,985)
Sale of property, plant and equipment	102	1,573
Total	(59,916)	49,058

NOTE 10: RECONCILIATIONS OF BUDGETS TO FINANCIAL STATEMENTS

Statement V (comparison of budget and actual amounts) is provided in accordance with the principles of IPSAS 24, which requires *“a comparison of budget amounts and the actual amounts arising from execution of the budget to be included in the financial statements of entities that are required to, or elect to, make publicly available their approved budget(s), and for which they are, therefore, held publicly accountable”*. Since only the Unified Budget is publicly available, Statement V does not consider the Special Purpose or extra-budgetary Funds and other projects.

The Permanent Council could not find consensus on the Unified Budget Proposals tabled by the Chairperson and therefore there was no approved budget for 2024. Financial Regulation 3.04 provides that, in these circumstances, the Secretary General and Heads of Institution are authorized to incur obligations and make payments until 31 March of the current financial year up to the level of 25 per cent of the previous Unified Budget, and thereafter, on a monthly basis up to 1/12th of the previous approved Budget until the Unified Budget is adopted.

Since no Budget was approved during the year, the Organization operated under Provisional Expenditure Authorizations throughout 2024 at the level of the last approved Unified Budget, that for 2021 (EUR 138,204 thousand, PC.DEC/1413 dated 18 August 2021), and PC.DEC/1485 dated 2 August 2024, PC.DEC/1487 dated 19 September 2024, PC.DEC/1491 dated 26 November 2024 and PC.DEC/1494 dated 19 December 2024 approved Additional Provisional Expenditure Authorizations in the amount of EUR 3,002 thousand, funded from the cash surplus as at 31 December 2023 as reported in the 2023 Financial Statements.

Statement V is therefore presented on the basis of the final Provisional Expenditure Authorizations approved under the aforementioned Permanent Council decisions. The difference of EUR 2,087 thousand between the actual amounts and the 2021 Unified Budget total (EUR 2,028 thousand in 2023), excluding the Project Co-ordinator in Ukraine, plus the Total Provisional Expenditure Authorization are tabulated by Secretariat and Institution and by region and reconciled to the cash surplus in Statement V and are further broken down by Main Programme and Programme in the Resource Utilization Report at Annex 2 to these Statements.

Reporting on the Performance against the Provisional Expenditure Authorization is in summary in the Financial Report that accompanies these Statements, and elaborated in more detail in the Resource Utilization Report (RUR) available to participating States.

10.1 - Reconciliation of Surplus/ (Deficit) for the Period

The Financial Statements are prepared on an accrual basis, while the budget is prepared on a modified cash basis. The following table shows a reconciliation of the Cash Surplus in the Statement of Comparison of Budget and Actual Amounts (Statement V), and the Surplus/(Deficit) for the Period as reported in the Statement of Financial Performance (Statement II). The differences are due to IPSAS adjustments affecting revenue and expenses.

EUR '000	2024	2023
Cash Surplus for the year	6,492	3,725
Assessed Contributions receivable as at 1 January	(12,615)	(7,722)
Assessed Contributions receivable as at 31 December	18,253	12,615
Budgetary Excess of Income over Expenditure	12,130	8,618
IPSAS Adjustments:		
Revenue		
Accrued Interest	(202)	530
Contributions In-Kind	30,312	29,171
Revenue from Exchange Transactions	4	(29)
Other Revenue	4	213
Revenue from Change in Allowance for Doubtful Debts	-	1,152
Subtotal Revenue	30,118	31,037
Expense		
Expense from Change in Allowances for Doubtful Debts	(5,185)	-
Unliquidated Obligations	(528)	457
Accruals Adjustments	46	(61)
Budget Deferrals	(77)	42
Prepayments Adjustments	(397)	(459)
Employee Benefits	629	517
Contributions In-Kind Expense	(30,312)	(29,171)
Insurance Adjustments	(1,154)	(698)
Inventory Adjustments	(208)	(377)
Property, plant and equipment Adjustments	(198)	(682)
Intangibles Adjustments	(404)	(531)
Subtotal Expense	(37,788)	(30,963)
Gains/(Losses)	-	-
Total IPSAS Adjustments	(7,760)	74
IPSAS Budget Surplus/(Deficit) for the Period	4,460	8,692
Special Purpose Funds Surplus/(Deficit) for the Period	(797)	(897)
Extra-Budgetary Surplus/(Deficit) for the Period	3,301	1,053
IPSAS Total OSCE Surplus/(Deficit) for the Period	6,964	8,848

10.2 – Reconciliation of Actual Amounts on a Comparable Basis and Cash Flow Statement

The expenditure authorizations are calculated on a modified cash basis (actual expenditure plus contractual and other obligations), whereas the Financial Statements are prepared on an accrual basis, which therefore differs from the budget basis. For the purpose of preparing the comparison of budget and actuals in the Statement of Comparison of Budget and Actual Amounts, actuals are calculated on a modified cash basis comparable with the expenditure authorizations.

Since the Financial Statements and budgetary accounting are prepared on different bases, the actual amounts presented on a comparable basis to the budget in Statement V - Statement of Comparison of Budget and Actual Amounts need to be reconciled to the net cash flow from operating, investing and financing activities as required under *IPSAS 24 – Presentation of Budget Information in Financial Statements*.

The reconciliation requires that any differences be separately identified:

- *Basis differences* - in order to reconcile the budgetary results to the Cash Flow Statement, differences between the budgetary framework and IPSAS such as unliquidated obligations, prepayments and depreciation need to be considered as basis differences;
- *Presentation differences* - differences in the content and classification used in the Statement of Cash Flow versus the Statement of Comparison of Budget and Actual Amounts; for example, the budgetary framework makes no distinction between operating, investing and financing activities;
- *Timing differences* - occur in such cases when the budget cycle differs from the financial reporting cycle. There are no timing differences, since both cycles coincide.
- *Entity differences* - the Statement of Comparison of Budget and Actual Amounts refers to the Unified Budget of the Secretariat, Institutions and Field Missions only whereas the Cash Flow Statement includes also Special Purpose Funds and Extra-Budgetary funds. The latter two are excluded from Statement V because annual budgets are not publicly available.

EUR'000	Operating Activities	Investing Activities	Financing Activities	Total
Actual Amount on Comparable Basis	2,087	-	-	2,087
Basis Differences	(54,172)	-	-	(54,172)
Presentation Differences	14,375	(1,945)	(3,002)	9,428
Timing Differences	-	-	-	-
Entity Differences	41,986	(57,972)	-	(15,986)
Actual Amount in the Cash Flow Statement	4,275	(59,916)	(3,002)	(58,643)

NOTE 11: OTHER DISCLOSURES

11.1 - Financial Risk Management

Financial risk management is carried out by the Treasury Unit in the Secretariat under policies approved by the Investment Committee and by applying the guidelines included in OSCE's Financial/Administrative Instruction Five - Income and Cash Management. *IPSAS 30 - Financial Instruments: Disclosures* states the types of risks that the Organization should disclose:

- (a) *Liquidity risk* – is the risk that an entity will encounter difficulty in meeting its financial commitments. The OSCE invests funds not required for immediate operational purposes in short-term deposits up to a maximum of nine months. Maturities are scheduled on the basis of operational requirements as identified by the Treasury Unit and OSCE Executive Structures' cash flow forecasts.

Liquidity is monitored through actual and forecasted cash flow reports for a period of 12 months into the future, reviewed on monthly basis. The timing of payment of assessed contributions by participating States has an impact on the liquidity of the Organization. Delays in payment by large contributors can affect normal operations, although the comfortable Cash position is available to meet short-term cash requirements.

- (b) *Currency risk* - is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. The OSCE is exposed to currency risk on all transactions that are denominated in a currency other than Euro. The OSCE has a policy of not using derivative financial instruments to hedge against currency risk. Risk is mitigated by limiting the amount of cash held in currencies other than euro; by concluding most of the OSCE contracts in euro; and by not converting one currency to another to avoid realization of gains and losses. In 2024, the majority of net expenditures were transacted in euro or currencies pegged to the euro.

Transactions in foreign currencies are recorded in euro at the UN Operational Rates of Exchange in effect on the date of the transactions. At the end of the reporting period assets and liabilities are valued at the rates applicable as at 31 December 2024. Gains and losses arising from transactions and translation are recorded as currency exchange adjustments. In compliance with Financial Administrative Instruction

Five (FAI 5) on Income and Cash Management, large exchange rate gains or losses incurred under Extra-Budgetary Funds have been credited or charged to the respective Fund.

- (c) Interest rate risk – is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates. The OSCE did not enter into any transactions involving variable interest rates in 2023 and only made short-term deposits for fixed durations and fixed interest rates. Fluctuations in interest rates only affect the interest revenue forecasts for short-term deposits to be concluded in the future; however, the OSCE is not dependent on interest revenue for the continuation of its activities.
- (d) Market risk – is the risk that the value of a financial instrument will fluctuate as a result of changes in market prices. None of the OSCE's financial instruments in 2024 were affected by changes in market prices.
- (e) Credit risk – is the risk that one party to a financial instrument will fail to meet its contractual obligations, incurring a financial loss for OSCE. The largest exposures to such risk for the OSCE are Assessed Contributions Receivable and bank risk. The Treasury Unit monitors the creditworthiness of its banks on a regular basis and has strict guidelines to limit the amount deposited with each approved bank. The table below shows the amounts deposited with banks according to their credit rating. At the end of the reporting period, 99.31% of the total (99.43% in 2023) was held in bank accounts carrying an investment grade (BBB- and above). The table reflects the fact that due to the financial crisis most bank ratings have been revised downwards in recent years. The remaining balances are held in non-investment grade or unrated banks to support OSCE local operational needs.

At the end of the reporting period, 98.08% of the total cash (98.37% in 2023) was held in bank accounts administered by the Treasury Unit. The remaining 1.92% was held in bank accounts throughout OSCE locations for daily operational purposes (1.63% in 2023).

EUR '000	Rating	Total as at 31 December 2024	%	Total as at 31 December 2023
High Grade	AA- to AA+	69,908	40.3%	32,764
Upper Medium Grade	A- to A+	70,117	40.5%	110,548
Lower Medium Grade	BBB- to BBB+	32,123	18.5%	29,401
Non-Investment Grade	BB- to BB+	159	0.1%	297
Highly Speculative	B- to B+	-	0.0%	-
Unrated	N/A	847	0.5%	703
Total Bank Balances		173,154	99.9%	173,714
Cash	N/A	199	0.1%	231
Total Cash and Bank Balances		173,353	100%	173,945

- (f) Cash flow risk – is the risk that future cash flows associated with a monetary financial instrument will fluctuate in amount. For the OSCE such fluctuations relate to future money-market deposits in the event of changes in interest rates. As mentioned in (b) above, the OSCE is not dependent on the cash flows resulting from money-market deposits for the continuation of its activities.
- (g) There were no significant changes in the OSCE's exposure to risk or to its risk management policies during the reporting period.

11.2 – Contingent Assets and Contingent Liabilities

The OSCE has no contingent assets.

Contingent liabilities exist in respect of the closure of the Special Monitoring Mission to Ukraine, for contracts held with suppliers which had to be terminated in accordance with the closure of the Mission. It is not possible to estimate the amount of such liabilities with certainty, as this depends upon submission by the suppliers and it is unknown whether such claims will materialise. To date, no such claims have been made.

11.3 – Leases and Contractual Obligations

Lease agreements in the Secretariat, Institutions and Field Offices refer to leases of premises and office equipment. These agreements are classified as operating leases and the related payments are charged as an expense over the period of the lease. The total lease expense for the year 2024 amounted to EUR 5,755 thousand (EUR 5,837 thousand in 2023).

Future minimum lease payments include payments for such rented premises that would be required until the earliest possible termination date under the respective agreements. The minimum lease payments also include Host Country reimbursements in the amount of EUR 1,946 thousand expected to be received (EUR 1,947 thousand in 2023). There are no agreements that contain purchase options.

The total amount of future minimum lease payments under non-cancellable operating leases is as follows:

EUR '000	Less than 1 Year	1 to 5 Years	More than 5 Years	Total
Minimum Lease Payments	3,257	429	-	3,686

In the majority of cases operating lease arrangements for field office premises can be cancelled by providing notice up to 90 days. Also the majority of the operating lease agreements contain renewal clauses which enable the Organization to extend the terms of the leases at the end of the original lease terms.

11.4 – Related Party Disclosures

11.4.1 - Governing Bodies

Based in Vienna, the Permanent Council is the body for regular political consultation and decision-making on all issues pertinent to the OSCE and is responsible for the day-to-day business of the Organization.

The OSCE Permanent Council is formed by the delegates of the 57 participating States. Representatives of the OSCE Parliamentary Assembly and of executive structures may attend meetings of the decision-making bodies as observers. The OSCE's 11 Partners for Co-operation may be invited to attend as observers. A delegation to the Permanent Council consists of a team of diplomats of the participating State headed by an ambassador. Members of the delegations are appointed separately by the Governments of each participating State and are not considered key management personnel as defined by IPSAS. They do not receive remuneration from the Organization.

OSCE decisions have to be taken by consensus and the Chairman seeks approval from all delegations. In the case of one or more delegations opposing a decision, the issue is renegotiated. If all delegates agree, the decision becomes politically binding for all participating States.

During periods between Summits, decision-making and governing power lies with the Ministerial Council, whose members are the Foreign Ministers of the OSCE participating States. The Ministerial Council meets once a year to consider issues relevant to the OSCE and make appropriate decisions.

At OSCE Summits, the Heads of State or Government of the OSCE participating States set the Organization's priorities and provide orientation for several years. There are no general rules determining how often Summits take place. Any participating State can propose a Summit. The decision has then to be taken by consensus. The last OSCE summit took place in 2010 in Astana (Kazakhstan).

11.4.2 - Key Management Personnel

The Secretary General, Heads of Institutions and Heads of Missions, including Personal Representatives who are Fund Managers, as well as the Secretariat's Main Programme Managers at the Director level represent the key management personnel as they have authority for planning, directing and controlling the activities of OSCE.

The aggregate remuneration paid to key management personnel includes: net salaries, post adjustment, entitlements such as allowances, grants and subsidies, and employer contributions to the provident fund and health insurance. As defined in the Staff Regulations and Rules, Heads of Mission and Personal Representatives who are Fund Managers are seconded by or through a participating State and therefore do not receive a salary remuneration from OSCE, but are entitled to a board and lodging allowance.

Advances are those made against entitlements in accordance with Staff Regulations and Rules and are available to all OSCE staff. The table below details the number of key management personnel positions and the number of key management staff who held these positions over the course of the year.

Of the 42 individuals holding key management positions during 2024, one individual held two positions during the year, whilst four other individuals temporarily acted as Officer-in-Charge for the Secretary General and Head of Institution posts.

EUR'000	Number of Individuals	Number of Posts	Remuneration and Post Adjustment	Entitlements	Provident Fund and Health Plan	Total Remuneration 2024	Outstanding Advances Against Entitlements
SG and Heads of Institutions	11	4	1,189	392	192	1,773	-
Secretariat's Directors	11	8	1,307	207	169	1,683	-
Heads of Mission and Personal Representatives	20	13	811	7	2	820	-
Key Management Personnel	42	25	3,307	606	363	4,276	-

11.5 – Events After the Reporting Date

The Financial Statements were submitted to the External Auditors on and were authorized for issuance by the Secretary General on 30 June 2025.

In pursuance of the requirements set out in *IPSAS 14 - Events After the Reporting Date*, significant events which occurred between the reporting date and the date of issuance are set out below.

11.5.1 - Adjusting Events

There are no adjusting events.

11.5.2 - Non-Adjusting Events

On 24 January 2025, the United States government announced a temporary suspension of foreign aid to re-evaluate its international funding priorities. Since this event occurred after the reporting date, it is classified as a non-adjusting event under IPSAS and no adjustments have been made to these Financial Statements.

As of the reporting date, approximately EUR 686 thousand in extra-budgetary contributions receivable due from the United States were recognized on the Statement of Financial Position, representing 1.36% of the organization's total contributions receivable (excluding any allowance for doubtful debt), or 2.24% of the open extra-budgetary contributions receivable (Note 3.3). There were no open assessed contributions receivable for the United States as at the reporting date. The following table summarizes the exposure:

Contributions receivable	Ref.	EUR '000	Percentage
Contributions receivable as at 31 December 2024 (excluding the allowance for doubtful debt)	Note 3.3	50,473	-
United States funded Extra-budgetary contributions receivable as at 31 December 2024	Note 3.3.3	686	1.36%
Of which collected since 31 December 2024	-	-	-
United States funded receivables balance remaining open as at 30 June 2025	-	686	1.36%

As OSCE's policy on extra-budgetary funds is to receive cash in advance of project activities, the full amount of EUR 686 thousand is reported as deferred revenue in the Statement of Financial Position as at 31 December 2024.

As of the date of authorization of these Financial Statements, no further collections have been made on the contributions receivable which were open as at the reporting date. As at 30 June 2025, United States funded receivables in the amount of EUR 232 thousand relate to projects which have since been terminated. The following table summarizes the exposure as of 30 June 2025.

United States funded contributions receivable	EUR' 000
Contributions receivable as at 31 December 2024 (excluding the allowance for doubtful debt)	686
Of which collected since 31 December 2024	-
Additional assessed contributions receivable recognized after 31 December 2024	17,839
Of which collected through 30 June 2025	(3,473)
Remaining outstanding balance of contributions receivable as at 30 June 2025	15,052
From which relating to terminated or fully suspended projects	232

As of the reporting date, EUR 35.0 million in United States funded extra-budgetary contributions were received in advance and deferred on the Statement of Financial Position. Of the funds received in advance, EUR 5.6 million has been spent on project activities in 2025, whilst OSCE has received formal termination letters on project activities with available funds of EUR 2.2 million, subject to final closout costs, with these funds pending refund to the donor. All other project activities have since been unfrozen and continue unaffected in line with the donor agreements.

Since the reporting date, no new pledge agreements on extra-budgetary activities have been entered into with the United States. Assessed contributions in the amount of EUR 17.8 million have been provisionally billed to the United States for the financial year 2025, with EUR 3.5 million received as of 30 June 2025.

While OSCE receives funding from the United States government, the organization maintains financial flexibility through diversified funding streams. Management continues to closely monitor developments to mitigate any potential impact on OSCE's operations. At the date of authorization of these Financial Statements, no mitigation measures taken have resulted in the creation of onerous contracts, and no reliably measurable contingent liabilities have been identified as a result of these mitigation measures.

II

ANNEXES TO THE FINANCIAL STATEMENTS

ANNEX 1

SEGMENTAL REPORTING BY FUND

Fund Accounting and Segment Reporting

For purposes of the presentation of the 2024 expenses, Funds were grouped as presented and approved in the 2021 Unified Budget: under Secretariat and Institutions; and Field Operations, with the latter, in turn, being grouped into Regions. This presentation is also followed in the segmental reports. In addition, the segmental information is presented based on the main sources of financing of the Organization (Assessed Contributions other than for the OSCE Special Monitoring Mission to Ukraine (SMM), Special Purpose Funds, Extra-Budgetary Funds and other Extra-Budgetary projects undertaken in accordance with Article IX of the Financial Regulations and not specifically approved by the Permanent Council). The segmental information also includes an analysis of Extra-Budgetary expenses broken down by Executive Structure.

The Funds listed below were operational in 2024. The letters indicated in brackets correspond to the Reporting Segment in this Annex. Segments A to F reflect the structure of the approved 2021 Unified Budget while G and H report Special Purpose and Extra-Budgetary Funds and projects respectively. These annexes are not separately audited and do not fall within the scope of the audit opinion.

Secretariat and Institutions (A)

These Funds are financed through the Standard Scale of Contributions for 2019 (PC.DEC/1325) on a provisional basis, pending agreement of Scales for 2024:

- The Secretariat
- Office for Democratic Institutions and Human Rights
- High Commissioner on National Minorities
- Representative on Freedom of the Media

Field Operations (B)

Segment B presents the Missions funded through the Unified Budget, aggregated into the geographical Regions in the approved 2021 budget.

These Funds are financed through the Field Operations Scale of Contributions for 2019 (PC.DEC/1325) on a provisional basis, pending agreement of Scales for 2024:

South-Eastern Europe (C)	Eastern Europe (D)
• Augmentations ¹ • Mission in Kosovo • Mission to Bosnia and Herzegovina • Mission to Serbia • Presence in Albania • Mission to Skopje • Mission to Montenegro	• Mission to Moldova • Project Co-ordinator in Ukraine (closed in 2022) • Representative to the Latvian-Russian Joint Commission on Military Pensioners
Caucasus (E)	Central Asia (F)
• High Level Planning Group • The Minsk Process • Personal Representative of the CiO on the Conflict Dealt with by the Minsk Conference	• Programme Office in Astana • Centre in Ashgabat • Programme Office in Bishkek • Project Co-ordinator in Uzbekistan • Programme Office in Dushanbe

¹ The Augmentations Fund, including posts based in the Secretariat and in the Office for Democratic Institutions and Human Rights, was established on a provisional basis under PC.DEC/827 dated 21 December 2007 and is financed on the basis of the Field Operations Scale of Contributions.

Closed Funds (B)

Missions and Field Operations funded by the Unified Budget and whose mandate has expired are grouped under Closed Funds and included in Field Operations.

Special Purpose Funds (G)

The Information Security Enhancement Fund was established by PC.DEC/1247 dated 6 April 2017 to finance the strengthening of OSCE information security and was allocated total funding of EUR 800 thousand. The Fund initially covered an implementation period extending to 24 months, with the balance carried forward from one year to the next, and was extended until 6 October 2020 by PC.DEC/1324 dated 4 April 2019. The validity of the Fund was further extended until 6 July 2021 by PC.DEC/1374 dated 30 July 2020, at which point it was closed.

The IT Infrastructure Upgrade Fund was established by PC.DEC/1322 dated 28 March 2019 for the financing of the upgrade to the latest version of the ICT core platform technologies and the re-architecture and deployment of a secure OSCE IT infrastructure and was allocated EUR 3,560 thousand. This amount was supplemented by PC.DEC/1345 to finance necessary 2019 measures aimed at mitigating the risk of vendor support expiration for the ICT Core Platform Infrastructure in the amount of EUR 630 thousand, and further supplemented by PC.DEC/1422 dated 25 November 2021 in the sum of EUR 482 thousand taking the total to EUR 4,672 thousand. The Fund covers the implementation period, with the balance carried forward from one year to the next. Following completion of all mandated activity, the Fund was closed in 2023.

The CIP Technical Fund was established by PC.DEC/1422 dated 25 November 2021 for the purpose of financing agreed capital requirements under the Capital Investment Programme (CIP) and was allocated an amount of EUR 960 thousand taken from identified 2021 underspending. Unless otherwise decided by the Permanent Council, the Fund will be closed upon completion of the agreed capital investment projects.

The Special Monitoring Mission to Ukraine, originally established pursuant to PC.DEC/1117 dated 21 March 2014, was financed through provisional assessed contributions on the basis of the Field Operations Scale of Contributions set out in PC.DEC/1325 dated 11 April 2019, and through voluntary contributions, the latter reported as part of segment H. The Permanent Council was unable to find consensus on an extension of its mission beyond 31 March 2022 and it was administratively closed on 31 October of that year.

The Observer Mission to Two Russian Checkpoints on the Russian-Ukrainian Border, established by PC.DEC/1130 dated 24 July 2014, deployed observers to the two Russian checkpoints of Donetsk and Gukovo until the expiry of the mandate on 30 September 2021 and subsequent winding down operation approved by PC.DEC/1415 dated 23 September 2021.

Extra-Budgetary Funds (H)

The following Extra-Budgetary Funds were established by Permanent Council decisions and are shown individually in the segment reports:

- The Fund to support OSCE Action for Peace, Democracy and Stability in Bosnia and Herzegovina (PC.DEC/101 dated 11 January 1996);
- The Voluntary Fund for Activities Related to Economic Aspects of Security (PC.DEC/150 dated 19 December 1996);
- The following Extra-Budgetary Funds, established by Permanent Council decisions are grouped together and shown as Other PC Established Funds in the segment reports;
- The Fund to foster the integration of recently admitted participating States (PC.DEC/23 dated 2 March 1995);
- The Fund related to the Stability Pact for South Eastern Europe (PC.DEC/306 dated 1 July 1999);
- The Fund for Activities Related to the Removal and Destruction of Russian Ammunition and Armaments from Moldova (PC.DEC/329 dated 9 December 1999);
- The Fund for Activities related to the reduction of Military Forces and equipment from Georgia (293rd Reinforced Meeting of the Permanent Council on Georgia dated 17 July 2000);
- The Bishkek International Conference on Enhancing Security and Stability in Central Asia: Strengthening Comprehensive Efforts to Counter Terrorism (PC.DEC/440 dated 11 October 2001);
- The Partnership Fund (PC.DEC/812 dated 30 November 2007);
- That element of the Special Monitoring Mission to Ukraine financed through voluntary contributions in accordance with PC.DEC/1401 dated 31 March 2021.

Extra-budgetary contributions accepted under Article IX of the Financial Regulations are not individually approved by the Permanent Council and are shown under a separate Extra-Budgetary grouping of projects called Other Activities and Special Projects. This also includes the Repository Programme “Core Support Mechanism” described in Note 6.2 of the Financial Statements. Indirect Common Costs levied on these projects and certain third-party payments as described in Note 2.19 are also disclosed separately. Expenses of other activities and special projects are shown inclusive of Indirect Common Costs, and an eliminations column eliminates these internal revenues and expenses to reconcile to the totals in the statement of financial performance.

Extra-Budgetary Expenditure by Executive Structure (J)

Extra-budgetary expenditure shown in Segment report H.2 is summarised by Executive Structure in Schedule J, with the Core Support Mechanism disclosed separately.

1. Segment Reporting
Schedule of Financial Position
Summary by Source of Funds

As at 31 December 2024

EUR '000		Total Secretariat and Institutions		Total Field Operations		Total Unified Budget		Total Special Purpose Funds		Total Extra-Budgetary Funds		TOTAL OSCE	
	Note	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023
ASSETS													
Current Assets													
Cash and Cash Equivalents	3.1	42,558	85,138	2,713	2,287	45,271	87,424	0	0	9,506	25,394	54,777	112,818
Investments	3.2	0	0	0	0	0	0	0	0	118,576	61,127	118,576	61,127
Contributions Receivable	3.3	7,573	7,217	4,319	4,222	11,892	11,439	975	1,272	30,561	6,003	43,428	18,713
Accounts Receivable	3.4	3,068	3,531	715	1,482	3,783	5,013	(0)	(33)	0	0	3,783	4,980
Prepayments	3.5	3,187	4,437	1,843	1,956	5,031	6,393	22	23	115	110	5,168	6,526
Inventory	3.6	0	0	176	304	176	304	0	0	1,681	488	1,857	792
Inter-Fund Balances		(12,065)	(55,802)	7,291	6,995	(4,774)	(48,807)	22,235	22,618	(17,460)	26,189	0	0
Other Current Assets	3.7	20	(4)	0	0	20	(4)	0	0	0	0	20	(4)
		44,341	44,516	17,057	17,246	61,398	61,762	23,232	23,880	142,979	119,311	227,609	204,953
Non-Current Assets													
Property, Plant and Equipment	3.8	1,787	1,993	3,654	3,674	5,440	5,666	373	595	462	1,655	6,276	7,915
Intangible Assets	3.9	1,931	2,356	47	68	1,978	2,424	12	31	1,516	1,269	3,506	3,725
Other Non-Current Assets	3.7	20	20	0	0	20	20	0	0	0	0	20	20
		3,738	4,369	3,700	3,742	7,438	8,111	385	626	1,978	2,924	9,801	11,660
Total Assets		48,079	48,885	20,757	20,988	68,836	69,873	23,617	24,506	144,958	122,234	237,411	216,613
LIABILITIES													
Current Liabilities													
Accounts Payable	4.1	1,915	2,616	208	527	2,123	3,143	145	149	267	213	2,536	3,505
Accruals	4.2	781	1,046	3,154	2,787	3,935	3,833	34	132	3,961	3,939	7,930	7,903
Deferred Revenue	4.3	3,337	5,764	0	0	3,337	5,764	0	0	0	0	3,337	5,764
Conditional ExB Contributions	4.4	0	0	0	0	0	0	0	0	113,377	102,639	113,377	102,639
Funds Held for Third Parties	4.5	17,882	17,629	37	28	17,919	17,657	0	0	0	0	17,919	17,657
Employee Benefits Current	4.6	3,125	3,404	4,264	4,187	7,389	7,591	8	5	963	791	8,360	8,387
Cash Surplus Current	4.7	0	0	0	0	0	0	0	0	0	0	0	0
Provisions	4.8	0	0	0	0	0	0	0	0	15,155	6,897	15,155	6,897
Other Current Liabilities	4.9	1,488	419	181	182	1,669	601	23	18	196	0	1,888	618
		28,529	30,879	7,844	7,710	36,373	38,589	211	303	133,918	114,478	170,502	153,371
Non-Current Liabilities													
Employee Benefits Non-Current	4.6	3,214	3,413	215	68	3,429	3,481	0	0	357	32	3,786	3,513
Other Non-Current Liabilities	4.9	0	0	0	0	0	0	0	0	0	0	0	0
		3,214	3,413	215	68	3,429	3,481	0	0	357	32	3,786	3,513
Total Liabilities		31,742	34,292	8,060	7,778	39,802	42,070	211	303	134,275	114,510	174,288	156,883
Net Assets		16,336	14,593	12,697	13,210	29,034	27,802	23,406	24,203	10,682	7,724	63,122	59,730
NET ASSETS													
Cash Surplus	5.1	2,181	(730)	5,252	4,674	7,434	3,944	20,937	20,669	0	0	28,371	24,613
Cash Surplus Withheld	5.2	11	11	4	4	15	15	0	0	0	0	15	15
Revolving Fund	5.3	2,710	2,710	0	0	2,710	2,710	0	0	0	0	2,710	2,710
Contingency Fund	5.3	2,180	2,180	0	0	2,180	2,180	0	0	0	0	2,180	2,180
Other Reserves	5.4	(3,583)	(3,524)	398	565	(3,185)	(2,959)	427	427	(655)	(312)	(3,414)	(2,844)
Accumulated Surplus/(Deficit)	5.5	12,837	13,945	7,043	7,967	19,880	21,913	2,043	3,108	11,338	8,036	33,260	33,056
Total Net Assets		16,336	14,593	12,697	13,210	29,034	27,802	23,406	24,203	10,682	7,724	63,122	59,730

2. Segment Reporting
Schedule of Financial Performance
Summary by Source of Funds

For the Year Ended 31 December 2024

EUR '000		Total Secretariat and Institutions		Total Field Operations		Total Unified Budget		Total Special Purpose Funds		Total Extra-Budgetary Funds		Total OSCE	
	Note	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023
REVENUE													
Assessed Contributions	6.1	60,392	60,392	77,812	77,812	138,204	138,204	0	0	0	0	138,204	138,204
Extra-Budgetary Contributions	6.2	0	9	0	0	0	9	0	0	56,501	47,879	56,501	47,888
Finance Revenue	6.3	5,623	3,630	0	0	5,623	3,630	0	0	0	0	5,623	3,630
Contributions In-Kind	6.4	14,169	12,469	16,143	16,702	30,312	29,171	0	0	1,094	918	31,406	30,089
Revenue from Exchange Transactions	6.5	50	15	403	397	452	412	173	784	10	(18)	636	1,178
Other Revenue	6.6	3,045	2,062	502	761	3,548	2,823	41	(222)	72	61	3,660	2,662
Total Revenue		83,279	78,577	94,860	95,672	178,139	174,248	214	562	57,677	48,840	236,030	223,651
EXPENSES													
Staff Costs	7.1	53,442	50,909	62,562	62,083	116,005	112,992	244	566	16,734	14,676	132,983	128,235
Consultancy and Subcontracting	7.2	5,687	5,579	5,719	6,156	11,406	11,735	21	369	13,562	12,988	24,989	25,092
Travel Expenses	7.3	2,045	2,272	4,979	5,166	7,024	7,438	3	12	8,304	7,180	15,331	14,629
Services and Office Costs	7.4	15,490	13,891	12,222	11,429	27,713	25,320	304	236	8,267	8,635	36,284	34,192
Consumables and Supplies	7.5	343	365	1,506	1,890	1,849	2,255	0	29	1,780	920	3,630	3,204
Depreciation and Amortisation	7.6	1,184	1,432	1,335	1,305	2,519	2,738	147	213	239	346	2,904	3,297
Equipment Expenses	7.7	190	95	1,587	1,855	1,777	1,950	3	26	6,447	1,725	8,228	3,701
Other Operating Expenses	7.8	3,564	435	2,163	389	5,728	824	289	4	51	276	6,068	1,104
Total Expenses		81,946	74,979	92,075	90,274	174,021	165,253	1,011	1,454	55,384	46,746	230,416	213,453
Foreign Exchange Gains/(Losses)	8	470	(231)	(128)	(73)	342	(304)	0	(5)	1,009	(1,041)	1,351	(1,350)
Surplus/(Deficit) for the Period	10.1	1,803	3,366	2,656	5,326	4,460	8,692	(797)	(897)	3,302	1,053	6,964	8,848

3. Segment Reporting
Cash Flow Schedule
Summary by Source of Funds
For the Year Ended 31 December 2024

EUR '000		Total Secretariat and Institutions		Total Field Operations		Total Unified Budget		Total Special Purpose Funds		Total Extra-Budgetary Funds		Total OSCE	
	Note	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES													
Surplus/(Deficit) for the Period	10.1	1,803	3,366	2,656	5,326	4,460	8,692	(797)	(897)	3,302	1,053	6,964	8,848
Non-Cash Movements													
Deduction of Unrealized Foreign Exchange Gains/Losses on Cash and Cash Equivalents	8	(494)	164	(10)	22	(504)	187	0	0	(99)	795	(602)	982
Deduction of Depreciation, Amortisation and Impairments	7.6, 3.10	1,184	1,432	1,335	1,305	2,519	2,738	147	213	239	346	2,904	3,297
Deduction of Loss on Disposal of PP&E	6.5	3	25	95	(280)	98	(256)	1	327	1,324	167	1,422	238
Deduction of Non-Cash Changes in Net Assets	5.4	(60)	180	(166)	(9)	(226)	172	0	1	(344)	81	(570)	253
(Increase) / Decrease in Contributions Receivable	3.3	(356)	(3,707)	(97)	(2,338)	(453)	(6,045)	296	2,629	(24,558)	11,468	(24,715)	8,052
(Increase) / Decrease in Accounts Receivable	3.4	463	(447)	767	125	1,230	(322)	(32)	67	0	0	1,198	(255)
(Increase) / Decrease in Prepayments	3.5	1,250	(204)	112	630	1,362	426	1	31	(5)	(30)	1,358	428
(Increase) / Decrease in Inventory	3.6	0	0	128	(164)	128	(164)	0	0	(1,193)	(337)	(1,065)	(501)
(Increase) / Decrease in Other Current/Non-Current Assets	3.7	(24)	16	0	0	(24)	16	0	0	0	0	(24)	16
Increase / (Decrease) in Accounts Payable	4.1	(701)	403	(318)	(234)	(1,020)	169	(3)	(143)	54	189	(969)	215
Increase / (Decrease) in Accruals	4.2	(265)	(255)	367	(185)	103	(440)	(97)	19	22	1,144	27	723
Increase / (Decrease) in Deferred Revenue	4.3	(2,427)	1,239	0	0	(2,427)	1,239	0	(1,082)	0	0	(2,427)	157
Increase / (Decrease) in Conditional ExB Contributions	4.4	0	0	0	0	0	0	0	0	10,738	10,918	10,738	10,918
Increase / (Decrease) in Funds Held for Third Parties	4.5	253	(1,368)	9	(0)	262	(1,369)	0	0	0	0	262	(1,369)
Increase / (Decrease) in Employee Benefits	4.6	(478)	(17)	224	238	(254)	222	3	(24)	498	408	246	605
Increase / (Decrease) in Cash Surplus Payable	4.7	0	(2,001)	0	(1,826)	0	(3,827)	0	0	0	0	0	(3,827)
Increase / (Decrease) in Provisions	4.8	0	0	0	0	0	0	0	0	8,258	(10,353)	8,258	(10,353)
Increase / (Decrease) in Other Liabilities	4.9	1,069	(1,650)	(1)	(12)	1,068	(1,661)	6	(325)	196	0	1,270	(1,986)
Increase / (Decrease) in Inter-Fund Balances		(43,737)	13,622	(296)	(1,553)	(44,033)	12,070	383	(1,776)	43,650	(10,293)	0	0
Net Cash Flows from Operating Activities		(42,518)	10,801	4,807	1,047	(37,711)	11,848	(94)	(961)	42,080	5,554	4,275	16,441
CASH FLOWS FROM INVESTING ACTIVITIES													
(Purchase) / Sale of Investments	3.2, 9.2	0	40,000	0	0	0	40,000	0	0	(57,449)	10,469	(57,449)	50,469
(Addition) / Disposal of PP&E and Intangibles	3.8, 3.9, 9.2	(556)	(225)	(1,389)	(777)	(1,945)	(1,002)	94	1,161	(617)	(1,570)	(2,468)	(1,412)
Net Cash Flows from Investing Activities		(556)	39,775	(1,389)	(777)	(1,945)	38,998	94	1,161	(58,065)	8,899	(59,916)	49,058
CASH FLOWS FROM FINANCING ACTIVITIES													
Credits for Cash Surplus Withheld	5.2	0	(9)	0	(3)	0	(12)	0	0	0	0	0	(12)
Allocation of Cash Surplus	4.7	0	0	(3,002)	0	(3,002)	0	0	0	0	0	(3,002)	0
Refund of Unspent Extra-budgetary Contributions		0	0	0	0	0	0	0	0	(0)	0	(0)	0
Retention of Unspent Extra-budgetary Contributions		0	0	0	0	0	0	0	0	0	(0)	0	(0)
Transfer between Funds		0	51	0	149	0	200	0	(200)	0	0	0	0
Net Cash Flows from Financing Activities		0	42	(3,002)	146	(3,002)	188	0	(200)	(0)	(0)	(3,002)	(12)
Net Increase/(Decrease) in Cash and Cash Equivalents	3.1, 9.1	(43,074)	50,617	416	416	(42,658)	51,034	0	(0)	(15,986)	14,453	(58,643)	65,487
Cash and Cash Equivalents at Beginning of Period	3.1, 9.1	85,138	34,685	2,287	1,893	87,424	36,578	0	0	25,394	11,735	112,818	48,313
Foreign Exchange Gains/(Losses) on Cash and Cash Equivalents	8	494	(164)	10	(22)	504	(187)	0	0	99	(795)	602	(982)
Cash and Cash Equivalents at End of Period		42,558	85,138	2,713	2,287	45,271	87,424	0	(0)	9,506	25,394	54,777	112,818

A.1. Segment Reporting
Schedule of Financial Position
Secretariat and Institutions

As at 31 December 2024

EUR '000		The Secretariat		Office for Democratic Institutions and Human Rights		High Commissioner on National Minorities		Representative on Freedom of the Media		Total Institutions	
	Note	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023
ASSETS											
Current Assets											
Cash and Cash Equivalents	3.1	41,941	84,584	565	434	52	120	0	0	42,558	85,138
Investments	3.2	0	0	0	0	0	0	0	0	0	0
Contributions Receivable	3.3	4,900	4,667	2,031	1,938	440	419	202	192	7,573	7,217
Accounts Receivable	3.4	2,601	2,840	376	532	87	132	3	27	3,068	3,531
Prepayments	3.5	2,097	3,423	1,000	946	48	52	43	17	3,187	4,437
Inventory	3.6	0	0	0	0	0	0	0	0	0	0
Inter-Fund Balances		(9,884)	(55,119)	(1,559)	(380)	(438)	(264)	(185)	(39)	(12,065)	(55,802)
Other Current Assets	3.7	13	0	8	(4)	0	0	0	0	20	(4)
		41,668	40,395	2,421	3,466	189	459	63	197	44,341	44,516
Non-Current Assets											
Property, Plant and Equipment	3.8	1,460	1,707	295	271	29	11	4	3	1,787	1,993
Intangible Assets	3.9	1,930	2,354	0	0	1	2	0	0	1,931	2,356
Other Non-Current Assets	3.7	20	20	0	0	0	0	0	0	20	20
		3,409	4,081	295	271	30	13	4	3	3,738	4,369
Total Assets		45,077	44,476	2,716	3,737	219	472	66	200	48,079	48,885
LIABILITIES											
Current Liabilities											
Accounts Payable	4.1	1,642	2,371	272	243	2	3	(0)	(0)	1,915	2,616
Accruals	4.2	509	648	222	354	40	35	10	9	781	1,046
Deferred Revenue	4.3	2,488	4,915	849	849	0	0	0	0	3,337	5,764
Conditional ExB Contributions	4.4	0	0	0	0	0	0	0	0	0	0
Funds Held for Third Parties	4.5	17,437	17,191	446	438	0	0	0	0	17,882	17,629
Employee Benefits Current	4.6	2,168	2,210	704	812	145	234	108	148	3,125	3,404
Cash Surplus Current	4.7	0	0	0	0	0	0	0	0	0	0
Provisions	4.8	0	0	0	0	0	0	0	0	0	0
Other Current Liabilities	4.9	1,392	346	7	(0)	89	73	0	0	1,488	419
		25,636	27,681	2,499	2,696	276	345	118	157	28,529	30,879
Non-Current Liabilities											
Employee Benefits Non-Current	4.6	1,746	1,816	1,101	1,183	250	335	116	79	3,214	3,413
Other Non-Current Liabilities	4.9	0	0	0	0	0	0	0	0	0	0
		1,746	1,816	1,101	1,183	250	335	116	79	3,214	3,413
Total Liabilities		27,382	29,497	3,600	3,879	526	680	235	236	31,742	34,292
Net Assets		17,695	14,979	(883)	(143)	(306)	(208)	(168)	(36)	16,336	14,593
NET ASSETS											
Cash Surplus	5.1	4,968	783	(2,056)	(1,084)	(500)	(297)	(230)	(132)	2,181	(730)
Cash Surplus Withheld	5.2	10	10	1	1	0	0	0	0	11	11
Revolving Fund	5.3	2,710	2,710	0	0	0	0	0	0	2,710	2,710
Contingency Fund	5.3	2,180	2,180	0	0	0	0	0	0	2,180	2,180
Other Reserves	5.4	(1,701)	(1,714)	(1,518)	(1,459)	(259)	(260)	(106)	(90)	(3,583)	(3,524)
Accumulated Surplus/(Deficit)	5.5	9,528	11,011	2,690	2,400	452	349	167	186	12,837	13,945
Total Net Assets		17,695	14,979	(883)	(143)	(306)	(208)	(168)	(36)	16,336	14,593

A.2. Segment Reporting
Schedule of Financial Performance
Secretariat and Institutions

For the Year Ended 31 December 2024

EUR '000		The Secretariat		Office for Democratic Institutions and Human Rights		High Commissioner on National Minorities		Representative on Freedom of the Media		Total Institutions	
	Note	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023
REVENUE											
Assessed Contributions	6.1	39,120	39,120	16,160	16,160	3,504	3,504	1,609	1,609	60,392	60,392
Extra-Budgetary Contributions	6.2	0	9	0	0	0	0	0	0	0	9
Finance Revenue	6.3	5,621	3,628	2	1	0	0	0	0	5,623	3,630
Contributions In-Kind	6.4	10,916	9,000	2,172	2,352	626	607	456	510	14,169	12,469
Revenue from Exchange Transactions	6.5	31	1	10	14	9	0	0	0	50	15
Other Revenue	6.6	2,624	1,789	398	206	39	46	(15)	20	3,045	2,062
Total Revenue		58,310	53,547	18,742	18,733	4,178	4,158	2,049	2,139	83,279	78,577
EXPENSES											
Staff Costs	7.1	37,571	34,795	10,400	10,557	3,515	3,682	1,957	1,875	53,442	50,909
Consultancy and Subcontracting	7.2	1,210	1,120	4,420	4,412	56	33	0	14	5,687	5,579
Travel Expenses	7.3	1,058	1,173	735	831	215	168	38	99	2,045	2,272
Services and Office Costs	7.4	12,615	11,123	2,556	2,533	261	176	59	60	15,490	13,891
Consumables and Supplies	7.5	141	152	184	195	10	9	8	9	343	365
Depreciation and Amortisation	7.6	1,068	1,327	102	89	11	14	3	3	1,184	1,432
Equipment Expenses	7.7	82	(11)	92	98	6	7	10	1	190	95
Other Operating Expenses	7.8	2,339	371	930	41	203	17	92	5	3,564	435
Total Expenses		56,084	50,050	19,419	18,755	4,278	4,106	2,165	2,067	81,946	74,979
Foreign Exchange Gains/(Losses)	8	475	(186)	(5)	(45)	(0)	(0)	0	0	470	(231)
Surplus/(Deficit) for the Period	10.1	2,702	3,310	(682)	(67)	(100)	52	(116)	72	1,803	3,366

B.1. Segment Reporting
Schedule of Financial Position
Field Operations by Region

As at 31 December 2024

EUR '000		Augmentations		South-Eastern Europe		Eastern Europe		Caucasus		Central Asia		Total Regions		Closed Funds		Total Field Operations	
	Note	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023
ASSETS																	
Current Assets																	
Cash and Cash Equivalents	3.1	0	0	1,534	1,083	60	62	94	51	1,025	1,090	2,713	2,287	0	0	2,713	2,287
Investments	3.2	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Contributions Receivable	3.3	114	113	2,610	2,552	325	316	129	125	1,128	1,096	4,306	4,202	13	20	4,319	4,222
Accounts Receivable	3.4	0	0	477	949	5	27	1	6	233	501	715	1,482	0	0	715	1,482
Prepayments	3.5	32	29	563	768	71	70	3	4	1,173	1,084	1,843	1,956	0	0	1,843	1,956
Inventory	3.6	0	0	6	172	0	0	0	0	170	132	176	304	0	0	176	304
Inter-Fund Balances		(174)	(153)	74	113	5,368	4,755	2,188	2,226	(181)	1	7,275	6,943	15	52	7,291	6,995
Other Current Assets	3.7	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
		(28)	(11)	5,265	5,637	5,829	5,231	2,414	2,412	3,548	3,904	17,028	17,173	28	73	17,057	17,246
Non-Current Assets																	
Property, Plant and Equipment	3.8	0	0	2,224	2,321	233	295	92	125	1,105	933	3,654	3,674	0	0	3,654	3,674
Intangible Assets	3.9	0	0	27	40	1	1	0	0	19	27	47	68	0	0	47	68
Other Non-Current Assets	3.7	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
		0	0	2,251	2,361	233	297	92	125	1,124	960	3,700	3,742	0	0	3,700	3,742
Total Assets		(28)	(11)	7,516	7,997	6,063	5,527	2,507	2,537	4,672	4,864	20,729	20,915	28	73	20,757	20,988
LIABILITIES																	
Current Liabilities																	
Accounts Payable	4.1	0	0	218	284	(25)	47	(2)	0	17	196	208	527	(0)	(0)	208	527
Accruals	4.2	14	33	1,409	1,335	98	85	16	8	1,617	1,326	3,154	2,787	0	0	3,154	2,787
Deferred Revenue	4.3	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Conditional ExB Contributions	4.4	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Funds Held for Third Parties	4.5	0	0	36	27	0	0	0	0	0	0	37	28	0	0	37	28
Employee Benefits Current	4.6	170	144	3,164	3,177	173	108	99	42	658	715	4,264	4,187	0	0	4,264	4,187
Cash Surplus Current	4.7	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Provisions	4.8	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Other Current Liabilities	4.9	0	0	169	173	1	1	1	(0)	10	8	181	182	0	0	181	182
		184	177	4,996	4,996	248	242	114	50	2,302	2,245	7,844	7,710	0	0	7,844	7,710
Non-Current Liabilities																	
Employee Benefits Non-Current	4.6	150	(0)	37	43	4	1	1	1	24	23	215	68	0	0	215	68
Other Non-Current Liabilities	4.9	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
		150	(0)	37	43	4	1	1	1	24	23	215	68	0	0	215	68
Total Liabilities		334	177	5,033	5,039	252	243	115	51	2,326	2,268	8,060	7,778	0	0	8,060	7,778
Net Assets		(362)	(187)	2,483	2,958	5,811	5,285	2,392	2,486	2,346	2,596	12,669	13,137	28	73	12,697	13,210
NET ASSETS																	
Cash Surplus	5.1	(73)	(79)	(1,587)	(1,639)	5,309	4,639	2,191	2,240	(613)	(549)	5,228	4,613	24	61	5,252	4,674
Cash Surplus Withheld	5.2	0	0	2	2	0	0	0	0	1	1	3	3	1	1	4	4
Revolving Fund	5.3	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Contingency Fund	5.3	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Other Reserves	5.4	182	350	377	372	(1)	3	(7)	(8)	(145)	(146)	406	572	(8)	(8)	398	565
Accumulated Surplus/(Deficit)	5.5	(471)	(459)	3,691	4,223	502	643	207	253	3,103	3,290	7,032	7,949	11	18	7,043	7,967
Total Net Assets		(362)	(187)	2,483	2,958	5,811	5,285	2,392	2,486	2,346	2,596	12,669	13,137	28	73	12,697	13,210

B.2. Segment Reporting
Schedule of Financial Performance
Field Operations by Region

For the Year Ended 31 December 2024

EUR '000		Augmentations		South-Eastern Europe		Eastern Europe		Caucasus		Central Asia		Total Regions		Closed Funds		Total Field Operations	
	Note	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023
REVENUE																	
Assessed Contributions	6.1	1,988	1,988	47,043	47,043	5,927	5,927	2,339	2,339	20,516	20,516	77,812	77,812	0	0	77,812	77,812
Extra-Budgetary Contributions	6.2	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Finance Revenue	6.3	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Contributions In-Kind	6.4	0	0	11,540	12,339	794	897	562	691	3,246	2,776	16,143	16,702	0	0	16,143	16,702
Revenue from Exchange Transactions	6.5	0	0	295	355	13	22	7	0	87	20	403	397	0	0	403	397
Other Revenue	6.6	129	15	329	412	19	39	4	10	21	256	502	731	0	30	502	761
Total Revenue		2,117	2,003	59,207	60,148	6,753	6,884	2,912	3,039	23,870	23,568	94,860	95,642	0	30	94,860	95,672
EXPENSES																	
Staff Costs	7.1	2,046	1,932	46,111	46,391	2,202	2,053	1,115	1,413	11,088	10,295	62,562	62,083	0	0	62,562	62,083
Consultancy and Subcontracting	7.2	49	45	2,293	2,410	134	151	5	6	3,238	3,544	5,719	6,156	0	0	5,719	6,156
Travel Expenses	7.3	21	31	1,753	1,863	62	129	28	55	3,114	3,088	4,979	5,166	0	0	4,979	5,166
Services and Office Costs	7.4	2	15	7,029	6,790	491	564	299	281	4,402	3,779	12,222	11,429	0	0	12,222	11,429
Consumables and Supplies	7.5	3	4	806	1,013	73	123	21	21	604	729	1,506	1,890	0	0	1,506	1,890
Depreciation and Amortisation	7.6	0	0	854	846	94	94	36	44	351	321	1,335	1,305	0	0	1,335	1,305
Equipment Expenses	7.7	0	0	641	836	18	22	0	15	928	981	1,587	1,855	0	0	1,587	1,855
Other Operating Expenses	7.8	52	0	1,254	120	171	56	60	11	621	202	2,158	389	5	0	2,163	389
Total Expenses		2,174	2,026	60,739	60,269	3,246	3,193	1,563	1,847	24,347	22,940	92,071	90,274	5	0	92,075	90,274
Foreign Exchange Gains/(Losses)	8	0	0	(1)	(4)	3	1	(4)	(1)	(126)	(70)	(128)	(73)	0	0	(128)	(73)
Surplus/(Deficit) for the Period	10.1	(57)	(23)	(1,533)	(125)	3,510	3,693	1,344	1,192	(603)	558	2,661	5,296	(5)	30	2,656	5,326

C.1 Segment Reporting
Schedule of Financial Position
South-Eastern Europe

As at 31 December 2024

EUR '000		Mission in Kosovo		Mission to Bosnia and Herzegovina		Mission to Serbia		Presence in Albania		Mission to Skopje		Mission to Montenegro		Total South-Eastern Europe	
	Note	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023
ASSETS															
Current Assets															
Cash and Cash Equivalents	3.1	211	258	277	277	278	322	128	128	439	41	200	57	1,534	1,083
Investments	3.2	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Contributions Receivable	3.3	972	952	648	633	347	339	165	161	360	352	119	116	2,610	2,552
Accounts Receivable	3.4	22	164	127	226	6	41	101	62	221	443	1	14	477	949
Prepayments	3.5	155	236	115	133	151	232	31	41	94	96	18	31	563	768
Inventory	3.6	0	13	5	94	0	0	0	0	1	2	0	63	6	172
Inter-Fund Balances		531	111	(206)	(132)	(117)	(384)	77	2	(342)	107	131	409	74	113
Other Current Assets	3.7	0	0	0	0	0	0	0	0	0	0	0	0	0	0
		1,891	1,733	966	1,231	665	549	501	394	772	1,040	469	690	5,265	5,637
Non-Current Assets															
Property, Plant and Equipment	3.8	1,039	994	536	625	172	175	82	117	334	391	61	19	2,224	2,321
Intangible Assets	3.9	24	36	1	2	0	0	1	1	1	1	0	0	27	40
Other Non-Current Assets	3.7	0	0	0	0	0	0	0	0	0	0	0	0	0	0
		1,063	1,029	537	627	172	175	83	118	335	392	61	19	2,251	2,361
Total Assets		2,954	2,762	1,503	1,858	837	724	584	512	1,107	1,432	531	709	7,516	7,997
LIABILITIES															
Current Liabilities															
Accounts Payable	4.1	44	21	77	29	7	36	73	88	4	99	13	10	218	284
Accruals	4.2	383	283	228	412	324	260	104	74	167	133	204	173	1,409	1,335
Deferred Revenue	4.3	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Conditional ExB Contributions	4.4	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Funds Held for Third Parties	4.5	0	0	14	7	2	2	0	0	21	18	0	0	36	27
Employee Benefits Current	4.6	1,519	1,317	724	725	269	322	247	133	356	640	49	40	3,164	3,177
Cash Surplus Current	4.7	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Provisions	4.8	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Other Current Liabilities	4.9	59	131	99	17	4	20	(0)	(0)	2	4	5	2	169	173
		2,005	1,752	1,141	1,190	604	640	424	296	550	893	271	224	4,996	4,996
Non-Current Liabilities															
Employee Benefits Non-Current	4.6	15	17	6	11	3	4	3	2	7	7	3	2	37	43
Other Non-Current Liabilities	4.9	0	0	0	0	0	0	0	0	0	0	0	0	0	0
		15	17	6	11	3	4	3	2	7	7	3	2	37	43
Total Liabilities		2,021	1,769	1,147	1,201	607	644	427	298	557	900	274	226	5,033	5,039
Net Assets		934	993	355	657	230	80	157	214	551	532	256	483	2,483	2,958
NET ASSETS															
Cash Surplus	5.1	(678)	(749)	(433)	(427)	(284)	(298)	(59)	(33)	(165)	(184)	33	53	(1,587)	(1,639)
Cash Surplus Withheld	5.2	1	1	0	0	0	0	0	0	0	0	0	0	2	2
Revolving Fund	5.3	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Contingency Fund	5.3	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Other Reserves	5.4	272	273	39	34	32	30	17	17	17	17	0	1	377	372
Accumulated Surplus/(Deficit)	5.5	1,339	1,467	749	1,050	482	348	200	230	698	700	223	428	3,691	4,223
Total Net Assets		934	993	355	657	230	80	157	214	551	532	256	483	2,483	2,958

C.2. Segment Reporting
Schedule of Financial Performance
South-Eastern Europe

For the Year Ended 31 December 2024

Financial Year Ended 31 December 2024															
EUR '000		Mission in Kosovo		Mission to Bosnia and Herzegovina		Mission to Serbia		Presence in Albania		Mission to Skopje		Mission to Montenegro		Total South-Eastern Europe	
	Note	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023
REVENUE															
Assessed Contributions	6.1	17,463	17,463	11,682	11,682	6,259	6,259	2,981	2,981	6,506	6,506	2,152	2,152	47,043	47,043
Extra-Budgetary Contributions	6.2	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Finance Revenue	6.3	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Contributions In-Kind	6.4	5,460	5,755	1,715	1,908	1,183	1,321	981	923	1,722	1,896	478	535	11,540	12,339
Revenue from Exchange Transactions	6.5	164	118	92	98	17	27	6	6	15	103	0	2	295	355
Other Revenue	6.6	272	119	34	180	2	32	6	32	14	40	1	9	329	412
Total Revenue		23,359	23,455	13,523	13,868	7,461	7,639	3,975	3,942	8,257	8,546	2,632	2,698	59,207	60,148
EXPENSES															
Staff Costs	7.1	19,179	19,187	10,838	10,926	5,250	5,573	3,059	2,917	6,308	6,294	1,477	1,493	46,111	46,391
Consultancy and Subcontracting	7.2	660	707	366	451	347	353	118	133	341	377	460	390	2,293	2,410
Travel Expenses	7.3	388	405	320	368	454	412	146	184	272	351	172	142	1,753	1,863
Services and Office Costs	7.4	2,329	2,083	1,667	1,550	1,124	1,108	563	542	1,012	1,176	333	332	7,029	6,790
Consumables and Supplies	7.5	382	451	209	319	50	68	54	45	91	113	20	17	806	1,013
Depreciation and Amortisation	7.6	370	352	222	240	72	71	43	51	134	125	13	8	854	846
Equipment Expenses	7.7	144	240	164	282	22	76	8	77	35	92	267	68	641	836
Other Operating Expenses	7.8	446	23	318	30	162	13	80	6	168	24	80	23	1,254	120
Total Expenses		23,898	23,448	14,105	14,167	7,482	7,674	4,070	3,955	8,361	8,551	2,823	2,473	60,739	60,269
Foreign Exchange Gains/(Losses)	8	0	(0)	0	(0)	(22)	(17)	17	6	4	8	0	0	(1)	(4)
Surplus/(Deficit) for the Period	10.1	(539)	7	(581)	(299)	(43)	(53)	(78)	(7)	(101)	2	(191)	225	(1,533)	(125)

D.1. Segment Reporting
Schedule of Financial Position
Eastern Europe

As at 31 December 2024

EUR '000		Mission to Moldova		Project Co-ordinator in Ukraine		Representative on the Latvian-Russian Joint Commission on Military Pensioners		Total Eastern Europe	
	Note	2024	2023	2024	2023	2024	2023	2024	2023
ASSETS									
Current Assets									
Cash and Cash Equivalents	3.1	60	62	0	0	0	0	60	62
Investments	3.2	0	0	0	0	0	0	0	0
Contributions Receivable	3.3	127	123	198	193	0	0	325	316
Accounts Receivable	3.4	5	26	0	0	0	0	5	27
Prepayments	3.5	71	70	(0)	(0)	0	0	71	70
Inventory	3.6	0	0	0	0	0	0	0	0
Inter-Fund Balances		189	107	5,171	4,640	8	8	5,368	4,755
Other Current Assets	3.7	0	0	0	0	0	0	0	0
		451	390	5,369	4,833	9	8	5,829	5,231
Non-Current Assets									
Property, Plant and Equipment	3.8	233	295	0	0	0	0	233	295
Intangible Assets	3.9	1	1	0	0	0	0	1	1
Other Non-Current Assets	3.7	0	0	0	0	0	0	0	0
		233	297	0	0	0	0	233	297
Total Assets		684	686	5,369	4,833	9	8	6,063	5,527
LIABILITIES									
Current Liabilities									
Accounts Payable	4.1	(52)	(10)	27	57	0	0	(25)	47
Accruals	4.2	98	85	0	0	0	0	98	85
Deferred Revenue	4.3	0	0	0	0	0	0	0	0
Conditional ExB Contributions	4.4	0	0	0	0	0	0	0	0
Funds Held for Third Parties	4.5	0	0	0	0	0	0	0	0
Employee Benefits Current	4.6	173	108	0	0	0	0	173	108
Cash Surplus Current	4.7	0	0	0	0	0	0	0	0
Provisions	4.8	0	0	0	0	0	0	0	0
Other Current Liabilities	4.9	1	0	1	1	0	0	1	1
		220	184	28	58	0	0	248	242
Non-Current Liabilities									
Employee Benefits Non-Current	4.6	4	1	0	0	0	0	4	1
Other Non-Current Liabilities	4.9	0	0	0	0	0	0	0	0
		4	1	0	0	0	0	4	1
Total Liabilities		224	185	28	58	0	0	252	243
Net Assets		460	501	5,342	4,775	9	8	5,811	5,285
NET ASSETS									
Cash Surplus	5.1	123	14	5,178	4,617	8	8	5,309	4,639
Cash Surplus Withheld	5.2	0	0	0	0	0	0	0	0
Revolving Fund	5.3	0	0	0	0	0	0	0	0
Contingency Fund	5.3	0	0	0	0	0	0	0	0
Other Reserves	5.4	(10)	(6)	9	9	0	0	(1)	3
Accumulated Surplus/(Deficit)	5.5	347	493	155	150	0	0	502	643
Total Net Assets		460	501	5,342	4,775	9	8	5,811	5,285

D.2. Segment Reporting
Schedule of Financial Performance
Eastern Europe

For the Year Ended 31 December 2024

EUR '000		Mission to Moldova		Project Co-ordinator in Ukraine		Representative on the Latvian-Russian Joint Commission on Military Pensioners		Total Eastern Europe	
	Note	2024	2023	2024	2023	2024	2023	2024	2023
REVENUE									
Assessed Contributions	6.1	2,303	2,303	3,619	3,619	6	6	5,927	5,927
Extra-Budgetary Contributions	6.2	0	0	0	0	0	0	0	0
Finance Revenue	6.3	0	0	0	0	0	0	0	0
Contributions In-Kind	6.4	794	807	0	0	0	90	794	897
Revenue from Exchange Transactions	6.5	13	22	0	0	0	0	13	22
Other Revenue	6.6	19	13	0	26	0	0	19	39
Total Revenue		3,129	3,144	3,619	3,644	6	95	6,753	6,884
EXPENSES									
Staff Costs	7.1	2,202	1,963	0	0	0	90	2,202	2,053
Consultancy and Subcontracting	7.2	134	151	0	0	0	0	134	151
Travel Expenses	7.3	62	129	0	0	0	0	62	129
Services and Office Costs	7.4	491	557	0	7	0	0	491	564
Consumables and Supplies	7.5	73	122	0	1	0	0	73	123
Depreciation and Amortisation	7.6	94	94	0	0	0	0	94	94
Equipment Expenses	7.7	18	22	0	0	0	0	18	22
Other Operating Expenses	7.8	85	56	86	0	0	0	171	56
Total Expenses		3,160	3,094	86	8	0	90	3,246	3,193
Foreign Exchange Gains/(Losses)	8	3	1	0	(0)	0	0	3	1
Surplus/(Deficit) for the Period	10.1	(28)	51	3,532	3,636	5	5	3,510	3,693

E.1. Segment Reporting
Schedule of Financial Position
Caucasus

As at 31 December 2024

EUR '000		High-Level Planning Group		The Minsk Process		Personal Representative of the CiO on the Conflict Dealt with by the Minsk Conference		Total Caucasus	
	Note	2024	2023	2024	2023	2024	2023	2024	2023
ASSETS									
Current Assets									
Cash and Cash Equivalents	3.1	0	0	0	0	94	51	94	51
Investments	3.2	0	0	0	0	0	0	0	0
Contributions Receivable	3.3	14	13	50	49	65	63	129	125
Accounts Receivable	3.4	0	2	0	0	1	4	1	6
Prepayments	3.5	1	0	0	0	2	4	3	4
Inventory	3.6	0	0	0	0	0	0	0	0
Inter-Fund Balances		134	161	1,331	1,538	723	527	2,188	2,226
Other Current Assets	3.7	0	0	0	0	0	0	0	0
		148	176	1,381	1,587	885	649	2,414	2,412
Non-Current Assets									
Property, Plant and Equipment	3.8	0	1	0	0	92	124	92	125
Intangible Assets	3.9	0	0	0	0	0	0	0	0
Other Non-Current Assets	3.7	0	0	0	0	0	0	0	0
		0	1	0	0	92	124	92	125
Total Assets		148	177	1,381	1,587	977	773	2,507	2,537
LIABILITIES									
Current Liabilities									
Accounts Payable	4.1	0	0	0	0	(2)	0	(2)	0
Accruals	4.2	1	2	0	0	15	6	16	8
Deferred Revenue	4.3	0	0	0	0	0	0	0	0
Conditional ExB Contributions	4.4	0	0	0	0	0	0	0	0
Funds Held for Third Parties	4.5	0	0	0	0	0	0	0	0
Employee Benefits Current	4.6	12	12	0	0	88	30	99	42
Cash Surplus Current	4.7	0	0	0	0	0	0	0	0
Provisions	4.8	0	0	0	0	0	0	0	0
Other Current Liabilities	4.9	0	0	0	0	1	(0)	1	(0)
		13	14	0	0	101	36	114	50
Non-Current Liabilities									
Employee Benefits Non-Current	4.6	0	0	0	0	1	1	1	1
Other Non-Current Liabilities	4.9	0	0	0	0	0	0	0	0
		0	0	0	0	1	1	1	1
Total Liabilities		13	14	0	0	102	37	115	51
Net Assets		135	163	1,381	1,587	875	736	2,392	2,486
NET ASSETS									
Cash Surplus	5.1	96	122	1,498	1,704	597	413	2,191	2,240
Cash Surplus Withheld	5.2	0	0	0	0	0	0	0	0
Revolving Fund	5.3	0	0	0	0	0	0	0	0
Contingency Fund	5.3	0	0	0	0	0	0	0	0
Other Reserves	5.4	0	0	0	0	(7)	(8)	(7)	(8)
Accumulated Surplus/(Deficit)	5.5	39	41	(117)	(118)	285	330	207	253
Total Net Assets		135	163	1,381	1,587	875	736	2,392	2,486

E.2. Segment Reporting
Schedule of Financial Performance
Caucasus

For the Year Ended 31 December 2024

EUR '000		High-Level Planning Group		The Minsk Process		Personal Representative of the CiO on the Conflict Dealt with by the Minsk Conference		Total Caucasus	
		Note	2024	2023	2024	2023	2024	2023	2024
REVENUE									
Assessed Contributions	6.1	248	248	911	911	1,180	1,180	2,339	2,339
Extra-Budgetary Contributions	6.2	0	0	0	0	0	0	0	0
Finance Revenue	6.3	0	0	0	0	0	0	0	0
Contributions In-Kind	6.4	411	450	0	0	151	241	562	691
Revenue from Exchange Transactions	6.5	0	0	0	0	7	0	7	0
Other Revenue	6.6	0	1	0	4	4	5	4	10
Total Revenue		659	698	911	916	1,342	1,426	2,912	3,039
EXPENSES									
Staff Costs	7.1	519	546	0	0	595	867	1,115	1,413
Consultancy and Subcontracting	7.2	0	0	0	0	4	6	5	6
Travel Expenses	7.3	0	5	0	0	28	50	28	55
Services and Office Costs	7.4	81	80	0	0	218	201	299	281
Consumables and Supplies	7.5	1	1	0	0	20	20	21	21
Depreciation and Amortisation	7.6	1	1	0	0	35	43	36	44
Equipment Expenses	7.7	0	1	0	0	0	14	0	15
Other Operating Expenses	7.8	6	0	22	0	32	11	60	11
Total Expenses		608	635	22	0	933	1,212	1,563	1,847
Foreign Exchange Gains/(Losses)	8	0	0	0	0	(4)	(1)	(4)	(1)
Surplus/(Deficit) for the Period	10.1	51	64	889	916	404	213	1,344	1,192

F.1. Segment Reporting
Schedule of Financial Position
Central Asia

As at 31 December 2024

EUR '000		Programme Office in Astana		Centre in Ashgabat		Programme Office in Bishkek		Project Co-ordinator in Uzbekistan		Programme Office in Dushanbe		Total Central Asia	
	Note	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023
ASSETS													
Current Assets													
Cash and Cash Equivalents	3.1	66	65	88	101	85	196	91	277	695	452	1,025	1,090
Investments	3.2	0	0	0	0	0	0	0	0	0	0	0	0
Contributions Receivable	3.3	123	120	91	89	375	364	137	133	402	391	1,128	1,096
Accounts Receivable	3.4	1	7	1	8	59	90	41	34	130	363	233	501
Prepayments	3.5	24	50	22	24	820	650	63	62	245	298	1,173	1,084
Inventory	3.6	69	0	2	0	66	40	16	24	17	68	170	132
Inter-Fund Balances		143	122	56	18	(478)	(444)	146	65	(48)	240	(181)	1
Other Current Assets	3.7	0	0	0	0	0	0	0	0	0	0	0	0
		427	363	260	239	927	896	494	594	1,440	1,812	3,548	3,904
Non-Current Assets													
Property, Plant and Equipment	3.8	128	104	90	81	249	175	113	103	525	471	1,105	933
Intangible Assets	3.9	1	1	2	2	12	17	2	3	3	4	19	27
Other Non-Current Assets	3.7	0	0	0	0	0	0	0	0	0	0	0	0
		129	105	91	83	261	192	115	106	528	474	1,124	960
Total Assets		556	468	352	322	1,188	1,088	609	699	1,968	2,286	4,672	4,864
LIABILITIES													
Current Liabilities													
Accounts Payable	4.1	59	5	32	3	(199)	(95)	21	3	105	281	17	196
Accruals	4.2	125	143	41	62	634	488	147	136	670	497	1,617	1,326
Deferred Revenue	4.3	0	0	0	0	0	0	0	0	0	0	0	0
Conditional ExB Contributions	4.4	0	0	0	0	0	0	0	0	0	0	0	0
Funds Held for Third Parties	4.5	0	0	0	0	0	0	0	0	0	0	0	0
Employee Benefits Current	4.6	93	96	48	87	165	171	64	65	287	296	658	715
Cash Surplus Current	4.7	0	0	0	0	0	0	0	0	0	0	0	0
Provisions	4.8	0	0	0	0	0	0	0	0	0	0	0	0
Other Current Liabilities	4.9	0	1	2	3	3	(0)	1	2	4	2	10	8
		277	245	123	155	603	564	234	205	1,065	1,076	2,302	2,245
Non-Current Liabilities													
Employee Benefits Non-Current	4.6	4	3	3	3	5	5	2	1	10	11	24	23
Other Non-Current Liabilities	4.9	0	0	0	0	0	0	0	0	0	0	0	0
		4	3	3	3	5	5	2	1	10	11	24	23
Total Liabilities		281	248	126	158	608	569	236	206	1,075	1,087	2,326	2,268
Net Assets		275	220	225	164	580	518	373	494	893	1,200	2,346	2,596
NET ASSETS													
Cash Surplus	5.1	(49)	(71)	(4)	(65)	(286)	(313)	69	50	(343)	(150)	(613)	(549)
Cash Surplus Withheld	5.2	0	0	0	0	0	0	0	0	0	0	1	1
Revolving Fund	5.3	0	0	0	0	0	0	0	0	0	0	0	0
Contingency Fund	5.3	0	0	0	0	0	0	0	0	0	0	0	0
Other Reserves	5.4	(16)	(15)	(10)	(10)	(56)	(58)	(13)	(12)	(50)	(51)	(145)	(146)
Accumulated Surplus/(Deficit)	5.5	340	306	239	239	922	889	317	455	1,285	1,400	3,103	3,290
Total Net Assets		275	220	225	164	580	518	373	494	893	1,200	2,346	2,596

F.2. Segment Reporting
Schedule of Financial Performance
Central Asia

For the Year Ended 31 December 2024

EUR '000		Programme Office in Astana		Centre in Ashgabat		Programme Office in Bishkek		Project Co-ordinator in Uzbekistan		Programme Office in Dushanbe		Total Central Asia	
	Note	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023
REVENUE													
Assessed Contributions	6.1	2,233	2,233	1,661	1,661	6,811	6,811	2,499	2,499	7,312	7,312	20,516	20,516
Extra-Budgetary Contributions	6.2	0	0	0	0	0	0	0	0	0	0	0	0
Finance Revenue	6.3	0	0	0	0	0	0	0	0	0	0	0	0
Contributions In-Kind	6.4	527	463	607	448	802	766	294	283	1,017	815	3,246	2,776
Revenue from Exchange Transactions	6.5	0	(5)	3	(3)	73	(19)	11	34	0	13	87	20
Other Revenue	6.6	4	23	1	9	6	28	1	9	9	186	21	256
Total Revenue		2,764	2,714	2,273	2,116	7,692	7,586	2,804	2,825	8,337	8,326	23,870	23,568
EXPENSES													
Staff Costs	7.1	1,304	1,188	1,125	1,188	3,277	3,215	1,213	1,105	4,169	3,599	11,088	10,295
Consultancy and Subcontracting	7.2	238	329	176	170	1,351	1,558	510	417	963	1,070	3,238	3,544
Travel Expenses	7.3	415	428	241	202	998	984	332	337	1,128	1,137	3,114	3,088
Services and Office Costs	7.4	620	480	522	389	1,421	1,159	526	578	1,313	1,173	4,402	3,779
Consumables and Supplies	7.5	60	53	51	47	188	216	48	65	256	349	604	729
Depreciation and Amortisation	7.6	45	48	31	29	69	69	50	45	155	130	351	321
Equipment Expenses	7.7	(24)	135	57	46	323	454	138	173	435	173	928	981
Other Operating Expenses	7.8	101	82	50	16	196	13	73	18	201	74	621	202
Total Expenses		2,759	2,742	2,255	2,086	7,824	7,669	2,889	2,737	8,620	7,705	24,347	22,940
Foreign Exchange Gains/(Losses)	8	5	(8)	2	(2)	(9)	2	(3)	7	(121)	(69)	(126)	(70)
Surplus/(Deficit) for the Period	10.1	10	(36)	20	28	(141)	(81)	(87)	96	(404)	552	(603)	558

G.1. Segment Reporting
Schedule of Financial Position
Special Purpose Funds

As at 31 December 2024

EUR '000		Information Security Enhancement		IT Infrastructure Upgrade Fund		CIP Technical Fund		Special Monitoring Mission to Ukraine		Observer Mission to Two Russian Checkpoints on the Russian-Ukrainian Border		Total Special Purpose Funds	
	Note	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023
ASSETS													
Current Assets													
Cash and Cash Equivalents	3.1	0	0	0	0	0	0	0	0	0	0	0	0
Investments	3.2	0	0	0	0	0	0	0	0	0	0	0	0
Contributions Receivable	3.3	0	0	0	0	0	0	975	1,272	0	0	975	1,272
Accounts Receivable	3.4	0	0	0	7	0	0	(0)	(39)	0	0	(0)	(33)
Prepayments	3.5	0	5	4	8	4	8	15	2	0	0	22	23
Inventory	3.6	0	0	0	0	0	0	0	0	0	0	0	0
Inter-Fund Balances		0	0	185	456	575	862	21,480	21,305	(5)	(5)	22,235	22,618
Other Current Assets	3.7	0	0	0	0	0	0	0	0	0	0	0	0
		0	5	189	471	579	870	22,469	22,539	(5)	(5)	23,232	23,880
Non-Current Assets													
Property, Plant and Equipment	3.8	0	5	0	2	102	144	271	443	0	0	373	595
Intangible Assets	3.9	4	12	2	12	5	7	0	0	0	0	12	31
Other Non-Current Assets	3.7	0	0	0	0	0	0	0	0	0	0	0	0
		4	17	2	14	107	151	271	443	0	0	385	626
Total Assets		4	22	191	485	686	1,022	22,741	22,983	(5)	(5)	23,617	24,506
LIABILITIES													
Current Liabilities													
Accounts Payable	4.1	0	0	0	0	0	0	145	149	0	0	145	149
Accruals	4.2	0	0	0	56	26	36	9	40	0	0	34	132
Deferred Revenue	4.3	0	0	0	0	0	0	0	0	0	0	0	0
Conditional ExB Contributions	4.4	0	0	0	0	0	0	0	0	0	0	0	0
Funds Held for Third Parties	4.5	0	0	0	0	0	0	0	0	0	0	0	0
Employee Benefits Current	4.6	0	0	0	0	0	0	8	5	0	0	8	5
Cash Surplus Current	4.7	0	0	0	0	0	0	0	0	0	0	0	0
Provisions	4.8	0	0	0	0	0	0	0	0	0	0	0	0
Other Current Liabilities	4.9	0	0	0	0	0	0	23	18	0	0	23	18
		0	0	0	56	26	36	185	212	0	0	211	303
Non-Current Liabilities													
Employee Benefits Non-Current	4.6	0	0	0	0	0	0	0	0	0	0	0	0
Other Non-Current Liabilities	4.9	0	0	0	0	0	0	0	0	0	0	0	0
		0	0	0	0	0	0	0	0	0	0	0	0
Total Liabilities		0	0	0	56	26	36	185	212	0	0	211	303
Net Assets		4	22	191	429	660	986	22,556	22,771	(5)	(5)	23,406	24,203
NET ASSETS													
Cash Surplus	5.1	0	0	0	0	0	0	20,937	20,669	0	0	20,937	20,669
Cash Surplus Withheld	5.2	0	0	0	0	0	0	0	0	0	0	0	0
Revolving Fund	5.3	0	0	0	0	0	0	0	0	0	0	0	0
Contingency Fund	5.3	0	0	0	0	0	0	0	0	0	0	0	0
Other Reserves	5.4	0	0	0	0	0	0	428	428	(1)	(1)	427	427
Accumulated Surplus/(Deficit)	5.5	4	22	191	429	660	986	1,191	1,674	(4)	(4)	2,043	3,108
Total Net Assets		4	22	191	429	660	986	22,556	22,771	(5)	(5)	23,406	24,203

G.2. Segment Reporting
Schedule of Financial Performance
Special Purpose Funds

For the Year Ended 31 December 2024

EUR '000		Information Security Enhancement		IT Infrastructure Upgrade Fund		CIP Technical Fund		Special Monitoring Mission to Ukraine		Observer Mission to Two Russian Checkpoints on the Russian-Ukrainian Border		Total Special Purpose Funds	
		Note	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023	2024
REVENUE													
Assessed Contributions	6.1	0	0	0	0	0	0	0	0	0	0	0	0
Extra-Budgetary Contributions	6.2	0	0	0	0	0	0	0	0	0	0	0	0
Finance Revenue	6.3	0	0	0	0	0	0	0	0	0	0	0	0
Contributions In-Kind	6.4	0	0	0	0	0	0	0	0	0	0	0	0
Revenue from Exchange Transactions	6.5	0	0	0	(0)	0	0	173	784	0	0	173	784
Other Revenue	6.6	0	(2)	0	0	(1)	0	42	(220)	0	0	41	(222)
Total Revenue		0	(2)	0	(0)	(1)	0	215	564	0	0	214	562
EXPENSES													
Staff Costs	7.1	0	0	184	220	0	0	60	345	0	0	244	566
Consultancy and Subcontracting	7.2	0	0	38	172	0	51	(17)	146	0	0	21	369
Travel Expenses	7.3	0	0	0	36	0	1	3	(25)	0	0	3	12
Services and Office Costs	7.4	5	20	4	5	277	71	19	139	0	0	304	236
Consumables and Supplies	7.5	0	0	0	0	(0)	29	0	0	0	0	0	29
Depreciation and Amortisation	7.6	13	21	12	23	46	40	76	129	0	0	147	213
Equipment Expenses	7.7	0	0	0	0	3	26	0	0	0	0	3	26
Other Operating Expenses	7.8	0	0	0	0	0	0	289	4	0	0	289	4
Total Expenses		18	41	238	456	325	218	430	739	0	0	1,011	1,454
Foreign Exchange Gains/(Losses)	8	0	0	0	0	0	0	0	(5)	0	0	0	(5)
Surplus/(Deficit) for the Period	10.1	(18)	(43)	(238)	(456)	(326)	(218)	(215)	(179)	0	0	(797)	(897)

H.1. Segment Reporting
Schedule of Financial Position
Extra-Budgetary Funds

As at 31 December 2024

EUR '000		Fund to Support OSCE Action for Peace, Democracy and Stability in Bosnia and Herzegovina		Fund for Activities Related to Economic and Environmental Aspect of Security		Funds for Activities Related to Special Monitoring Mission to Ukraine		Other PC Established Funds		Other Activities and Special Projects		Indirect Common Costs Fund		Total Extra-Budgetary Funds	
	Note	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023
ASSETS															
Current Assets															
Cash and Cash Equivalents	3.1	0	0	0	0	0	0	0	0	9,506	25,394	0	0	9,506	25,394
Investments	3.2	0	0	0	0	0	0	18,576	11,127	100,000	50,000	0	0	118,576	61,127
Contributions Receivable	3.3	703	108	1,051	432	10	10	11	120	28,786	5,333	0	0	30,561	6,003
Accounts Receivable	3.4	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Prepayments	3.5	0	0	1	1	0	0	0	0	83	97	32	12	115	110
Inventory	3.6	387	224	0	0	0	0	0	0	1,294	264	0	0	1,681	488
Inter-Fund Balances		2,644	2,888	6,595	6,775	451	441	(7,501)	(943)	(27,743)	11,167	8,094	5,861	(17,460)	26,189
Other Current Assets	3.7	0	0	0	0	0	0	0	0	0	0	0	0	0	0
		3,734	3,220	7,647	7,207	461	451	11,086	10,304	111,926	92,255	8,126	5,873	142,979	119,311
Non-Current Assets															
Property, Plant and Equipment	3.8	7	0	0	0	163	196	0	0	217	1,454	75	4	462	1,655
Intangible Assets	3.9	0	0	0	0	0	0	0	0	1,516	1,269	0	0	1,516	1,269
Other Non-Current Assets	3.7	0	0	0	0	0	0	0	0	0	0	0	0	0	0
		7	0	0	0	163	196	0	0	1,733	2,724	75	4	1,978	2,924
Total Assets		3,741	3,220	7,647	7,207	624	647	11,086	10,304	113,659	94,979	8,201	5,877	144,958	122,234
LIABILITIES															
Current Liabilities															
Accounts Payable	4.1	0	0	0	0	0	0	0	0	267	213	0	0	267	213
Accruals	4.2	259	223	728	856	0	0	0	0	2,952	2,847	21	13	3,961	3,939
Deferred Revenue	4.3	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Conditional ExB Contributions	4.4	3,043	3,249	7,291	6,315	(0)	(0)	293	7,573	102,750	85,501	0	0	113,377	102,639
Funds Held for Third Parties	4.5	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Employee Benefits Current	4.6	47	45	26	13	0	0	0	0	792	683	99	49	963	791
Cash Surplus Current	4.7	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Provisions	4.8	842	285	461	998	0	0	7,392	197	6,460	5,417	0	0	15,155	6,897
Other Current Liabilities	4.9	0	0	0	0	0	0	0	0	196	0	0	0	196	0
		4,191	3,801	8,506	8,183	0	0	7,684	7,771	113,417	94,661	120	63	133,918	114,478
Non-Current Liabilities															
Employee Benefits Non-Current	4.6	2	3	12	4	0	0	0	0	318	9	26	16	357	32
Other Non-Current Liabilities	4.9	0	0	0	0	0	0	0	0	0	0	0	0	0	0
		2	3	12	4	0	0	0	0	318	9	26	16	357	32
Total Liabilities		4,193	3,804	8,518	8,187	0	0	7,684	7,771	113,734	94,670	146	78	134,275	114,510
Net Assets		(452)	(584)	(871)	(980)	624	647	3,401	2,533	(75)	309	8,055	5,799	10,682	7,724
NET ASSETS															
Cash Surplus	5.1	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Cash Surplus Withheld	5.2	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Revolving Fund	5.3	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Contingency Fund	5.3	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Other Reserves	5.4	1	(1)	(12)	(7)	(5)	(5)	0	0	(600)	(276)	(39)	(24)	(655)	(312)
Accumulated Surplus/(Deficit)	5.5	(453)	(584)	(859)	(973)	629	652	3,401	2,533	525	585	8,094	5,823	11,338	8,036
Total Net Assets		(452)	(584)	(871)	(980)	624	647	3,401	2,533	(75)	309	8,055	5,799	10,682	7,724

H.2. Segment Reporting
Schedule of Financial Performance
Extra-Budgetary Funds

For the Year Ended 31 December 2024

EUR '000		Fund to Support OSCE Action for Peace, Democracy and Stability in Bosnia and Herzegovina		Fund for Activities Related to Economic and Environmental Aspect of Security		Funds for Activities Related to Special Monitoring Mission to Ukraine		Other PC Established Funds		Other Activities and Special Projects		Indirect Common Costs Fund		Eliminations		Total Extra-Budgetary Funds	
	Note	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023
REVENUE																	
Assessed Contributions	6.1	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Extra-Budgetary Contributions	6.2	2,858	2,524	3,963	3,563	0	0	118	116	49,561	41,650	3,958	3,158	(3,958)	(3,132)	56,501	47,879
Finance Revenue	6.3	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Contributions In-Kind	6.4	0	0	0	0	0	0	0	0	1,094	918	0	0	0	0	1,094	918
Revenue from Exchange Transactions	6.5	0	(1)	0	0	10	65	0	0	0	(81)	0	0	0	0	10	(18)
Other Revenue	6.6	0	0	0	0	0	0	0	0	(3)	0	75	61	0	0	72	61
Total Revenue		2,858	2,523	3,963	3,563	10	65	118	116	50,652	42,487	4,033	3,219	(3,958)	(3,132)	57,677	48,840
EXPENSES																	
Staff Costs	7.1	764	827	440	291	0	0	42	39	14,089	12,475	1,399	1,045	0	0	16,734	14,676
Consultancy and Subcontracting	7.2	653	371	1,512	2,100	0	0	0	2	11,294	10,388	103	126	0	0	13,562	12,988
Travel Expenses	7.3	164	98	732	514	0	0	55	48	7,234	6,491	119	29	0	0	8,304	7,180
Services and Office Costs	7.4	386	610	807	273	0	0	14	18	6,888	7,556	172	178	0	0	8,267	8,635
Consumables and Supplies	7.5	213	103	25	89	0	0	0	0	1,538	715	5	13	0	0	1,780	920
Depreciation and Amortisation	7.6	1	0	0	0	33	47	0	0	199	299	6	0	0	0	239	346
Equipment Expenses	7.7	411	438	92	2	(54)	(54)	0	0	6,042	1,337	(45)	3	0	0	6,447	1,725
Other Operating Expenses	7.8	189	163	241	215	0	0	8	8	3,568	3,009	2	14	(3,958)	(3,133)	51	276
Total Expenses		2,782	2,610	3,849	3,484	(21)	(7)	119	116	50,851	42,269	1,761	1,408	(3,958)	(3,133)	55,384	46,746
Foreign Exchange Gains/(Losses)	8	0	(0)	(0)	8	0	0	869	(595)	140	(454)	0	0	0	0	1,009	(1,041)
Surplus/(Deficit) for the Period	10.1	77	(87)	114	86	31	72	868	(594)	(59)	(236)	2,272	1,811	0	1	3,302	1,053

J Segment Reporting

Extra-budgetary expenditure by Executive Structure

Extra-budgetary and Indirect Common Cost (ICC) sub-fund expenditure shown in Segment report H.2 is presented by Executive Structure in the table below. Various IPSAS adjustments are not attributed to individual Executive Structures and are summarized at the foot of the table to show the total spent on an IPSAS basis.

The Repository Programme "Core Support Mechanism" is described in Note 6.2 to the Financial Statements and is included in "Other Activities and Special Projects" in Schedules H.1 and H.2.

Project Costs include ICC charges, which are removed to reconcile to total Extra-budgetary expenses presented in Segment report H2.

EUR '000	Project Costs	ICC	Total
Secretariat	24,418	761	25,179
Office for Democratic Institutions and Human Rights	8,817	557	9,374
High Commissioner on National Minorities	684	14	698
Representative on Freedom of the Media	922	8	930
Total – Secretariat and Institutions	34,841	1,340	36,181
Mission in Kosovo	849	-	849
Mission to Bosnia and Herzegovina	2,460	113	2,573
Mission to Serbia	1,505	7	1,512
Presence in Albania	1,661	67	1,728
Mission to Skopje	1,426	99	1,525
Mission to Montenegro	994	31	1,025
Total – South-Eastern Europe	8,895	319	9,213
Mission to Moldova	288	-	288
Representative on the Latvian-Russian Joint Commission on Military Pensioners	-	-	-
Total – Eastern Europe	288	-	288
High Level Planning Group	-	-	-
The Minsk Process	-	-	-
Personal Representative of the CiO on the Conflict Dealt with by the Minsk Conference	-	-	-
Total - Caucasus	-	-	-
Programme Office in Astana	624	-	624
Centre in Ashgabat	233	9	242
Programme Office in Bishkek	2,509	42	2,551
Project Co-ordinator in Uzbekistan	65	-	65
Programme Office in Dushanbe	3,985	28	4,013
Total – Central Asia	7,416	79	7,495
TOTAL - EXTRA-BUDGETARY PROJECTS	51,440	1,737	53,177
REPOSITORY PROGRAMME - CORE SUPPORT MECHANISM			
Secretariat	276		276
Mission in Kosovo	11		11
Mission to Bosnia and Herzegovina	2		2
Mission to Serbia	2		2
Presence in Albania	2		2
Mission to Skopje	7		7
Mission to Moldova	8		8
Programme Office in Astana	2		2
Programme Office in Bishkek	8		8
TOTAL - REPOSITORY PROGRAMME - CORE SUPPORT MECHANISM	318	-	318
GRAND TOTAL	51,758	1,737	53,495
<i>IPSAS Adjustments:</i>			
Staff Costs	1,229	29	1,258
Depreciation and Amortisation	232	6	238
Other	4,362	(12)	4,351
Total – IPSAS Adjustments	5,823	23	5,847
GRAND TOTAL	57,581	1,761	59,342
Elimination of ICC charges			(3,958)
NET TOTAL - EXTRA-BUDGETARY EXPENSES			55,384

ANNEX 2

YEAR-END EXPENDITURE REPORT
AND STAFFING OVERVIEW

OSCE 2024 Year-end Expenditure Report

Fund	Provisional Expenditure Authorization	Revised Provisional Expenditure Authorization ¹	Additional Provisional Expenditure Authorization ²	Total Revised Provisional Expenditure Authorization	Expenditure	Implementation Rate %	Available Balance	Expenditure funded via Repository Programme Core Support Mechanism	Total Expenditure	Final Implementation Rate ³ %
Main Programme Programme	Fin. Reg 3.04	Authorization ¹	Authorization ²	Authorization		%				
Figures in EUR	A	B	C	D=B+C	E	F=E/D	G=D-E	H	I=F+H	J=I/E
I. FUNDS RELATED TO SECRETARIAT AND INSTITUTIONS										
The Secretariat										
Secretary General and Central Services										
Executive Management	1,190,500	1,212,140	41,100	1,253,240	1,253,239	100	1	-	1,253,239	100
Security Management	636,500	635,660	12,900	648,560	648,558	100	2	14,503	663,061	102
External Co-operation	653,700	645,330	68,100	713,430	713,423	100	7	-	713,423	100
Office of Legal Affairs	786,800	779,740	-	779,740	779,739	100	1	-	779,739	100
Communication and Media Relations Section	1,664,000	1,649,551	-	1,649,551	1,649,550	100	1	-	1,649,550	100
Conference and Language Services	5,437,500	5,453,119	1,166,300	6,619,419	6,619,411	100	8	-	6,619,411	100
The OSCE Documentation Centre in Prague	640,100	641,810	24,500	666,310	666,309	100	1	2,513	668,822	100
Gender Issues	437,100	428,850	25,800	454,650	454,636	100	14	-	454,636	100
TOTAL	11,446,200	11,446,200	1,338,700	12,784,900	12,784,867	100	33	17,017	12,801,883	100
Chairman-in-Office										
Short-Term Mission/Visits of CiO and PR of the CiO	500,000	500,000	-	500,000	494,568	99	5,432	-	494,568	99
Advisory Committee on Management and Finance (ACMF)	11,000	11,000	-	11,000	15	0	10,985	-	15	0
Panel of Adjudicators	32,800	32,800	-	32,800	6,068	19	26,732	-	6,068	19
Audit Committee	34,000	34,000	-	34,000	22,574	66	11,426	-	22,574	66
External Auditors	85,200	85,200	-	85,200	6,102	7	79,098	-	6,102	7
TOTAL	663,000	663,000	-	663,000	529,327	80	133,673	-	529,327	80
Internal Oversight										
Internal Oversight	1,828,900	1,828,900	72,900	1,901,800	1,901,144	100	656	-	1,901,144	100
TOTAL	1,828,900	1,828,900	72,900	1,901,800	1,901,144	100	656	-	1,901,144	100
Office of the Special Representative/Co-ordinator for Combating Trafficking in Human Beings										
Office of the Special Representative/Co-ordinator for Combating Trafficking in Human Beings	1,073,700	1,073,700	58,100	1,131,800	1,131,293	100	507	-	1,131,293	100
TOTAL	1,073,700	1,073,700	58,100	1,131,800	1,131,293	100	507	-	1,131,293	100
Addressing Transnational Threats										
Co-ordination of TNT Activities	547,300	547,300	-	547,300	546,909	100	391	-	546,909	100
Strategic Police Matters Unit	706,900	706,900	-	706,900	706,658	100	242	-	706,658	100
Action Against Terrorism	830,600	830,600	-	830,600	830,463	100	137	-	830,463	100
Borders Security and Management	684,800	684,800	-	684,800	683,912	100	888	-	683,912	100
TOTAL	2,769,600	2,769,600	-	2,769,600	2,767,942	100	1,658	-	2,767,942	100
Activities Related to the Economic and Environmental Aspects of Security										
Co-ordinator of OSCE Economic and Environmental Activitie	1,979,200	1,979,200	-	1,979,200	1,979,200	100	0	-	1,979,200	100
Economic and Environmental Forum	256,500	256,500	-	256,500	256,391	100	109	-	256,391	100
TOTAL	2,235,700	2,235,700	-	2,235,700	2,235,591	100	109	-	2,235,591	100

Fund Main Programme Programme	Provisional Expenditure Authorization Fin. Reg 3.04	Revised Provisional Expenditure Authorization ¹	Additional Provisional Expenditure Authorization ²	Total Revised Provisional Expenditure Authorization	Expenditure	Implementation Rate %	Available Balance	Repository Programme Core Support Mechanism	Total Expenditure	Final Implementation Rate ³ %
Figures in EUR	A	B	C	D=B+C	E	F=E/D	G=D-E	H	I=F+H	J=I/E
Conflict Prevention										
CPC Direction and Management	460,400	497,462	-	497,462	496,997	100	465	-	496,997	100
Policy Support Service	1,474,000	1,453,852	-	1,453,852	1,453,851	100	1	-	1,453,851	100
Operations Service	1,184,700	1,213,462	-	1,213,462	1,213,461	100	1	-	1,213,461	100
Programming and Evaluation Support Unit	530,000	537,442	-	537,442	537,442	100	0	-	537,442	100
FSC Chairmanship	12,700	12,700	-	12,700	12,670	100	30	-	12,670	100
FSC Support	696,200	627,080	-	627,080	626,495	100	585	-	626,495	100
Communications and Technology Unit	633,900	649,902	-	649,902	649,902	100	0	-	649,902	100
TOTAL	4,991,900	4,991,900	-	4,991,900	4,990,819	100	1,081	-	4,990,819	100
Human Resources Management										
Department of Human Resources	4,171,600	4,171,600	-	4,171,600	4,170,845	100	755	-	4,170,845	100
TOTAL	4,171,600	4,171,600	-	4,171,600	4,170,845	100	755	-	4,170,845	100
Department of Management and Finance										
Management and Co-ordination	888,200	916,833	41,500	958,333	958,333	100	0	-	958,333	100
Budget and Finance Services	2,162,200	2,145,056	14,400	2,159,456	2,159,456	100	0	-	2,159,456	100
Information and Communication Technology Services	4,370,900	4,345,999	426,800	4,772,799	4,772,798	100	1	-	4,772,798	100
Mission Support Services	2,517,600	2,531,012	248,900	2,779,912	2,779,911	100	1	-	2,779,911	100
TOTAL	9,938,900	9,938,900	731,600	10,670,500	10,670,498	100	2	-	10,670,498	100
TOTAL FOR THE SECRETARIAT	39,119,500	39,119,500	2,201,300	41,320,800	41,182,325	100	138,475	17,017	41,199,342	100
Office for Democratic Institutions and Human Rights										
Direction and Policy	1,294,600	1,344,300	-	1,344,300	1,344,242	100	58	-	1,344,242	100
Fund Administration Unit	2,970,700	3,138,950	-	3,138,950	3,138,810	100	140	-	3,138,810	100
Human Dimension Meetings	603,000	230,300	-	230,300	230,142	100	158	-	230,142	100
Democratization	1,580,300	1,576,610	-	1,576,610	1,576,605	100	5	-	1,576,605	100
Human Rights	1,232,200	1,109,700	-	1,109,700	1,109,552	100	148	-	1,109,552	100
Elections	6,505,200	6,968,440	397,300	7,365,740	7,365,739	100	1	-	7,365,739	100
Tolerance and Non-Discrimination	1,418,200	1,276,400	-	1,276,400	1,276,284	100	116	-	1,276,284	100
Roma and Sinti Issues	555,700	515,200	-	515,200	515,098	100	102	-	515,098	100
TOTAL	16,159,900	16,159,900	397,300	16,557,200	16,556,472	100	728	-	16,556,472	100
High Commissioner on National Minorities										
Fund Administration Unit	544,700	529,695	-	529,695	529,695	100	0	-	529,695	100
Office of the High Commissioner	2,959,300	2,974,305	38,800	3,013,105	3,013,105	100	0	-	3,013,105	100
TOTAL	3,504,000	3,504,000	38,800	3,542,800	3,542,799	100	1	-	3,542,799	100
Representative on Freedom of the Media										
Freedom of the Media	1,608,800	1,608,800	-	1,608,800	1,608,800	100	0	-	1,608,800	100
TOTAL	1,608,800	1,608,800	-	1,608,800	1,608,800	100	0	-	1,608,800	100
TOTAL FOR FUNDS RELATED TO THE SECRETARIAT AND INSTITUTIONS	60,392,200	60,392,200	2,637,400	63,029,600	62,890,396	100	139,204	17,017	62,907,412	100

Fund Main Programme Programme	Provisional Expenditure Authorization Fin. Reg 3.04	Revised Provisional Expenditure Authorization ¹	Additional Provisional Expenditure Authorization ²	Total Revised Provisional Expenditure Authorization	Expenditure	Implementation Rate %	Available Balance	Repository Programme Core Support Mechanism	Total Expenditure	Final Implementation Rate ³ %
Figures in EUR	A	B	C	D=B+C	E	F=E/D	G=D-E	H	I=F+H	J=I/E
II. FUNDS RELATED TO OSCE FIELD OPERATIONS										
AUGMENTATIONS										
Secretariat Augmentations										
Policy Support Service	247,800	247,800	-	247,800	247,748	100	53	-	247,748	100
Information and Communication Technology Services	768,200	792,200	77,000	869,200	869,039	100	161	-	869,039	100
Mission Support Service	738,300	714,300	52,000	766,300	765,988	100	312	-	765,988	100
TOTAL	1,754,300	1,754,300	129,000	1,883,300	1,882,774	100	526	-	1,882,774	100
ODIHR Augmentations										
ODIHR Democratization	234,100	234,100	-	234,100	234,026	100	74	-	234,026	100
TOTAL	234,100	234,100	-	234,100	234,026	100	74	-	234,026	100
TOTAL FOR AUGMENTATIONS	1,988,400	1,988,400	129,000	2,117,400	2,116,801	100	599	-	2,116,801	100
SOUTH-EASTERN EUROPE										
Mission in Kosovo										
Office of Head of Mission	2,750,300	2,780,300	160,600	2,940,900	2,940,646	100	254	10,854	2,951,500	100
Fund Administration Unit	5,495,100	5,529,200	75,300	5,604,500	5,604,357	100	143	-	5,604,357	100
Security and Public Safety	1,582,700	1,553,000	-	1,553,000	1,552,801	100	199	-	1,552,801	100
Democratization	1,744,600	1,656,200	-	1,656,200	1,656,060	100	140	-	1,656,060	100
Human Rights and Communities	5,889,900	5,943,900	-	5,943,900	5,943,720	100	180	-	5,943,720	100
TOTAL	17,462,600	17,462,600	235,900	17,698,500	17,697,585	100	915	10,854	17,708,439	100
Mission to Bosnia and Herzegovina										
Office of Head of Mission	1,593,400	1,635,400	-	1,635,400	1,634,926	100	474	1,818	1,636,744	100
Fund Administration Unit	3,974,900	3,987,000	-	3,987,000	3,987,000	100	0	-	3,987,000	100
Shared Service Centre, ICT Help Desk	253,800	251,200	-	251,200	250,987	100	213	-	250,987	100
Security Co-operation	581,300	605,300	-	605,300	602,464	100	2,836	-	602,464	100
Human Dimension	5,278,600	5,203,100	-	5,203,100	5,201,706	100	1,394	-	5,201,706	100
TOTAL	11,682,000	11,682,000	-	11,682,000	11,677,082	100	4,918	1,818	11,678,900	100
Mission to Serbia										
Office of Head of Mission	995,400	964,200	-	964,200	964,054	100	146	2,231	966,285	100
Fund Administration Unit	1,700,600	1,808,900	-	1,808,900	1,807,365	100	1,535	-	1,807,365	100
Security Co-operation	950,800	949,300	-	949,300	949,109	100	191	-	949,109	100
Democratization	1,115,400	1,104,400	-	1,104,400	1,104,211	100	189	-	1,104,211	100
Media	443,200	469,700	-	469,700	469,433	100	268	-	469,433	100
Rule of Law and Human Rights	1,053,200	962,100	-	962,100	961,412	100	688	-	961,412	100
TOTAL	6,258,600	6,258,600	-	6,258,600	6,255,583	100	3,017	2,231	6,257,814	100
Presence in Albania										
Office of Head of Mission	487,300	492,049	-	492,049	491,752	100	297	1,879	493,631	100
Fund Administration Unit	1,035,900	1,073,510	-	1,073,510	1,073,509	100	1	-	1,073,509	100
Security Co-operation	346,100	338,440	-	338,440	338,438	100	2	-	338,438	100
Governance in Economic and Environmental Issues	308,200	297,580	-	297,580	297,579	100	1	-	297,579	100
Democratization	432,100	409,811	-	409,811	409,764	100	47	-	409,764	100
Rule of Law and Human Rights	371,600	369,810	-	369,810	369,808	100	2	-	369,808	100
TOTAL	2,981,200	2,981,200	-	2,981,200	2,980,851	100	349	1,879	2,982,729	100

Fund Main Programme Programme	Provisional Expenditure Authorization Fin. Reg 3.04	Revised Provisional Expenditure Authorization ¹	Additional Provisional Expenditure Authorization ²	Total Revised Provisional Expenditure Authorization	Expenditure	Implementation Rate %	Available Balance	Repository Programme Core Support Mechanism	Total Expenditure	Final Implementation Rate ³ %
Figures in EUR	A	B	C	D=B+C	E	F=E/D	G=D-E	H	I=F+H	J=I/E
Mission to Skopje										
Office of Head of Mission	987,000	1,085,700	-	1,085,700	1,085,034	100	666	33,020	1,118,054	103
Fund Administration Unit	1,939,500	2,133,400	-	2,133,400	2,120,887	99	12,513	-	2,120,887	99
Public Safety and Community Outreach	1,778,700	1,608,700	-	1,608,700	1,583,348	98	25,352	-	1,583,348	98
Human Dimension	1,800,900	1,678,300	-	1,678,300	1,663,429	99	14,871	-	1,663,429	99
TOTAL	6,506,100	6,506,100	-	6,506,100	6,452,699	99	53,401	33,020	6,485,719	100
Mission to Montenegro										
Office of Head of Mission	316,100	316,100	-	316,100	306,224	97	9,876	1,118	307,342	97
Fund Administration Unit	603,800	596,800	-	596,800	569,252	95	27,548	-	569,252	95
Democratization	467,900	462,900	-	462,900	457,388	99	5,512	-	457,388	99
Media	361,700	361,700	-	361,700	336,387	93	25,313	-	336,387	93
Security Co-operation and Governance	402,600	414,600	-	414,600	413,951	100	649	-	413,951	100
TOTAL	2,152,100	2,152,100	-	2,152,100	2,083,201	97	68,899	1,118	2,084,319	97
TOTAL FOR SOUTH-EASTERN EUROPE	47,042,600	47,042,600	235,900	47,278,500	47,147,001	100	131,499	50,920	47,197,921	100
EASTERN EUROPE										
Mission to Moldova										
Office of Head of Mission	421,200	421,200	-	421,200	408,075	97	13,125	8,029	416,104	99
Fund Administration Unit	874,000	874,000	-	874,000	857,999	98	16,001	-	857,999	98
Conflict Prevention/Resolution	532,400	532,400	-	532,400	502,781	94	29,619	-	502,781	94
Human Rights	475,100	475,100	-	475,100	387,774	82	87,326	-	387,774	82
TOTAL	2,302,700	2,302,700	-	2,302,700	2,156,629	94	146,071	8,029	2,164,658	94
Representative to the Latvian-Russian Joint Commission on Military Pensioners										
Office of Head of Mission	5,500	5,500	-	5,500	-	-	5,500	-	-	-
TOTAL	5,500	5,500	-	5,500	-	-	5,500	-	-	-
TOTAL FOR EASTERN EUROPE	2,308,200	2,308,200	-	2,308,200	2,156,629	93	151,571	8,029	2,164,658	94
CAUCASUS										
High-Level Planning Group										
Office of Head of Mission	247,600	247,600	-	247,600	188,798	76	58,802	-	188,798	76
TOTAL	247,600	247,600	-	247,600	188,798	76	58,802	-	188,798	76
The Minsk Process										
Office of Head of Mission	911,200	911,200	-	911,200	-	-	911,200	-	-	-
TOTAL	911,200	911,200	-	911,200	-	-	911,200	-	-	-
Personal Representative of the CiO on the Conflict Dealt with by the Minsk Conference										
Office of Head of Mission	467,300	467,300	-	467,300	215,916	46	251,384	-	215,916	46
Fund Administration Unit	712,400	712,400	-	712,400	486,600	68	225,800	-	486,600	68
TOTAL	1,179,700	1,179,700	-	1,179,700	702,516	60	477,184	-	702,516	60
TOTAL FOR CAUCASUS	2,338,500	2,338,500	-	2,338,500	891,313	38	1,447,187	-	891,313	38

Fund Main Programme Programme	Provisional Expenditure Authorization Fin. Reg 3.04	Revised Provisional Expenditure Authorization ¹	Additional Provisional Expenditure Authorization ²	Total Revised Provisional Expenditure Authorization	Expenditure	Implementation Rate %	Available Balance	Repository Programme Core Support Mechanism	Total Expenditure	Final Implementation Rate ³ %
Figures in EUR	A	B	C	D=B+C	E	F=E/D	G=D-E	H	I=F+H	J=I/E
CENTRAL ASIA										
Programme Office in Astana										
Office of Head of Mission	225,000	235,000	-	235,000	228,252	97	6,748	8,678	236,930	101
Fund Administration Unit	669,600	727,600	-	727,600	723,601	99	3,999	-	723,601	99
Politico-Military Activities	444,800	422,800	-	422,800	417,795	99	5,005	-	417,795	99
Economic and Environmental Activities	448,400	429,400	-	429,400	420,246	98	9,154	-	420,246	98
Human Dimension Activities	444,900	417,900	-	417,900	415,071	99	2,829	-	415,071	99
TOTAL	2,232,700	2,232,700	-	2,232,700	2,204,966	99	27,734	8,678	2,213,644	99
Centre in Ashgabat										
Office of Head of Mission	407,400	447,100	-	447,100	441,369	99	5,731	-	441,369	99
Fund Administration Unit	547,100	566,800	-	566,800	560,385	99	6,415	-	560,385	99
Conflict Prevention and Confidence and Security Building	233,100	210,100	-	210,100	202,357	96	7,743	-	202,357	96
Economic and Environmental Activities	249,100	235,100	-	235,100	227,265	97	7,835	-	227,265	97
Human Dimension Activities	224,500	202,100	-	202,100	169,896	84	32,204	-	169,896	84
TOTAL	1,661,200	1,661,200	-	1,661,200	1,601,272	96	59,928	-	1,601,272	96
Programme Office in Bishkek										
Office of Head of Mission	1,240,300	1,264,600	-	1,264,600	1,264,206	100	394	8,133	1,272,339	101
Fund Administration Unit	1,427,300	1,570,000	-	1,570,000	1,569,288	100	712	-	1,569,288	100
Politico-Military Activities	1,490,400	1,391,200	-	1,391,200	1,389,611	100	1,589	-	1,389,611	100
Economic and Environmental Activities	1,449,700	1,396,100	-	1,396,100	1,395,115	100	985	-	1,395,115	100
Human Dimension Activities	1,203,300	1,189,100	-	1,189,100	1,188,155	100	945	-	1,188,155	100
TOTAL	6,811,000	6,811,000	-	6,811,000	6,806,375	100	4,625	8,133	6,814,507	100
Project Co-ordinator in Uzbekistan										
Office of Head of Mission	261,300	266,800	-	266,800	249,838	94	16,962	-	249,838	94
Fund Administration Unit	529,600	573,600	-	573,600	565,711	99	7,889	-	565,711	99
Politico-Military Activities	532,200	482,700	-	482,700	450,624	93	32,076	-	450,624	93
Economic and Environmental Activities	639,700	653,700	-	653,700	646,149	99	7,551	-	646,149	99
Human Dimension Activities	536,400	522,400	-	522,400	480,543	92	41,857	-	480,543	92
TOTAL	2,499,200	2,499,200	-	2,499,200	2,392,867	96	106,333	-	2,392,867	96
Programme Office in Dushanbe										
Office of Head of Mission	1,169,300	1,052,400	-	1,052,400	1,047,139	100	5,261	-	1,047,139	100
Fund Administration Unit	2,035,500	2,238,650	-	2,238,650	2,238,300	100	350	-	2,238,300	100
Political and Military Aspects of Security	1,857,300	1,800,740	-	1,800,740	1,800,648	100	92	-	1,800,648	100
Economic and Environmental Activities	1,112,000	1,082,400	-	1,082,400	1,078,580	100	3,820	-	1,078,580	100
Human Dimension Activities	1,137,500	1,137,410	-	1,137,410	1,128,961	99	8,449	-	1,128,961	99
TOTAL	7,311,600	7,311,600	-	7,311,600	7,293,627	100	17,973	-	7,293,627	100
TOTAL FOR CENTRAL ASIA	20,515,700	20,515,700	-	20,515,700	20,299,108	99	216,592	16,811	20,315,918	99
TOTAL FOR FUNDS RELATED TO THE OSCE FIELD OPERATIONS	74,193,400	74,193,400	364,900	74,558,300	72,610,852	97	1,947,448	75,760	72,686,612	97
TOTAL OSCE	134,585,600	134,585,600	3,002,300	137,587,900	135,501,248	98	2,086,652	92,777	135,594,024	99

¹ Includes all transfers processed to end of December 2024, including transfers in line with Financial Regulation 3.02(b) and Financial Regulation 3.02(a)(iv) as approved in PC.DEC/1485 on Revised Provisional Expenditure Authorization for 2024.

² Additional Provisional Expenditure Authorizations approved with PC.DEC/1485, PC.DEC/1487, PC.DEC/1491 and PC.DEC/1494.

³ Final implementation rate consists of total UB expenditure and expenditure funded via Repository Programme "Core Support Mechanism" calculated against the total provisional expenditure authorization.

Staffing Overview - Budget and Actual Staff Positions
Post table
as at 31 December 2024

Fund number of positions	Contracted		International Staff Seconded		Sub-Total		Professional		Local Staff General Services		Sub-Total		Grand Total	
	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual
The Secretariat	142.0	123.0	73.0	48.0	215.0	171.0	0.0	0.0	183.6	165.9	183.6	165.9	398.6	336.9
Office for Democratic Institutions and Human Rights	63.0	54.0	24.0	14.0	87.0	68.0	0.0	0.0	56.0	52.0	56.0	52.0	143.0	120.0
High Commissioner on National Minorities	16.0	14.0	5.0	4.0	21.0	18.0	0.0	0.0	11.5	11.5	11.5	11.5	32.5	29.5
Representative on Freedom of the Media	7.0	7.0	6.0	4.0	13.0	11.0	0.0	0.0	4.0	4.0	4.0	4.0	17.0	15.0
Total for the Secretariat and Institutions	228.0	198.0	108.0	70.0	336.0	268.0	0.0	0.0	255.1	233.4	255.1	233.4	591.1	501.4
Mission in Kosovo	7.0	6.0	108.0	78.0	115.0	84.0	102.0	99.0	273.5	258.5	375.5	357.5	490.5	441.5
Mission to Bosnia and Herzegovina	5.0	4.0	29.0	23.0	34.0	27.0	135.0	122.0	145.5	125.5	280.5	247.5	314.5	274.5
Mission to Serbia	1.0	1.0	20.0	16.0	21.0	17.0	35.5	32.5	62.0	54.0	97.5	86.5	118.5	103.5
Presence in Albania	1.0	1.0	18.0	13.0	19.0	14.0	19.0	18.0	45.5	34.5	64.5	52.5	83.5	66.5
Mission to Skopje	2.0	2.0	36.0	26.0	38.0	28.0	26.0	23.0	89.5	72.0	115.5	95.0	153.5	123.0
Mission to Montenegro	1.0	1.0	8.0	8.0	9.0	9.0	8.0	8.0	15.0	13.0	23.0	21.0	32.0	30.0
South-Eastern Europe	17.0	15.0	219.0	164.0	236.0	179.0	325.5	302.5	631.0	557.5	956.5	860.0	1,192.5	1,039.0
Mission to Moldova	1.0	1.0	12.0	12.0	13.0	13.0	9.0	9.0	30.0	20.0	39.0	29.0	52.0	42.0
Eastern Europe	1.0	1.0	12.0	12.0	13.0	13.0	9.0	9.0	30.0	20.0	39.0	29.0	52.0	42.0
High Level Planning Group	0.0	0.0	8.0	4.0	8.0	4.0	0.0	0.0	1.0	1.0	1.0	1.0	9.0	5.0
Personal Representative of the CiO on the Conflict Dealt with by the Minsk Conference	1.0	1.0	5.0	2.0	6.0	3.0	0.0	0.0	11.0	11.0	11.0	11.0	17.0	14.0
Caucasus	1.0	1.0	13.0	6.0	14.0	7.0	0.0	0.0	12.0	12.0	12.0	12.0	26.0	19.0
Programme Office in Astana	1.0	1.0	5.0	5.0	6.0	6.0	4.0	4.0	18.0	16.0	22.0	20.0	28.0	26.0
Centre in Ashgabat	1.0	1.0	5.0	5.0	6.0	6.0	2.0	2.0	21.0	19.0	23.0	21.0	29.0	27.0
Programme Office in Bishkek	3.0	3.0	10.0	9.0	13.0	12.0	23.0	23.0	87.0	77.0	110.0	100.0	123.0	112.0
Project Co-ordinator in Uzbekistan	0.0	0.0	4.0	4.0	4.0	4.0	6.0	6.0	30.0	25.0	36.0	31.0	40.0	35.0
Programme Office in Dushanbe	4.0	4.0	18.0	13.0	22.0	17.0	20.0	19.0	90.0	81.0	110.0	100.0	132.0	117.0
Central Asia	9.0	9.0	42.0	36.0	51.0	45.0	55.0	54.0	246.0	218.0	301.0	272.0	352.0	317.0
Total for Funds related to OSCE Field Operations	28.0	26.0	286.0	218.0	314.0	244.0	389.5	365.5	919.0	807.5	1,308.5	1,173.0	1,622.5	1,417.0
Total OSCE 2024 Post Table	256.0	224.0	394.0	288.0	650.0	512.0	389.5	365.5	1,174.1	1,040.9	1,563.6	1,406.4	2,213.6	1,918.4

ANNEX 3

STATEMENT ON INTERNAL CONTROL



Organization for Security and Co-operation in Europe

Statement on Internal Control 2024

31 March 2025

The Secretary General of the OSCE is responsible to the Permanent Council for overseeing the efficient use of the Organization's resources, in accordance with the responsibility assigned under *Ministerial Council (MC) Decision No. 15/04* and *Financial Regulation 1.05*. To this end, and being vested with the executive and administrative authority in their role as Chief Administrative Officer of the OSCE, Secretaries General have established mechanisms of internal oversight and financial control in accordance with *Financial Regulation 6.01*.

In line with *Financial Regulation 7.02*, and as part of the exercise of my duties as Secretary General, I am accompanying the annual financial statements with this Statement on Internal Control.

The governance structure of the OSCE relies on a decentralized fund management architecture, with dual reporting lines for the executive structures. Fund Managers report directly to the Chairperson-in-Office and participating States (pS) on policy and programmatic matters, and to the Secretary General on administrative matters.

This architecture has a potential to result in challenges when exercising the role as Chief Administrative Officer. The Directors of the Department of Human Resources (DHR) and the Department of Management and Finance (DMF) support the Secretary General in this role in their respective areas, including by maintaining close contact with the Chiefs of Fund Administration (CFAs) in all executive structures, who currently do not directly report to the Secretary General. Re-invigorating discussions on strengthening the administrative reporting lines of the CFAs would have a positive effect on control activities and translate into a reinforcement of the Common Regulatory Management System (CRMS). The revision of *Staff Instruction 17/Rev.2 – Standard Recruitment and Selection Procedures, effective 1 September 2024*, has strengthened the role of the Secretary General in the selection of posts that carry out administrative approval or security duties.

This Statement on Internal Control applies for the year ended 31 December 2024, and up to the issuance of the OSCE's Financial Statements. I was appointed the Secretary General of the OSCE by the Ministerial Council on 6 December 2024.

I. Internal Control and Risk Management provide assurance on the efficient use of OSCE resources

The resources entrusted to the OSCE by participating States demand that the organization is accountable for those resources, that it has in place a system of internal control, and that a sufficient level of assurance is derived from the application of these control activities.

Internal control forms a set of systematic measures implemented by the Permanent Council, the Secretary General, the Fund Managers, senior management, and other OSCE officials, which are designed to provide *reasonable assurance* on the following objectives:

- the achievement of organizational programme objectives and outcomes,
- the effectiveness and efficiency of operations,
- the safeguarding of assets,
- the reliability, accuracy and completeness of the recording of transactions and their related financial reporting process, and
- compliance with the OSCE's Common Regulatory Management System (CRMS).

The OSCE Internal Control framework includes Ministerial Council (MC) and Permanent Council decisions related to the management of OSCE's activities, the OSCE Code of Conduct, the current Financial and Staff Regulations, Staff Rules and financial, staff administrative and security instructions.

The framework provides mechanisms for the management of financial, human and material resources of the OSCE's activities and contributes to the efficient use of OSCE resources, ensuring that the OSCE's objectives are achieved efficiently.

The framework supports the Secretary General, Heads of Institutions and other executive structures for the proper application of the Common Regulatory Management System (CRMS), and establishes automated and manual monitoring activities and contributes to the efficient use of OSCE resources.

The framework also includes a co-ordinated review by the Secretariat of all Unified Budget (UB) documents, to ensure compliance with the OSCE Performance Based Programme Budgeting (PBPB) methodology, and the undertaking of activities to ensure compliance with the CRMS.

Records Management enables internal control by ensuring the availability of records, information, and knowledge of the Organization's activities. It directly contributes to the attainment of a number of internal control objectives, e.g., by reducing the risk of alteration, loss, data breaches, unauthorized access, fraudulent activities, and/or misuse of personal, private and proprietary information.

Records Management also enhances accountability by documenting actions taken, decisions made, and by whom. In addition, it is an essential part of business continuity initiatives.

The OSCE has in place a risk management system covering major administrative risks affecting the Organization as a whole, as well as operational risks affecting individual executive structure and programmes.

Risk Management allows for the identification, assessment and management of risks which are applicable to the appropriate executive structure. This includes periodic interactions with risk owners and an annual review of the major risks. Risk assessment is complemented by the issuance of adequate control measures.

II. Issues in 2024 hindering the effectiveness of internal controls

Most of the issues affecting the effectiveness of control activities at the OSCE in 2023 continued to exist in 2024. The following section provides a summary of these issues and the progress made since last year, as well as indicates new issues which have emerged during the reporting year.

Lack of approval of the budget

2024 is the third year in a row in which the OSCE Unified Budget has not been adopted.

Lack of adoption of the budget continued to weaken the ability of the OSCE to operate in an effective and efficient manner. Mandatory use of monthly provisional expenditure authorizations derived from the 2021 Unified Budget significantly impeded the implementation of programmatic activities and limited the Organisation's ability to exercise sound financial management. In turn, this diminished the OSCE's capability to react to emerging issues and risks. The unavoidable increase in costs, particularly as a result of accumulated inflationary increases against stagnant resources, has not been sustainable. This has led to several programmes at the Secretariat and other executive structures facing financial shortfall.

Additional provisional expenditure authorizations were approved by the Permanent Council on an exceptional basis to be financed from the cash surplus reported in the 2023 Financial Report and Financial Statements for the year ended 31 December 2023, for a total amount of 3,002,300 euros. While it addressed the Unified Budget shortfall in 2024, it does not represent a sustainable solution going forward and is not a replacement for a sufficiently resourced Unified Budget financed from the assessed contributions from all participating States.

Scales of Contribution

The participating States (pS) have not reached consensus on a systematic reform of scales of contribution. An interim arrangement for 2019 expired on 31 December 2019 (PC Decision No. 1325). Since then, pS have been assessed on a provisional basis. Some pS continue to find it difficult to pay their assessed contributions without existing scales, which results in increased financial risk to the Organization, including possible cash deficits due to late payment or underpayment of assessments. Overall, this situation is detrimental to the proper functioning of the Organization and is not sustainable

Appointment of an External Auditor

The mandate of the Court of Audit (*Rechnungshof*) of the Republic of Austria as the OSCE External Auditor in accordance with *Article VIII of the Financial Regulations*, was approved by the Permanent Council on 7 September 2023 with PC Decision No. 1460. Acknowledging the offer of the Court of Audit of the Republic of Austria, the appointment was exceptionally extended for an additional two audit cycles until 1 July 2026, as per PC Decision No. 1486.

Challenges to Staff Recruitment and Retention

Internal control activities rely primarily on the availability, competence, capacity and continuity of staff. The OSCE continues to face challenges in attracting and retaining qualified candidates and staff, primarily due to the less competitive nature of the compensation packages compared to the United Nations (UN) common system, particularly in field operations, combined with limited periods of service. The Organization has faced increasing challenges towards aligning all local Mission members' salaries to a level of at least 80 per cent of the applicable local relevant UN salary scale. The lack of the Unified Budget adoption in the last three years has forced increases in unfilled vacancies for long periods, in order to generate savings to mitigate year-end shortfall. Furthermore, the non-adoption of the budget negatively affects learning and development opportunities for staff. Addressing these issues remains a top priority, with ongoing efforts to introduce equitable compensation for local mission members, to change the methodology for determining the board and lodging allowance for seconded mission members, and to increase learning and development opportunities for staff.

Legal Framework of the OSCE

The lack of a uniform set of privileges and immunities across the Organization continues to pose legal, financial and compliance risks as well as safety and security risks for the OSCE.

The Organization remains highly dependent on bilateral arrangements with, or the national legislation of, pS to serve as the basis for the legal capacity of field operations as well as the privileges and immunities of field operations and of the OSCE officials assigned to them. This fragmented structure results in a lack of uniformity and certainty regarding the existence, scope, and extent of such privileges and immunities and carries the additional risk that a pS may unilaterally cease to recognize a bilateral arrangement or terminate it. Similarly, in those pS where the OSCE carries out activities but does not have an established field presence, and where there is no bilateral arrangement or national legislation in place granting the OSCE appropriate status and protection, the Organization's ability to conduct basic operational functions can be impaired and the Organization may face legal and financial risks.

The OSCE continued to make determined efforts in 2024 to engage with pS where OSCE activities take place and where the current bilateral legal arrangements are less than optimal. Negotiations on bilateral MoUs with several pS progressed, but agreements on these have yet to be concluded. The Model Standing Arrangements continue to provide a promising model for bilateral recognition of the OSCE's legal status and privileges and immunities.

III. Long-standing internal control mechanisms in key areas of OSCE activities

My review of the effectiveness of the internal control framework is mainly informed by:

Accountability for performance and results falls, in the first instance, on Fund Managers from the field operations and Institutions, as well as Main Programme Managers at the Secretariat. This includes balancing the control of activities and the resources entrusted to the tasks.

Managing Programmes and Projects. The framework includes the management of UB programmes, as well as extra-budgetary (ExB) projects supplementing UB programmes. OSCE's Conflict Prevention Centre (CPC) provides UB and ExB programming advice and supports and organized trainings on PBPB methodology as well as on project cycle management and related administrative processes to staff from the executive structures in 2024.

The Department of Human Resources (DHR) works on defining the HR-related part of CRMS, ensuring robust yet lean policies and practices. Enforcement of the CRMS and talent outreach procedures aim at ensuring the OSCE attracts, employs, manages and develops high-quality and diverse human resources through compliant, responsive, effective and efficient talent management. Advisory support to field operations and Institutions on human resources matters aims at reducing the risk of non-compliance.

Regular revision of staff development opportunities and working conditions aims to promote an enabling working environment and conditions of service, and to reduce the risk of high staff turnover that goes well beyond predefined periods of service and the principle of non-career service in the OSCE. The four-eye verification principle is applied at HR payroll data entry and administration of entitlements before approval, which ensures smooth and accurate payroll runs. Learning and development opportunities facilitated by DHR aim at ensuring staff and mission members have the skills and knowledge to effectively meet their performance objectives.

The Department of Management and Finance (DMF) supports compliance with the CRMS through actions which include checks on financial transactions, verification of initiatives that use OSCE resources, and the provision of advice and training on administrative matters. DMF also provides second line of defence internal control activities in its area of expertise for administrative processes such as the annual physical inventory of assets, the overseeing of monthly bank reconciliations, the approval of credit cards, the opening of bank accounts, procurement and contracting, travel approval, and the month-end closure checklists. When exceptions to the CRMS are requested, DMF ensures that these are kept to a minimum and are well-documented.

Following a recommendation from the External Auditor, the OSCE, through DMF co-ordination, implemented verifications of the effectiveness of internal controls for all executive structure. The findings are formalized in the form of Letters of Attestation. These are cross-checked by DMF and the Office of Internal Oversight, based on their findings in internal audits, and are submitted by every executive structure in support of the Financial Report and Financial Statements. Additionally, the CPC co-ordinates its own exercise around the subject of project management. If improvements in project monitoring and project risk management practices are identified, these are addressed through training workshops and instructions.

The third line of defence is entrusted to the **Office of Internal Oversight (OIO)** through its internal audits, advisory services, evaluations, and investigations. Reports on the results of internal audit activities provide independent and objective assessment of the adequacy of the OSCE's governance, risk management, and internal control processes, and on compliance with the CRMS. Independent evaluations provide evidence for the relevance and effectiveness of programmes while investigations help ensure zero tolerance for fraud and other forms of misconduct. OIO recommendations contribute to enhancing performance, learning and the efficiency and effectiveness of operations. OIO regularly tracks implementation of accepted OIO recommendations to ensure that the risks and opportunities associated with the issues identified are being addressed.

The internal control of extra-budgetary project proposals is exercised across different parties of the OSCE, including the CPC, DMF and relevant technical focal points, in accordance with *article 6.2 of FAI 04/2004* on Extra-budgetary Contributions. CPC in particular acts in three ways: first, it directly reviews extra-budgetary projects planned by the field operations, the Secretariat and the Representative on Freedom of the Media (RFOM), to ensure compliance with the CRMS and OSCE project management standards; second, it provides expertise and advice to the Office for Democratic Institutions and Human Rights (ODIHR) and the High Commissioner on National Minorities (HCNM) as they carry out their own reviews; third, CPC also provides input to policy updates, delivers training seminars and carries out regular reviews of project management practices, including review of programmatic matters in donor applications and agreements requirements. OSG/ExCo and the Senior Resource Mobilization Advisor (SRMA) regularly engage with CPC, DMF, project staff and relevant focal points on project proposals and advise on resource mobilization and donor engagement strategies.

The OSCE's extra-budgetary project portfolio has been steadily increasing in terms of programme size and project budget, bringing with it adaptations to project management and the need for technical infrastructure to maintain operational agility.

The Audit Committee was established in December 2004 through adoption of PC.DEC/656, to strengthen internal and external control mechanisms which are essential for ensuring the effective and efficient management of the OSCE. The Audit Committee strives to provide the participating States with independent assurance that the Organization's controls are in place

and operating properly, through independent reviews of the work carried out by the OSCE's system of internal and external controls, including Internal Oversight, the External Auditors and the administration and management of the Organization. The Audit Committee also reviews and monitors the adequacy, efficiency and effectiveness of the Organization's system of internal and external controls, including OSCE internal oversight functions, the external auditor functions and the implementation of audit recommendations.

The External Auditor is appointed according to the *Financial Regulations, DOC.PC/1/96, Rev PC.DEC/1419, Article VIII*.

Regulation 8.02 outlines the scope of the audit: 'The External Auditor may make observations with respect to the efficiency of the financial procedures, the accounting system, the internal financial controls and, in general, the administration and management of the OSCE.'

IV. External factors limiting effectiveness of internal control

The effectiveness of the OSCE's internal control is subject to limitations imposed by insufficient resources, due to the lack of a 2024 unified budget; the impact of the evolving political environment on decision making and on mandate implementation of field operations; and ongoing challenges to the integrity of OSCE's information security. These factors have been mitigated by the Organization, but only partially. The ability to continue to provide this mitigation is, to a large extent, subject to the OSCE being able to attract and retain sufficient financial and human resources. This report will explain each external factor in turn:

Insufficient resources

Continuous underfunding of the Organization and the lack of an approved budget in 2024, 2023 and 2022, has resulted in the OSCE continuing to operate with inadequate resources. The lack of an approved UB for the past three years exacerbates the already dire situation, as the OSCE was forced to operate at the 2021 level of resources in 2024, a *de facto* Zero Nominal Growth budget, allocated in a piecemeal fashion. Significant inflationary cost increases, both in staff and non-staff costs, were not followed by commensurate increases in funding. This had a detrimental impact on the financial stability of all ES.

As a result, the capacity of the Organization to provide appropriate levels of assurance across all executive structures has dangerously eroded. The Organization must be equipped with the necessary resources to effectively carry out its internal control responsibilities, not least as I work to strengthen governance at all levels. The internal justice system, which remains high on the agenda, and emphasizes the early resolution of disputes, is also negatively affected by having insufficient resources. The Audit Committee itself has echoed the risks to the well-functioning of the Organization as a consequence of long-term underfunding.

Six-month mandate extension of the Mission to Moldova

The mandate of the Mission to Moldova has been extended only for a period of six months until 30 June 2025, due to lack of consensus for a twelve-month extension. This short period increases the administrative burden and poses significant operational challenges on the Mission, due to the short planning horizon. Moreover, it compounds already existing problems in retaining staff due to the competition with other organizations who not only offer higher salaries, but also longer-term contracts.

Information Security

The OSCE has experienced major information security incidents in the past, which impacted the confidentiality, integrity, and availability of our systems and information. In response, DMF implemented a multi-year Information Security Plan (ISP) to strengthen the OSCE's information security. An Information Security Management System (ISMS) based on the ISO27001 standard was introduced to bolster technical controls and enhance oversight. New policies, tools, and processes were established, including the creation of an ICT Security Operations Centre (SOC), the introduction of tools for preventing and detecting cyber-security incidents, the inclusion of information security in the internal control walkthroughs, improved security awareness training for staff, and delivery of the major Secure Microsoft Infrastructure (SMI) project to upgrade and secure the entire ICT architecture of the OSCE. Although the original ISP and SMI projects have now completed, DMF continues to implement further initiatives to strengthen our cyber security defences. In 2024 it introduced process improvements for the SOC, adopted new security controls for mobile devices, modernized the Global Wi-Fi infrastructure, and is implementing the essential "SMI 2.0" project to further secure and modernize the OSCE's core ICT services.

In addition, to strengthen the Secretariat's role as the second line of defence in information security, DMF has undertaken a number of actions: it has met each executive structure and discussed bilateral information security risk assessments; it has issued regular publications and conducted webinars on information security related topics.

The improvements made to the OSCE's information security defences were tested in 2024, when the OSCE was the target of a sophisticated cyber-attack exploiting what is known as a "zero-day vulnerability". This refers to a security flaw in software or hardware that is unknown to the vendor and for which no patch or fix is available. Despite the severity and sophistication of the attack, the impact on the confidentiality, integrity, and availability of the OSCE's information was assessed as being low. The attack was quickly detected and remediated by the DMF/ICT Security Incident Response Team and the SOC. This successful incident response demonstrated that the multi-year ISP and SMI investments have improved the OSCE's cyber defences.

Nevertheless, the OSCE continues to be targeted by sophisticated cyber threat actors, and like all international organizations, it is exposed to the risk of cyber-attacks on our systems and data. Continued investment in the OSCE's ICT infrastructure and information security controls

is essential to protect the organization against cyber threats. The OSCE budget and human resources allocated for ICT and Information Security are well below the averages of comparable organizations, impairing the level and scope of information security controls that the Organization is able to offer. The non-approval of the Unified Budget since 2021 and the lack of consensus on funding major ICT Capital Investment Plan (CIP) projects has delayed several activities to update or replace aging ICT hardware and software, and has severely limited the OSCE's ability to further improve its cyber security defences. Without the necessary resources to maintain our defences there is a risk that the improvements made in recent years will be lost, and that the OSCE will become increasingly vulnerable to expensive and damaging information security incidents.

V. Improvements in Policies, Procedures and Systems

It is my key objective to create a safer, more inclusive, and an enabling yet structured working environment conducive to effective implementation of organizational and programmatic priorities.

In 2024, *Staff Instruction 17/Rev.2 – Standard Recruitment and Selection Procedures*, and *Staff Instruction 34 - Medical Clearance* were promulgated and issued. Furthermore, revisions of *Staff Instruction 15 - Performance Management in the OSCE* and *Staff Instruction 21 – OSCE Policy on Professional Working Environment* are in the pipeline, with the aim of improving our regulatory management system.

Staff Instruction 17/Rev.2 ensured lean recruitment and selection procedures with increased oversight by the Secretary General and enhances control activities in candidates' vetting process. *Staff Instruction 34* filled an important regulatory gap by introducing procedure for the medical clearance process prescribed in the Staff Regulations and Staff Rules. In 2025, revisions of *Staff Instruction 15* on Performance Management and *Staff Instruction 21* on Professional Working Environment will be developed to enhance checks and balances, ensuring proper use of the prescribed mechanisms and reduce their misuse

In line with the OSCE strategic directions and operational requirements, security-related training and exercises continue. Security Management continues to organize and deliver security certification training for Security Officials to ensure standard and effective implementation of the 2020 Security Instructions and Guidelines across Executive Structures.

Security Management also initiated a new training program for Security Management Teams aimed at enhancing the effectiveness of the OSCE Security Management System, improve security planning and crisis preparedness across Executive Structures. In 2024, two Women's Security Awareness Trainings were delivered to empower female personnel with the knowledge and practical skills to mitigate security risks in various environments, raise awareness and create a safe space for related discussions.

Security Management launched the extra-budgetary Project 'Safe Travel System' in August 2023 as a vital tool for the OSCE to fulfill its Duty of Care obligation. It is directly beneficial for OSCE staff and is used for daily operations, emergency notifications, and headcounts in two locations, in order to enhance the Organization's crisis response. However, due to the limited financial resources, the project could not be further expanded to include other locations.

Supported by funds provided from the Repository Programme "Core Support Mechanism", Security Management was able to procure security equipment aiming at upgrading physical security systems and at acquiring essential security supplies required for the Secretariat and the rest of Executive Structures.

With thanks to the co-operation with the Austrian Armed Forces International Centre, the CPC and Security Management also secured the continuation of the Hostile Environment Awareness Training course which is crucial for OSCE personnel to equip them with the skills and knowledge to protect themselves in high-risk areas.

CPC, in co-operation with Security Management and other relevant Secretariat departments, continued conducting, on a rolling basis, table-top crisis simulation exercises to stress-test crisis response procedures and capacities of all Field Operations. I endorse this initiative as a recommendation to enhance duty of care and integrate operational and security lessons learned during the evacuation of SMM mission members.

In 2024, DMF continued to work on the revision of Financial and Administrative Instructions, including FAI 06 (Procurement and Contracting), FAI 07 (Asset Management), FAI 09 (Travel), FAI 12 (Computing Resources), FAI 13 (Information Security) and FAI 18 (Risk Management).

OSG and DMF re-launched the IT Steering Committee, issuing a new Terms of Reference with wider membership from the executive structures and a strengthened governance role to promote the efficient and effective use of information technology in all OSCE locations.

The proposal to reinstate Records Management as a separate unit (as was the case until 2019), directly reporting to the Director of the Office of the Secretary General resulted in a reinvigorated effort to relaunch the Records Management programme across the OSCE with the aim of increasing the global maturity of managing records across the OSCE.

A Task Force to update the current Organization's Records Management framework has been working during 2024 to ensure the FAI-3 - Records Management and its Implementation Policy meet the expectations for flexibility, adaptability and provide the definition for clear attributions of responsibilities. Both policies have been submitted for final promulgation.

Building on past experiences, the network of staff with Records Management functions has been reactivated by soliciting nominations and organizing of informal meetings. Parallel to this, an intense effort to review and improve the File Plan for the Secretariat – dated 2007 – has started with the aim of serving as the blueprint to the rest of the Organization.

Conclusion

The effectiveness of an internal control framework, no matter how well designed, has inherent limitations – including the possibility of circumvention – and, can therefore, only provide *reasonable assurance*.

However, I am committed to continuously improve our internal control framework, as well as overall accountability and oversight mechanisms. We will continue to work on initiatives to safeguard the OSCE's capacity to deliver on its mandate, exercise its duty of care, increase effectiveness and efficiency in the use of its resources. I reiterate that the decentralized nature of OSCE and the indirect reporting lines of Fund Managers and CFAs continue to be a risk to the effectiveness of these activities. More urgently, the lack of financial and human resources will sooner or later negatively affect our capacity to maintain the level of internal control I want to see moving forward.

Based on the above, I hereby conclude that, to the best of my knowledge and information, there are no material weaknesses which would prevent the External Auditor from providing an unqualified opinion on the OSCE's financial statements, nor are there other significant matters arising which would need to be raised in the present document for the year ended 31 December 2024.



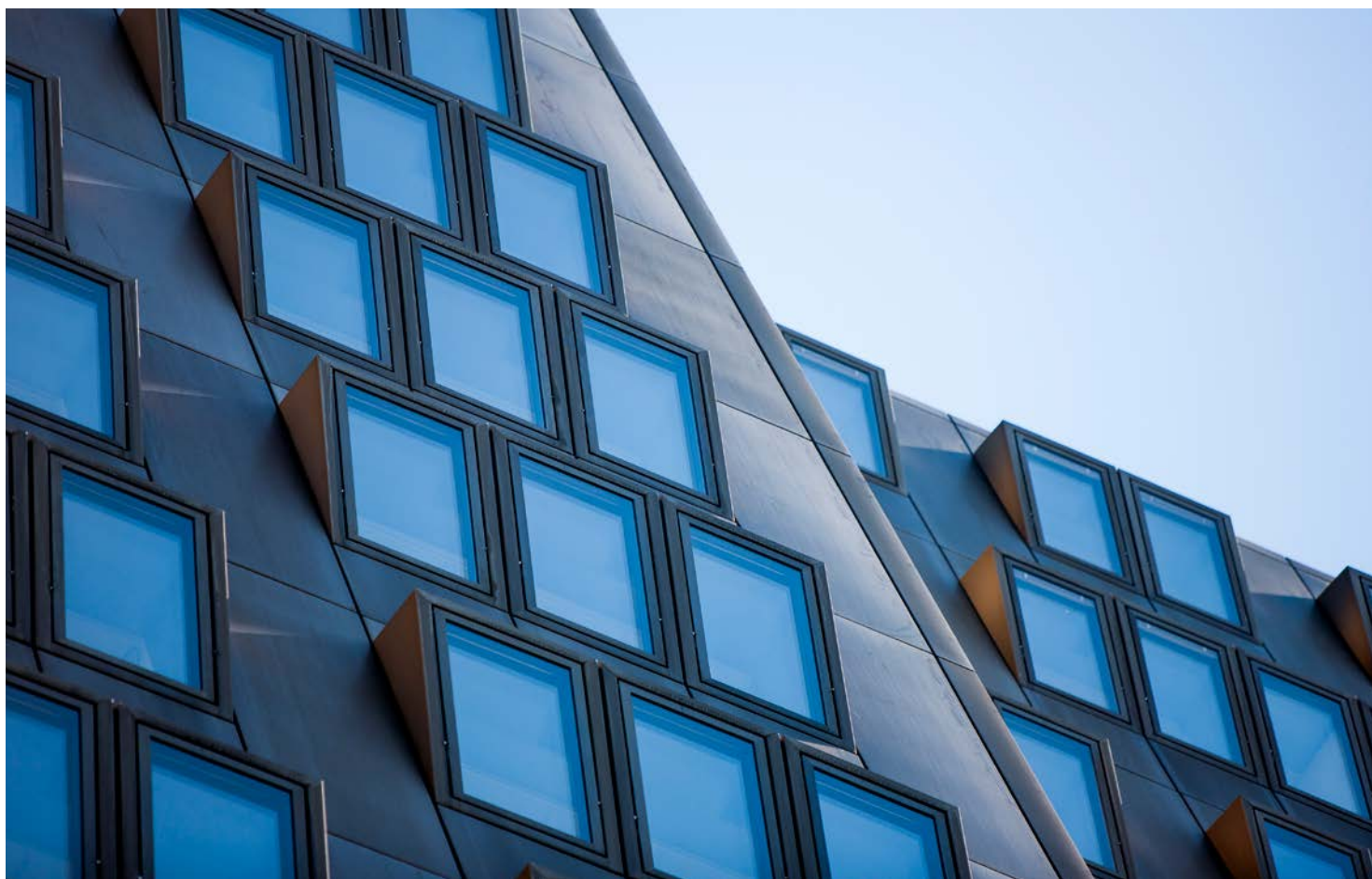
Feridun H. Sinirlioğlu
OSCE Secretary General

ANNEX 4

REPORT OF THE EXTERNAL AUDITOR



**External Audit
on the Financial Statements 2024
of the Organization for Security and
Co-operation in Europe (OSCE)**
Audit Report of the Austrian Court of Audit



DISCLOSURE

Published by:

Austrian Court of Audit

1030 Vienna, Dampfschiffstraße 2

www.rechnungshof.gv.at

Edition and Design: Austrian Court of Audit

Vienna, in June 2025

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PHOTOS

Cover: Austrian Court of Audit/Achim Bieniek

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Introduction

In September 2024, the Organization for Security and Co-operation in Europe (**OSCE**) appointed the Austrian Court of Audit (**ACA**) as External Auditor for the Financial Statements 2024.

The OSCE's Financial Regulations include the provisions for the appointment and tenure of office, the scope and the conduct of the External Audit as well as the Audit Report of the External Auditor.

The responsibilities of the ACA as External Auditor were to express an Audit Opinion on the Financial Statements 2024 and issue an Audit Report addressing the efficiency of the financial procedures, the accounting system and the internal control based on its audit.

Supplemental to the Financial Audit, the ACA conducted a Performance Audit on the Field Operation in North Macedonia. A separate Audit Report was issued to the Field Operation and the Secretariat covering the findings and recommendations of the Performance Audit. In case these findings had an impact on the Financial Statements 2024, they are attached as an annex to this Audit Report.

On 30 June 2025, the ACA issued an unqualified Audit Opinion on the OSCE's Financial Statements 2024, which is included within this Audit Report.

In addition to the Audit Opinion, the following Audit Report provides an overview, a comprehensive analysis and audit observations leading to a number of audit findings and recommendations for improvements of procedures or more comprehensive disclosures, which were taken up by the Secretariat (**SEC**) of the OSCE.

Finally, the Audit Report includes a follow-up of the recommendations made by the ACA in 2023.

The structure of this Audit Report is as follows:

- I. Extent and character of the audit
- II. Key financial data of the OSCE as of 31 December 2024
- III. Efficiency of the financial procedures, the accounting system and the internal control
- IV. Key audit findings related to the Financial Statements 2024
- V. Follow-up of the External Auditor's recommendations
- VI. Audit Opinion
- VII. Annexes

The ACA would like to express its appreciation for the cooperation and assistance provided by the Secretary General, the management and the staff of the OSCE. The ACA values their support throughout the audit.

I. Extent and character of the audit

1. Appointment of the Austrian Court of Audit as External Auditor

(1) In September 2023, the ACA was appointed as the new External Auditor of the OSCE by the Permanent Council (**PC**) for one audit period until 15 September 2024. On 19 September 2024 the Permanent Council appointed the ACA as the External Auditor of the OSCE for additional two audit cycles covering the Financial Statements 2024 and 2025, expiring on 1 July 2026.

The Engagement Letter for the audit of the Financial Statements 2024 was signed on 23 October 2024 by the President of the ACA, Dr Margit Kraker, and on 5 November 2024 by the Officer in Charge/Secretary General of the OSCE, Her Excellency Mrs Catherine Fearon.

(2) The mandate for the audit of the financial year 2023 expired on 15 September 2024, and the mandate for the financial year 2024 was granted by the Permanent Council on 19 September 2024. The ACA noticed that an External Auditor was practically engaged throughout the financial year 2024.

2. Scope and timing of the External Audit of the Financial Statements 2024

Article VIII of the OSCE's Financial Regulations includes the provisions for the appointment and tenure of office, the scope and the conduct of the External Audit as well as the Audit Report.

Pursuant to OSCE's Financial Regulation 8.01, the tenure of office shall normally be three years unless otherwise determined by the Permanent Council. According to the first appointment in 2023, the tenure of the ACA was limited to one year. Only after the new appointment in September 2024, the total period of the mandate was extended to the regular three-year period.

The ACA conducted a Performance Audit of one Field Operation in addition to the audit of the Financial Statements 2024. A separate Audit Report was issued to the Head of the OSCE Mission to Skopje, North Macedonia, and the Secretary General in order to address the audit findings and recommendations identified by the ACA during this Performance Audit. To the extent that such findings and recommendations were relevant to the Financial Statements 2024, they have been included as an annex to this Audit Report. However, such findings are not covered by the Audit Opinion on the Financial Statements 2024.

3. Engagement letter

The conditions for the audit of the Financial Statements 2024 were set out in an engagement letter signed by the ACA on 23 October 2024 and the OSCE on 5 November 2024.

The letter referred to the decision by the Permanent Council of the OSCE from 19 September 2024 (PC.DEC/1486). It stated that the audit would be conducted with the objective of expressing an opinion on the Financial Statements 2024 of the OSCE, which comprise the Statement of Financial Position as at 31 December 2024, the Statement of Financial Performance, the Statement of Changes in Net Assets/Equity, the Cash Flow Statement, the Statement of Comparison of Budget and Actual Amounts for the year then ended, and a summary of significant accounting policies and other explanatory information.

In addition to the submission of an Audit Opinion on the Financial Statements 2024 and an Audit Report in accordance with the OSCE Financial Regulations, the engagement letter stated undertaking a Performance Audit on one individual OSCE Field Operation including a report on the results of that audit.

The engagement letter also outlined the responsibilities of the OSCE's management during the audit by the ACA. Accordingly, the OSCE was in charge of:

- (a) the preparation and fair presentation of the Financial Statements in line with the International Public Sector Accounting Standards (**IPSAS**);
- (b) the implementation of internal controls to the extent determined necessary by the OSCE's management to enable the preparation of Financial Statements that are free from material misstatement, whether due to fraud or error; and

(c) providing the External Auditor with:

- access to all information of which OSCE's management was aware that was relevant to the preparation of the Financial Statements such as records, documentation and other matters;
- additional information requested by the ACA from OSCE's management for the purpose of the audit; and
- unrestricted access to persons within the OSCE from whom the ACA determined it necessary to obtain audit evidence.

4. Preparation and submission of the Financial Statements 2024 by the Secretary General

(1) In accordance with Financial Regulation 7.01 and Financial and Administrative Instruction (**FAI**) 11 – The Accounts and Annual Financial Statements – the annual Financial Statements shall be prepared by the Secretary General. All Fund Managers are required to close the accounts of the annual Budget of their respective Funds by 31 December of each year. In doing so, the Secretary General, assisted by the Heads of Institutions and the Heads of Field Operations, shall maintain such accounting records and procedures for all Funds operated by the OSCE as required by IPSAS, or any other standards as determined by the Permanent Council, and shall prepare annual Financial Statements.

(2) In accordance with Financial Regulation 7.04, the Secretary General shall submit the annual Financial Statements to the External Auditor no later than 31 March following the financial year to which they relate.

(3) On 31 March 2025, the Secretary General formally submitted the Financial Statements 2024 as a draft. As required by Financial Regulation 7.02 and pursuant to IPSAS 1 they contained:

- a Statement of Financial Position
- a Statement of Financial Performance
- a Statement of Changes in Net Assets
- a Cash Flow Statement
- a Statement of Comparison of Budget and Actual Amounts and
- the Supporting Notes to the Financial Statements.

In addition, OSCE's Secretary General signed an annual letter of representation addressed to the Auditor General of the ACA (dated 30 June 2025).

Audit finding No. 1: The draft Financial Statements 2024 provided by the Secretary General fulfilled the structural requirements of IPSAS 1 – Presentation of Financial Statements.

5. Audit approach

5.1. Audit team and timeline

The External Audit of the Financial Statements 2024 was carried out by the ACA at OSCE's headquarters in Vienna (OSCE Secretariat).

Overall, the audit team conducted its audit work from the end of September 2024 to June 2025.

From October to December 2024, the ACA interviewed various units of the OSCE, including the Office of the Secretary General, the Department of Management and Finance, the Office of Legal Affairs and the Department of Human Resources.

The purpose of these meetings was to obtain sufficient understanding of the audited organization and the environment in which it operates. This covered OSCE's processes and systems, as well as the Common Regulatory Management System (**CRMS**) including as follows: Decisions of the Ministerial Council (**MC**) and the Permanent Council related to the management of the OSCE's activities, the Rules of Procedure, the Financial Regulations, the FAIs, the Staff Regulations and Staff Rules as well as the Staff Instructions (**SI**) and Policy Guidance. In accordance with standard practice, the audit team issued a number of requests for information, documentation and explanations, in particular on the OSCE's accounting system (Chart of Accounts, posting rules, accounting policies, accounting records, funds structure, preparation of Financial Statements etc.).

From December 2024 to February 2025, the preliminary audit mainly consisted of an audit of the trial balance for the period of 1 January to 30 September 2024; as well as of a review of the internal control system in preparation for the detailed testing of the Financial Statements. Risk assessment procedures helped to identify the nature and extent of the audit work.

From March to June 2025, the final audit of the Financial Statements 2024 took place – mainly on the spot at the OSCE's headquarters in Vienna. In May and June 2025, the audit team also formed its Audit Opinion and drafted its Audit Report on the Financial Statements 2024.

5.2. Audit standards

The ACA conducted its audit in accordance with the International Standards for Supreme Audit Institutions (**ISSAIs**) issued by the International Organization of Supreme Audit Institutions (**INTOSAI**). ISSAIs 2200–2899 contain the financial auditing standards applicable for audits of Financial Statements. ISSAI 2000 incorporates the International Standards on Auditing (**ISAs**) into the Financial Audit Standards as stipulated by ISSAI 100 – Fundamental Principles of Public Sector Auditing.

Those standards require that the auditors comply with the organizational requirements of the ISSAIs including

- ISSAI 130 – Code of Ethics and
- ISSAI 140 – Quality Control for Supreme Audit Institutions

and that the auditors plan and perform the audit to obtain reasonable assurance about whether the Financial Statements or other forms of presentation of financial information are fairly and/or in all material respects presented in accordance with the applicable financial reporting and regulatory framework. Reasonable assurance is a high but not absolute level of assurance, which means it is not a guarantee that the audit detects all cases of material misstatement.

The ACA communicated its scope of the audit and approach to the Secretary General.

5.3. Audit principles and assessment

In carrying out the audit, the ACA maintained appropriate professional behavior by applying professional skepticism, professional judgement and due care throughout the audit. The ACA applied the concept of materiality, both in quantitative (by amount) and, when relevant, in qualitative (by nature) terms, when planning and performing the audit, evaluating the findings and reporting on the results. The ACA also assessed the risks of material misstatement of the Financial Statements 2024, obtained an understanding of the internal control relevant to the audit, designed and performed audit procedures responsive to those risks, and obtained sufficient and appropriate evidence (in terms of quantity and quality) to provide a basis for their conclusions and opinion. The ACA established effective communication during the audit process.

5.4. Analytical procedures

As required in attestation engagements, the audit was carried out on a test basis, by testing certain key controls and substantive testing of transactions recorded in the Financial Statements' areas on a sample basis. In order to achieve the audit objective, the ACA examined the financial and accounting procedures applied by OSCE, assessed the internal control system, performed substantive testing of selected transactions and control testing of selected processes, reconciled supporting documents with bank statements and analyzed such supporting evidence as was considered necessary in the circumstances. The audit team also checked the correspondence of the Financial Statements with the underlying records from the Integrated Resource Management System (**IRMA**), an Oracle-application.

5.5. Further contacts

Office of Internal Oversight

During the audit, the ACA met the Office of Internal Oversight (**OIO**) on several occasions. The OIO's 2024 and 2025 oversight plans and the implementation of the 2024 work plan were discussed. This exchange included the sharing of ideas and knowledge, audit reports and findings.

Audit Committee

The ACA met the Audit Committee of the OSCE two times, in November 2024 and in April 2025. Following the established practice, the Audit Committee was informed about the External ACA's working plan on the audit of the Financial Statements 2024.

Advisory Committee on Management and Finance

During the audit, the ACA met the Chair of OSCE's Advisory Committee on Management and Finance (**ACMF**) on several occasions. The ACA was informed about the OSCE budgeting process for the Unified Budgets 2024 and 2025. The ACA informed on the status of the audit of the OSCE's Financial Statements and the Audit Report. Moreover, at the request of the OSCE, a gathering between the ACMF Delegates and the ACA took place on 17 October 2024. The ACA explained its audit approach and walked through the results of its Financial Audit on the Financial Statements 2023.

6. Reporting

(1) The ACA submitted the draft of the Audit Report to the Secretary General for clearance on 18 June 2025; the OSCE's comments and written answers were, where applicable, considered in the final Audit Report.

On 30 June 2025, the ACA, in its capacity as External Auditor, issued an unqualified Audit Opinion on the Financial Statements for the financial year ended 31 December 2024. The Audit Opinion was included within this Audit Report under point VI, a copy of the audited Financial Statements 2024 was included as annex 2.

(2) The Secretary General shall submit the audited Financial Statements of the OSCE and the Audit Report of the ACA thereon to the Permanent Council for consideration and acceptance.

II. Key financial data of the OSCE as of 31 December 2024

The financial data of the year 2024 were significantly influenced by an increase in the Extra-Budgetary Contributions Receivable (+ EUR 24.558 million), leading to an increase of the Total Assets of 9.6 % at year-end 2024. The Total Liabilities were especially marked by higher deferred amounts for Extra-Budgetary Contributions (+ EUR 10.738 million) and Provisions (+ EUR 8.258 million), whereas the Deferred Revenue for prepaid Assessed Contributions decreased compared to 2023 (- EUR 2.427 million).

In contrast to the unchanged level of Assessed Contributions the Revenues from Extra-Budgetary Contributions increased significantly by 18.0 %. The rise in Total Expenses was mainly caused by an increase in Staff Costs (+ EUR 4.748 million) and a change in the allowance for doubtful debts (+ EUR 5.466 million).

Table 1: Key financial data for the financial years 2024 and 2023

	2024	2023	change	
	in EUR million			in %
Cash and Cash Equivalents	54.777	112.818	-58.041	-51.4
Investments	118.576	61.127	+57.449	+94.0
Contributions Receivable	43.428	18.713	+24.715	+132.1
Total Assets	237.411	216.613	+20.797	+9.6
Total Liabilities	174.288	156.883	+17.405	+11.1
Total Net Assets	63.122	59.730	+3.392	+5.7
Assessed Contributions	138.204	138.204	0	0.0
Extra-Budgetary Contributions	56.501	47.888	+8.613	+18.0
Total Revenues	236.030	223.651	+12.379	+5.5
Staff Costs	132.983	128.235	+4.748	+3.7
Total Expenses	230.416	213.453	+16.964	+7.9
SURPLUS FOR THE PERIOD	6.964	8.848	-1.884	-21.3
Cash Flows from Operating Activities	4.275	16.441	-12.166	-74.0
Cash Flows from Investing Activities	-59.916	49.058	-108.974	-222.1
Cash Flows from Financing Activities	-3.002	-12	-2.990	–

Source: OSCE, Financial Statements 2024

III. Efficiency of the financial procedures, the accounting system and the internal control

7. Special circumstances and issues in the financial year 2024

7.1. No acceptance of the Financial Statements 2022 and 2023

(1) Pursuant to Financial Regulation 7.04, the Secretary General submitted the Financial Report and the Financial Statements of the OSCE for the year ended 31 December 2022, as well as the Audit Report of the External Auditor, in which an unqualified opinion was issued, to the Chairperson of the Permanent Council on 14 July 2023. The Financial Statements for the year ended 31 December 2023 were issued to the Permanent Council on 18 July 2024, together with an unqualified Audit Opinion and an Audit Report of the External Auditor.

(2) Financial Regulation 7.05 provides for the acceptance of the annual Financial Statements. The Permanent Council shall accept the annual Financial Statements or take such other action with regard to them as the Permanent Council may consider necessary.

Audit finding No. 2: The Financial Statements 2022 and 2023, along with the corresponding Audit Reports, had both been discussed by the Permanent Council but had not been accepted by the time the Audit Report 2024 was issued.

7.2. No approval of the Unified Budgets 2022–2024

The Unified Budget (**UB**) of the OSCE comprises the individual budgets of the Secretariat and Institutions of the OSCE, the OSCE Field Operations and other OSCE activities approved by the Permanent Council.

Between 2017 and 2021, the participating States did not reach formal consensus on the Unified Budget before the end of the preceding year, as stipulated in the Financial Regulations. The Unified Budgets for the financial years 2022–2024 were not approved. Therefore, the OSCE was operating under the provisional expenditure authorization in accordance with OSCE's Financial Regulation 3.04 for the entire year. The provisional expenditure authorization made available in line with OSCE's Financial Regulation 3.04 amounted to EUR 138.204 million (at the level of the 2021 approved Unified Budget as per PC.DEC/1413). In order for the Organization to meet its 2024 financial obligations, the Permanent Council approved the Additional Provisional Expenditure Authorizations (**APEAs**) in the total amount of EUR 3.002 million

(PC.DEC/1485, PC.DEC/1487, PC.DEC/1491 and PC.DEC/1494), funded from the Cash Surplus for the year 2023.

Audit finding No. 3: Despite the non-acceptance of the Financial Statements 2023, the Permanent Council decided to use parts of the Cash Surplus generated in 2023 in the following financial year 2024. The amount of EUR 3.002 million was allocated to the OSCE's current expenses for 2024.

7.3. Proposal of the Unified Budget 2025

In accordance with Financial Regulation 2.05, the Secretary General shall submit to the Permanent Council a Unified Budget Proposal (**UBP**) for the following year until 1 October. The proposal shall be referred to the ACMF for discussion. The ACMF Chair may report to the Permanent Council on the progress of these discussions and may seek guidance from the Permanent Council in order to help the Committee to conclude its consideration of the Budget proposals. The ACMF's recommendations on the following year's budget shall be submitted to the Permanent Council by 15 December and shall be approved by 20 December.

As of 31 December 2024, the Permanent Council had not reached a consensus on the approval of a Unified Budget 2025. This situation of non-approval remained unchanged until the submission of the Audit Report in June 2025.

Audit finding No. 4: No approved Unified Budget for 2025 was available until the end of June 2025. The provisions of the Financial Regulations regarding the absence of an approved Unified Budget shall therefore be applied and the last approved Unified Budget from 2021 will form the basis for OSCE's operations.

7.4. Going Concern assessment by the Organization

The Financial Statements were prepared under the assumption that the Organization is a going concern and will continue its operation and meet its statutory obligations for the foreseeable future. In assessing whether the going concern assumption is appropriate, those responsible for the preparation of the Financial Statements take into account all available information about the future, which is at least, but is not limited to, twelve months from the date of the Financial Statements.

IPSAS 1.38 requires an organization to disclose material uncertainties related to events or conditions that may cast significant doubt upon the organization's ability to continue as a going concern.

The OSCE provided the ACA with the management's written positive going concern assessment in March 2025, which formed the basis for the preparation of the Financial Statements 2024 under the going concern assumption. The ACA performed the necessary audit procedures stipulated by the audit standards¹ with regard to this topic.

7.5. Status of the Repository Programme "Core Support Mechanism"

In 2023 the Repository Programme "Core Support Mechanism" was established as an emergency and temporary measure by accepting voluntary contributions from participating States to cover the underfunding of essential non-staff core support costs across all Executive Structures (**ES**).

As of 31 December 2024, more than 30 participating States had provided financial contributions to the Repository Programme "Core Support Mechanism".

The Repository Programme "Core Support Mechanism" had three sources of revenue:

- a number of participating States that had already paid more than their revised provisional first bill for the Special Monitoring Mission (**SMM**) in Ukraine;
- certain participating States that agreed to the use of all or some of their share of the 2021 Cash Surplus for this purpose; and
- additional voluntary contributions made by participating States.

The overall amount pledged by 31 December 2024 amounted to EUR 4.419 million – of which EUR 1.240 million were utilized to cover deficits under the Unified Budget 2023 provisional expenditure authorization (see ACA's Audit Report on the Financial Statements 2023) and EUR 0.673 million for two capital investment plan projects in 2023.

In 2024, the Secretary General authorized the allocation of the funds pledged to the Repository Programme "Core Support Mechanism" in support of a security management project aimed at addressing the need for essential security materials and equipment for the Secretariat and nine other Executive Structures. In total, the OSCE allocated an amount of approximately EUR 0.100 million from its resources in 2024, which resulted in a remaining amount of EUR 2.403 million at year-end 2024.

¹ ISSAI 2570

8. Resource utilization

8.1. General

Pursuant to a decision by the Permanent Council from 27 June 2003 (PC.DEC/553), the Secretary General shall provide the Permanent Council with a detailed annual report on Programme and Unified Budget-performance in the course of the first quarter of the year following implementation. This report shall contain a detailed assessment of the extent to which the resources provided in the Unified Budget have been used to achieve the planned objectives and outputs by Fund, Main Programme and Programme. By the time this Audit Report was issued, no annual report on the Programme and Unified Budget-performance had been prepared, but a "Resource Utilization Report (**RUR**) for 2024" – covering an overall analysis for the Organization as well as the resource utilization by Executive Structures.

Audit finding No. 5: As there was no Unified Budget approved and no annual report prepared for 2024, the Secretary General issued a "Resource Utilization Report for 2024" providing accountability and transparency for 2024. It identified the resources used and the overall outcomes achieved in 2024.

8.2. Total provisional resource utilization

The OSCE's total resources consist of Unified Budget Assessed Contributions, Voluntary Contributions and Contributions in-kind. The Unified Budget is the main funding source of the Organization.

As the Unified Budget 2024 was not approved (see paragraph 7.2), the OSCE operated in accordance with Financial Regulation 3.04 on a provisional expenditure authorization throughout 2024 at the level of the last approved Unified Budget by the Permanent Council from 2021 with an amount of EUR 138.204 million (PC.DEC/1413).

Without an approved Unified Budget, the Secretary General and Heads of Institution are authorized to incur obligations and make payments until 31 March of the current financial year up to the level of 25.0 % of the previous Unified Budget, and thereafter, on a monthly basis up to 1/12th of the previous approved Budget until the Unified Budget is adopted.

This means that the OSCE has neither changed the contributions of the participating States nor the planned expenditures since 2021. In its Audit Report 2023, the ACA raised the point of potential budget deficits in certain areas and recommended an amendment of Financial Regulation 3.02 in order to authorize, to an extent and in a

manner to be specified, provisional transfers between the Main Programmes and Funds in excess of the current threshold of 10.0 %.

Over the last six years, the average utilization of the Unified Budget remained at the level of 98.0 %. However, in most Executive Structures, the implementation rate was closer to 100.0 %, and starting with 2023 it exceeded 100.0 %, necessitating alternative means of funding. Due to the funding gap in the provisional Unified Budget 2024, the OSCE

- reprioritized and reallocated resources across Programmes within Executive Structures,
- used Additional Provisional Expenditure Authorization to be approved by participating States, such as for the Conference and Language Services Programme (**CLS**), and
- used the Repository Programme "Core Support Mechanism" as an emergency measure.

Audit finding No. 6: The ACA noted that the OSCE has regulations in its Financial Regulations on the status of an unapproved Unified Budget with regard to the quarterly or monthly limits to incur obligations or make payments.

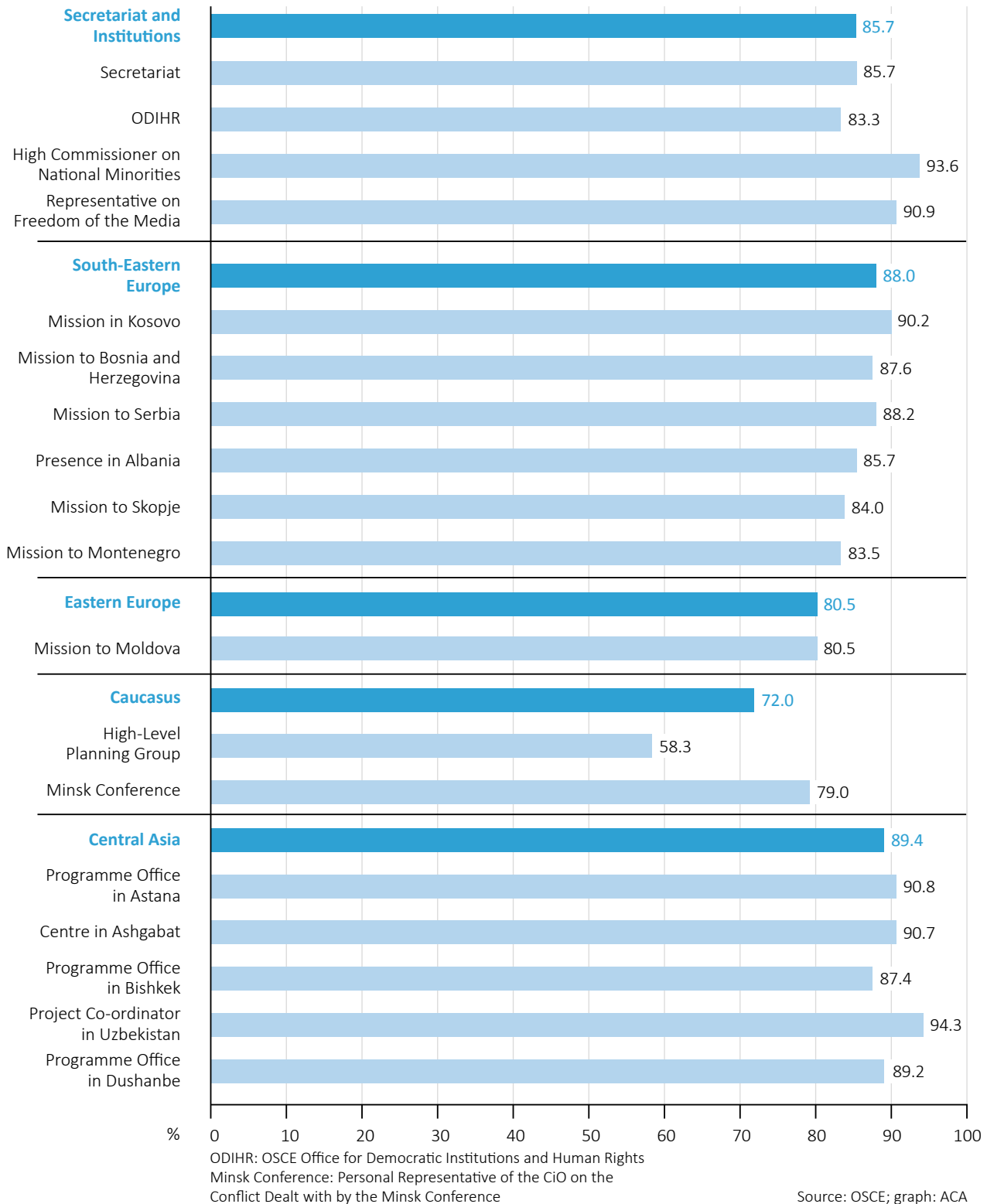
Recommendation No. 1 to the Permanent Council: The ACA reiterated the audit recommendation from 2023 to modify Financial Regulation 3.02 to allow for greater flexibility in provisional transfers of funds between Main Programmes and Funds in times when budget is not approved.

8.3. Post utilization – Human Resources

The utilization of Human Resources is reported against the Post Table within the latest approved Unified Budget in 2021. Overall, the average post utilization in 2024 was as follows:

- Secretariat and Institutions: 85.7 %
- Field operations: South-Eastern Europe: 88.0 %; Eastern Europe: 80.5 %; Caucasus: 72.0 %; Central Asia: 89.4 %.

Figure 1: Overview of the post utilization rates in 2024



Secretariat

The Secretariat post utilization was on average 85.7 %. It varied between 82.1 % for the Department of Human Resources (**DHR**) and 91.0 % for the Main Programme Addressing Transnational Threats (**TNT**).

According to the Resource Utilization Report for 2024, limited funding led to delays in hiring, hindering the department's overall performance, whereas significant cutbacks in learning and development opportunities negatively affected professional growth of employees across the OSCE. This in particular hit the DHR and the DMF including the Budget and Finance Section (**BFS**). The adherence to the 2021 post table and the 2021 level of available financial resources resulted in the OSCE applying various cost containment measures, including prolonged vacancy periods for positions as they became vacant (see paragraph 8.4).

Institutions

The Institutions achieved a post utilization to an extent as follows:

- Office for Democratic Institutions and Human Rights: 83.3 %
- High Commissioner on National Minorities: 93.6 %
- Representative on Freedom of the Media: 90.9 %

Field Operations

In South-Eastern Europe the overall post utilization was 88.0 %. The rate varied between 83.5 % (Mission to Montenegro) and 90.2 % (Mission in Kosovo).

In Eastern Europe, the utilization rate of human resources was 80.5 %. This value refers to the Mission to Moldova.

In the Caucasus, the overall post utilization rate stood at 72.0 %, yet it also experienced the lowest value of 58.3 % at the High-Level Planning Group.

In Central Asia, the overall post utilization rate was 89.4 %. The lowest value of 89.2 % was measured at the Project Co-ordinator in Uzbekistan.

Staff costs

The budgetary expenditure in 2024 by main cost category reflected a proportion of 65.0 % for staff costs (EUR 89.558 million) and 35.0 % for non-staff costs (EUR 48.029 million). Furthermore, the inflation-driven pay increases promulgated by the International Civil Service Commission (**ICSC**) led to a steady cost growth.

Taking into account the vacancy rate per staff category, secondments – while being the most cost-effective category of staffing – continue to be the most challenging to fill, resulting either in the inability to carry out planned activities or the requirement to hire more expensive temporary staff.

Efficiency was also affected by the high proportion of staff costs in total costs. A Zero Nominal Growth (**ZNG**) Budget means less budget on non-staff costs supporting OSCE's operations. In longer phases of non-approved Unified Budgets, this has adverse effects on the implementation of the mandate.

Audit finding No. 7: Due to the lack of an approved Unified Budget 2024, the 2021 post table remained binding in 2024. This meant that none of the proposed post table changes in the Budget proposals 2022–2024 could be implemented, which had a compromising impact on the operational efficiency.

Recommendation No. 2 to the Permanent Council: The ACA reiterated the audit recommendation from 2023. In the case of non-approved Unified Budgets, the OSCE should consider a mechanism for indexing the last approved Unified Budget according to the use of Financial Regulation 3.04 – by taking into account the effects of inflation or consumer price indexes.

8.4. Cost containment measures

As the Unified Budget for 2024 had not been approved, the OSCE continued to operate under provisional expenditure authorization, effectively a de-facto Zero Nominal Growth Budget. This situation had significant impact on the programme implementation and led to efficiency losses.

One of the measures introduced by the OSCE to manage the effects of provisional expenditure authorization was the enhancement of financial forecasts. In July 2024, these forecasts showed a deficit up to EUR 5.500 million for year-end 2024. This emphasized the need for measures across the entire OSCE were necessary to prevent a potential deficit.

Throughout the financial year 2024 the Secretary General adopted extensive measures to prevent an impending deficit at the end of 2024. These were the cost containment measures.

Among others, the following Unified Budget cost containment measures were introduced by all Secretariat Departments:

- several hiring freeze measures
- avoidance of overtime
- limited Special Service Agreements
- reduction in travel and conference attendance
- reduction in staff training activities
- mandatory minimum 3-month break between vacated post and reappointments.

Audit finding No. 8: Ultimately, the OSCE managed to avoid the impending deficit for 2024 by obtaining Additional Provisional Expenditure Authorizations using a large portion of the Cash Surplus from 2023 and by implementing numerous cost containment measures among the whole organization which led to a full reduction of the forecasted deficit.

Whereas the decision to not fill posts had a positive effect on cost savings in 2024, this also resulted in a critical situation in the DMF including the BFS. There was only one staff member each responsible for performing essential tasks including the preparation of the Financial Statements, the Unified Budget Proposal and year-end forecasts.

A minimum replacement period of three months for vacant positions, which was exceeded in many cases, poses an inherent risk for the OSCE, as essential reports for the organization could no longer be produced in the required quality and within the necessary time frame.

Audit finding No. 9: The ACA considered the staff shortage within the DMF and BFS critical for the organization, especially in meeting its internal and external reporting requirements.

Recommendation No. 3 to the Secretary General: When considering cost containment measures, the Secretary General should not lose sight of the existing staff shortage and the fact that in some departments, especially in the DMF including the BFS, only one staff member was left to perform essential tasks in the required quality and within the necessary time frame.

9. Internal control

9.1. Office of Internal Oversight

(1) The Permanent Council established the OIO as an independent appraisal function within the Organization to examine and evaluate its activities. The OIO reports directly, and is responsible to the Secretary General who approves its annual work plan. The principles governing internal oversight are reflected in the Financial Regulations, the Internal Oversight Mandate, and the Evaluation Framework Administrative Instruction.

(2) In 2024, the OIO faced – like in the year 2023 – a systemic risk driven by staff turn-over. Based on the last approved Unified Budget 2021, OIO's approved post table in 2024 comprised 14 professional posts and three general service posts. Due to increased staff cost, three posts were kept vacant once they became available in 2024. The issue was further exacerbated by continued inflationary pressures.

(3) The OIO conducts internal audits, independent evaluations, and investigations of the OSCE's operations, activities, outputs, and progress towards outcomes, including those of Field Operations and Institutions according to an annual working plan.

The aforementioned staff turn-over resulted in adjustments to OIO's working plan. Furthermore, the lack of an approved Unified Budget 2024 and the required quarterly and monthly provisional expenditure authorizations led to the delay of several Field visits for audits and evaluations and to a postponement of engagements.

Audit finding No. 10: The resources of the OIO were still limited, which posed a risk for fulfilling the full mandate. As already mentioned last year, the ACA noted that the reduction in operational resources of the OIO combined with vacant posts had a negative impact on OIO's timeline for completing, reporting on and following up on missions. This needs to be addressed as the third line of defense is entrusted to the OIO through its internal audits, evaluations, advisory services and investigations.

Recommendation No. 4 to the Permanent Council: The ACA reiterated the audit recommendation from 2023 to provide the OIO with the necessary human and financial resources to properly fulfil its tasks as an independent appraisal function within the OSCE.

9.2. Fraud prevention and detection

FAI 14 – OSCE Fraud Prevention and Detection Policy – covers the OSCE fraud prevention and detection policy. The OIO is designated as the office within the OSCE to receive reports on the inappropriate use of OSCE resources or on other types of fraud. The OIO is also responsible for examining and evaluating the adequacy and effectiveness of the OSCE's internal control environment including its assessment of fraud risks. FAI 10 – Reporting on inappropriate Use of OSCE Resources – describes the procedures for reporting.

The OIO provided the ACA with the following information on fraud prevention and detection from 2019 to 2024:

Table 2: Fraud prevention and detection from 2019 to 2024

	2019	2020	2021	2022	2023	2024
Total complaints received (including fraud)	55	66	59	61	64	70
<i>thereof allegations of non-financial fraud reported</i>	<i>17</i>	<i>6</i>	<i>11</i>	<i>12</i>	<i>19</i>	<i>6</i>
<i>thereof allegations of financial fraud reported</i>	<i>3</i>	<i>4</i>	<i>7</i>	<i>8</i>	<i>8</i>	<i>7</i>
Number of preliminary reviews conducted by OIO (all allegations including fraud)	49	45	32	58	42	51
Number of investigations carried out	3	7	17	5	7	8
Investigation reports issued (allegations substantiated)	3	4	11	3	3	4
Closure reports issued (allegations not substantiated or closed for other reasons)	0	3	6	2	4	4
New investigations opened	6	18	6	9	5	12

Source: OSCE

The total number of investigation issues/complaints reported to the OIO increased slightly again from 64 (2023) to 70 (2024), including the misuse of OSCE resources, conflicts of interest, Code of Conduct violations, harassment, abuse of authority, misrepresentation, forgery or false certification.

The number of allegations of fraud decreased from 19 (2023) to 6 (2024) for non-financial fraud and from 8 (2023) to 7 (2024) for financial fraud – like attempted procurement fraud by bidders using similar costs or unlawful payment schemes for contractors.

As a consequence of the limited human and financial resources, one audit within the working plan 2024 had to be rescoped, two were delayed and two moved to the 2025 working plan. Two evaluation assignments had to be cancelled. Furthermore,

the planned fraud awareness training could not be performed during the last three years. For the same reason the planned updates of FAI 10 and 14 had already been postponed in 2023 and were not implemented in 2024 either.

Audit finding No. 11: Allegations of financial fraud were brought to the attention of the OIO within the framework of the fraud prevention and detection policy set up by FAI 10 and FAI 14. The ACA took note of the preliminary reviews and investigations carried out by the OIO and did not find any fraud likely to have a significant impact on the Financial Statements 2024 as a whole. Extensive training on fraud awareness could not be performed in three consecutive years (2022–2024) due to a lack of resources in the OIO. The planned updates of FAI 10 and FAI 14 were postponed and therefore not yet completed.

The ACA reiterated its aforementioned recommendation No. 4 to the Permanent Council to provide the OIO with the necessary human and financial resources to properly fulfil its tasks as an independent appraisal function within the OSCE.

9.3. Letters of Attestation

The Head of Institution/Mission and Chief of Fund Administration of OSCE's Executive Structures (Secretariat, Institutions and Field Operations) are responsible for establishing and maintaining effective control over the use of resources and financial reporting. They have to acknowledge their responsibility for providing all information necessary for the preparation of accurate Financial Statements for the OSCE and the associated Statement of Internal Control, and for satisfying the External Auditor.

As part of the preparation of the Financial Statements 2024, the Institutions and Field Operations submitted the required Letters of Attestation to the Secretariat in early 2025. Therein they confirmed the reliability of controls carried out in a declarative manner. These letters were reviewed by both DMF and OIO and the findings were included within the Statement on Internal Control 2024, prepared by the Secretary General in March 2025.

The ACA identified that the attached Annexes to the Letters of Attestation contained further details to support assertions made in this letter. Some Executive Structures informed on exceptional requests (staff recruitment, extension of contracts, payment of unused leave), details of impairments and loss of assets and actions taken in response to recommendations of previous audits (Internal Audit, Audit Committee, External Audit). Overall, these assertions were not material.

Audit finding No. 12: No significant issues were identified in the Letters of Attestation provided by all Executive Structures for the preparation of the Financial Statements 2024.

IV. Key audit findings related to the Financial Statements 2024

10. Cash and Cash Equivalents, Investments

While auditing Cash and Cash Equivalents amounting to EUR 54.777 million in 2024 and Investments amounting to EUR 118.576 million in 2024, the ACA requested confirmation letters from 27 banks, with which the OSCE had business relationships. The ACA requested the balance at year-end, a list of authorized signatories, additional other liabilities, interest rates and any other existing finances.

The ACA sent the request letters directly to the banks, with banks being instructed to respond directly by post and/or email. The ACA received 26 confirmation letters. One confirmation was not received, however all business relations to that one bank have been terminated in 2024.

For the previous financial year 2023, one bank confirmed individual signing authority although FAI 5 – Income and Cash Management – point 9.2 (Bank Signatory Panel) required two signatories for all bank transactions. After the detection of this finding by the ACA, the DMF instructed the bank to change all accounts to require double signature in March 2024.

For the financial year 2024, the ACA received confirmation letters from two banks confirming individual signing authority. In total, the Bank Signatory Panels of nine banks were outdated, including individuals who were no longer employed by the OSCE. In one case, both individuals listed as signatories had left the organization during the financial year 2024. These deficiencies increase the risk of unauthorized access to potential fraud.

Following the ACA's findings the OSCE initiated corrective actions. The following table gives an overview on audit finding No. 13 and an update on the actions taken until June 2025:

Table 3: Overview of findings regarding signing authorities

	Single signing authority	Two former staff members with signing authority	One former staff member with signing authority	Update June 2025
Bank No. 1	X		X	in progress
Bank No. 2		X		removed
Bank No. 3			X	in progress
Bank No. 4			X	removed
Bank No. 5			X	removed
Bank No. 6			X	removed
Bank No. 7			X	removed
Bank No. 8			X	removed
Bank No. 9	X		X	in progress

Source: OSCE

For two banks, the OSCE requested a change from single to double signing authorities; however, no confirmation had been received from the bank until June 2025.

In another case involving two former staff members who still held signatory rights, both authorizations were successfully removed by the time this Audit Report was issued. Additionally, for five banks where the signatory rights for one departed staff member had remained on record, the respective signatory rights were also removed.

At three other banks, the removal of signatory rights for former staff members had already been initiated by the Organization, but was still in progress by June 2025.

Audit finding No. 13: The ACA found that two bank confirmations were issued with single signatory rights. Nine bank confirmations contained outdated Bank Signatory Panels, including individuals no longer employed by the OSCE. The ACA noted that the DMF had initiated corrective actions during the audit period.

Recommendation No. 5 to the DMF: All bank transactions should require double signing authorities in accordance with FAI 5, point 9.2. Internal controls should be implemented to ensure that this requirement is met when establishing any new bank account.

Recommendation No. 6 to the DMF: An internal control mechanism should be established to ensure the continuous accuracy and completeness of all Signatory Panels, especially in cases of personnel changes within the Organization.

Recommendation No. 7 to the DHR: In order to ensure the prompt removal of signatory rights upon termination of an employment, a standardized process should be established and integrated into the employee offboarding process.

11. Allowance for Assessed Contributions

Financial Regulation 4.09 outlined the required actions in the event of arrears in Assessed Contributions. In 2024 the OSCE did not fully implement the steps specified in the clauses c) to f) of the Financial Regulations². Despite the required regular submission of quarterly reports on outstanding Assessed Contributions, no formal follow-up measures as defined in Financial Regulation 4.09 had been undertaken in 2024. This approach was already applied in 2023 and noted in the ACA's Audit Report 2023.

While Financial Regulation 4.09 required that arrears outstanding for more than two years be reported to the Permanent Council by the Chairmanship, it did not contain provisions regarding the treatment of a bad debt allowance. Likewise, no such guidance was provided in the corresponding FAI 5. The OSCE has implemented IPSAS 41 – Financial Instruments – as of 1 January 2023 and has been recognizing a bad debt allowance for overdue receivables from Assessed Contributions in accordance with the requirements of IPSAS 41 ever since.

This indicated a misalignment between the internal regulations (Financial Regulations and FAI 5) and the international accounting standards applied.

Audit finding No. 14: The OSCE did not act in accordance with the Financial Regulations and FAI 5 regarding actions to be taken in the event of arrears. Furthermore, the current Financial Regulations and FAI 5 did not reflect the requirements of IPSAS 41 with regard to the treatment of existing financial instruments, such as allowances for doubtful debts. However, the ACA noted that the presentation within the Financial Statements 2023 and 2024 was in line with IPSAS 41.

² Financial Regulation 4.09:

- c) The Secretary General shall request the participating States to pay arrears within 60 days if a participating State has not paid all its Assessed Contributions and dues for special financing for the preceding financial year by 1 April of the current financial year.
- d) The Secretary General shall request an explanation for non-payment from the participating States.
- e) The Secretary General shall inform the ACMF and consult with the Chairmanship.
- f) The Permanent Council shall take concrete measures to ensure payment.

Recommendation No. 8 to the DMF: The OSCE should revise its Financial Regulations and FAI 5 to ensure their alignment with IPSAS 41, particularly with respect to the recognition and disclosure of doubtful receivables. Additionally, the OSCE should either begin implementing the measures outlined in clauses c) to f) of Financial Regulation 4.09 and FAI 5 or amend these regulations to reflect a better enforceable process for addressing arrears in Assessed Contributions.

12. Outstanding Receivables for Third Party projects

An OSCE Third Party (**3P**) project was an administrative arrangement used to receive and process contributions from a donor for specific activities. For these arrangements, the OSCE acted solely as a processing agent and did not assume responsibility for such projects. Therefore, the financial performance of these projects was not included in the Financial Statements 2024.

Donors could be e.g. participating States, outside institutions, organizations as well as individuals or a group of the same. They could make contributions to a 3P project, either in cash or in-kind. 3P projects were managed organizationally, administratively, and financially in the same manner as Extra-Budgetary projects. In the absence of specific 3P provisions, the rules and procedures set out in FAI 4 applied.

3P projects were primarily used to fund and administer seconded staff. In addition, they also supported the short-term election observers for Election Observation Missions (**EOMs**), which were mainly implemented under the lead of the Office for Democratic Institutions and Human Rights (**ODIHR**), Warsaw, Poland.

The Interim Policy Guidance for the treatment of 3P projects was issued as an addendum to FAI 4 – Extra-Budgetary Contributions. The purpose of this guidance was to outline the framework and provisions for the approval, setup, maintenance, management and closure of 3P projects established by Executive Structures and the modalities of acceptance, management and reporting of contributions made to such projects. The current Interim Policy Guidance does not comprehensively address all operational aspects of Third-Party projects supporting short-term observers. Furthermore, responsibilities for management and the collection of receivables related to the 3P projects do not clearly delineate institutional responsibilities.

Since the Interim Policy Guidance did not contain provisions regarding advance authorizations, the general rule set out in FAI 4 applied. According to FAI 4, costs could only be covered as far as the contributions had been received, unless an advance authorization was granted. However, ODIHR regularly covered operational costs for short-term election observers in advance. The actual costs were subse-

quently recharged to the donors. Some participating States and donors have, for many years, not always fully reimbursed these recharges to the Organization.

Audit finding No. 15: The ACA identified that there was no policy regarding Third Party projects in place covering all aspects of short-term observers for Election Observation Missions. There were no clear regulations of the responsibilities of ODIHR and DMF regarding the management and collection of Third Party receivables as well as advance authorizations for operational costs.

Recommendation No. 9 to the DMF and ODIHR: The OSCE should develop and implement a clear and comprehensive policy governing the management of Third Party projects. This policy should define roles and responsibilities, establish procedures for approval, monitoring and reporting, and ensure alignment with existing financial and operational regulations.

13. Clearance of Extra-Budgetary Contributions Receivables

Extra-Budgetary Contributions Receivables relate to the agreements and pledge acceptances with donors which are due for payment. Unpaid pledges are recognized as a receivable with a corresponding deferred revenue liability, which is recorded as a Conditional Extra-Budgetary Contribution deferred revenue for active pledges and respectively as a Provision for expired pledges pending final donor reporting.

Receivables relating to other activities and special projects included outstanding amounts totaling EUR 1.031 million pertaining to one pledge from the European Commission, which had been overdue for more than three years. The pledge had expired on 22 December 2024 and had not been renewed.

Despite the expiration of the pledge, a payment of EUR 0.388 million was received from the European Commission on 27 December 2024. As this payment could not be matched to any pledge valid at that time, the payment was recorded under unapplied receipts. During the year-end closing procedures, based upon the information available at the time, these unapplied receipts were reclassified as Conditional Extra-Budgetary Contributions deferred revenue, thereby recognizing a liability towards the European Commission. The cash balance was not applied to the open Extra-Budgetary Contributions Receivable. The remaining outstanding receivable balance was not written off against the Provision for pending close, although the pledge had already expired on 22 December 2024.

Audit finding No. 16: The presentation of this case in the Financial Statements 2024 was not adequate. The payment received on 27 December 2024 ought to have been applied to the open Extra-Budgetary Contributions Receivable. Additionally, the remaining outstanding receivable balance should have been written off against the Provisions for pending close, as neither a valid receivable nor a corresponding liability existed any longer.

The OSCE fully accepted the ACA's position and implemented the necessary reclassifications as at 31 December 2024. As a result, the Total Assets and Liabilities were reduced by EUR 1.031 million.

Recommendation No. 10 to the DMF: The OSCE should strengthen its review procedures with regard to outstanding Extra-Budgetary Contributions Receivables, in particular by regularly assessing whether such receivables remain valid or have expired. Furthermore, unapplied receipts should be subject to an enhanced review during the year-end closing process to determine whether they could be matched to any existing receivable or pledge, thereby ensuring appropriate presentation in the Financial Statements.

14. Disposal of Fixed assets and Inventories

14.1. Approval of donations

During the implementation of projects and activities funded from the Unified Budget as well as Extra-Budgetary Contributions, assets and inventories were regularly donated to beneficiaries. In accordance with FAI 7 – Assets Management – these donations could be given to partner agencies, governments, governmental or non-profit organizations, if such action served the best interests of the OSCE.

There are, in general, three different types of donations within OSCE:

- a) donation of equipment no longer needed by the organization,
- b) provision of equipment for the duration of the project with subsequent donation to the beneficiary at the end of the project or
- c) purchase for donation.

In any case the transfer of ownership shall be documented in a Donation Agreement, specifying the date of the legal transfer of ownership as well as the responsibilities and obligations of the parties involved. A template of this Donation Agreement was prepared by OIO and submitted to all Executive Structures, however it is not mandatory to use this template, as in some cases the beneficiaries wish to use own templates.

In addition to the Donation Agreement all donations require the approval of the Fund Material Management Committee (**FMMC**) in line with FAI 7, irrespective of the value of the assets or inventory involved. In contrast to that, according to FAI 6 – Procurement and Contracting – there were different approval authority thresholds for the purchase of these items, depending on the contract value of the purchase.

Once the signed Donation Agreement and the FMMC documentation were submitted to the Assets, Logistics and Travel Support Unit (**ALTSU**) within the Secretariat, the retirement of the assets or inventory was recognized within the accounting.

The ACA identified cases amounting to EUR 0.579 million in which the physical handover of the donated items to the beneficiaries had occurred before the case was presented at an FMMC meeting and the required approval of the FMMC was obtained. In those cases, the FMMC did not approve the cases ex post, but only "took note" of the donation.

Audit finding No. 17: Donations amounting to EUR 0.579 million made to beneficiaries in the financial year 2024 were not approved by the FMMC as required by FAI 7.

Recommendation No. 11 to all Executive Structures: The Executive Structures should ensure that all donations are approved by the FMMC prior to the delivery of the items to the beneficiaries in order to comply with FAI 7.

Recommendation No. 12 to the DMF: The DMF should review the existing regulations within FAI 6 and FAI 7 and implement either a mandatory FMMC approval at the stage of purchasing items to be donated (irrespective of the purchase value) or implement a combined FMMC approval for the purchase and donation of such assets or inventory.

14.2. Documentation of the handover date for donations

As stated above in the case of donations, the donating Executive Structures were obliged to prepare and sign a Donation Agreement with the beneficiary. In most cases the Donation Agreement included a handover document as an appendix to the Agreement that specified the items donated. The template used also included information like date or handover location. However, on most of the samples tested no actual handover date was stated, neither were the signatures on the handover document dated. In some cases, the handover document had the date of the Donation Agreement printed, which was not necessarily the date of the physical and legal transfer of the ownership. The actual date of the transfer of ownership must be the

day that is used to derecognize the assets/inventories for donation³ within the organization's asset accounting module. Without this information, the recognition within the accounting system could be made in the wrong accounting period.

Audit finding No. 18: It was not mandatory to indicate the actual date on which the donated items were physically handed over on the handover document. This creates a risk of the retirement being recognized in the wrong accounting period.

Recommendation No. 13 to the DMF: The actual handover date should be a mandatory information to be included on the handover document as this triggers the recognition of the retirement within IRMA.

14.3. Accounting date of disposals

The write-off and disposal of an asset is the final phase of an asset's life cycle. Aside from donations, there may be also other reasons that require the elimination of an asset from the organization's accounts, e.g. sale, damage or theft.

Fixed asset write-offs and disposals could be initiated by different departments (Asset Management within the Executives Structures or the Secretariat, Information and Communication Technology (ICT), Facilities Management) or by any individual OSCE official who is responsible for the proper care, use and security of assets under their custody. The write-off requests had to be prepared by the (local) Asset Management of the Executive Structure, which was also responsible for obtaining the necessary approvals in line with FAI 7.

The derecognition within the asset's accounting module was booked by the ALTSU for all disposals within the organization once the necessary supporting documents had been provided by the relevant Executive Structure. The ACA discovered cases where the transmittal of these documents happened months after the actual transfer of the ownership.

The ACA found that there was no written requirement to record disposals of fixed assets/inventories for donation retrospectively on the date on which economic ownership was actually transferred or lost. This could lead to misstatements in the Financial Statements due to a possible recognition within the wrong accounting period.

³ According to FAI 7 inventories that were purchased for donation with a purchase value exceeding the threshold of EUR 1,000 were recorded within the asset accounting module for administrative reasons. They were capitalized at the time of the purchase and retired from the asset accounting module after the donation had been completed.

Audit finding No. 19: FAI 7 did not provide for a retrospective recording of disposals of assets/inventories for donation based on the date of the transfer of the economic ownership. This poses the risk of misstatements in the Financial Statements.

Recommendation No. 14 to the DMF: The DMF should amend the provisions in FAI 7 to ensure that disposals are recorded in the asset accounting module effective with the disposal date to allow for a proper presentation within the Financial Statements.

Recommendation No. 15 to all Executive Structures: The necessary supporting documents for documenting the disposal of assets/inventories for donations should be sent to ALTSU without delay to ensure adequate accounting in the correct financial period.

15. Reconciliation and completeness of employee lists

The OSCE classified its employees in three main categories: fixed-term, short-term and daily staff. These categories were included in two different employee lists. The Organization used one employee list that contained just the fixed-term staff, while the other list included all categories of staff.

The reconciliation of the number of employees from the beginning to the year-end of the financial year 2024 was not possible due to various system and reporting limitations as well as numerous joiners and leavers during the year 2024. In total the reconciliation could not be carried out without discrepancies for 16 staff members.

Audit finding No. 20: Reconciliation procedures for all employee lists could not be carried out without discrepancies due to various system and reporting limitations.

Recommendation No. 16 to the DHR: The OSCE should ensure that a reconciliation of the employee list is possible for all types of employees.

16. Retrospective change of salary scales for annual leave liability

Adjustments to salary scales for general staff occurred periodically. In some cases, such adjustments were made retrospectively. The OSCE neither approved the new salary scales nor made any retrospective changes to the new salary scales in 2024 or during the period in which the Financial Statements 2024 were prepared. Nevertheless, the calculation of the annual leave liabilities for year-end 2024 was done with the new salary scales published by the UN during the financial year 2024, although their implementation was not approved by the OSCE until June 2025. Due to this approach, the effect on the Financial Statements 2024 was not material.

Audit finding No. 21: For the calculation of the annual leave liability, the OSCE used retrospectively adjusted salary scales (published by the UN) for general staff although such salary scales were not approved by the OSCE until June 2025. The effect on the Financial Statements 2024 was not material.

Recommendation No. 17 to the DMF: Retrospective adjustments to salary scales that affect the calculation of year-end liabilities and provisions should only be taken into account if the implementation of the UN salary scale adjustments was accepted before year-end or during the period of the preparation of the Financial Statements.

17. Special Service Agreements

17.1. Organization-wide monitoring

The rules for Special Service Agreements (**SSA**) were defined in Staff Instruction No. 23 (**SI 23**) and set out the terms governing the engagement of consultants under a Special Service Agreement, such as the duration and the selection procedure.

SI 23, which originally came into effect on 1 January 2021 (Revision 1), was replaced by Revision 2, effective from 1 January 2024.

The amendment of SI 23 through Revision 2 was based on a consultative process with the Secretariat, the Institutions and Field Operations and with the ACMF. Furthermore, the new thresholds concerning the selection procedure of consultants were guided by Advisory Assignments conducted by the OIO.⁴

According to Revision 2⁵, each Executive Structure was responsible for maintaining control and oversight of Special Service Agreements. Before engaging a consultant, due consideration should be given to the option of utilizing the expertise of OSCE staff members available internally at the same or another Executive Structure.

Each Executive Structure had to ensure compliance with cumulative duration limits and to report Special Service Agreement-related information to DHR for accurate oversight. The Heads of Mission or designated officials were obliged to monitor and ensure that the permitted number of service days was not exceeded or that multiple (overlapping) assignments were prohibited. This should ensure adherence to SI 23.

The monitoring process was incomplete as there was no organization-wide monitoring of the consultants' working days. Overlapping assignments could therefore not be prevented within the OSCE.

In September 2024, a tool within IRMA was implemented to monitor the assignments with consultants. This should ensure adherence to the stipulated limits and provide a comprehensive overview. However, the reporting format of this overview was very complex. At the time of the audit, the OSCE was therefore reviewing and validating the usefulness and accuracy of the corresponding data. It is expected that the quality and clarity of the report would improve over time.

⁴ "Advisory Assignment on the Management of Special Service Agreements – Task 1: Advice on the adequacy of the proposed new financial thresholds" of 10 August 2023 and "Advisory Assignment on the Management of Special Service Agreements – Task 3: Lessons learned from OIO findings pertaining to SSAs since 2021" of 12 October 2023

⁵ SI 23/Revision 2, Point 16

Audit finding No. 22: The ACA noted the incomplete monitoring process as there was no organization-wide monitoring of the consultants' working days for Special Service Agreements.

Recommendation No. 18 to the DHR and DMF: The DHR and DMF should strengthen the oversight and monitoring of Special Service Agreements across all Executive Structures – including the Secretariat, Institutions, and Field Operations – in order to achieve an organization-wide compliance with SI 23.

Recommendation No. 19 to the DHR: Based on a recommendation from OIO issued in 2023, it is recommended that a standardized recording of the related data, beyond the current level of capture, is being made in the relevant organizational systems to enable largely automated monitoring controls – both to monitor compliance as well as to ensure a consistent identification of potentially problematic situations.

17.2. General requirements for invoices and performance documents

The ACA audited consultants' invoices and performance notes to verify expenses in the OSCE's Financial Statements. These documents were used to verify the correctness of the amounts posted and the correct period allocation. The ACA identified a vulnerability due to missing information regarding the performance of services, the service period or the content. This missing information gave rise to the risk of a wrong recognition of the transactions (with regard to the amount, period, etc.).

Audit finding No. 23: Due to missing accounting-relevant information (e.g. content or dates) on the consultants' invoices and performance notes, a weakness was identified in the recording and presentation of expenses in the Statement of Financial Performance.

Recommendation No. 20 to the DHR and DMF: To ensure proper documentation and accountability, the consultants should be encouraged to improve the quality of the invoices and performance notes. The exact performance period and the contents should be stated either on the invoices or on other performance documents.

18. Recommendations – Prioritization

The recommendations have been ranked in order of priority:

- priority 1, a fundamental point, which requires immediate attention from Management. This point corresponds to the existence of a high level of risk to the objectives of the Organization;
- priority 2, control point of a less urgent nature, which must be handled by Management. This point corresponds to an intermediate level of risk;
- priority 3, point on which controls could be improved and to which the Management's attention is drawn. This point corresponds to a moderate level of risk.

The recommendations with priority 1 are intended to avoid reputational risks in the long term.

Table 4: Prioritization of recommendations

No.	Priority	to		Paragraph
Priority 1				
1	1	PC	Recommendation: The ACA reiterated the audit recommendation from 2023 to modify Financial Regulation 3.02 to allow for greater flexibility in provisional transfers of funds between Main Programmes and Funds in times when budget is not approved.	<u>paragraph 8.2</u>
2	1	PC	Recommendation: In the case of non-approved Unified Budgets, the OSCE should consider a mechanism for indexing the last approved Unified Budget according to the use of Financial Regulation 3.04 – by taking into account the effects of inflation or consumer price indexes.	<u>paragraph 8.3</u>
3	1	SG	Recommendation: When considering cost containment measures, the Secretary General should not lose sight of the existing staff shortage and the fact that in some departments, especially in the DMF including the BFS, only one staff member was left to perform essential tasks in the required quality and within the necessary time frame.	<u>paragraph 8.4</u>
4	1	PC	Recommendation: The ACA recommended to provide the OIO with the necessary human and financial resources to properly fulfil its tasks as an independent appraisal function within the OSCE.	<u>paragraph 9.1</u>
Priority 2				
5	2	DMF	Recommendation: All bank transactions should require double signing authorities in accordance with FAI 5, point 9.2. Internal controls should be implemented to ensure that this requirement is met when establishing any new bank account.	<u>paragraph 10</u>
6	2	DMF	Recommendation: An internal control mechanism should be established to ensure the continuous accuracy and completeness of all Signatory Panels, especially in cases of personnel changes within the organization.	<u>paragraph 10</u>
7	2	DHR	Recommendation: In order to ensure the prompt removal of signatory rights upon termination of an employment, a standardized process should be established and integrated into the employee offboarding process.	<u>paragraph 10</u>

No.	Priority	to		Paragraph
Priority 2				
8	2	DMF	Recommendation: The OSCE should revise its Financial Regulations and FAI 5 to ensure their alignment with IPSAS 41, particularly with respect to the recognition and disclosure of doubtful receivables. Additionally, the OSCE should either begin implementing the measures outlined in clauses c) to f) of Financial Regulation 4.09 and FAI 5 or amend these regulations to reflect a better enforceable process for addressing arrears in Assessed Contributions.	<u>paragraph 11</u>
9	2	DMF and ODIHR	Recommendation: The OSCE should develop and implement a clear and comprehensive policy governing the management of Third Party projects. This policy should define roles and responsibilities, establish procedures for approval, monitoring and reporting, and ensure alignment with existing financial and operational regulations.	<u>paragraph 12</u>
Priority 3				
10	3	DMF	Recommendation: The OSCE should strengthen its review procedures with regard to outstanding Extra-Budgetary Contributions Receivables, in particular by regularly assessing whether such receivables remain valid or have expired. Furthermore, unapplied receipts should be subject to an enhanced review during the year-end closing process to determine whether they could be matched to any existing receivable or pledge, thereby ensuring appropriate presentation in the Financial Statements.	<u>paragraph 13</u>
11	3	ES	Recommendation: The Executive Structures should ensure that all donations are approved by the FMMC prior to the delivery of the items to the beneficiaries in order to comply with FAI 7.	<u>paragraph 14.1</u>
12	3	DMF	Recommendation: The DMF should review the existing regulations within FAI 6 and FAI 7 and implement either a mandatory FMMC approval at the stage of purchasing items to be donated (irrespective of the purchase value) or implement a combined FMMC approval for the purchase and donation of such assets or inventory.	<u>paragraph 14.1</u>
13	3	DMF	Recommendation: The actual handover date should be a mandatory information to be included on the handover document as this triggers the recognition of the retirement within IRMA.	<u>paragraph 14.2</u>
14	3	DMF	Recommendation: The DMF should amend the provisions in FAI 7 to ensure that disposals are recorded in the asset accounting module effective with the disposal date to allow for a proper presentation within the Financial Statements.	<u>paragraph 14.3</u>
15	3	ES	Recommendation: The necessary supporting documents for documenting the disposal of assets/inventories for donations should be sent to ALTSU without delay to ensure adequate accounting in the correct financial period.	<u>paragraph 14.3</u>
16	3	DHR	Recommendation: The OSCE should ensure that a reconciliation of the employee list is possible for all types of employees.	<u>paragraph 15</u>
17	3	DMF	Recommendation: Retrospective adjustments to salary scales that affect the calculation of year-end liabilities and provisions should only be taken into account if the implementation of the UN salary scale adjustments was accepted before year-end or during the period of the preparation of the Financial Statements.	<u>paragraph 16</u>
18	3	DHR and DMF	Recommendation: The DHR and DMF should strengthen the oversight and monitoring of Special Service Agreements across all Executive Structures – including the Secretariat, Institutions, and Field Operations – in order to achieve an organization-wide compliance with SI 23.	<u>paragraph 17.1</u>

No.	Priority	to		Paragraph
Priority 3				
19	3	DHR	Recommendation: Based on a recommendation from OIO issued in 2023, it is recommended that a standardized recording of the related data, beyond the current level of capture, is being made in the relevant organizational systems to enable largely automated monitoring controls – both to monitor compliance as well as to ensure a consistent identification of potentially problematic situations.	<u>paragraph 17.1</u>
20	3	DHR and DMF	Recommendation: To ensure proper documentation and accountability, the consultants should be encouraged to improve the quality of the invoices and performance notes. The exact performance period and the contents should be stated either on the invoices or on other performance documents.	<u>paragraph 17.2</u>

V. Follow-up of the External Auditor's recommendations

The ACA reviewed the status of the recommendations issued for the previous financial years. The following table presents the status of recommendations based on the Plan for the Implementation of the Recommendations of the External Auditor's Report (2023) and an update by April 2025:

Table 5: Follow-up of the External Auditor's recommendations 2023

No.	Priority	Recommendations made by External Auditors	Status
1	1	Pursuant to Financial Regulation 8.01, the Permanent Council shall ensure that an External Auditor is appointed at all times.	implemented
2	1	The ACA reiterated the recommendation to modify Financial Regulation 3.02 to allow for greater flexibility in provisional transfers of funds between Main Programmes and Programmes in times when budget is not approved.	not implemented; to be followed up
3	1	The OSCE should consider in the case of non-approved Unified Budgets a mechanism for indexing the last approved Unified Budget according to the use of Financial Regulation 3.04 – by taking into account the effects of inflation or consumer price indexes.	not implemented; to be followed up
4	1	The ACA recommended to provide the human and financial resources necessary for the OIO to properly fulfil its tasks as an independent appraisal function within the OSCE.	not implemented; to be followed up
5	2	All bank transactions should require double signing authorities in accordance with FAI 5, point 9.2. An internal control should be in place to ensure the fulfilment of this requirement in any case of creating a new account. Documentation should be retained in a manner that ensures the availability of all necessary documents even in the event of high turn-over.	partly implemented; to be followed up
6	2	The bills for the Assessed Contributions sent to the participating States should meet the legal and commercial requirements of a bill.	implemented
7	2	The bills issued by the OSCE for Assessed Contributions to the participating States should indicate the amount of the individual contribution. An overview of other outstanding amounts could be submitted in an appendix.	implemented
8	2	With regard to the payment of Assessed Contributions, the OSCE should carry out its actions in the event of arrears according to the clauses c) to f) of Financial Regulation 4.09.	implemented
9	3	The OSCE should carry out an evaluation of the Investment Policy to optimize and adapt it to the development of the banking landscape and operational framework of the OSCE. The extension of the banking framework from Basel II to Basel III and the maximum term of investments of nine months were cited as examples for reconsideration.	partly implemented; to be followed up
10	3	With regard to the large volume of purchases, a technical year-end accruals process within the Integrated Resource Management System (Oracle) should be adopted in order to minimize the need for manual adjustments.	not implemented; to be followed up
11	3	In order to align the presentation of the revenues with the corresponding expenses occurred, the accounting policy should be adopted accordingly upon implementation of IPSAS 47.	partly implemented; to be followed up

No.	Priority	Recommendations made by External Auditors	Status
12	3	In order to support the calculation of the revenues on an accrued basis, the necessary reports should be created in Oracle. This will also help to prepare for the upcoming changes due to the new accounting standard IPSAS 47.	partly implemented; to be followed up
13	3	The DHR payroll should develop, with the support of ICTS, a system "validation" which technically prevents inaccurate entries.	partly implemented; to be followed up
14	3	The year-end reconciliation shall refer back to the original basic data referring to the payslips in the HR module in order to be able to identify manual adjustments to the account numbers.	partly implemented; to be followed up
15	3	Retrospective adjustments to salary scales that affect the calculation of year-end liabilities and provisions should be taken into account if they occur during the balance sheet preparation phase.	implemented
16	3	The OSCE should be able to reconcile all types of employees on the list, not just one particular category of employee.	implemented
17	3	The OSCE should issue an organization-wide rule of procedure regarding standardized documentation requirements. In order to fulfil these requirements, the necessary technical and human resources should be provided to every Executive Structure.	partly implemented; to be followed up
18	3	The OSCE should encourage the suppliers and consultants to improve the quality of the invoices and delivery notes. In addition to the signature of the approver, the delivery period or date of receipt and approval should be stated on takeover protocols and other delivery documents. Invoices should be signed by the suppliers and contain information regarding the contents.	partly implemented; to be followed up

Source: OSCE

VI. Audit Opinion

Opinion

We have audited the Financial Statements of the Organization for Security and Co-operation in Europe (OSCE) for the 12-months period ended 31 December 2024. These Financial Statements 2024 comprise the Statement of Financial Position as at 31 December 2024, the Statement of Financial Performance, the Statement of Changes in Net Assets, the Cash Flow Statement and the Statement of Comparison of Budget and Actual Amounts the year then ended, and Notes to the Financial Statements, including a summary of significant accounting policies.

In our opinion, the accompanying Financial Statements 2024 present fairly, in all material respects the Financial Position of the OSCE as at 31 December 2024 and of its Financial Performance and its Cash Flows for the year then ended in accordance with the International Public Sector Accounting Standards (IPSAS).

Basis for Opinion

We conducted our audit in accordance with the International Standards of Supreme Audit Institutions (ISSAIs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements' section of our report. We are independent from the OSCE in accordance with the ethical requirements that are relevant to our audit of the OSCE's Financial Statements, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and those charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the Financial Statements in accordance with the IPSAS and according to Regulation 7.01 of OSCE's Financial Regulations as well as for such internal control as Management determines is necessary to enable the preparation of Financial Statements that are free from material misstatement, whether due to fraud or error.

In preparing the Financial Statements, Management is responsible for assessing OSCE's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless Management either intends to liquidate the OSCE or to cease operations, or has no realistic alternative but to do so.

Those charged with Governance are responsible for overseeing OSCE's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the Financial Statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an Audit Report that includes our Audit Opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISSAIs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Financial Statements.

As part of an audit in accordance with ISSAIs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of OSCE's internal control.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- conclude on the appropriateness of Management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on OSCE's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our Audit Report to the related disclosures in the Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are strictly based on the audit evidence obtained up to the date of our Audit Report.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal controls we identify during our audit.



**Rechnungshof
Österreich**

Vienna, in June 2025

The President:

Dr Margit Kraker

VII. Annexes

Annex 1: Recommendations from the Performance Audit for the overall organization

As part of this year's Financial Audit, the ACA also conducted a Performance Audit of the OSCE Mission to Skopje, which – in addition to recommendations to the Field Operation – resulted in recommendations to the overall organization. These recommendations are presented in Table 6 below.

The recommendations have been ranked in order of priority:

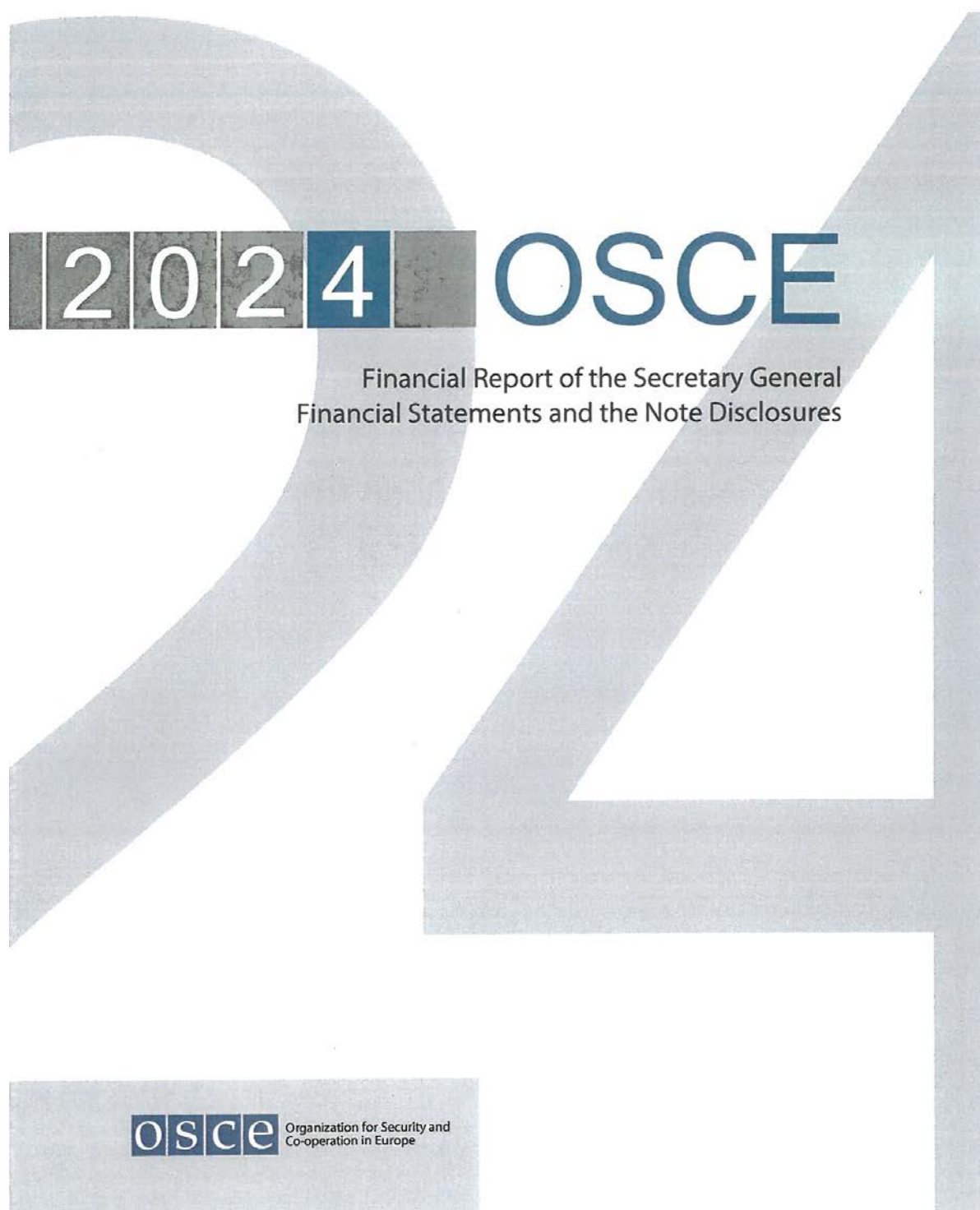
- Priority 1, a fundamental point, which requires immediate attention from Management. This point corresponds to the existence of a high level of risk to the objectives of the Organization;
- Priority 2, control point of a less urgent nature, which must be handled by Management. This point corresponds to an intermediate level of risk;
- Priority 3, point on which controls could be improved and to which the Management's attention is drawn. This point corresponds to a moderate level of risk.

Table 6: List of recommendations from the Performance Audit for the overall organization

Performance Audit		
Priority	to	Recommendation
Priority 1		
1	PC	Recommendation: The OSCE should consider in the case of non-approved Unified Budgets a mechanism for indexing the last approved Unified Budget according to the use of Financial Regulation 3.04 by taking into account the effects of inflation or consumer price indexes.
1	PC	Recommendation: Financial Regulation 3.02 should be modified to allow for greater flexibility in provisional transfers of funds between Main Programmes and Programmes in times when budget is not approved.
1	PC	Recommendation: The Permanent Council should consider an organization-wide discussion on the possible added value and achievement of objectives of Executive Structures in order to maximize their impact.
1	Secretariat	Recommendation: The Secretariat should continue with its efforts to separate the Unified Budget from the Extra-Budgetary administration, which is already the case with the Implementing Policy on the Recovery of Indirect Common Costs.
Priority 2		
2	DHR, DMF	Recommendation: The DHR and DMF should strengthen the oversight and monitoring of SSAs over all Executive Structures – including the Secretariat, Institutions, and Field Operations in order to achieve an organization-wide compliance with SI 23.

Performance Audit		
Priority	to	Recommendation
Priority 2		
2	PC	Recommendation: FAI 6 and the Technical Guidelines should be revised, taking into account – adding the option of purchasing a property to the types of immovable property to ensure best value for money. A buy or lease decision should be made on the basis of economic considerations, taking into account the estimated duration of the mandate and the staffing requirements. – to adapt FAI 8 – OSCE Premises Management – and the Technical Guidelines to the specific needs of Extra-Budgetary projects, – that when conducting a competitive process in accordance with FAI 6, cooperation between the FMU and the PCU should be mandatory, – that general guidelines for the design and content of a rental contract should be provided, also taking into account the possibility of penalties, – to critically evaluate the terms of reference of the technical policy, providing an easy to use, comprehensive and clearly defined document, – to create a standard for the security of premises. This standard should include a general risk assessment before tendering for new premises.
Priority 3		
3	DHR	Recommendation: OSCE's DHR should monitor and analyze the implications of the much higher thresholds set in Revision 2 for open competitive selection of international SSA contractors (EUR 50,000) and local SSA contractors (EUR 12,000) in relation to the influx of new talents onto the SSA lists. It should furthermore assess whether the aimed reduction in the administrative workload has actually been achieved.
3	DMF	Recommendation: The DMF should implement a document management system which ensures that all individuals working on or within a project have access to the necessary documents. Double storage or the need for duplicate manual uploads should be avoided.
3	DMF	Recommendation: A project management software, that meets the current requirements for UB and Extra-Budgetary Projects and minimizes the need for manual analyses by project teams and the usage of single excel-files for planning, executing, and monitoring projects should be adopted.
3	DMF	Recommendation: The treatment of ICC allotments as a separate Extra-Budgetary project in accordance with FAI 4 should be evaluated.

Annex 2: Financial Statements 2024 of the OSCE



Representation Letter to the President of the Austrian Court of Audit from the Secretary General



Organization for Security and Co-operation in Europe

The Secretary General

Vienna, 30 June 2025

To the President of the Austrian Court of Audit,

This representation letter is provided in connection with your audit of the financial statements of the Organization for Security and Cooperation in Europe (OSCE) for the year ended 31 December 2024, for the purpose of expressing an opinion as to whether the financial statements are presented fairly, in all material respects, in accordance with International Public Sector Accounting Standards (IPSAS).

These financial statements show net assets/equity amounting to EUR 63,122,165.16 and include a surplus for the period of EUR 6,964,387.32.

We confirm that to the best of our knowledge and belief, having made such inquiries as we considered necessary for the purpose of appropriately informing ourselves:

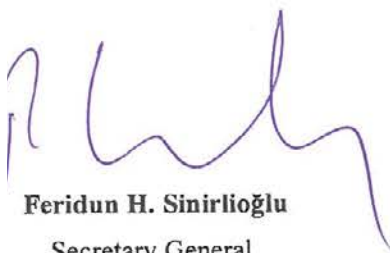
Financial Statements

- We have fulfilled our responsibilities, as set out in the terms of the audit engagement dated 23 October 2024, for the preparation of the financial statements in accordance with International Public Sector Accounting Standards; in particular the financial statements are fairly presented in accordance therewith.
- Controls designed to prevent and detect fraud or error have been developed and implemented.
- Significant assumptions used by us in making accounting estimates, including those measured at fair value, are reasonable.
- Related party relationships and transactions have been appropriately accounted for and disclosed in accordance with the requirements of International Public Sector Accounting Standards.
- All events subsequent to the date of the financial statements and for which International Public Sector Accounting Standards require adjustment or disclosures have been adjusted or disclosed.
- To the best of our knowledge, we comply with all relevant laws and regulations. We have developed and implemented procedures to ensure such compliance. We are not aware of any violations which could result in significant misstatements in the financial statements.
- We have fully taken into consideration all matters and the resulting financial obligations in the financial statements. Such matters could be for instance legal and contractual agreements with suppliers, implementing partners, staff, donors or participating States. There are no further commitments or obligations that should be presented as contingent liabilities within the financial statements.

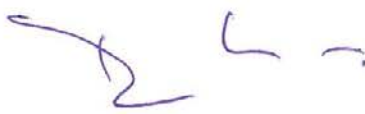
- The effects of uncorrected misstatements are immaterial, both individually and in the aggregate, to the financial statements as a whole.
- We have disclosed to you in full all bank accounts and the names of those banks with which the organization had banking connections during the financial year.

Information Provided

- We have provided you with:
 - The OSCE's IPSAS accounting policy including written and oral explanations relating thereto;
 - Access to all information of which we are aware that is relevant to the preparation of the financial statements, such as records, documentation and other matters;
 - Additional information that you have requested from us for the purpose of the audit; and
 - Unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence.
- All transactions have been recorded in the accounting records and are reflected in the financial statements.
- All liabilities of which we are aware are included in the financial statements.
- We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
- We have disclosed to you all information in relation to fraud or suspected fraud that we are aware of and that affects the entity and involves:
 - Management;
 - Employees who have significant roles in internal control; or
 - Others where the fraud could have a material effect on the financial statements.
- We have disclosed to you all information in relation to allegations of fraud, or suspected fraud, affecting the entity's financial statements communicated by employees, former employees, analysts, regulators or others.
- We have disclosed to you all known instances of non-compliance or suspected non-compliance with laws and regulations whose effects should be considered when preparing financial statements.
- We have disclosed to you the identity of the entity's related parties and all the related party relationships and transactions of which we are aware.



Feridun H. Sinirlioğlu
Secretary General



Mirosława Boryczka
Director for Management
and Finance



James Oxley
Chief of Accounts
and Treasury Unit

I

AUDITED FINANCIAL STATEMENTS

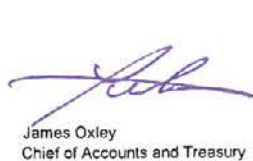
I. Statement of Financial Position

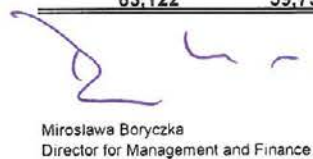
Total OSCE

As at 31 December 2024

EUR '000		TOTAL OSCE	
	Note	2024	2023
ASSETS			
Current Assets			
Cash and Cash Equivalents	3.1	54,777	112,818
Investments	3.2	118,576	61,127
Contributions Receivable	3.3	43,428	18,713
Accounts Receivable	3.4	3,783	4,980
Prepayments	3.5	5,168	6,526
Inventory	3.6	1,857	792
Other Current Assets	3.7	20	(4)
		227,609	204,953
Non-Current Assets			
Property, Plant and Equipment	3.8	6,276	7,915
Intangible Assets	3.9	3,506	3,725
Other Non-Current Assets	3.7	20	20
		9,801	11,660
Total Assets		237,411	216,613
LIABILITIES			
Current Liabilities			
Accounts Payable	4.1	2,536	3,505
Accruals	4.2	7,930	7,903
Deferred Revenue	4.3	3,337	5,764
Conditional ExB Contributions	4.4	113,377	102,639
Funds Held for Third Parties	4.5	17,919	17,657
Employee Benefits Current	4.6	8,360	8,387
Cash Surplus Current	4.7	0	0
Provisions	4.8	15,155	6,897
Other Current Liabilities	4.9	1,888	618
		170,502	153,371
Non-Current Liabilities			
Employee Benefits Non-Current	4.6	3,786	3,513
Other Non-Current Liabilities	4.9	0	0
		3,786	3,513
Total Liabilities		174,288	156,883
Net Assets		63,122	59,730
NET ASSETS/EQUITY			
Cash Surplus	5.1	28,371	24,613
Cash Surplus Withheld	5.2	15	15
Revolving Fund	5.3	2,710	2,710
Contingency Fund	5.3	2,180	2,180
Other Reserves	5.4	(3,414)	(2,844)
Accumulated Surplus/(Deficit)	5.5	33,260	33,056
Total Net Assets/Equity		63,122	59,730


Feridun H. Sinirlioğlu
Secretary General
30 June 2025


James Oxley
Chief of Accounts and Treasury


Mirosława Boryczka
Director for Management and Finance

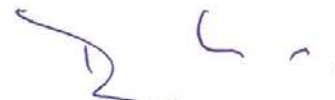
II. Statement of Financial Performance Total OSCE

For the Year Ended 31 December 2024

EUR '000		TOTAL OSCE	
	Note	2024	2023
REVENUE			
Assessed Contributions	6.1	138,204	138,204
Extra-Budgetary Contributions	6.2	56,501	47,888
Finance Revenue	6.3	5,623	3,630
Contributions In-Kind	6.4	31,406	30,089
Revenue from Exchange Transactions	6.5	636	1,178
Other Revenue	6.6	3,660	2,662
Total Revenue		236,030	223,651
EXPENSES			
Staff Costs	7.1	132,983	128,235
Consultancy and Subcontracting	7.2	24,989	25,092
Travel Expenses	7.3	15,331	14,629
Services and Office Costs	7.4	36,284	34,192
Consumables and Supplies	7.5	3,630	3,204
Depreciation and Amortisation	7.6	2,904	3,297
Equipment Expenses	7.7	8,228	3,701
Other Operating Expenses	7.8	6,068	1,104
Total Expenses		230,416	213,453
Foreign Exchange Gains/(Losses)	8	1,351	(1,350)
Surplus/(Deficit) for the Period	10.1	6,964	8,848


Feridun H. Sinirlioğlu
Secretary General
30 June 2025


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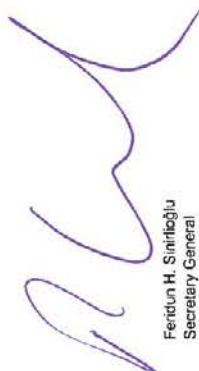

Mirosława Boryczka
Director for Management and Finance

III. Statement of Changes in Net Assets

Total OSCE

For the Year Ended 31 December 2024

EUR '000	Note	Cash Surplus	Cash Surplus Withheld	Revolving Fund	Contingency Fund	Other Reserves	Accumulated Surplus/(Deficit)	Total Net Assets
Balance as at 31 December 2023		24,613	15	2,710	2,180	(2,844)	33,056	59,730
Changes in Net Assets for 2024								
Increase/(Decrease) in Cash Surplus Withheld	5.2							0
Allocation of Current Year Cash Surplus	4.7	(3,002)						(3,002)
Actuarial Gains/(Losses)	4.6					(570)		(570)
Surplus/(Deficit) for the Period	5.1, 10.1	6,760					204	6,964
Balance as at 31 December 2024		28,371	15	2,710	2,180	(3,414)	33,260	63,122



Feridun H. Sinirlioglu
Secretary General
30 June 2025



James Oxley
Chief of Accounts and Treasury



Mirosława Boryczka
Director for Management and Finance

IV. Cash Flow Statement

Total OSCE

For the Year Ended 31 December 2024

EUR '000		TOTAL OSCE	
	Note	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES			
Surplus/(Deficit) for the Period	10.1	6,964	8,848
Non-Cash Movements			
Deduction of Unrealized Foreign Exchange Gains/Losses on Cash and Cash Equivalents	8	(602)	982
Deduction of Depreciation, Amortisation and Impairments	7.6, 3.10	2,904	3,297
Deduction of Loss on Disposal of PP&E	6.5	1,422	238
Deduction of Non-Cash Changes in Net Assets	5.4	(570)	253
(Increase) / Decrease in Contributions Receivable	3.3	(24,715)	8,052
(Increase) / Decrease in Accounts Receivable	3.4	1,198	(255)
(Increase) / Decrease in Prepayments	3.5	1,358	428
(Increase) / Decrease in Inventory	3.6	(1,065)	(501)
(Increase) / Decrease in Other Current/Non-Current Assets	3.7	(24)	16
Increase / (Decrease) in Accounts Payable	4.1	(969)	215
Increase / (Decrease) in Accruals	4.2	27	723
Increase / (Decrease) in Deferred Revenue	4.3	(2,427)	157
Increase / (Decrease) in Conditional ExB Contributions	4.4	10,738	10,918
Increase / (Decrease) in Funds Held for Third Parties	4.5	262	(1,369)
Increase / (Decrease) in Employee Benefits	4.6	246	605
Increase / (Decrease) in Cash Surplus Payable	4.7	0	(3,827)
Increase / (Decrease) in Provisions	4.8	8,258	(10,353)
Increase / (Decrease) in Other Liabilities	4.9	1,270	(1,986)
Net Cash Flows from Operating Activities		4,275	16,441
CASH FLOWS FROM INVESTING ACTIVITIES			
(Purchase) / Sale of Investments	3.2, 9.2	(57,449)	50,469
(Addition) / Disposal of PP&E and Intangibles	3.8, 3.9, 9.2	(2,468)	(1,412)
Net Cash Flows from Investing Activities		(59,916)	49,058
CASH FLOWS FROM FINANCING ACTIVITIES			
Credits for Cash Surplus Withheld	5.2	0	(12)
Allocation of Cash Surplus	4.7	(3,002)	0
Transfer between Funds		-	-
Net Cash Flows from Financing Activities		(3,002)	(12)
Net Increase/(Decrease) in Cash and Cash Equivalents	3.1, 9.1	(58,643)	65,487
Cash and Cash Equivalents at Beginning of Period	3.1, 9.1	112,818	48,313
Foreign Exchange Gains/(Losses) on Cash and Cash Equivalents	8	602	(982)
Cash and Cash Equivalents at End of Period		54,777	112,818

Feridun H. Sinirlioğlu
Secretary General
30 June 2025

James Oxley
Chief of Accounts and Treasury

Mirosława Boryczka
Director for Management and Finance

V. Statement of Comparison of Budget and Actual Amounts
Secretariat, Institutions and Field Operations

For the Year Ended 31 December 2024

EUR '000	Note	2024			Actuals ⁴	Variance	Repository Programme Expenditure ⁵	Total	Variance Under(Over) Total Authorization ⁶
		Provisional Expenditure Authorization ¹ [FR 3.04] ¹	Additional Provisional Expenditure Authorization ²	Total Provisional Expenditure Authorizations ³					
The Secretariat:		40,874	2,330	43,204	43,065	139	17	43,082	122
Office for Democratic Institutions and Human Rights		16,394	397	16,791	16,790	1	0	16,790	1
High Commissioner on National Minorities		3,504	39	3,543	3,543	0	0	3,543	0
Representative on Freedom of the Media		1,609	0	1,609	1,609	0	0	1,609	0
Total Secretariat and Institutions		62,391	2,766	65,147	65,007	140	17	65,024	123
South-Eastern Europe		47,043	236	47,279	47,147	131	51	47,198	81
Eastern Europe		2,308	-	2,308	2,157	152	8	2,165	144
Caucasus		2,339	-	2,339	891	1,447	0	891	1,447
Central Asia		20,516	-	20,516	20,299	217	17	20,316	200
Total Field Operations		72,205	236	72,441	70,494	1,947	76	70,570	1,871
Total	10.2	134,586	3,002	137,588	135,501	2,087	93	135,594	1,994

Reconciliation to Cash Surplus

Revenue credits ⁶	(731)
Non-budget revenue ⁷	7,156
Project Co-ordinator in Ukraine unallotted provision	3,619
Budgetary excess of revenue over expenditure	12,130
Assessed Contributions receivable as at 1 January 2024	12,615
Less: Assessed Contributions receivable as at 31 December 2024 ⁸	18,253
Cash Surplus for the year 2024	6,492
5.1, 10.1	

1 - No Unified Budget for 2024 was approved by the Permanent Council and allotments were made under Financial Regulation 3.04 up to the level of the last approved budget (the Unified Budget for 2021).

2 - Additional Provisional Expenditure Authorizations approved under PC.DEC/1485, PC.DEC/1487, PC.DEC/1491 and PC.DEC/1494.

3 - The Total Provisional Expenditure Authorization represents the level of 2021 Unified Budget complemented by PC.DEC/1485, PC.DEC/1487, PC.DEC/1491 and PC.DEC/1494.

4 - The budget basis and the accounting basis differ. Actuals are reported on this statement on a budget basis. Refer to Note 9 for more information on the difference in bases.

5 - The Repository Programme "Core Support Mechanism", described in Annex 1, constitutes extra-budgetary expenditure and therefore does not contribute to the cash surplus.

6 - Revenue credits represent additional revenue items which are recorded as credits to expenditure to finance purchase of replacement assets.

7 - Non-budget revenue represents amounts received over and above the Assessed Contributions, principally interest received from banks.

8 - Contributions were assessed in accordance with Financial Regulation 4.04 and a second bill was issued to fund the allotments made under Financial Regulation 3.04.

A full breakdown by Fund, Main Programme and Programme can be found in the Resource Utilization Report at Annex 2 to these Financial Statements.

Ferdun H. Saniciglu
Secretary General
30 June 2025

James O'Leary
Chief of Accounts and Treasury

Miroslava Boryczka
Director for Management and Finance

Notes to the Financial Statements

Notes to the Financial Statements

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- 1.2 – Fund Accounting and Segment Reporting

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Notes to the Financial Statements

NOTE 1: REPORTING STRUCTURE

1.1 – Reporting Entity

The OSCE traces its origins to the early 1970s, to the Helsinki Final Act (1975) and the creation of the Conference on Security and Co-operation in Europe (CSCE). In 1994, the CSCE, having evolved well beyond its initial role, was renamed the Organization for Security and Co-operation in Europe. Now with 57 participating States in Europe, North America and Asia, the OSCE is the world's largest regional security organization, working to ensure peace and stability for more than a billion people. The OSCE is a regional organization in the sense of Chapter VIII of the United Nations Charter and is an observer in the United Nations General Assembly.

The OSCE operates in three dimensions:

Politico-military dimension – includes mechanisms for conflict prevention and resolution, and military confidence-building measures.

Economic and environmental dimension – activities aimed at counteracting threats and challenges to security and stability caused by economic and environmental factors.

Human dimension – set of norms and activities related to human rights and the rule of law.

With its Secretariat, specialized Institutions, expert units and network of Field Operations, the OSCE addresses a range of issues that have an impact on common security, including arms control, terrorism, good governance, energy security, human trafficking, democratization, media freedom and minority rights.

OSCE's Secretariat is based in Vienna. Most of the OSCE's activities are implemented in South-Eastern Europe, Eastern Europe, the South Caucasus and Central Asia. Field Operations play a major role in this regard, they are established at the invitation of the respective host countries, and their mandates are agreed by consensus by the participating States. Additional activities, funded from extra-budgetary contributions, are undertaken in accordance with Article IX of the Financial Regulations to supplement the Unified Budget and other programmes.

1.2 – Fund Accounting and Segment Reporting

The basic financial governing document of OSCE is the Financial Regulations approved by the Permanent Council on 27 June 1996 (DOC.PC/1/96) and subsequently revised. The latest revision is PC.DEC/1419 dated 16 November 2021. In accordance with these Regulations, the OSCE operates a system of fund accounting and the audited Financial Statements present the consolidated financial results of Budgetary Funds, as well as Special Purpose Funds and Extra-Budgetary Funds.

For purposes of the presentation of the 2024 Unified Budget Proposal, Funds were grouped under Secretariat and Institutions; and Field Operations, with the latter, in turn, being grouped into Regions. This hierarchical presentation is also followed in the segmental reports annexed to the 2023 Financial Statements. The segmental information also includes an analysis of extra-budgetary expenses broken down by Executive Structure.

Full details of the Funds budgeted and segments reported in 2024 can be found in Annex 1 to these Statements.

NOTE 2: SIGNIFICANT ACCOUNTING POLICIES

2.1 – Basis of Presentation

2.1.1 – Applicable Accounting Standards

These Financial Statements are prepared on an accrual basis, in accordance with the requirements of International Public Sector Accounting Standards (IPSAS) and the OSCE Financial Regulations, and using the historic cost convention. Where IPSAS is silent concerning any particular matter, the appropriate International Financial Reporting Standard (IFRS) or International Accounting Standard (IAS) is applied.

The last change to the accounting standards came in 2023 with the adoption of IPSAS 41, "Financial Instruments", with effect from 1 January 2023.

2.1.2 – Reporting Year

These Financial Statements cover the calendar year ended 31 December 2024. The reporting period coincides with the calendar year.

2.1.3 – Going Concern basis

The Financial Statements have been prepared on the basis that the OSCE is a going concern. Management's assessment takes into consideration all significant decisions and available financial evidence, including the decisions of the Permanent Council to extend the mandates of all Executive Structures, the continued positive historical trend of collection of assessed contribution and voluntary contribution payments, and the fact that the Permanent Council has taken no decision to cease the operations of OSCE.

2.1.4 – Currency

The Financial Statements are presented in Euro which is also the functional currency of the Organization. The figures are presented rounded to the nearest thousand Euros and to the nearest one-tenth of a percent, which may result in totals that differ slightly from the sum of their constituents.

Foreign currency transactions are translated into Euros based on the prevailing United Nations Operational Rates of Exchange (UNORE). The UNORE are normally set on the first day of each month, and revised mid-month with effect from the 15th of the month. Assets and liabilities are valued at the end of the reporting period using the UNORE prevailing on 31 December. Gains and losses arising from transactions and translation are recorded as currency exchange adjustments.

2.2 – Financial Instruments

Financial instruments consist of cash, bank accounts, short-term deposits, contributions and other accounts receivable and accounts payable. Financial instruments maturing within one year of the reporting date are classified as current. Financial instruments with a maturity date of more than one year after the reporting date are classified as non-current assets. The OSCE does not engage in transactions involving hedging or derivative financial instruments.

Financial instruments are recognized when OSCE becomes a party to the contractual provisions of the instrument until such time as the rights to receive cash flows from those assets have expired or have been transferred and the Organization has transferred substantially all the risks and rewards of ownership.

Financial instruments are initially recognized at fair value, normally being the transaction price. The subsequent measurement depends on their classification. The OSCE classifies its financial instruments at amortized cost based on the Organization's management model and the contractual cash flow characteristics of the financial instruments. The OSCE assesses impairment of its financial assets on a forward-looking expected credit loss basis.

Classification and measurement principles for financial assets

IPSAS 41 introduced a principles-based approach to the classification of financial assets and requires the use of two criteria: the entity's model for managing its financial assets and the contractual cash-flow characteristics of those assets. Depending on these criteria, financial assets are classified in the following categories: 'financial assets at amortized cost' (AC), 'financial assets at fair value through net assets/equity' (FVNA), or 'financial assets at fair value through surplus or deficit'.

Impairment model

IPSAS 41 requires the use of a forward-looking impairment model based on expected credit losses (ECL) over the lifetime of the financial assets (the simplified approach). The ECL is the present value of the difference between the contractual cash flows and the cash flows that the OSCE expects to receive and takes into account possible default events and the evolution of the credit quality of the financial assets. The impairment model applies to all financial assets measured at AC or at FVNA.

The measurement category of each group of financial instruments was reviewed during the year. The table below identifies the measurement category for each group of financial instruments under IPSAS 41.

FINANCIAL ASSETS				
Asset Category	Financial Asset	Classification IPSAS 41		
		Management Model Test	SPPI Test*	Classification Category
Cash & Cash Equivalents	Cash in bank and on hand – convertible & non-convertible	Hold to collect cash flows	N/A	Amortized cost
	Term Deposits & Others (< 90 days)		Passed	Amortized cost
Investments	Term Deposits (90 days or more)	Hold to collect cash flows	Passed	Amortized cost
	Certificate of Deposit			Amortized cost
Receivables	Assessed Contributions	Hold to collect cash flows	Passed	Amortized cost
	Voluntary Contributions			Amortized cost
	Other Receivables			Amortized cost
Derivatives (Not applicable for OSCE)	Forward contracts/ Foreign currency options	Held for trading	N/A	Fair Value Through Surplus and Deficit

*The "SPPI test" takes the contractual terms of a financial asset and considers whether the cash flows give rise to payments on specified dates that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

FINANCIAL LIABILITIES	
Category of Financial Liabilities	Classification IPSAS 41
Accounts payable and accrued liabilities	Amortized cost
Contributions received in advance	N/A
Funds held on behalf of third parties	Amortized cost
Derivative liabilities (Not applicable for OSCE)	Fair Value Through Surplus and Deficit
All financial liabilities other than those at fair value through surplus or deficit	Amortized cost
Other liabilities	In accordance with the relevant accounting standard.

2.3 - Uncollected Assessed Contributions

The forward-looking impairment model, introduced following the adoption of IPSAS 41, incorporates reasonable and supportable information that is available without undue cost or effort at the reporting date. The asset's carrying amount is reduced by the amount of the impairment lifetime loss which is recognised in the Statement of Financial Performance. If, in a subsequent period, the amount of the impairment loss decreases, the previously recognised impairment loss is reversed through the Statement of Financial Performance.

This allowance does not relieve the participating States in arrears from their obligations to the OSCE.

2.4 - Inventories

Inventories consist of two classes:

- Consumables and supplies held for use by the Organization to support the delivery of its programmatic objectives and
- Inventories held for distribution to beneficiaries at no or nominal charge.

Consumables and supplies are expensed upon purchase. Where a material stock is purchased and is in store at year end for future consumption, it is stated at the lower of cost or net realisable value, subject to capitalization thresholds of EUR 150 per item and EUR 50 thousand per class and location. Cost is determined using a weighted average cost formula. Net realisable value is the estimated selling price, less any costs of disposal.

Inventories held for distribution to beneficiaries at no or nominal charge are stated at the lower of either cost or current replacement cost, subject to a capitalization threshold of EUR 150 per item. These items are uniquely identifiable and cost is therefore determined using the specific identification method. Current replacement cost is that which the OSCE would incur to acquire the asset as at the reporting date.

Write downs from cost to current replacement cost or net realizable value are recognized in the Statement of Financial Performance as incurred.

2.5 - Property, Plant and Equipment

Property, plant and equipment is stated at historical cost less accumulated depreciation and any recognized impairment losses. The threshold for capitalization of property, plant and equipment is EUR 1 thousand. Subsequent costs that are included in an asset's carrying amount include freight and installation. Repairs and maintenance costs are charged to the Statement of Financial Performance during the period in which they are incurred. Gains and losses on disposal are determined by comparing the proceeds with the carrying amount of the asset, and are included in the Statement of Financial Performance. Depreciation is charged using the straight-line method and the residual values are estimated at zero.

The estimated useful lives for the different property, plant and equipment classes are shown in the following table. For leasehold improvements, the shorter of the useful life or the lease agreement applies.

Asset Class	Useful Life (Years)
ICT Equipment	3 to 10
Vehicles, including Unmanned Aerial Vehicles	5 to 12
Household and Office Equipment	3 to 10
Security and Safety Equipment	3 to 25
Other Equipment	3 to 10
Leasehold Improvements	7 to 35

2.5.1 – Leasehold Improvements

Leasehold improvements refer to improvements made by the OSCE to the buildings occupied by the Secretariat and Institutions. Leasehold improvements in all other Executive Structures are expensed immediately due to the short term nature of their mandates. These improvements revert to the lessor at the expiration of the lease or right to use agreement and include building adjustments, fixtures, technical, communication and security infrastructure. The threshold for capitalization of leasehold improvements is established at EUR 50 thousand.

2.5.2 – Buildings

Buildings are not capitalized as assets because, although the OSCE has been given the right to use them, there is no full transfer of the risks and rewards incidental to ownership. The buildings affected by this decision are those used by the Secretariat and Institutions in the following locations:

- The Secretariat, Wallnerstrasse 6-6a and part of Wallnerstrasse 8, 1010 Vienna, Austria;
- The Secretariat (Documentation Centre in Prague), Náměstí Borisa Němcova, 160 00 Prague 6, Czechia;
- Office for Democratic Institutions and Human Rights, Ul. Miodowa 10, 00-251 Warsaw, Poland; and
- High Commissioner on National Minorities, Prinsessegracht 22, 2514 AP The Hague, The Netherlands.

2.6 - Intangible Assets

Intangible assets consist of software and are stated at cost less accumulated amortization and any recognized impairment losses.

Intangible assets are amortized using the straight line method over their estimated useful life; residual values are estimated at zero. The OSCE has identified two main reporting classes of intangible assets: software licenses externally acquired and internally-developed software. The capitalisation thresholds and useful lives for the different asset classes are tabulated below.

Self-constructed intangible assets, including those under development, are recorded at cost, including any directly attributable costs of preparing the asset for its intended use. These include salaries and employee

benefits, as well as external consultancy costs. Amortization starts once the completed assets are available for use.

Software maintenance and service costs are charged to the Statement of Financial Performance during the period in which they are incurred.

Asset Class	Capitalisation Threshold (EUR '000)	Useful Life (Years)
Externally Purchased Software	1	5
Internally-Developed Software	50	7
Internally-Developed Software Under Development	50	7

2.7 - Impairment of Assets

The OSCE performed a review of its assets in conjunction with revenue earned to identify whether it owned any cash-generating assets. Cash-generating assets are assets held with the primary objective of generating a commercial return. In 2024 there were no intangible assets or items of property, plant and equipment which met this definition, therefore all assets were classified as non-cash-generating and *IPSAS 21 - Impairment of Non-Cash-Generating Assets* was applied to the reporting of impairments.

Intangible assets and items of property, plant and equipment are reviewed annually for impairment to determine if the carrying amount is still considered to be recoverable. Situations that could lead to impairment include major damage or obsolescence. Impairment losses are recognized in the Statement of Financial Performance for the amount by which the asset's carrying amount exceeds its recoverable service amount, and are reported together as amortization and depreciation.

2.8 - Operating Leases

Leases where the OSCE does not retain a significant portion of the risks and rewards inherent in ownership are classified as operating leases. As explained in Note 2.6.2, buildings occupied by the Secretariat and Institutions are not capitalised. Buildings occupied by other Missions are regarded as operating leases due to the short terms of their mandates. Rent under operating leases, both cash payments and contributions in-kind, is charged to the Statement of Financial Performance as incurred.

2.9 - Accruals

Accruals include liabilities for goods and services delivered during the year, but for which invoices were not received at the year-end.

Unliquidated obligations (ULOs) represent obligations for goods ordered but not yet delivered to the Organization at the year-end. ULOs are recognized for budgetary purposes, but do not satisfy the delivery principle under IPSAS and are therefore not included in these financial statements, except for the actuals in Statement V - Statement of Comparison of Budget and Actual Amounts.

2.10 - Employee Benefits

Employee benefits entitlements are set out in the OSCE Staff Regulations and Staff Rules approved by the Permanent Council.

2.10.1 - Employee Benefits Current

Current employee benefits are expected to be settled within 12 months of the reporting date and include pay and allowances, assignment grants, education grants, annual leave, home leave and rest and recuperation for employees in certain Field Operations. The amounts related to these liabilities are calculated by OSCE and

determined by an independent actuary using the methodology and assumptions as described in Note 4.6 Employee Benefits, based on personnel data and past experience, and are as follows:

- Annual leave – in accordance with OSCE’s Staff Rules, OSCE officials may carry forward up to thirty day of unused leave from one leave year to the next. The leave year runs from 1 January to 31 December of each year. In addition, a fixed-term staff or mission member may be granted advance annual leave up to a maximum of fifteen days. Annual leave is considered as a current benefit and hence is not subject to actuarial valuation. The liability for annual leave is calculated by multiplying the net number of unused leave days as of 31 December 2024 up to a maximum of thirty days by the basis of the monthly net salary including post adjustment if applicable, and employer’s provident fund contributions.
- Home leave and rest and recuperation leave – Heads of Mission and other fixed-term international Mission Members, both contracted and seconded, are entitled to home leave once every twelve months. In addition, for those staff serving in duty stations designated as hazardous or hardship, there is an additional entitlement to rest and recuperation leave once every twelve months. For international fixed term contracted Staff Members, the entitlement for home leave is once every two years. The OSCE also covers the travel expenses of spouse and dependent children who reside at the duty station with the Staff Member. The liabilities for home leave and rest and recuperation are calculated by using estimates of travel expenses based on historical average costs.

The effect of discounting on these liabilities is deemed to be immaterial and these liabilities were classified as current.

The duty stations that qualified for rest and recuperation at 31 December 2024 were as follows:

- Centre in Ashgabat;
- Programme Office in Bishkek;
- Project Co-ordinator in Uzbekistan;
- Programme Office in Dushanbe;

2.10.2 - Employee Benefits Non-Current

Non-current employee benefits are disclosed in accordance with IPSAS 39. They relate to post-employment benefits, including repatriation benefits such as:

- Repatriation Grant – OSCE makes a grant towards the costs of repatriation for international fixed term contracted staff members and their eligible dependents, upon separation from service. This entitlement is subject to minimum qualifying periods ranging from one to five years depending on grade and date of entry into service. The amount of the grant is calculated on the basis of the staff member’s last salary excluding post adjustment, and the staff member’s completed years and months of qualifying service.
- Repatriation Travel – upon separation, the OSCE covers the travel expenses for fixed-term contracted OSCE officials, seconded officials and international short-term contracted staff. The spouse and dependent children of international fixed-term contracted staff members are also entitled to repatriation travel.
- Removal of Household Effects – upon separation, international contracted staff members appointed for a period of one year or more are entitled to the payment of the removal of household effects. The cost to be reimbursed shall be the actual expenses incurred.

The present value of non-current employee benefits liabilities is determined by discounting the estimated cash outflows using interest rates of high-quality corporate bonds with a duration that approximates the maturity terms of the related liabilities. Although some benefits classed as non-current will fall due for payment within twelve months, the amount is not considered material and is not separately recognised under current liabilities.

2.11 - Cash Surplus or Deficit

The calculation and treatment of the cash surplus is laid down in Financial Regulation 7.07, which is reproduced in the next three sub-paragraphs.

(a) At the end of each financial year the cash surplus or deficit for the Funds financed through assessed contributions shall be determined by calculating the excess of revenue received over the expenditure, or the excess of the expenditure over revenue received, as the case may be.

(b) Unless otherwise determined by the Permanent Council, the cash surplus of all Funds financed through assessed contributions shall be credited against contributions of the participating States during the year following the one in which the financial statements were accepted by the Permanent Council. The crediting shall be done in accordance with the scale of distribution for the year to which the surplus relates. The allocation to a participating State of its share of the cash surplus shall be deferred in cases where that State is in arrears for the year to which the surplus relates and until such time as these arrears have been paid in full.

(c) In the event of a cash deficit the Secretary General shall bring the matter to the attention of the Permanent Council and make proposals for appropriate action by the Council.

Cash surplus is not calculated for Extra-Budgetary Funds. Unspent amounts are refunded upon request of donors after expiration of the pledges.

Cash surpluses for Special Purpose Funds are calculated in accordance with the Permanent Council Decisions that established each of the Funds.

Cash surpluses are regarded as a part of Equity until the conditions in sub-paragraph (b) above are met, at which point they are transferred to liabilities and are recognised as current liabilities at the end of the year in which the statements are accepted.

2.12 - Deferred Revenue

Unified Budget deferred revenue consists mainly of assessed contributions received in advance and credits to participating States to be deducted from future assessments.

Extra-budgetary contributions are either used as agreed in the project related to the pledge, or are returned or redeployed at the direction of the donor. Such pledges are therefore considered to be conditional and are initially recognised as deferred revenue until such time as the condition is met and project expenditure incurred.

2.13 - Provisions

Provisions are recognized in circumstances when the OSCE has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and the amount can be reliably estimated. The amount of the provision is the best estimate of the expenditure expected to be required to settle the present obligation at the reporting date.

2.14 - Contingent Liabilities and Contingent Assets

Contingent liabilities are disclosed when there are possible obligations that arise from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the OSCE. Contingent assets are disclosed when there are probable assets that arise from past events and whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the OSCE.

2.15 - Revenue from Non-Exchange Transactions

Revenue from assessed contributions and revenue from extra-budgetary contributions are recognized as non-exchange transactions in accordance with IPSAS 23.

Revenue from assessed contributions from participating States is recorded on an accrual basis, independent from when the cash is received. It reflects the Unified Budget assessed for the year, including any revisions, and adjusted for any shortfall between the Budget and the approved Scales of Contribution; together with any Special Purpose Funds that are financed by assessed contributions, also including any applicable revisions.

Extra-budgetary contributions are initially recognized in the Statement of Financial Position, as they are all considered to be conditional (see note 2.12), and are subsequently recognized as revenue in the Statement of Financial Performance when project expenditure occurs. Where the criteria for recognition as stipulated under a donor agreement are not fulfilled, the contributions are refundable to donors.

2.16 – Contributions In-Kind

Contributions in-kind in the form of goods (including inventory, property, plant and equipment and intangible assets) are measured at fair value and recorded as contributions in-kind in the Statement of Financial Performance.

Contributions in-kind of services comprise seconded staff occupying posts approved by the Permanent Council or agreed as part of an extra-budgetary project, certain ancillary services related to premises provided free of rent (security, maintenance, utilities etc.) and other services. Although recognition is not required by IPSAS 23, these classes of services in-kind are measured at fair value and recorded as contributions in-kind in the Statement of Financial Performance. The estimated value of seconded personnel is based on a calculation of the additional cost of employing international contracted staff and mission members in their place, and is not intended to reflect the actual costs to the States seconding them.

2.17 - Revenue from Exchange Transactions

Revenue from exchange transactions refers mainly to the occasional sales of assets. Revenue is measured at the fair value of the consideration received or receivable and is recognized as goods and services are delivered.

2.18 – Indirect Common Costs

Indirect Common Costs are levied on Extra-budgetary projects and some third-party payments and are intended to defray costs incurred for provision of administrative support that cannot be easily attributed to specific projects. As revenue is recognised, it is transferred to a separate extra-budgetary accounting fund for subsequent allotment and use.

2.19 - Expenses

Expenses are accounted for on an accrual basis and are recognized when the goods or services are delivered to the OSCE.

2.20 - Critical Accounting Estimates and Judgments

The preparation of the Financial Statements involves the use of accounting estimates and professional judgment; therefore there is a risk that actual amounts could differ from the related estimates. The areas where those are more significant in the preparation of OSCE's Financial Statements include *inter alia*: useful lives of tangible and intangible assets, provisions, accruals, deferred revenue, contingent assets and liabilities and employee benefits.

NOTE 3: ASSETS

3.1 – Cash and Cash Equivalents

Cash and cash equivalents comprise cash on hand, cash at bank, and short-term deposits with initial maturity of 90 days or less.

OSCE operates a pooling system for banking purposes and most cash is held in Secretariat bank accounts. Consequently, some Funds, particularly Extra-Budgetary and Special Purpose Funds, hold comparatively little or no cash as it is transferred from the Secretariat accounts to local accounts as required, under internal financial regulatory arrangements. The inter-fund balances shown in Annex 1 complete the picture of each Fund's net asset position.

In accordance with Financial Regulation 5.02, funds not needed for immediate requirements are pooled in bank accounts administered by the Secretariat and invested in the form of money market deposits. Those deposits with an initial maturity of 90 days or less were classified as cash equivalents.

Cash, cash equivalents and investments are adjusted at each reporting date to reflect lifetime expected credit losses calculated using weighted long-term average default rates per the financial rating of the banking institutions in which they are held.

EUR '000	As at 31 December 2024				As at 31 December 2023
	Secretariat, Institutions, Field Offices and Cash Pools	Special Purpose Funds	Extra- Budgetary Funds	Total	Total
Cash	199	-	-	199	231
Bank	45,072	-	4,506	49,578	92,587
Short-term Deposits	-	-	5,000	5,000	20,000
Total	45,271	-	9,506	54,777	112,818

3.2 – Investments

Investments consist of money-market deposits with initial maturity over 90 days. At the end of the reporting period, investments (including Revolving and Contingency Funds) amounted to EUR 118,576 thousand (EUR 61,127 thousand in 2023), made up principally of deposits held in relation to Extra-Budgetary Funds.

3.3 – Contributions Receivable

Contributions receivable include assessments billed to participating States and extra-budgetary contributions billed to donors that have not yet been received by OSCE.

EUR '000	2024	2023
Secretariat, Institutions and Field Offices Assessed Contributions Receivable	18,253	12,615
Special Monitoring Mission to Ukraine Assessed Contributions Receivable	1,659	1,675
Extra-budgetary Contributions Receivable	30,561	6,003
Total Contributions Receivable	50,473	20,292
Allowance for Doubtful Debts	(7,045)	(1,579)
Total Net Contributions Receivable	43,428	18,713

The forward-looking impairment model, introduced following the adoption of IPSAS 41, incorporates reasonable and supportable information that is available without undue cost or effort at the reporting date. The asset's carrying amount is reduced by the amount of the impairment lifetime loss which is recognised in the Statement of Financial Performance. If, in a subsequent period, the amount of the impairment loss

decreases, the previously recognised impairment loss is reversed through the Statement of Financial Performance.

With assessed contributions receivable increasing year-on-year in 2024, payment patterns, which form the basis of the forward-looking expected credit loss (ECL) model, indicate that the trend in outstanding obligations is likely to persist over the near-term. As a result, the allowance for doubtful debts have increased to EUR 7,045 thousand in 2024 (EUR 1,579 thousand in 2023).

3.3.1 - Unified Budget Assessed Contributions Receivable

A schedule of outstanding Assessed Contributions Receivable by participating State is shown below:

EUR '000	Outstanding for 2022 and Prior Years	2023	2024	Outstanding Balance as at 31 December 2024
Participating State				
Armenia	-	-	45	45
Azerbaijan	-	44	46	90
France	-	-	867	867
Kyrgyzstan	737	46	46	829
Russian Federation	5,285	5,569	5,569	16,423
Total	6,022	5,659	6,572	18,253

An allowance for doubtful debt of EUR 6,361 thousand (EUR 1,176 thousand in 2023) has been created to leave a net carrying balance of EUR 11,892 thousand (EUR 11,439 thousand in 2023).

3.3.2 - Special Purpose Funds Assessed Contributions Receivable

Assessed Contributions Receivable for Special Purpose Funds related to the bills issued for the financing of the Special Monitoring Mission to Ukraine are tabulated below. The open contributions receivable for the financial year 2022 take into account the revised provisional bill for the Special Monitoring Mission to Ukraine (SMM) from 1 April 2022 onwards:

EUR '000	Outstanding for 2022 and Prior Years	2023	2024	Outstanding Balance as at 31 December 2024
Participating State				
Azerbaijan	5	-	-	5
Belarus	9	-	-	9
Hungary	87	-	-	87
Russian Federation	1,141	-	-	1,141
Tajikistan	21	-	-	21
Turkmenistan	111	-	-	111
Uzbekistan	285	-	-	285
Total	1,659	-	-	1,659

An allowance for doubtful debts of EUR 684 thousand (EUR 403 thousand in 2023) has been created to leave a net carrying balance of EUR 975 thousand (EUR 1,272 thousand in 2023).

3.3.3 – Extra-budgetary Contributions Receivable

Extra-budgetary contributions receivable relates to the agreements and pledge acceptances with donors which are due for payment. The breakdown by Extra-budgetary Funds is as follows:

EUR' 000	2024	2023
Fund to Support OSCE Action for Peace, Democracy and Stability in Bosnia and Herzegovina	703	108
Fund for Activities Relating to Economic and Environmental Aspects of Security	1,051	432
Fund for Activities Related to Special Monitoring Mission to Ukraine	10	10
Other PC Established Funds – Partnership Fund	11	120
Other Activities and Special Projects	28,786	5,333
Total	30,561	6,003

The aging of the extra-budgetary accounts receivable is as follows:

EUR' 000	Outstanding Balance	Less than one year	1 – 3 years	3 – 4 years	More than 4 years
Fund to Support OSCE Action for Peace, Democracy and Stability in Bosnia and Herzegovina	703	662	41	-	-
Fund for Activities Relating to Economic and Environmental Aspects of Security	1,051	887	164	-	-
Fund for Activities Related to Special Monitoring Mission to Ukraine	10	-	-	-	10
Other PC Established Funds - Partnership Fund	11	11	-	-	-
Other Activities and Special Projects	28,786	27,875	523	232	156
Total	30,561	29,435	728	232	166

3.4 – Accounts Receivable

Accounts receivables are carried at the original invoice amount, less an allowance for estimated doubtful debts based on a review of all outstanding amounts at the year-end. Accounts receivables consist mainly of recoverable Value Added Tax and other receivables.

The receivables from customers include EUR 175 thousand (EUR 1,336 thousand in 2023) held in the Stability Fund, the excess of premiums paid to the insurance company Cigna over settlements made, which will be used in the future to defray cost increases or provide additional services.

EUR '000	2024	2023
Tax Receivable from Governments	2,688	2,684
Receivable from Customers	901	1,884
Other Receivables	70	76
Accrued Interest Receivable	758	960
Allowance for Doubtful Debts	(634)	(624)
Total	3,783	4,980

3.5 – Prepayments and Services Receivable

Prepayments do not meet the definition of financial instruments as defined by *IPSAS 41 – Financial Instruments* because they are intended to be settled through delivery of goods or services, rather than cash. Furthermore, prepayments are considered non-monetary items as defined by *IPSAS 4 - The Effects of Changes in Foreign Exchange Rates*, and therefore are translated at the transaction exchange rate.

EUR '000	2024	2023
Prepayments to and services receivable from Suppliers	2,831	4,372
Prepayments to and services receivables from Implementing Partners	1,464	1,350
Prepayments to Staff	855	768
Other Prepayments	18	36
Total	5,168	6,526

3.6 – Inventory

Inventory recognized in the Statement of Financial Position consists of project assets held for distribution to beneficiaries. The total amount of inventories recognized as an expense during 2024 was EUR 5,450 thousand (EUR 2,115 thousand in 2023).

EUR '000	2024	2023
Project assets held for distribution to beneficiaries	1,857	792
Total	1,857	792

3.7 – Other Current and Non-Current Assets

Other current and non-current assets include payroll prepayments, deposits for rent recoverable after the termination of the leases and insurance premium receivable.

EUR '000	2024	2023
Current Payroll Prepayments	20	(4)
Total Other Current Assets	20	(4)
Long Term Deposit for Rent	20	20
Total Other Non-Current Assets	20	20
Total	40	16

3.8 – Property, Plant and Equipment

Property, Plant and Equipment is initially recognized at cost and subsequently depreciated using the straight line method over the assets' useful life to an assumed residual value of zero.

2024

EUR'000	ICT Equipment	Vehicles	Household and Office Equipment	Security and Safety Equipment	Leasehold Improve- ments	Other Equipment	Total Property, Plant and Equipment
<i>Cost as at 1 January 2024</i>	8,374	24,839	4,417	1,716	4,381	396	44,122
Additions	1,323	616	154	8	-	9	2,110
Disposals	(700)	(2,976)	(322)	(336)	-	(147)	(4,481)
<i>Cost as at 31 December 2024</i>	8,997	22,478	4,249	1,388	4,381	258	41,751
<i>Accumulated Depreciation and Impairment Losses as at 1 January 2024</i>	7,030	20,222	3,999	1,331	3,255	370	36,206
Depreciation	867	1,027	147	103	81	9	2,234
Impairments	-	-	-	-	-	-	-
Disposals	(614)	(1,843)	(232)	(135)	-	(142)	(2,965)
<i>Accumulated Depreciation and Impairment Losses as at 31 December 2024</i>	7,283	19,406	3,915	1,299	3,336	236	35,475
Net Carrying Amount as at 31 December 2024	1,714	3,072	334	89	1,045	22	6,276

2023

EUR'000	ICT Equipment	Vehicles	Household and Office Equipment	Security and Safety Equipment	Leasehold Improve- ments	Other Equipment	Total Property, Plant and Equipment
<i>Cost as at 1 January 2023</i>	9,313	33,380	4,478	1,560	4,381	426	53,538
Additions	426	1,615	172	331	-	8	2,552
Disposals	(1,366)	(10,157)	(233)	(175)	-	(38)	(11,968)
<i>Cost as at 31 December 2023</i>	8,374	24,839	4,417	1,716	4,381	396	44,122
<i>Accumulated Depreciation and Impairment Losses as at 1 January 2023</i>	7,313	27,636	4,007	1,282	3,174	362	43,775
Depreciation	1,007	1,129	174	161	81	12	2,564
Impairments	-	38	-	-	-	-	38
Disposals	(1,291)	(8,581)	(182)	(112)	-	(5)	(10,170)
<i>Accumulated Depreciation and Impairment Losses as at 31 December 2023</i>	7,030	20,222	3,999	1,331	3,255	370	36,206
Net Carrying Amount as at 31 December 2023	1,344	4,617	418	385	1,126	26	7,915

The Property, Plant and Equipment total cost as at 31 December 2024 of EUR 41,751 thousand includes fully depreciated assets still in use to the amount of EUR 28,239 thousand (EUR 27,582 thousand in 2023).

3.9 – Intangible Assets

Internally developed software and intangible assets under development consist of software licenses and costs incurred to make the software operational. These costs include salaries and professional fees.

2024

EUR'000	Software Licenses Purchased	Internally Developed Software	Intangible Assets under Development	Total Intangible Assets
<i>Cost as at 1 January 2024</i>	1,857	6,968	1,228	10,053
Additions	32	-	428	460
Disposals	(9)	-	-	(9)
Assets under Construction Capitalized	-	207	(207)	-
<i>Cost as at 31 December 2024</i>	1,881	7,174	1,449	10,504
<i>Accumulated Amortization as at 1 January 2024</i>	1,360	4,968	-	6,328
Amortization	211	459	-	670
Impairments	-	-	-	-
Disposals	-	-	-	-
<i>Accumulated Amortization and Impairment Losses as at 31 December 2024</i>	1,571	5,427	-	6,998
<i>Net Carrying Amount as at 31 December 2024</i>	309	1,748	1,449	3,506

2023

EUR'000	Software Licenses Purchased	Internally Developed Software	Intangible Assets under Development	Total Intangible Assets
<i>Cost as at 1 January 2023</i>	2,102	6,894	944	9,940
Additions	76	-	357	433
Disposals	(321)	-	-	(321)
Assets under Construction Capitalized	-	73	(73)	-
<i>Cost as at 31 December 2023</i>	1,857	6,968	1,228	10,053
<i>Accumulated Amortization as at 1 January 2023</i>	1,458	4,483	-	5,941
Amortization	210	485	-	695
Impairments	-	-	-	-
Disposals	(308)	-	-	(308)
<i>Accumulated Amortization and Impairment Losses as at 31 December 2023</i>	1,360	4,968	-	6,328
<i>Net Carrying Amount as at 31 December 2023</i>	497	2,000	1,228	3,725

The 2023 table has been restated to reflect the transfer of a completed internally developed software, in the amount of EUR 73 thousand, from intangible assets under development to internally developed software. This restatement increased the cost of internally developed software, as at 31 December 2023, from EUR

6,894 thousand to EUR 6,968 thousand, with the cost of intangible assets under development reduced from EUR 1,301 thousand to EUR 1,228 thousand. There is no impact in the amortization expense in 2023.

3.10 - Impairment of Assets

No new impairment losses were recorded in 2024 (EUR 38 thousand in 2023), accumulated impairment losses carried forward relate to the vehicles of the former missions in Ukraine. There were no reversals of impairment recorded during the year.

NOTE 4: LIABILITIES

4.1 – Accounts Payable

Accounts Payable consisted mainly of invoiced amounts due to suppliers and payments due to OSCE staff.

EUR '000	2024	2023
Payables to Suppliers	1,574	2,478
Payables to Implementing Partners	(28)	4
Amounts Owed to Staff	990	1,023
Total	2,536	3,505

4.2 – Accruals

Accruals include liabilities for goods and services delivered during the year, but for which invoices were not received at the year-end.

EUR '000	2024	2023
Accruals	7,930	7,903
Total	7,930	7,903

Payroll-related accruals are reported as part of Employee Benefits Current in note 4.6.

4.3 – Deferred Revenue

The Permanent Council approved deferral of the use by the Office for Democratic Institutions and Human Rights of EUR 849 thousand (PC.DEC/1288) which was originally approved through a supplementary budget in 2016 (PC.DEC/1177) and carried forward to 2017 (PC.DEC/1240). This amount is deferred until the time the observations of local elections are carried out in certain areas of Donetsk and Luhansk.

Total deferred revenue is summarized by source of funds in the table below:

EUR '000	2024	2023
Advance Assessed Contributions payments by participating States	2,488	4,915
Deferred funds per PC.DEC/1288	849	849
Total Unified Budget Deferred Revenue	3,337	5,764
Total Deferred Revenue	3,337	5,764

4.4 – Conditional Extra-Budgetary Contributions

In line with the requirements of IPSAS 23 - *Revenue from Non-Exchange Transactions*, extra-budgetary contributions subject to conditions are classified as deferred revenue. As the conditions are satisfied, the carrying amount of the liability is reduced and an amount of revenue equal to that reduction is recognized.

The amount recognized as a liability is the best estimate of the amount that would be required to settle the obligation as at the reporting date. As the conditions on extra-budgetary contributions are satisfied through performance as set within projects, the carrying amount of the liability is reduced and an amount of revenue is recognized equal to the amount expensed in the period for the activities specified in the extra-budgetary projects.

EUR '000	2024	2023
Extra-Budgetary Contributions Subject to Conditions	110,518	101,240
Extra-Budgetary Contributions Advances	2,859	1,399
Total Extra-Budgetary Contributions	113,377	102,639

4.5 – Funds Held for Third Parties

Funds held for Third Parties are mainly funds received from participating States for payment on their behalf of salaries to personnel seconded to the OSCE at no cost to the Organization, and overpayments for the Special Monitoring Mission to Ukraine resulting from the adjustment described in note 6.1 where the participating State concerned had not notified its intended disposition of the funds. In 2024 there were six participating States (five participating States in 2023) on whose behalf the salary is paid by OSCE. The services of these personnel are donated by participating States. The personnel concerned are paid by the OSCE on behalf of the States concerned from the third-party funds held in its accounts for this purpose. Depending on the timing differences between receipt of funds from the participating States concerned and disbursements to individuals, large sums may be held for salary payments at the end of the reporting period.

EUR '000	2024	2023
Seconded personnel salary funds	9,539	9,509
Special Monitoring Mission to Ukraine overpayments	7,395	7,441
Other third party funds	985	707
Total Funds Held for Third Parties	17,919	17,657

4.6 – Employee Benefits

Actuarial assumptions are required to be disclosed in the Financial Statements in accordance with *IPSAS 39 – Employee Benefits*. The following key assumptions and methods have been used by the actuary to determine the value of non-current employee benefits in order to estimate the liability.

Discount rate of 2.70% (3.14% in 2023) derived in reference to market yields of high quality corporate bonds - iBoxx Euro Corporate AA Euro bonds, with a duration of 1.47 years, which approximates the maturity terms of the related liabilities;

Present value of future benefits based on salary projections;

Average increases in salary of 9.5% in 2025 followed by 2.0% per year thereafter (4.9% in the first year and 2.5% thereafter projected in 2023);

No increase in shipment;

Increase in travel costs of 2.0% annually for the years 2025-2027 (increases of 2.5% for the first year, 2.1% for the second year and 0% thereafter projected in 2023) in line with the AMEX projected air travel increases and ECB inflation forecast; and

Estimated years of service based on OSCE's historical averages.

The actuarial valuation of the defined benefits obligation is determined by discounting the probable future payment required to settle the obligation resulting from employee service rendered in the current and prior periods.

Actuarial gains or losses arise when the actuarial assessment differs from the long term expectation on the obligations: they result from experience adjustments (differences between the previous actuarial assumptions and what has actually occurred) and the effects of change in actuarial assumptions. Actuarial gains or losses for non-current benefit obligations are recognized directly in Equity/Net Assets. Current service cost is the increase in the present value of the defined obligation resulting from employee service in the current period.

The service cost is recognized in the Statement of Financial Performance.

The following table provides more details regarding how the different types of benefits have changed in 2024:

EUR'000	Defined Benefit Obligation as at 1 January 2024	Current Service Cost	Interest Cost	Actual Payments	Actuarial (Gains)/ Losses	Defined Benefit Obligation as at 31 December 2024
Home leave and rest and recuperation	225	279	-	(296)	-	208
Annual leave	6,612	574	-	(447)	-	6,739
Total annual leave, home leave and rest and recuperation	6,837	853	-	(743)	-	6,947
Repatriation grant	2,440	365	74	(562)	309	2,626
Repatriation shipment	863	218	26	(428)	281	960
Repatriation travel	210	50	6	(45)	(21)	200
Total repatriation benefits	3,513	633	106	(1,035)	569	3,786
Total	10,350	1,486	106	(1,778)	569	10,733

Liabilities for current employee benefits also include payroll-related accruals in the amount of EUR 1,413 thousand (EUR 1,550 thousand in 2023), for total current employees liabilities of EUR 8,360 thousand (EUR 8,387 thousand in 2023).

The repatriation benefits estimates in the table are based on the actuarial assumptions set out above. If these assumptions were to change, the effects on the defined benefit obligation would be as tabulated below.

Discount Rate	Effect 2024	Effect 2023
Effect on Defined Benefit Obligation in % of +0.1%	-0.15%	-0.17%
Effect on Defined Benefit Obligation in % of -0.1%	+0.15%	+0.18%
Future salary increase		
Effect on Defined Benefit Obligation in % of +1%	+1.42%	+1.69%
Effect on Defined Benefit Obligation in % of -1%	-1.40%	-1.66%

The post-employment repatriation benefits are entirely unfunded and the liabilities will be met from budget allotments for the years in which they fall due, or from extra-budgetary revenue, as appropriate. The expected servicing cost of repatriation liabilities, net of payments, in 2025 amount to minus EUR 683 thousand, due to the increased number of staff reaching the end of their contracts during the year (expected servicing cost for 2024 of minus EUR 492 thousand reported in 2023).

4.6.1 - Provident Fund

The Provident Fund is a defined contribution plan. The employer contributions of 15% of staff salaries are fixed and are recognized as payroll expense. Employees contribute 7.5% of their salary and may make additional voluntary contributions of up to 15%. The assets are held by Utmost Worldwide in the beneficial ownership of the employee. The Secretary General's responsibility is to establish arrangements to provide a Provident Fund facility to employees and to monitor these arrangements. The balance of funds held for the benefit of OSCE Staff by the Provident Fund as at 31 December 2024 was EUR 127,477 thousand (EUR 123,678 thousand in 2023).

The Provident Fund is administered by Utmost Worldwide Limited in accordance with the contract. The OSCE obtains the Financial Statements of Utmost Worldwide Limited on an annual basis. The latest available Financial Statements were in respect of the year ended 31 December 2024 and were audited by PricewaterhouseCoopers CI LLP, Chartered Accountants, who gave an unmodified opinion on the Financial Statements.

The Provident Fund summary statement for the year ending 31 December 2024 is shown in the Appendix.

4.7 – Current Cash Surplus

Unless otherwise determined by the Permanent Council, the cash surplus is credited against assessed contributions of the participating States in the year following the year in which the financial statements are accepted by the Permanent Council.

As the Permanent Council has not to date accepted the Financial Statements for 2022 and 2023, the cash surplus as reported as at 31 December 2023 is not yet payable and remains in reserves (see Note 5.1- Cash Surplus). Following the Permanent Council decisions PC.DEC/1485, PC.DEC/1487, PC.DEC/1491 and PC.DEC/1494 on the Additional Provisional Expenditure Authorizations, for a total of EUR 3,002 thousand, the remaining cash surplus as reported at 31 December 2023 stands at EUR 21,610 thousand.

4.8 – Provisions

The provision for unearned revenue of extra-budgetary pledges currently expiring on or before 31 December 2024 amounts to EUR 15,155 thousand (EUR 6,897 thousand in 2023). This represents funds pledged for extra-budgetary projects prior to 31 December 2024 where the pledge is now time-expired and the Organization awaits instructions from the donor on whether to extend the pledge validity for a further period of time or to return or re-purpose the unspent amounts.

4.9 – Other Current and Non-Current Liabilities

Other current liabilities consist primarily of pending refunds of Provident Fund reimbursements to staff and refunds of office rent received in advance from Governments.

EUR '000	2024	2023
Governments Advance Refunds	1,467	393
Other Current Liabilities	421	225
Total Other Current Liabilities	1,888	618
Non-Current Liabilities	-	-
Total Other Non-Current Liabilities	-	-
Total	1,888	618

NOTE 5: RESERVES**5.1 - Cash Surplus**

The cash surplus for 2024 is not due for settlement until the year following acceptance of these Financial Statements, and it is therefore classified as Equity until the date of that acceptance. The Secretariat, Institutions and Field Offices total cash surplus for 2024 of EUR 6,490 thousand is calculated as shown in Statement V and reconciled to the IPSAS Surplus/(Deficit) in Note 9.1.

Since the Permanent Council has not to date accepted the Financial Statements for 2022 and 2023, the cash surpluses are not yet payable and remain in reserves. Permanent Council decisions PC.DEC/1485, PC.DEC/1487, PC.DEC/1491 and PC.DEC/1494, on utilisation of the Cash Surplus as at 31 December 2023 totalled EUR 3,002 thousand, leaving a remaining balance of EUR 942 thousand.

An interim cash surplus of EUR 20,669 thousand for the Special Monitoring Mission to Ukraine was calculated from the sum of all revenues and expenses during all mandates from 2014 to 31 March 2022 and the closure period to 31 October 2022, as at 31 December 2023. The Special Monitoring Mission cash surplus of EUR 268 thousand in 2024 consists primarily of funds received from the sale of the remaining assets from the SMM vehicle fleet. Further transactions are expected during 2025 and a further cash surplus/deficit position will be calculated when all known transactions have been completed.

EUR '000	2024	2023
Unified Budget - Secretariat, Institutions and Field Offices	19	19
Border Observer Mission	198	198
Total Cash Surpluses for 2022	218	218
Unified Budget - Secretariat, Institutions and Field Offices	3,725	3,725
Special Monitoring Mission to Ukraine cash surpluses as at 31 December 2023	20,669	20,669
Closure of the Information Security Enhancement Fund	1	1
Closure of the Fund for the Purpose of Financing Agreed Capital Requirements	-	-
Total Cash Surpluses for 2023	24,395	24,395
PC.DEC/1485 – provisional authorization for the ODIHR Elections Programme	(397)	-
PC.DEC/1487 – provisional authorization for the Conference and Language Services Programme	(1,166)	-
PC.DEC/1491 – provisional authorization for the anticipated financing requirements of the Secretariat ODIHR Elections Programme	(861)	-
PC.DEC/1494 – provisional authorization for the anticipated financing requirements of the Secretariat, High Commissioner on National Minorities and Mission in Kosovo	(578)	-
Total Additional Provisional Expenditure Authorizations for 2024	(3,002)	24,395
Unified Budget - Secretariat, Institutions and Field Offices	6,492	-
Special Monitoring Mission to Ukraine	268	-
Total Cash Surpluses for 2024	6,760	-
Total Cash Surpluses as at 31 December 2024	28,371	24,613

5.2 - Cash Surplus Withheld

The cash surplus for those participating States that have not settled their assessed contributions in full is withheld by the OSCE until the outstanding payments are received.

Cash surplus withheld does not meet the definition of a liability and is therefore included in the reserves. The table below is a summary of the cash surplus withheld by participating State and by year. There were no cash surplus distributions related to the fiscal years 2014 through 2017 and cash surpluses for 2022, 2023 and 2024 are not yet due for distribution, and therefore none are retained for those years. The longest outstanding cash surplus withheld is from the fiscal year 2006.

In 2024 Kyrgyzstan paid EUR 23 thousand against the outstanding receivables, although there were no releases of the Cash Surplus withheld.

EUR '000	2019 and Prior Years	2020	2021	Total
Kyrgyzstan	13	1	1	15
Total Cash Surplus Withheld	13	1	1	15

5.3 – Revolving and Contingency Funds

The Revolving Fund, in the amount of EUR 2,710 thousand, was established by the Permanent Council (PC.DEC/133 dated 27 June 1996) to meet the short-term cash requirements of duly authorized OSCE activities that could result from the period between the billing and payment of assessed contributions.

The Contingency Fund, in the amount of EUR 2,180 thousand, was established by the Permanent Council (PC.DEC/182 dated 17 July 1997) to allow OSCE to act immediately after the adoption of a Permanent Council decision on a new activity and to cover the corresponding financial requirements prior to the approval of the relevant supplementary budget.

5.4 – Other Reserves

Other Reserves consists of actuarial gains and losses related to employee benefits of EUR 3,414 thousand in 2024 (EUR 2,844 thousand in 2023).

5.5 – Accumulated Surplus/(Deficit)

The increase in the Accumulated Surplus/Deficit during 2024 to EUR 33,260 thousand (EUR 33,056 thousand in 2023) as shown in Statement III includes the Cash Surplus for 2024 in the amount of EUR 28,371 thousand (see Note 5.1 – Cash Surplus) and the surplus for the period in the amount of EUR 6,964 thousand (see Note 9.1 – Reconciliation of Surplus/(Deficit) for the Period).

NOTE 6: REVENUE

6.1 – Assessed Contributions

Accrued revenue from provisional assessed contributions amounted to EUR 138,204 thousand (EUR 138,204 thousand in 2023). Participating States could not reach consensus on the Unified Budget for 2024 and provisional assessments in the sum of EUR 138,204 thousand (also EUR 138,204 thousand in 2023) were made in pursuance of Financial Regulation 4.04 and to fund obligations incurred and payments made under Financial Regulation 3.04.

EUR '000	2024	2023
Provisional assessments for the 2024 Unified Budget	138,204	138,204
Total Revenue from Assessed Contributions	138,204	183,204

During 2024, four Provisional Expenditure Authorizations were approved by the Permanent Council for a total of EUR 3,002 thousand to address the financing requirements of the Organization (see Note 6.6 – Other Revenue).

6.2 – Extra-Budgetary Contributions

Revenue from extra-budgetary contributions includes proceeds from new pledges received in 2024, as well as revenue from conditional agreements previously recorded as deferred revenue, for which conditions were satisfied during the year. Total proceeds from extra-budgetary contributions pledged and billed during the reporting period amounts to EUR 75,502 thousand in 2024 (EUR 50,626 thousand in 2023) and includes an amount of EUR 275 thousand pledged (EUR 4,144 thousand in 2023) in respect of the Repository Programme (RP) "Core Support Mechanism". The total amount pledged towards the RP as at 31 December 2024 stands

at of EUR 4,419 thousand (EUR 4,144 thousand as at 31 December 2023). Donor reallocations from third-party funds to ExB projects totalled EUR 1,319 thousand during the financial year (EUR 918 thousand in 2023).

As all extra-budgetary contributions pledged to the organization are conditional, revenue is recorded as the conditions of the pledges are fulfilled, with the remaining funds recorded as a deferred revenue. During the period, deferred revenue increased by EUR 20,320 thousand (EUR 3,656 thousand in 2023), with the total extra-budgetary deferred revenue at 31 December 2024 climbing to EUR 113,377 thousand (EUR 102,639 as at 31 December 2023), ref. Note 4.4.

Extra-budgetary revenue, recorded in line with IPSAS 23, increased to EUR 56,501 thousand in 2024 (EUR 47,888 thousand in 2023) in line with project activity during the year.

The RP was established to accept contributions from participating States to cover the underfunding of core costs across all Executive Structures, bridging the gap between the UB funding level and the expected actual requirements. Unspent amounts are carried forward into 2025. The RP was funded via three sources of income:

- Pledges from participating States which had overpaid on their contributions towards the SMM administrative closure assessment, and who subsequently agreed to transfer funds held on account to the RP;
- Certain participating States who agreed to the use of all or some of their share of the 2021 cash surplus for this purpose; and
- Additional voluntary contributions made by participating States.

A breakdown of expenditure on the RP can be found in Schedule J of Annex 1 to these financial statements.

EUR '000	2024	2023
Revenue from Extra-Budgetary Contributions	75,502	50,626
Revenue from Conditional Agreements Recognized/(Deferred) during the period	(20,320)	(3,656)
Reallocation of Project Funds	1,319	918
Total	56,501	47,888

The reallocation of project funds resulted in a net inflow of EUR 1,319 thousand (EUR 918 thousand in 2023) from Third Party Funds to Extra-Budgetary Funds.

6.3 – Finance Revenue

Finance revenue includes interest from bank balances and short-term cash deposits.

EUR '000	2024	2023
Interest received from banks	5,825	3,100
Accrual adjustments	(202)	530
Total	5,623	3,630

6.4 – Contributions In-Kind

Revenue from contributions in-kind consists of contributions in-kind from seconded staff, ancillary services and donated goods as shown in the table below:

EUR '000	2024	2023
Seconded Staff	24,985	24,352
Ancillary Services	977	855
Goods In-Kind	5,444	4,882
Total Contributions In-Kind	31,406	30,089

The total value of contributions in-kind of the services of seconded personnel is recorded as Contributions In-Kind in the Statement of Financial Performance. The estimated value of seconded personnel is based on a calculation of what it would cost to employ international contracted staff and mission members in their place, and does not reflect the actual costs to the participating States seconding them.

EUR '000	2024	2023
Seconded Staff	23,891	23,434
Seconded Staff - Extra-Budgetary Projects	1,094	918
Total Contributions In-Kind of Seconded Staff Services	24,985	24,352

In addition, certain ancillary services, such as security, maintenance and utilities, were provided in respect of premises provided free of charge.

EUR '000	2024	2023
Ancillary Services	977	855
Total Contributions In-Kind of Ancillary Services	977	855

Contributions in-kind in the form of goods (including supplies, inventory, property, plant and equipment and intangible assets) are measured at fair value and recorded as Contributions In-Kind in the Statement of Financial Performance. The total fair value of goods in-kind received consists of the following items:

EUR '000	2024	2023
<i>Donated Property, Plant and Equipment and Intangible Assets</i>	-	-
Premises	5,440	4,876
Equipment	4	6
<i>Premises and Equipment provided rent-free</i>	<i>5,444</i>	<i>4,882</i>
Total Revenue from Goods In-Kind	5,444	4,882

6.5 – Revenue from Exchange Transactions

Revenue from Exchange Transactions of EUR 636 thousand (EUR 1,178 thousand in 2023) refers to gains and losses related to the sale of assets and minor equipment.

6.6 – Other Revenue

Revenue Reallocated from Internal Sources in 2024 represents funds reallocated from the Cash Surplus, as reported in the 2023 Financial Statements as at 31 December 2023, to finance the Additional Provisional Expenditure Authorizations as approved by the Permanent Council.

- PC.DEC/1485, dated 2 August 2024, approved the additional provisional expenditure authorization of EUR 397,300 for the activities of the ODIHR Elections Programme.
- PC.DEC/1487, dated 19 September 2024, approved the additional provisional expenditure authorization of EUR 1,166,300 for the activities of the Conference and Language Services Programme.
- PC.DEC/1491, dated 26 November 2024, approved the additional provisional expenditure authorization of EUR 860,600 for the anticipated financing requirements of the Secretariat.
- PC.DEC/1494, dated 19 December 2024, approved the additional provisional expenditure authorization of EUR 578,100 for the anticipated financing requirements of the Secretariat, High Commissioner on National Minorities and Mission in Kosovo.

Indirect Common Costs (ICC) revenue of EUR 69 thousand (EUR 57 thousand in 2023) derived from charges for the processing on behalf of participating States of salaries for personnel seconded by them to OSCE. The remaining EUR 3,958 thousand (EUR 3,132 thousand in 2023) of ICC revenue recognised in segment report H.2 represents charges levied on extra-budgetary projects as described in Note 2.18 and is recorded as Extra-Budgetary Revenue.

Other revenue includes, inter alia, revenue from certain shared conference services, insurance claims and discounts taken.

EUR '000	2024	2023
Revenue Reallocated from Internal Sources	3,002	958
Indirect Common Costs Revenue	69	57
Other Revenue	589	1,647
Total	3,660	2,662

NOTE 7: EXPENSES

7.1 – Staff Costs

Salaries include amounts paid to international and local contracted staff, local professional staff, and temporary assistance.

The board and lodging allowance (BLA) consists of a daily allowance payable by the OSCE which is intended to partially cover the living costs incurred by international mission members. BLA is paid to international contracted and seconded staff. The BLA rates are established for each Mission in December each year and remain valid for the following year.

Other staff costs include hazard pay, personal income tax, medical services, overtime, vacancy advertisement costs and ex gratia payments to staff and mission members.

Insurance refers to health, life and accident insurance.

Other employee benefits include education grant, child and spouse allowance, appointment travel, assignment grant, rental subsidy, training, interns compensation and service cost for employee benefits (see Note 2.11 - Employee Benefits).

EUR '000	2024	2023
Salaries	76,196	73,143
BLA for international seconded staff	9,140	9,382
BLA for international contracted staff	1,451	1,441
Provident fund	10,456	9,804
Other staff costs	1,074	1,123
Insurance	3,739	3,239
Other employee benefits	5,942	5,751
In-kind seconded staff costs	24,985	24,352
Total	132,983	128,235

The in-kind seconded staff costs recognize the value to the Organisation of staff seconded free of charge by participating States. The estimated value is based on a calculation of what it would cost to employ international contracted staff and mission members in their place, and does not reflect the actual costs to the participating States seconding them.

7.1.1 - Ex Gratia Payments

Ex gratia payments are made in extraordinary situations when the OSCE has a moral obligation or it is in the overall interest of the Organization to do so. Disclosure of ex gratia payments is required by Financial Regulation 6.05. During 2024 ex gratia payments to staff and mission members totalling EUR 2.5 thousand were made (EUR 2.5 thousand in 2023). Details of other ex gratia payments may be found in note 7.8.1. The list of Executive Structures concerned is as follows:

EUR '000	2024	2023
Secretariat	3	3
Total	3	3

7.2 – Consultancy and Subcontracting

Other contractual services include, inter alia, subcontracting services related to the implementation of projects. Paramedical services were provided to ODIHR for Human Rights Department activities in Ukraine.

EUR '000	2024	2023
Special Services Agreements	15,045	14,523
Implementing Partner costs	5,494	6,403
Paramedical services	84	133
Other contractual services	4,366	4,033
Total	24,989	25,092

7.3 – Travel Expenses

Travel expenses include travel ticket costs, daily subsistence allowance, local transportation, terminal allowances and other travel costs. Travel of non-OSCE officials includes the same types of cost and is related mainly to their attendance at conferences and seminars and recruitment of new staff.

EUR '000	2024	2023
Travel of non-OSCE officials	9,119	8,378
Duty travel for OSCE officials	5,894	5,996
Travel for training of OSCE officials	318	255
Total	15,331	14,629

7.4 – Services and Office Costs

Communication services include, among others, internet access fees, rental of communication equipment and leased lines. IT services refer to software maintenance and support fees, as well as rental and installation of IT equipment.

EUR '000	2024	2023
Rental and maintenance of buildings	15,078	15,257
Conferences, seminars, workshops	9,438	7,792
IT services	5,716	5,507
Communication services	1,077	1,143
Interpreters, translators and typing services	1,871	1,829
Bank charges	445	495
Printing and copying services	573	419
Vehicles maintenance costs	257	267
Freight and transportation	437	266
Insurance other than staff	415	361
Ancillary services in-kind	977	856
Total	36,284	34,192

Incurred costs of EUR 177 thousand (EUR 117 thousand in 2023) of services and office costs relates to agreements with third parties which are fully reimbursable.

7.5 – Consumables and Supplies

Consumables and supplies include items that are either used or consumed in rendering services, such as office supplies, ICT supplies and spare parts. Other supplies include mainly safety and security supplies and stationery.

EUR '000	2024	2023
Fuel and lubricants	389	424
Other supplies	1,920	1,547
Communication and IT supplies	401	453
Publications, newspapers and printed materials	231	227
Spare parts	94	107
Building/Household Supplies	595	446
Total	3,630	3,204

7.6 – Depreciation, Amortization and Impairments

Amortization charges are applied to intangible assets capitalized on the OSCE Statement of Financial Position. Depreciation relates to tangible property, plant and equipment.

EUR '000	2024	2023
Amortization	670	695
Depreciation	2,234	2,564
Impairments	-	38
Total	2,904	3,297

Impairments reported relate to the disposal of assets of the former missions in Ukraine.

7.7 – Equipment Expense

Equipment expenses include costs related to the acquisition of equipment which would otherwise meet the definition of Property, Plant and Equipment but are below the capitalization threshold of EUR 1 thousand, both those purchased by OSCE and those donated to the Organization. Also included is the estimated value of equipment loaned by donors on cost-free rentals. Inventory donated to third parties includes all items donated and is not subject to the capitalisation threshold. Assets retired represents the remaining net book value of project assets donated or otherwise disposed of, except through sale (see Note 6.5 – Revenue from Exchange Transactions).

EUR '000	2024	2023
Equipment Purchased	1,352	1,579
Inventory Donated to Third Parties	5,450	2,116
Equipment Received In-kind	4	6
Assets retired	1,422	-
Total Equipment Expenses	8,228	3,701

7.8 – Other Operating Expenses

The increase in other operating expenditures is driven by the change in Allowance for Doubtful Debts in relation to the forward-looking impairment model introduced following the adoption of IPSAS 41 (see Note 3.3). This increase is partially offset by the cost containment measures taken during 2024 to reduce non-critical expenditures such as on representation.

EUR '000	2024	2023
Other Operating Costs	311	522
Representation Costs	209	344
Project Costs	82	231
Change in Allowance for Doubtful Debts	5,466	7
Total	6,068	1,104

7.8.1 – Ex Gratia Payments

Ex gratia payments, included under other operating costs (Note 7.8), are made in extraordinary situations when the OSCE has a moral obligation or it is in the overall interest of the Organization to do so. Disclosure of ex gratia payments is required by Financial Regulation 6.05. During 2024 ex gratia payments other than to staff and mission members totalling EUR 21.5 thousand were approved by the Secretary General (EUR 11 thousand in 2023). Details of ex gratia payments to staff and mission members may be found in note 7.1.1. The list of Executive Structures concerned is as follows:

EUR '000	2024	2023
Presence in Albania	1.5	-
Mission to Bosnia and Herzegovina	-	1
Mission to Moldova	5	3
Office for Democratic Institutions and Human Rights	2.5	-
Personal Representative of the CiO on the Conflict Dealt with by the Minsk Conference	2.5	5
Special Monitoring Mission to Ukraine	7.5	2
Secretariat – Support Programme to Ukraine	2.5	-
Total	21.5	11

7.8.2 – Cash and Other Losses and Write-Offs

The Joint Consultative Group (JCG) on the Conventional Forces in Europe Treaty has been underpaying its invoiced contributions towards the costs of Hofburg, with the rate of underpayment for 2024 standing at 4.384% (9.0% in 2023). OSCE continues to press its claim for these funds without success to date. Consequently, a bad debt allowance has been created in full (an expected credit loss of 100% in line with IPSAS 41) with a corresponding write-down in 2024 of EUR 10 thousand (EUR 20 thousand in 2023), increasing the cumulative allowance for JCG to EUR 255 thousand (EUR 245 thousand in 2023). This allowance does not represent an abandonment of the claim or release the JCG from its obligation to pay under the terms of its Financial Agreement with the OSCE. Cash and other losses and write-offs are included under other operating costs (Note 7.8).

EUR '000	2024	2023
Cash and other losses	-	-
Bad debt allowance for the Joint Consultative Group (JCG)	10	20
Write-off of uncollectible receivables	19	3
Total	29	23

NOTE 8: FOREIGN EXCHANGE GAINS/(LOSSES)

Gains and losses made on transactions in currencies other than the Euro consist of amounts realized when the payable balance is settled and those not yet realized because the payable remains open. The latter may change with future exchange rate movements until the moment that they are realized.

EUR '000	2024	2023
Unrealized Gains/(Losses) – cash and cash equivalents	602	(982)
Unrealized Gains/(Losses) – other	883	9
<i>Subtotal Unrealized Gains/(Losses)</i>	<i>1,485</i>	<i>(973)</i>
Realized Gains/(Losses)	(134)	(377)
Total	1,351	(1,350)

NOTE 9: CASH FLOW STATEMENT

9.1 – Cash and Cash Equivalents

Cash and cash equivalents consist of cash on hand, balances with banks, and investments in term-deposits with an initial maturity of 90 days or less. Cash and cash equivalents included in the Cash Flow Statement (Statement IV) are further detailed in Note 3.1.

9.2 – Cash Flows from Investing Activities

Cash Flows from Investing Activities as listed in the Cash Flow Statement (Statement IV) consist of investments in term-deposits with initial maturity over 90 days (ref. Note 3.2), the acquisition of property, plant and equipment (ref. Note 3.8) and intangible assets (ref. Note 3.9), and the sale of any fixed assets deemed obsolete or surplus to operations requirements.

EUR '000	2024	2023
Investments in term-deposits	(367,300)	(305,410)
Proceeds from matured term-deposits	309,852	355,880
Purchase of property, plant and equipment and intangible assets	(2,570)	(2,985)
Sale of property, plant and equipment	102	1,573
Total	(59,916)	49,058

NOTE 10: RECONCILIATIONS OF BUDGETS TO FINANCIAL STATEMENTS

Statement V (comparison of budget and actual amounts) is provided in accordance with the principles of IPSAS 24, which requires *“a comparison of budget amounts and the actual amounts arising from execution of the budget to be included in the financial statements of entities that are required to, or elect to, make publicly available their approved budget(s), and for which they are, therefore, held publicly accountable”*. Since only the Unified Budget is publicly available, Statement V does not consider the Special Purpose or extra-budgetary Funds and other projects.

The Permanent Council could not find consensus on the Unified Budget Proposals tabled by the Chairperson and therefore there was no approved budget for 2024. Financial Regulation 3.04 provides that, in these circumstances, the Secretary General and Heads of Institution are authorized to incur obligations and make payments until 31 March of the current financial year up to the level of 25 per cent of the previous Unified Budget, and thereafter, on a monthly basis up to 1/12th of the previous approved Budget until the Unified Budget is adopted.

Since no Budget was approved during the year, the Organization operated under Provisional Expenditure Authorizations throughout 2024 at the level of the last approved Unified Budget, that for 2021 (EUR 138,204 thousand, PC.DEC/1413 dated 18 August 2021), and PC.DEC/1485 dated 2 August 2024, PC.DEC/1487 dated 19 September 2024, PC.DEC/1491 dated 26 November 2024 and PC.DEC/1494 dated 19 December 2024 approved Additional Provisional Expenditure Authorizations in the amount of EUR 3,002 thousand, funded from the cash surplus as at 31 December 2023 as reported in the 2023 Financial Statements.

Statement V is therefore presented on the basis of the final Provisional Expenditure Authorizations approved under the aforementioned Permanent Council decisions. The difference of EUR 2,087 thousand between the actual amounts and the 2021 Unified Budget total (EUR 2,028 thousand in 2023), excluding the Project Co-ordinator in Ukraine, plus the Total Provisional Expenditure Authorization are tabulated by Secretariat and Institution and by region and reconciled to the cash surplus in Statement V and are further broken down by Main Programme and Programme in the Resource Utilization Report at Annex 2 to these Statements.

Reporting on the Performance against the Provisional Expenditure Authorization is in summary in the Financial Report that accompanies these Statements, and elaborated in more detail in the Resource Utilization Report (RUR) available to participating States.

10.1 - Reconciliation of Surplus/ (Deficit) for the Period

The Financial Statements are prepared on an accrual basis, while the budget is prepared on a modified cash basis. The following table shows a reconciliation of the Cash Surplus in the Statement of Comparison of Budget and Actual Amounts (Statement V), and the Surplus/(Deficit) for the Period as reported in the Statement of Financial Performance (Statement II). The differences are due to IPSAS adjustments affecting revenue and expenses.

EUR '000	2024	2023
Cash Surplus for the year	6,492	3,725
Assessed Contributions receivable as at 1 January	(12,615)	(7,722)
Assessed Contributions receivable as at 31 December	18,253	12,615
Budgetary Excess of Income over Expenditure	12,130	8,618
IPSAS Adjustments:		
Revenue		
Accrued Interest	(202)	530
Contributions In-Kind	30,312	29,171
Revenue from Exchange Transactions	4	(29)
Other Revenue	4	213
Revenue from Change in Allowance for Doubtful Debts	-	1,152
Subtotal Revenue	30,118	31,037
Expense		
Expense from Change in Allowances for Doubtful Debts	(5,185)	-
Unliquidated Obligations	(528)	457
Accruals Adjustments	46	(61)
Budget Deferrals	(77)	42
Prepayments Adjustments	(397)	(459)
Employee Benefits	629	517
Contributions In-Kind Expense	(30,312)	(29,171)
Insurance Adjustments	(1,154)	(698)
Inventory Adjustments	(208)	(377)
Property, plant and equipment Adjustments	(198)	(682)
Intangibles Adjustments	(404)	(531)
Subtotal Expense	(37,788)	(30,963)
Gains/(Losses)	-	-
Total IPSAS Adjustments	(7,760)	74
IPSAS Budget Surplus/(Deficit) for the Period	4,460	8,692
Special Purpose Funds Surplus/(Deficit) for the Period	(797)	(897)
Extra-Budgetary Surplus/(Deficit) for the Period	3,301	1,053
IPSAS Total OSCE Surplus/(Deficit) for the Period	6,964	8,848

10.2 – Reconciliation of Actual Amounts on a Comparable Basis and Cash Flow Statement

The expenditure authorizations are calculated on a modified cash basis (actual expenditure plus contractual and other obligations), whereas the Financial Statements are prepared on an accrual basis, which therefore differs from the budget basis. For the purpose of preparing the comparison of budget and actuals in the Statement of Comparison of Budget and Actual Amounts, actuals are calculated on a modified cash basis comparable with the expenditure authorizations.

Since the Financial Statements and budgetary accounting are prepared on different bases, the actual amounts presented on a comparable basis to the budget in Statement V - Statement of Comparison of Budget and Actual Amounts need to be reconciled to the net cash flow from operating, investing and financing activities as required under *IPSAS 24 – Presentation of Budget Information in Financial Statements*.

The reconciliation requires that any differences be separately identified:

- *Basis differences* - in order to reconcile the budgetary results to the Cash Flow Statement, differences between the budgetary framework and IPSAS such as unliquidated obligations, prepayments and depreciation need to be considered as basis differences;
- *Presentation differences* - differences in the content and classification used in the Statement of Cash Flow versus the Statement of Comparison of Budget and Actual Amounts; for example, the budgetary framework makes no distinction between operating, investing and financing activities;
- *Timing differences* - occur in such cases when the budget cycle differs from the financial reporting cycle. There are no timing differences, since both cycles coincide.
- *Entity differences* - the Statement of Comparison of Budget and Actual Amounts refers to the Unified Budget of the Secretariat, Institutions and Field Missions only whereas the Cash Flow Statement includes also Special Purpose Funds and Extra-Budgetary funds. The latter two are excluded from Statement V because annual budgets are not publicly available.

EUR'000	Operating Activities	Investing Activities	Financing Activities	Total
Actual Amount on Comparable Basis	2,087	-	-	2,087
Basis Differences	(54,172)	-	-	(54,172)
Presentation Differences	14,375	(1,945)	(3,002)	9,428
Timing Differences	-	-	-	-
Entity Differences	41,986	(57,972)	-	(15,986)
Actual Amount in the Cash Flow Statement	4,275	(59,916)	(3,002)	(58,643)

NOTE 11: OTHER DISCLOSURES

11.1 - Financial Risk Management

Financial risk management is carried out by the Treasury Unit in the Secretariat under policies approved by the Investment Committee and by applying the guidelines included in OSCE's Financial/Administrative Instruction Five - Income and Cash Management. *IPSAS 30 - Financial Instruments: Disclosures* states the types of risks that the Organization should disclose:

- (a) *Liquidity risk* - is the risk that an entity will encounter difficulty in meeting its financial commitments. The OSCE invests funds not required for immediate operational purposes in short-term deposits up to a maximum of nine months. Maturities are scheduled on the basis of operational requirements as identified by the Treasury Unit and OSCE Executive Structures' cash flow forecasts.

Liquidity is monitored through actual and forecasted cash flow reports for a period of 12 months into the future, reviewed on monthly basis. The timing of payment of assessed contributions by participating States has an impact on the liquidity of the Organization. Delays in payment by large contributors can affect normal operations, although the comfortable Cash position is available to meet short-term cash requirements.

- (b) *Currency risk* - is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. The OSCE is exposed to currency risk on all transactions that are denominated in a currency other than Euro. The OSCE has a policy of not using derivative financial instruments to hedge against currency risk. Risk is mitigated by limiting the amount of cash held in currencies other than euro; by concluding most of the OSCE contracts in euro; and by not converting one currency to another to avoid realization of gains and losses. In 2024, the majority of net expenditures were transacted in euro or currencies pegged to the euro.

Transactions in foreign currencies are recorded in euro at the UN Operational Rates of Exchange in effect on the date of the transactions. At the end of the reporting period assets and liabilities are valued at the rates applicable as at 31 December 2024. Gains and losses arising from transactions and translation are recorded as currency exchange adjustments. In compliance with Financial Administrative Instruction

Five (FAI 5) on Income and Cash Management, large exchange rate gains or losses incurred under Extra-Budgetary Funds have been credited or charged to the respective Fund.

- (c) Interest rate risk – is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates. The OSCE did not enter into any transactions involving variable interest rates in 2023 and only made short-term deposits for fixed durations and fixed interest rates. Fluctuations in interest rates only affect the interest revenue forecasts for short-term deposits to be concluded in the future; however, the OSCE is not dependent on interest revenue for the continuation of its activities.
- (d) Market risk – is the risk that the value of a financial instrument will fluctuate as a result of changes in market prices. None of the OSCE's financial instruments in 2024 were affected by changes in market prices.
- (e) Credit risk – is the risk that one party to a financial instrument will fail to meet its contractual obligations, incurring a financial loss for OSCE. The largest exposures to such risk for the OSCE are Assessed Contributions Receivable and bank risk. The Treasury Unit monitors the creditworthiness of its banks on a regular basis and has strict guidelines to limit the amount deposited with each approved bank. The table below shows the amounts deposited with banks according to their credit rating. At the end of the reporting period, 99.31% of the total (99.43% in 2023) was held in bank accounts carrying an investment grade (BBB- and above). The table reflects the fact that due to the financial crisis most bank ratings have been revised downwards in recent years. The remaining balances are held in non-investment grade or unrated banks to support OSCE local operational needs.

At the end of the reporting period, 98.08% of the total cash (98.37% in 2023) was held in bank accounts administered by the Treasury Unit. The remaining 1.92% was held in bank accounts throughout OSCE locations for daily operational purposes (1.63% in 2023).

EUR '000	Rating	Total as at 31 December 2024	%	Total as at 31 December 2023
High Grade	AA- to AA+	69,908	40.3%	32,764
Upper Medium Grade	A- to A+	70,117	40.5%	110,548
Lower Medium Grade	BBB- to BBB+	32,123	18.5%	29,401
Non-Investment Grade	BB- to BB+	159	0.1%	297
Highly Speculative	B- to B+	-	0.0%	-
Unrated	N/A	847	0.5%	703
Total Bank Balances		173,154	99.9%	173,714
Cash	N/A	199	0.1%	231
Total Cash and Bank Balances		173,353	100%	173,945

- (f) Cash flow risk – is the risk that future cash flows associated with a monetary financial instrument will fluctuate in amount. For the OSCE such fluctuations relate to future money-market deposits in the event of changes in interest rates. As mentioned in (b) above, the OSCE is not dependent on the cash flows resulting from money-market deposits for the continuation of its activities.
- (g) There were no significant changes in the OSCE's exposure to risk or to its risk management policies during the reporting period.

11.2 – Contingent Assets and Contingent Liabilities

The OSCE has no contingent assets.

Contingent liabilities exist in respect of the closure of the Special Monitoring Mission to Ukraine, for contracts held with suppliers which had to be terminated in accordance with the closure of the Mission. It is not possible to estimate the amount of such liabilities with certainty, as this depends upon submission by the suppliers and it is unknown whether such claims will materialise. To date, no such claims have been made.

11.3 – Leases and Contractual Obligations

Lease agreements in the Secretariat, Institutions and Field Offices refer to leases of premises and office equipment. These agreements are classified as operating leases and the related payments are charged as an expense over the period of the lease. The total lease expense for the year 2024 amounted to EUR 5,755 thousand (EUR 5,837 thousand in 2023).

Future minimum lease payments include payments for such rented premises that would be required until the earliest possible termination date under the respective agreements. The minimum lease payments also include Host Country reimbursements in the amount of EUR 1,946 thousand expected to be received (EUR 1,947 thousand in 2023). There are no agreements that contain purchase options.

The total amount of future minimum lease payments under non-cancellable operating leases is as follows:

EUR '000	Less than 1 Year	1 to 5 Years	More than 5 Years	Total
Minimum Lease Payments	3,257	429	-	3,686

In the majority of cases operating lease arrangements for field office premises can be cancelled by providing notice up to 90 days. Also the majority of the operating lease agreements contain renewal clauses which enable the Organization to extend the terms of the leases at the end of the original lease terms.

11.4 – Related Party Disclosures

11.4.1 - Governing Bodies

Based in Vienna, the Permanent Council is the body for regular political consultation and decision-making on all issues pertinent to the OSCE and is responsible for the day-to-day business of the Organization.

The OSCE Permanent Council is formed by the delegates of the 57 participating States. Representatives of the OSCE Parliamentary Assembly and of executive structures may attend meetings of the decision-making bodies as observers. The OSCE's 11 Partners for Co-operation may be invited to attend as observers. A delegation to the Permanent Council consists of a team of diplomats of the participating State headed by an ambassador. Members of the delegations are appointed separately by the Governments of each participating State and are not considered key management personnel as defined by IPSAS. They do not receive remuneration from the Organization.

OSCE decisions have to be taken by consensus and the Chairman seeks approval from all delegations. In the case of one or more delegations opposing a decision, the issue is renegotiated. If all delegates agree, the decision becomes politically binding for all participating States.

During periods between Summits, decision-making and governing power lies with the Ministerial Council, whose members are the Foreign Ministers of the OSCE participating States. The Ministerial Council meets once a year to consider issues relevant to the OSCE and make appropriate decisions.

At OSCE Summits, the Heads of State or Government of the OSCE participating States set the Organization's priorities and provide orientation for several years. There are no general rules determining how often Summits take place. Any participating State can propose a Summit. The decision has then to be taken by consensus. The last OSCE summit took place in 2010 in Astana (Kazakhstan).

11.4.2 - Key Management Personnel

The Secretary General, Heads of Institutions and Heads of Missions, including Personal Representatives who are Fund Managers, as well as the Secretariat's Main Programme Managers at the Director level represent the key management personnel as they have authority for planning, directing and controlling the activities of OSCE.

The aggregate remuneration paid to key management personnel includes: net salaries, post adjustment, entitlements such as allowances, grants and subsidies, and employer contributions to the provident fund and health insurance. As defined in the Staff Regulations and Rules, Heads of Mission and Personal Representatives who are Fund Managers are seconded by or through a participating State and therefore do not receive a salary remuneration from OSCE, but are entitled to a board and lodging allowance.

Advances are those made against entitlements in accordance with Staff Regulations and Rules and are available to all OSCE staff. The table below details the number of key management personnel positions and the number of key management staff who held these positions over the course of the year.

Of the 42 individuals holding key management positions during 2024, one individual held two positions during the year, whilst four other individuals temporarily acted as Officer-in-Charge for the Secretary General and Head of Institution posts.

EUR'000	Number of Individuals	Number of Posts	Remuneration and Post Adjustment	Entitlements	Provident Fund and Health Plan	Total Remuneration 2024	Outstanding Advances Against Entitlements
SG and Heads of Institutions	11	4	1,189	392	192	1,773	-
Secretariat's Directors	11	8	1,307	207	169	1,683	-
Heads of Mission and Personal Representatives	20	13	811	7	2	820	-
Key Management Personnel	42	25	3,307	606	363	4,276	-

11.5 – Events After the Reporting Date

The Financial Statements were submitted to the External Auditors on and were authorized for issuance by the Secretary General on 30 June 2025.

In pursuance of the requirements set out in *IPSAS 14 - Events After the Reporting Date*, significant events which occurred between the reporting date and the date of issuance are set out below.

11.5.1 - Adjusting Events

There are no adjusting events.

11.5.2 - Non-Adjusting Events

On 24 January 2025, the United States government announced a temporary suspension of foreign aid to re-evaluate its international funding priorities. Since this event occurred after the reporting date, it is classified as a non-adjusting event under IPSAS and no adjustments have been made to these Financial Statements.

As of the reporting date, approximately EUR 686 thousand in extra-budgetary contributions receivable due from the United States were recognized on the Statement of Financial Position, representing 1.36% of the organization's total contributions receivable (excluding any allowance for doubtful debt), or 2.24% of the open extra-budgetary contributions receivable (Note 3.3). There were no open assessed contributions receivable for the United States as at the reporting date. The following table summarizes the exposure:

Contributions receivable	Ref.	EUR '000	Percentage
Contributions receivable as at 31 December 2024 (excluding the allowance for doubtful debt)	Note 3.3	50,473	-
United States funded Extra-budgetary contributions receivable as at 31 December 2024	Note 3.3.3	686	1.36%
Of which collected since 31 December 2024	-	-	-
United States funded receivables balance remaining open as at 30 June 2025	-	686	1.36%

As OSCE's policy on extra-budgetary funds is to receive cash in advance of project activities, the full amount of EUR 686 thousand is reported as deferred revenue in the Statement of Financial Position as at 31 December 2024.

As of the date of authorization of these Financial Statements, no further collections have been made on the contributions receivable which were open as at the reporting date. As at 30 June 2025, United States funded receivables in the amount of EUR 232 thousand relate to projects which have since been terminated. The following table summarizes the exposure as of 30 June 2025.

United States funded contributions receivable	EUR' 000
Contributions receivable as at 31 December 2024 (excluding the allowance for doubtful debt)	686
Of which collected since 31 December 2024	-
Additional assessed contributions receivable recognized after 31 December 2024	17,839
Of which collected through 30 June 2025	(3,473)
Remaining outstanding balance of contributions receivable as at 30 June 2025	15,052
From which relating to terminated or fully suspended projects	232

As of the reporting date, EUR 35.0 million in United States funded extra-budgetary contributions were received in advance and deferred on the Statement of Financial Position. Of the funds received in advance, EUR 5.6 million has been spent on project activities in 2025, whilst OSCE has received formal termination letters on project activities with available funds of EUR 2.2 million, subject to final closout costs, with these funds pending refund to the donor. All other project activities have since been unfrozen and continue unaffected in line with the donor agreements.

Since the reporting date, no new pledge agreements on extra-budgetary activities have been entered into with the United States. Assessed contributions in the amount of EUR 17.8 million have been provisionally billed to the United States for the financial year 2025, with EUR 3.5 million received as of 30 June 2025.

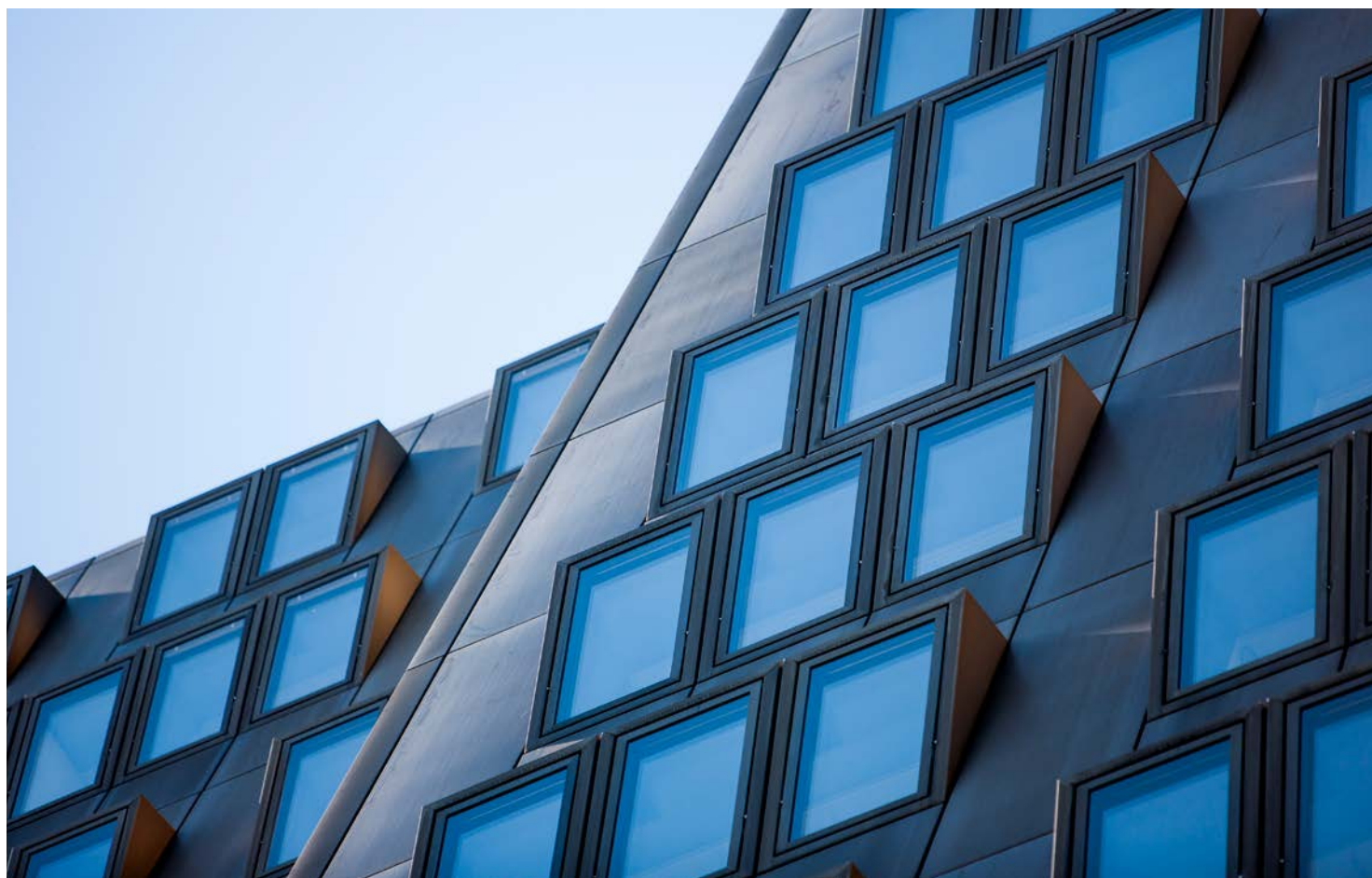
While OSCE receives funding from the United States government, the organization maintains financial flexibility through diversified funding streams. Management continues to closely monitor developments to mitigate any potential impact on OSCE's operations. At the date of authorization of these Financial Statements, no mitigation measures taken have resulted in the creation of onerous contracts, and no reliably measurable contingent liabilities have been identified as a result of these mitigation measures.

Acronyms and abbreviations

AC	Audit Committee
ACA	Austrian Court of Audit
ACMF	Advisory Committee on Management and Finance
ALTSU	Assets, Logistics and Travel Support Unit
APEA	Additional Provisional Expenditure Authorization
BFS	Budget and Finance Section
CLS	Conference and Language Services
CRMS	Common Regulatory Management System
DHR	Department of Human Resources
DMF	Department of Management and Finance
e.g.	exempli gratia
EOM	Election Observation Missions
ES	Executive Structure
FAI	Financial / Administrative Instruction
FinReg	Financial Regulation
FMMC	Fund and Materials Management Committee
FS	Financial Statements
ICSC	International Civil Service Commission
ICT	Information and Communication technology
INTOSAI	International Organization of Supreme Audit Institutions
IPSAS	International Public Sector Accounting Standards
IRMA	Integrated Resource Management System
ISAs	International Standards on Auditing
ISSAIs	International Standards for Supreme Audit Institutions
MC	Ministerial council
No.	number
ODIHR	Office for Democratic Institutions and Human Rights
OIO	Office of Internal Oversight
OSCE	Organization for Security and Co-operation in Europe

PC	Permanent Council
Q	quarter
RUR	Resource Utilization Report
SEC	Secretariat
SG	Secretary General
SMM	Special Monitoring Mission (to Ukraine)
SSA	Special Service Agreement
TNT	Addressing Transnational Threats
UB	Unified Budget
UBP	Unified Budget Proposal

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APPENDIX

OSCE PROVIDENT FUND STATEMENT

OSCE Provident Fund Summary Statement

Unaudited - For Information Purposes Only

For the Year Ended 31 December 2024

	Deposit Administration Funds				International Equity Funds				European Equity Fund		Total Funds
	Units '000	EUR '000	Units '000	USD '000	Units '000	EUR '000	Units '000	USD '000	Units '000	EUR '000	
Opening Balance as at 1 January 2024	110,599	114,361	4,684	5,048	14	1,421	16	1,858	66	1,675	
Contributions/Premium Allocation	15,976	16,582	407	444	0	14	0	58	9	232	
Unit Adjustments	(5)	(5)	-	-	-	-	-	-	-	-	
Surrenders	(10,585)	(10,982)	(737)	(801)	-	-	(2)	(283)	(8)	(204)	
Withdrawals	(2,902)	(3,010)	(6)	(6)	(0)	(0)	(0)	(4)	(2)	(56)	
Switch Out	(220)	(228)	-	-	-	-	(0)	(25)	(6)	(154)	
Switch In	43	45	23	25	-	-	-	-	12	337	
Transfer Out	(170)	(176)	-	-	(3)	(332)	-	-	-	-	
Transfer In	-	-	-	-	-	-	-	-	-	-	
Fees (Administration Fee and Establishment Charge)	-	-	-	-	-	-	-	-	-	-	
Total movements during year	2,137	2,226	(312)	(338)	(3)	(318)	(2)	(254)	6	154	
Guaranteed Interest on Opening Balance	-	800	-	101	-	-	-	-	-	-	
Guaranteed Interest on units accumulated during year	-	(1)	-	(5)	-	-	-	-	-	-	
Deposit Administration Bonus Units (additional interest)	303	315	9	10	-	-	-	-	-	-	
Market Value Adjustment	-	-	-	-	-	319	-	301	-	73	
Closing Balance as at 31 December 2024	113,039	117,702	4,381	4,816	11	1,422	14	1,905	71	1,902	127,477