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**STATEMENT BY
THE EUROPEAN UNION AT THE 1572nd MEETING OF THE
OSCE PERMANENT COUNCIL**

9 July 2026

On the report of the External Auditor for 2025 and the report of the Audit Committee

The Member States of the European Union warmly welcome Ms. Margit Kraker, President of the Austrian Court of Audit, and her team to the Permanent Council, and thank them for their full audit of the OSCE Financial Report and Financial Statements for the year ended 31 December 2025.

We appreciate the high quality of that audit report, which is very instructive and comprehensive and supplements the conclusions of the Audit Committee and the Office of Internal Oversight.

We are pleased to note that the audit revealed no weaknesses or errors considered material to the accuracy, completeness or validity of the Financial Statements as a whole.

We take good note of the main recommendations and other observations contained in that report, and we encourage the Secretariat to take them into account as soon as possible.

We welcome your recommendation to modify Financial Regulation 3.02 so as to allow for greater flexibility and authorize, to an extent and in a manner to be specified, provisional transfers between the Main Programmes and Funds in cases where the budget has not been approved.

We support your recommendation that the Office of Internal Oversight be provided with the necessary human and financial resources to enable it to properly exercise its role as an independent internal audit function within the OSCE. As we emphasized when the Unified Budget for 2026 was approved, we expect adequate resources to be allocated to the Office of Internal Oversight in the 2027 budget, including resources for travelling to the field operations.

Furthermore, for the fourth year in a row, we note the lack of consensus on adopting the Organization’s Financial Statements. As we have already stressed, such a decision is of a technical nature and clearly devolves on the participating States in line with the Financial Regulations of the OSCE. Failure to validate the Financial Statements harms the interests of the participating States and imposes an additional burden on the Secretariat. This deadlock also prevents the reimbursement of cash surpluses arising from the contributions of previous years, which constitutes a violation of our national laws. We therefore renew our appeal to the Swiss Chairmanship-in-Office to propose a solution, which could take the form of an ad hoc decision by the Permanent Council to allow the remaining cash surpluses to be returned, without prejudice to the objections raised by delegations that are against the validation of the Financial Statements.

We reiterate our firm support for the autonomous institutions and their mode of work. It is essential that the implementation or interpretation of any recommendation should wholly respect the programmatic autonomy of the institutions in fulfilling their mandates.

In closing, the Member States of the European Union express their gratitude to the Austrian Court of Audit for having served for three years as the Organization’s External Auditor. We thank you, Madam, and your capable team for your work.

Statement by the Member States of the European Union on the Audit Committee’s report

The Member States of the European Union extend a warm welcome to Ms. Marian McMahon, Chairperson of the Audit Committee, and her colleagues, Mr. Martin Guozden and Ms. Malika Aït-Mohamed Parent. We thank the Committee for its comprehensive report covering the period from July 2025 to June 2026.

We appreciate the content of the report, which supplements the conclusions of the Office of Internal Oversight and the External Auditor’s report.

We take good note of your recommendations and observations, and welcome them by and large. In particular, we share your concerns regarding the major challenges that the OSCE is currently facing.

We fully share your view on the need for the OSCE to undertake long-term strategic reflection, based on the Functional Review and including the prioritization of mandates so that, in a context of approved budget cuts, the limited resources can be allocated to key programmes.

We also echo your call to fill key vacant posts, in particular that of Head of the Office of Legal Affairs.

Lastly, we see eye to eye with you on the necessity of approving the 2025 Financial Statements. We repeat that these decisions are of a technical nature. Failure to adopt them is detrimental to the interests of all the participating States and creates an additional and unnecessary burden for the Secretariat. Thank you.

Albania, Andorra, Armenia, Bosnia and Herzegovina, Georgia, Iceland, Liechtenstein, the Republic of Moldova, Montenegro, North Macedonia, Norway, San Marino, Serbia and Ukraine align themselves with this statement.