

2025 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



Organization for Security and
Co-operation in Europe

The Secretary General

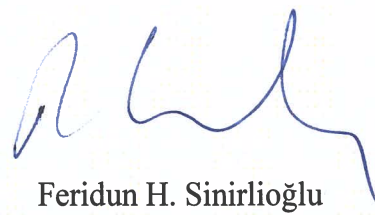
Letter of Transmittal to the Chairperson of the Permanent Council of the OSCE from the Secretary General

Vienna, 1 July 2026

No: SEC(2026)000553

Dear Ambassador,

Pursuant to Financial Regulation 7.04, I have the honor to submit the Financial Report and Financial Statements of the Organization for Security and Co-operation in Europe for the year ended 31 December 2025 and the Report of the External Auditor thereon for your consideration and approval.



Feridun H. Sinirlioğlu

H.E. Raphael Nägeli
Chairperson of the Permanent Council
Head of Mission
Permanent Mission of Switzerland to the OSCE
the United Nations and other international Organizations in Vienna

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



Organization for Security and Co-operation in Europe
The Secretariat

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

31 March 2026

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 2025.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Feridun H. Sinirlioğlu', is written over a light blue 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 2025

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 2025, 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 2025, in line with Financial Regulation 3.04 and the relevant PC decisions, including the Financial Regulations.
5. An organizational chart of OSCE Structures and Institutions as at 31 December 2025 is included as an Annex to the Financial Report.

SUMMARY OF THE YEAR 2025

6. The most significant factor influencing the financial performance of OSCE during 2025 was the continued lack of consensus on approval of the Unified Budget (UB). The year 2025 marked the fourth successive year that OSCE had operated without an approved Unified Budget. As a consequence, Financial Regulation 3.04 was applied throughout 2025, whereby an allotment of 25% of the last approved Unified Budget was made to cover the first three months of the year, followed by monthly allotments 1/12 of the last approved Unified Budget for the remainder of the year. Since the Permanent Council also had not approved the 2022, 2023 and 2024 Unified Budgets, the budgetary allotments were made on the basis of the last approved 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 continued implementation of concerted cost containment measures, thus adversely affecting both programmatic activity and the efficient utilisation of resources. Two additional provisional expenditure authorizations totalling EUR 2.4 million were necessary and were approved by Permanent Council during 2025 to cover the resource requirements of various programmes (PC.DEC/1507 and PC.DEC/1512).

7. The cash surplus resulting from operations during 2025 totals EUR 5.3 million, of which EUR 5.2 million relates to the Unified Budget and EUR 0.1 million for the former Special Monitoring Mission to Ukraine (SMM) in relation to revenue generated from the sale of vehicles. The total cash surplus reported as at 31 December 2025 has, as a combined result of 2025 performance and the two additional provisional expenditure authorizations of EUR 2.4 million, increased by 10% to EUR 31.3 million.
8. New extra-budgetary (ExB) pledges and donor reallocations totalling EUR 53.4 million were received in 2025 which, after the high of EUR 77.1 million in ExB pledges received in 2024, has fallen back in line with the 2023 funding level of EUR 52.4 million. As the organization's accounting policy considers that ExB revenue is recorded when the conditions of the pledges are fulfilled, ExB contributions revenue of EUR 53.1 million was recognised in 2025, a decrease of 6.0% year-on-year (EUR 56.5 million in 2024). Meanwhile, deferred funds held for the implementation of ExB project activities increased by 5.6% to EUR 119.7 million as at 31 December 2025 (EUR 113.4 million in 2024). The sustained volume of ExB activities underlines the continued confidence of donors in the OSCE and the significant impact of the organization's mandated activities.
9. The overall financial position of the organization remains sound, with significant liquid assets held in the form of cash and cash equivalents, totalling EUR 49.9 million as at 31 December 2025. Furthermore, investments, cash and cash equivalents increased by EUR 1.3 million (0.8%) year-on-year to EUR 174.7 million as at the year-end.
10. The deficit of EUR 1.1 million reported in the Statement of Financial Performance does not reflect a deterioration in the overall financial performance or financial position of the organization from an operational perspective. In accordance with IPSAS 41 Financial Instruments, the organization must recognize expected credit losses over the lifetime of the financial assets, based on an appropriate forward-looking model which considers the cash flows received and further expected in relation to these assets. In 2025, in accordance with the IPSAS 41 expected credit loss (ECL) model, the organization recognized accrual expenditures in the amount of EUR 11.6 million (EUR 5.5 million in 2024), to reflect past payment patterns on assessed contributions. Recognition of this significant allowance as an expenditure was the primary driver for the consolidated deficit in 2025. Fluctuations in the operating surplus and deficit are commonplace under accruals-based accounting due to timing differences between the revenue and expenditure recognition.
11. As of 1 January 2025, four new IPSAS standards came into effect with the organization successfully adopting IPSAS 43 Leases, IPSAS 44 Non-current Assets Held for Sale and Discontinued Operations, IPSAS 45 Property, Plant and Equipment, and IPSAS 46 Measurement. The main impact in the financial statements arises as a result of IPSAS 43, whereupon the organization has recognized the right-of-use (ROU) assets and liabilities related to the rights and obligations of its various leases. Although the effect on the net assets of the organization is negligible, implementation of the standard has resulted in an increase in non-current assets (property, plant and equipment) of EUR 16.0 million, non-current liabilities of EUR 10.0 million and current liabilities of EUR 5.9 million as at 31 December 2025. Recognition of these liabilities does not result in any additional financial obligations for the organization, rather it presents readers of the statements with a more comprehensive overview of the organization's financial commitments and the assets currently under the organization's control. These ROU assets are depreciated in a straight-line basis over the lease term.

FINANCIAL STATEMENTS TREND ANALYSIS

12. Direct comparison of financial information over the 2021-2025 period remains complex due to the impact of Covid-19 on operational activities in the years 2021-2023, together with the financial impact of the closure of the former OSCE missions in Ukraine and the Minsk process and related structures (MC.DEC/1/25). For these reasons, variances between the years should be treated with caution and do not represent a deterioration in financial performance over the period. Despite the decreased scale of OSCE operations the organization's financial position remains strong, as highlighted by Statements of Financial Position.
13. The key financial information for the period 2021-2025 is presented in the tables below and analysed in further detail beneath.

STATEMENT OF FINANCIAL POSITION EUR'000	2021	2022	2023	2024	2025
Cash, bank and investments	133,347	159,910	173,945	173,353	174,689
Contributions receivable	29,129	26,765	18,713	43,428	38,070
Other current assets	12,708	11,983	12,295	10,829	10,177
CURRENT ASSETS	175,183	198,658	204,953	227,609	222,936
NON-CURRENT ASSETS	20,110	13,783	11,660	9,801	24,845
TOTAL ASSETS	195,293	212,441	216,613	237,411	247,781
CURRENT LIABILITIES	141,825	158,063	153,371	170,502	174,480
NON-CURRENT LIABILITIES	3,544	3,737	3,513	3,786	13,268
TOTAL LIABILITIES	145,369	161,800	156,883	174,288	187,748
TOTAL NET ASSETS	49,924	50,641	59,730	63,122	60,033

STATEMENT OF FINANCIAL PERFORMANCE EUR'000	2021	2022	2023	2024	2025
Assessed Contributions	229,570	183,862	138,204	138,204	138,204
Extra-budgetary contributions	34,899	41,340	47,888	56,501	53,139
Contributions in kind	75,491	43,081	30,089	31,406	31,031
Other revenue	3,276	3,661	7,470	9,919	7,515
TOTAL REVENUE	343,236	271,944	223,651	236,030	229,889
Staff costs	217,674	163,604	128,235	132,983	131,692
Consultancy and sub-contracting	35,235	25,458	25,092	24,989	24,360
Travel	11,794	17,654	14,629	15,331	14,601
Services and office costs	38,238	34,543	34,192	36,284	27,108
Other expenses	29,601	28,302	11,306	20,829	30,548
TOTAL EXPENSES	332,542	269,561	213,453	230,416	228,308
Gains/(Losses)	1,310	2,748	(1,350)	1,351	(2,691)
SURPLUS/(DEFICIT) FOR THE YEAR	12,003	5,131	8,848	6,964	(1,110)

14. The cash position of the organization remains sound, with current assets at 1.28 times current liabilities and total assets at 1.32 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 1.24. All three key financial ratios underline that the organization retains a healthy financial position, with assets considerably exceeding liabilities.
15. 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 budget in 2021 and the lack of an approved Unified Budget in the years 2022 through 2025.

Current Ratio (EUR'000)	2021	2022	2023	2024	2025
Current assets	175,183	198,658	204,953	227,609	222,936
Current liabilities	141,825	158,063	153,371	170,502	174,480
Ratio	1.24	1.26	1.34	1.33	1.28

Total Assets to Total Liabilities (EUR'000)	2021	2022	2023	2024	2025
Total assets	195,294	212,441	216,613	237,411	247,781
Total liabilities	145,369	161,800	156,883	174,288	187,748
Ratio	1.34	1.31	1.38	1.36	1.32

Quick Ratio (EUR'000)	2021	2022	2023	2024	2025
Liquid assets*	166,921	191,400	197,639	220,564	216,554
Current liabilities	141,825	158,063	153,371	170,502	174,480
Ratio	1.18	1.21	1.29	1.29	1.24

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

16. The weakening of the ratios in 2025 is a result of the significant increase of EUR 11.6 million in the allowance for doubtful debt on assessed contributions receivable, and the recognition of lease liabilities upon the implementation of IPSAS 43 on 1 January 2025. Analysing the information on a like-for-like basis and excluding the effect of implementing IPSAS 43 Leases, the current ratio would have stood at 1.32, the total assets to liabilities ratio would have increased to 1.35 and the quick ratio would have increased to 1.28, underlining the fundamental strength of the organization's financial position.

Assets

17. The balance sheet has shown progressive growth since 2021, with current assets increasing by EUR 47.8 million (27.2%) over the five-year period. The growth is attributable to the accumulation of the cash surplus held on account totalling EUR 31.3 million as at 31 December 2025, the growth in contributions receivable, and the increased volume of extra-budgetary funding received by the organization. The decrease of EUR 4.7 million (2.1%) in current assets compared to 2024 is a direct result of the increase in the allowance for doubtful debt on assessed contributions receivable of EUR 11.6 million in 2025 and does not reflect a deterioration in the financial position of the organization from an operational perspective. The allowance for doubtful debt does not relieve participating States of their financial obligations towards the organization.
18. 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 2021, rising to EUR 174.7 million as at 31 December 2025, with 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 119.7 million recorded at year-end awaiting project implementation. Other factors which have contributed to the rise in cash holdings include the increase in cash surplus to EUR 31.3 million and the funds held for third parties totalling EUR 18.2 million, largely for the payment of seconded personnel salaries.

19. Outstanding contributions receivable have continued rising to their highest level in 2025, increasing by EUR 6.3 million year-on-year to EUR 56.7 million. This consists of outstanding Unified Budget assessed contribution receivables of EUR 23.9 million, open assessed contribution receivables for the former Special Monitoring Mission to Ukraine of EUR 1.7 million and extra-budgetary contribution receivables of EUR 31.1 million. These balances are partially offset by an increased allowance for doubtful debt of EUR 18.7 million on assessed contributions as at 31 December 2025, a marked increase of EUR 11.6 million year-on-year. The result is an overall decrease of EUR 5.4 million in the book value of the contributions receivable which total EUR 38.1 million as at year-end.
20. The increase in the Unified Budget open assessed contributions receivable is in line with recognized payment patterns during recent years, with associated liquidity risks mitigated in 2025 through Treasury cash management operations. Although ExB receivables have increased to EUR 31.1 million, it does not warrant concern as this is principally due to timing differences between pledge billing and payment by the donor, often in relation to multi-year pledge agreements.
21. Other current assets have remained steady over recent years, falling marginally from EUR 12.7 million to EUR 10.2 million, and consist mainly of taxes receivable, prepayments made to implementing partners and suppliers, and inventories held for distribution to third-party beneficiaries.
22. Total non-current assets amounted to EUR 24.8 million as at 31 December 2025, out of which property, plant and equipment (PP&E) represents the largest component at EUR 21.9 million, with intangible assets totalling EUR 2.9 million. With a gross PP&E cost of EUR 63.6 million as at 31 December 2025 and accumulated depreciation of EUR 41.7 million, the PP&E average age ratio has significantly fallen to 0.66 in 2025, a direct result of the recognition of leased ROU assets in 2025 upon implementation of IPSAS 43.

PP&E Average Age Ratio (EUR'000)	2021	2022	2023	2024	2025
Cost as at 31 December	75,804	53,538	44,122	41,751	63,632
Accumulated Depreciation and Impairment Losses as at 31 December	(59,838)	(43,774)	(36,207)	(35,475)	(41,714)
Net Carrying Amount as at 31 December	15,966	9,764	7,915	6,276	21,918
Ratio	0.79	0.82	0.82	0.85	0.66

23. Given the significant impact of the leased ROU assets on the organization's balance sheet, it is essential that all other categories of PP&E are separately analysed for the purposes of capital investment planning. Recognition of the leased ROU assets in 2025, a requirement of IPSAS 43, has skewed the results of the PP&E average age ratio, leading to a lack of comparability in the overall standing of the organization's fixed assets. With ROU assets excluded from the statistics, the organization's PP&E has a historical cost of EUR 40.3 million and accumulated depreciation of EUR 34.4 million as at 31 December 2025, resulting in a PP&E average age ratio of 0.85 in 2025. With the PP&E average age ratio deteriorating through the period 2021-2025, it highlights that the organization continues to be faced with considerable capital under-investment and is heavily reliant upon ageing and increasingly obsolete equipment necessary to support operations.

PP&E Average Age Ratio (ROU assets excluded) (EUR'000)	2021	2022	2023	2024	2025
Cost as at 31 December	75,804	53,538	44,122	41,751	40,296
Accumulated Depreciation and Impairment Losses as at 31 December	(59,838)	(43,774)	(36,207)	(35,475)	(34,396)
Net Carrying Amount as at 31 December	15,966	9,764	7,915	6,276	5,900
Ratio	0.79	0.82	0.82	0.85	0.85

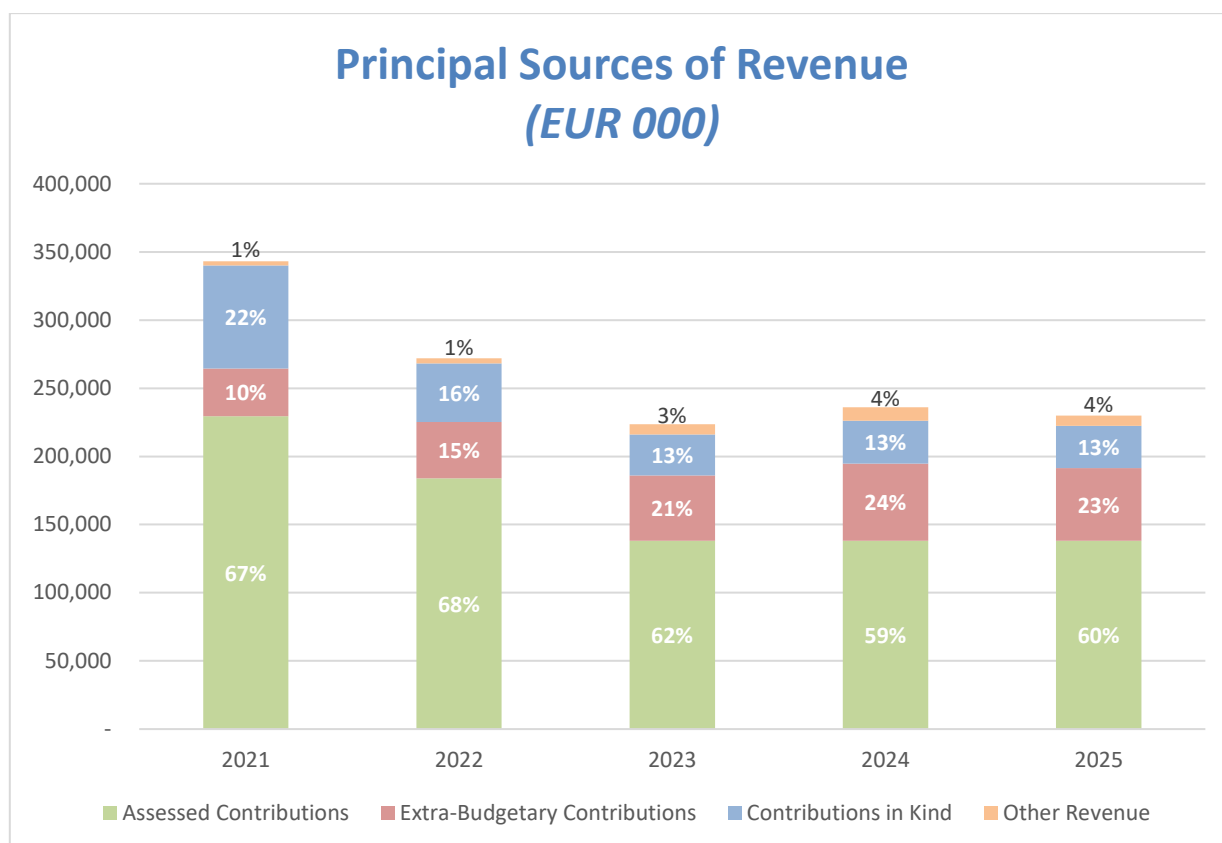
Liabilities

24. 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.
25. 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 125.6 million in 2025 (EUR 128.5 million in 2024). It is important to highlight that, although the liability for extra-budgetary deferred revenue and provisions has increased by 24.3% to EUR 125.6 million through the period 2021-2025, this is fully offset by corresponding account receivables and cash received in advance of extra-budgetary activities commencing, thus eliminating any liquidity risk.
26. With the introduction of IPSAS 43 Leases, which was effective as of 1 January 2025, the organization recognized in the statement of financial performance the ROU assets and corresponding leases liabilities associated with these assets. Current lease liabilities of EUR 5.9 million and non-current lease liabilities of EUR 10.0 million have been recognized as at 31 December 2025 as a result of this, with a corresponding increase of EUR 16.0 million in non-current assets (PP&E) leaving the net assets principally unaffected as a result.
27. Funds held on behalf of third parties has remained steady at EUR 18.2 million year-on-year (EUR 17.9 million in 2024), and consists primarily of funds held for the payment of seconded personnel on behalf of seconding States (EUR 9.7 million), and the overpayment of assessed contributions 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 2021-2025).

Revenue

28. Analysis of the consolidated revenue figures over the period 2021 through 2025 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 year 2021, and approximately half of this in 2022. With SMM excluded, it can be seen that the organization's revenue has grown progressively over the 5-year period, primarily due to the increase in extra-budgetary funded activities (an EUR 18.2 million increase over the EUR 34.9 million in ExB revenue recognized in 2021), 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 2021 and the fact that Financial Regulation 3.04 had the same practical effect in the years 2022 through 2025.
29. Overall, total revenue of the OSCE decreased by 2.6% year-on-year to EUR 229.9 million in 2025 (EUR 236.0 million in 2024), due principally to the decrease in conditional extra-budgetary activities conducted over the 12-month period (a reduction of EUR 3.4 million year-on-year), the decrease of EUR 1.5 million in finance revenue generated through investments, and the reduction in additional provisional expenditure authorizations approved by the Permanent Council in 2025 which totalled EUR 2.4 million (EUR 3.0 million in 2024).

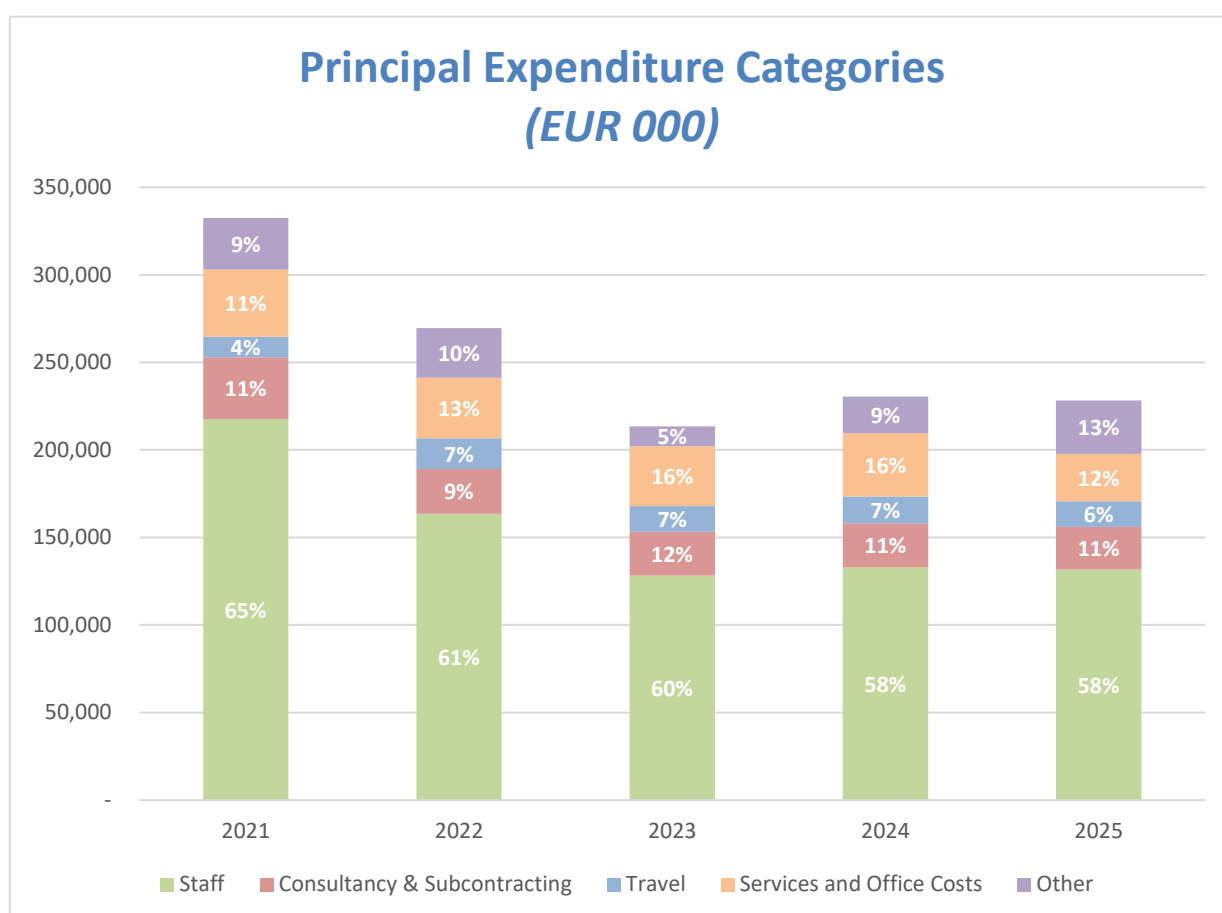
¹ In the years 2022 through 2025, the revenue was provisionally billed and recognized at EUR 138.2 million, whilst the Permanent Council also approved additional provisional expenditure authorizations to finance unfunded requirements of the organization.



Expenses

30. Total expenditure of the organization has reduced significantly over the period 2021 through 2025, falling by EUR 104.2 million (31.3%) due to the closure of the former Special Monitoring Mission to Ukraine, the Project Co-ordinator in Ukraine and the Minsk Process and its related structures (MC.DEC/1/25). This variance should therefore be considered prudently in line with the performance of the other OSCE Executive Structures, as the expenditures of the closed Executive Structures alone amounted to EUR 143.0 million in 2021. Comparing 2021 with 2025 on a like-for-like basis, expenditures have increased from EUR 189.5 million to EUR 225.5 million (19.0%), due primarily to the resumption of programmatic activities after the COVID-19 pandemic and the marked increase in extra-budgetary funded activities throughout the period.
31. As at 31 December 2025, total expenditure amounted to EUR 228.3 million, a minor decrease of 0.9% versus the expenditure of EUR 230.4 million recorded in 2024. The primary driver for the reduction in expenditure was the cost containment measures which remained effective into 2025, bringing staff costs and travel related expenditures down by EUR 2.0 million year-on-year. The marked increase in costs recognized in relation to the allowance for doubtful debt of EUR 6.2 million were offset principally by further cost containment measures related to the acquisition of equipment, consumables and supplies, and expenditures for conference related activities.
32. 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. The decrease in staff costs of EUR 1.3 million year-on-year is a result of concerted cost containment actions, with recruitment activity delayed or cancelled altogether as a result of the budgetary constraints. Staff seconded by participating States therefore remained an essential resource for the organization, and these contributions had a total estimated value to the OSCE of EUR 24.7 million in 2025, a slight decrease over the 2024 cost of EUR 25.0 million, but significantly less than in 2021 and 2022 due to the closure of the SMM.

33. The levelling-off of travel costs in the years 2023 through 2025 highlights the impact of the cost containment measures imposed during this period, with travel related expenditures decreasing by EUR 0.7 million in 2025 year-on-year.
34. OSCE has historically not acted as a traditional donor organization, however the recent requirements of many extra-budgetary projects have resulted in material quantities of equipment and supplies procured for donation to third-party beneficiaries. Although inventory issuance expenditures have fallen by EUR 1.9 million (34.9%) to EUR 3.5 million in 2025, the donation of equipment and supplies remains a key component of the extra-budgetary activities.
35. The increase in the allowance for doubtful debt on outstanding assessed contribution receivables of EUR 11.6 million in 2025 has resulted in a total allowance of EUR 18.7 million as at 31 December 2025. 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, which takes into account the historical payment patterns of all participating States. This allowance does not relieve participating States of their obligations in regards to any outstanding contributions.



Operating Surplus/Deficit

36. Since International Organizations are generally not 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	2021	2022	2023	2024	2025
Unified Budget	3,117	5,336	8,692	4,460	460
Special Purpose Funds	8,319	(3,702)	(897)	(797)	(1,336)
Extra-budgetary funds	567	3,497	1,053	3,301	(235)
Total Surplus/(Deficit) for the period	12,003	5,131	8,848	6,964	(1,110)

37. The large operating surpluses in 2021 was 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 resource utilization nearing 100% in 2022 through 2024, the organization generated considerable surpluses primarily through Treasury investment activities and the unallotted funds billed for the closed Structures. The 2025 deficit is a direct result of the allowance recognized in the amount of EUR 11.6 million (EUR 5.5 million in 2024) in accordance with the IPSAS 41 expected credit loss (ECL) model, which considers the payment patterns on assessed contribution receivables.
38. Special Purpose Funds (SPF) were historically dominated by SMM, which accounts for the majority of the surpluses recorded in 2021 and the deficit of EUR 3.7 million in 2022. The deficits recorded under SPF in the years 2023-2025 relate to timing differences between the recognition of revenues and expenditures.
39. Extra-budgetary project surpluses are largely balanced throughout 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.
40. The cash surplus differs from operating surplus shown above for three reasons:
- It relates only to those Executive Structures that make up the Unified Budget, with a separate calculation carried out for the former SMM cash surplus;
 - The budget and IPSAS definitions of both revenue and expenditure differ; and
 - 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.
41. The 2025 Unified Budget cash surplus is driven by the Treasury investment activities which generated cash revenues of EUR 4.7 million, together with the unallotted funds billed for the closed structures in the amount of EUR 4.8 million which were neither allotted or consumed, the budgetary surplus of EUR 2.2 million and other minor revenues. These amounts were partially offset by the increase of EUR 5.7 million in Unified Budget assessed contributions receivable during 2025.

EUR'000	2021	2022	2023	2024	2025
Budget Surplus/(Deficit) for the period	3,117	3,931	2,028	2,087	2,236
IPSAS adjustments	(540)	427	2,971	6,425	3,849
Unallotted provision for closed structures	-	-	3,619	3,619	4,843
Net Assessed Contributions received	1,250	(4,338)	(4,893)	(5,638)	(5,681)
Cash surplus²	3,827	19	3,725	6,492	5,247
Final Unified Budget/Provisional Expenditure Authorizations	138,204	139,117	135,544	137,588	135,795
Cash Surplus percentage of UB	2.8%	0.0%	2.7%	4.7%	3.9%
SMM Cash Surplus	-	-	20,669	268	70
Balance of other closed Special Purpose Funds	-	198	1	-	-
Total Cash surplus	3,827	218	24,395	6,760	5,317

42. The Unified Budget cash surplus of EUR 5.2 million in 2025 is a reduction of 19.2% year-on-year, primarily due to the decrease in revenues from investment activity of EUR 1.1 million. However, with interest rates on investments received by the organization decreasing by 38.2% for EUR investments and 17.1% for USD investments over the same period, it underlines the continued positive performance in effective stewardship of the funds entrusted to the organization.
43. The overall positive performance is further highlighted over the period 2021-2025, whereupon the Unified Budget cash surplus has steadily increased by EUR 1.4 million or 37.1%. The cash surplus of EUR 24.4 million generated in 2023 has to be treated in isolation, as the administrative closure activities for the former Special Monitoring Mission to Ukraine resulted in a substantial cash surplus of EUR 20.7 million. Minor SMM cash surplus returns are expected in future years as administrative closure activities primarily related to the open assessed contributions will be finalized.
44. The scale of the 2025 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.

SEGMENTAL BREAKDOWN

45. The OSCE had three principal revenue streams during 2025: 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.

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 2022-2025 includes the additional provisional expenditure authorizations.

STATEMENT OF FINANCIAL POSITION EUR'000	UB	SP	ExB	Total
Current Assets	61,416	22,035	139,486	222,936
Non-current Assets	22,072	263	2,510	24,845
TOTAL ASSETS	83,488	22,298	141,996	247,781
Current Liabilities	43,231	219	131,029	174,480
Non-current Liabilities	12,589	18	661	13,268
TOTAL LIABILITIES	55,821	238	131,690	187,748
TOTAL NET ASSETS	27,667	22,060	10,306	60,033

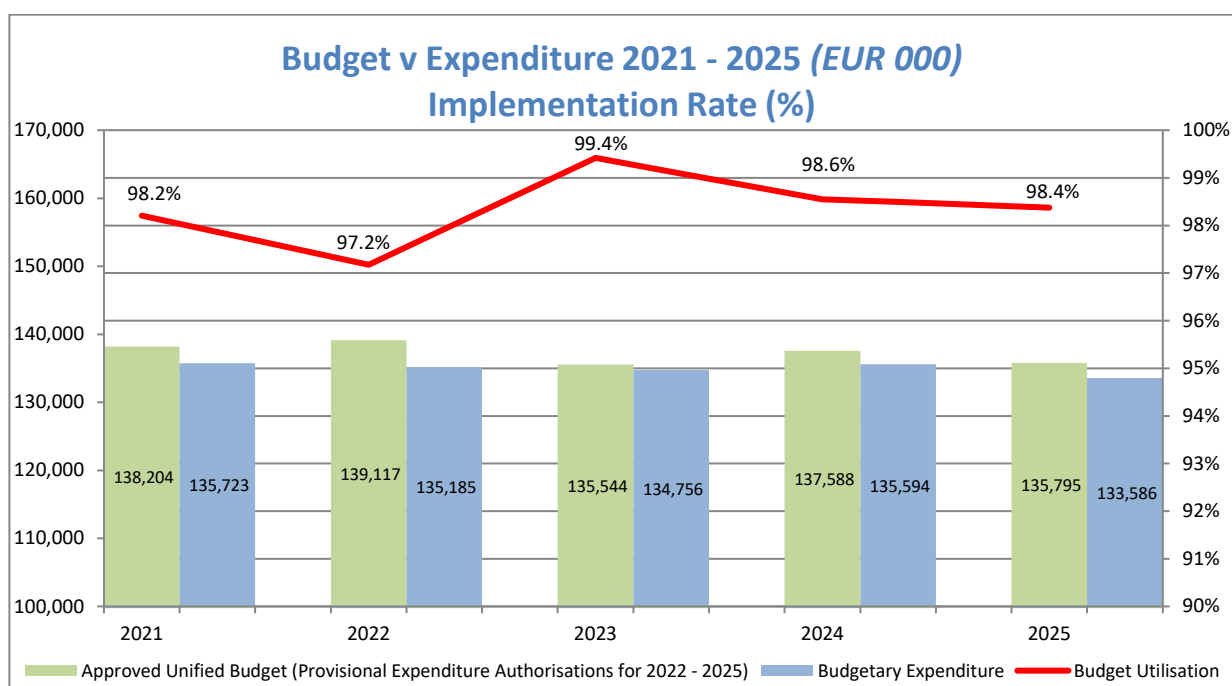
STATEMENT OF FINANCIAL PERFORMANCE EUR'000	UB	SP	ExB	Total
Revenue	173,733	75	56,081	229,889
Expenses	172,297	1,411	54,599	228,308
Foreign Exchange Gains/(Losses)	(976)	1	(1,716)	(2,691)
SURPLUS/(DEFECIT) FOR THE YEAR	460	(1,336)	(235)	(1,110)

2025 PROVISIONAL RESOURCE UTILISATION

46. Expenditure for 2025 is presented on a modified cash basis, which records expenses when they are incurred or when binding commitments are 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.
47. The Permanent Council could not find consensus on the Unified Budget Proposals and consequently there was no approved budget for 2025. 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 adopted Unified 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 2025 up to the level of the approved 2021 Unified Budget (PC.DEC/1413 dated 18 August 2021), with two additional provisional expenditure authorizations also approved by the Permanent Council in the total amount of EUR 2.4 million, funded from the cash surplus reported as at 31 December 2024.
48. The information below, further detailed in the 2025 Resource Utilization Report, represents an assessment of the extent to which the resources available in 2025 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 2025, 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.
49. The provisional expenditure authorization made available in line with Financial Regulation 3.04 amounted to EUR 133.4 million (at the level of the 2021 approved UB as per PC.DEC/1413, dated 18 August 2021, excluding the closed structures, and in line with Ministerial Council decision MC.DEC/1/25). In order for the Organization to meet its 2025 financial obligations, the Permanent Council approved the additional provisional expenditure authorizations in the total amount of EUR 2.4 million through the following decisions: EUR 405 thousand under PC.DEC/1507 (dated 19 June 2025)

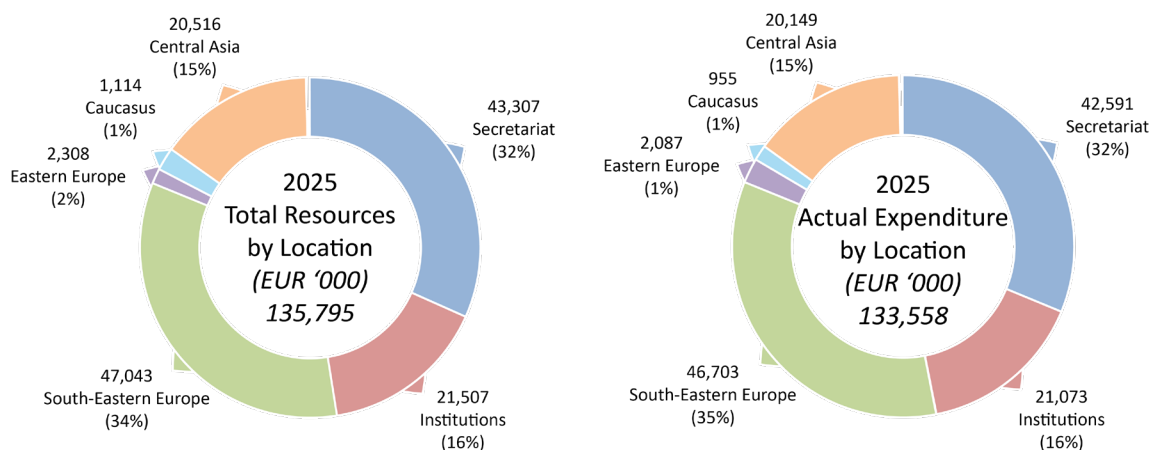
and EUR 2,029 thousand under PC.DEC/1512 (dated 30 October 2025). The total 2025 provisional expenditure authorization therefore amounted to EUR 135.8 million.

50. The absence of a consensus among participating States regarding the approval of the 2022, 2023, 2024 and 2025 UB significantly hampered the OSCE's ability to commit resources in a planned manner, posed 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.
51. 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 the 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 financial situation by reducing and reprioritizing their activities.

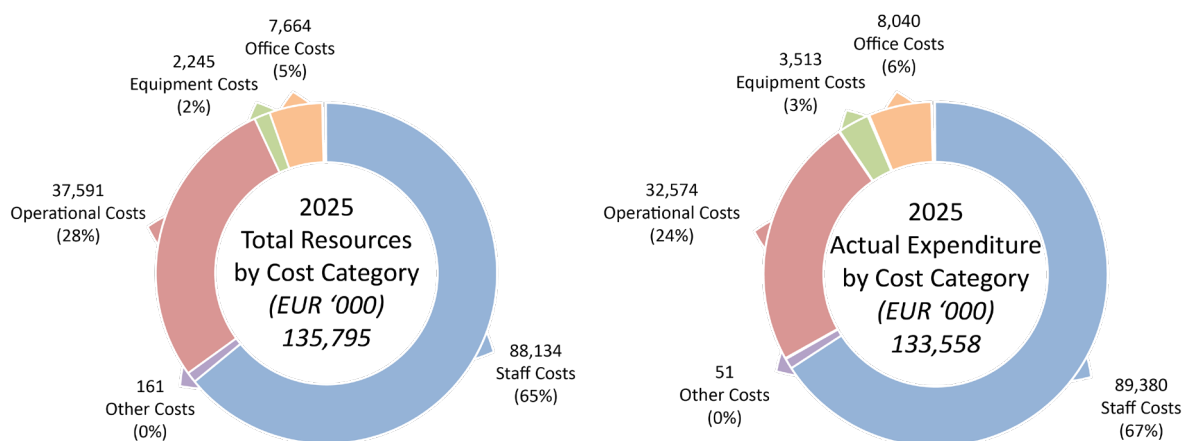


**2025 budgetary expenditure includes EUR 27 thousand from the Repository Programme "Core Support Mechanism"*

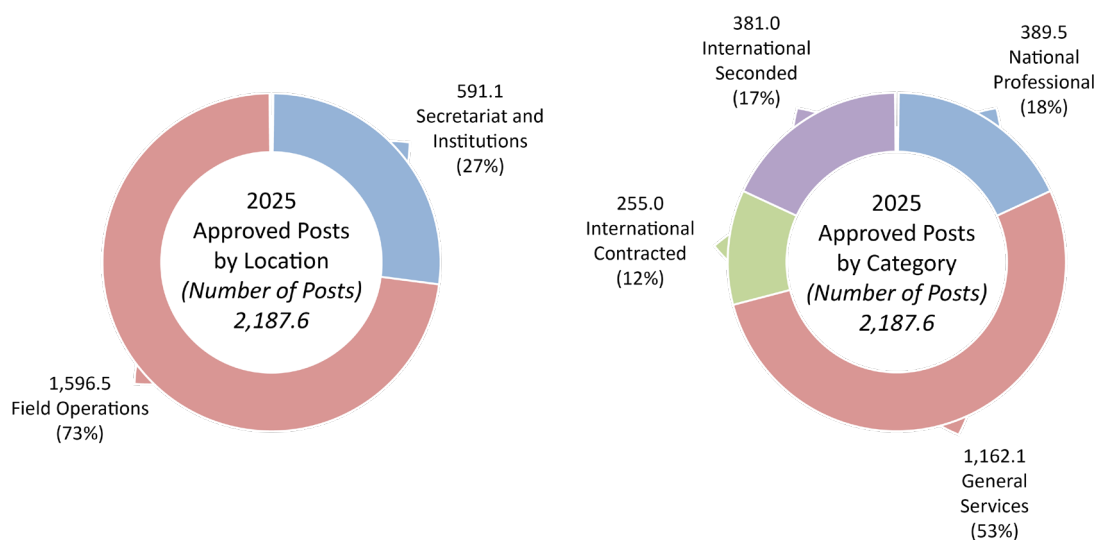
52. The 2025 total provisional expenditure authorization comprises EUR 64.8 million (48%) for the Secretariat and Institutions, and EUR 71.0 million (52%) for the Field Operations. The geographical distribution of resources made available under the total provisional expenditure authorization and the 2025 actual expenditure is shown below.



53. 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 2025 total provisional expenditure authorization, followed by operational costs, the second largest cost category with 28%. The actual expenditure in 2025 by main cost category reflects a proportion of 67% for staff costs and 33% for non-staff costs as shown below.



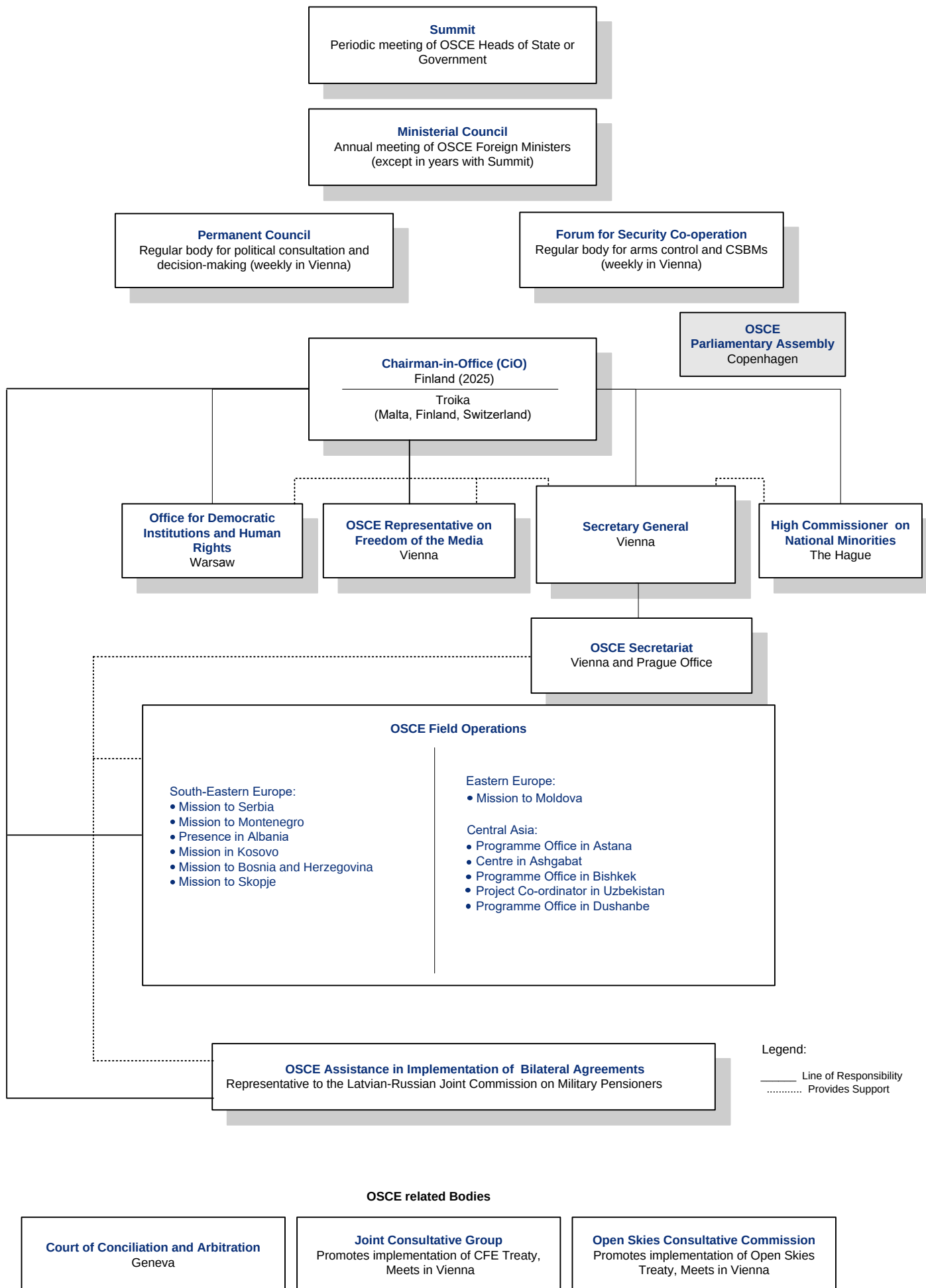
54. Due to the lack of an approved budget for 2022, 2023, 2024 and 2025, the 2021 post table remained binding in 2025. The distribution of the approved posts, as highlighted below, shows that 73% of all posts are located in Field Operations with the remaining 27% in the Secretariat and Institutions. From a staff category point of view, the post table shows the following breakdown: General Services 53%, National Professional 18%, International Seconded 17% and International Contracted 12% (as below).



55. 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, 2024 and 2025, 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 four 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.
56. During 2025, the OSCE advertised 144 international positions (31 international contracted and 113 international seconded). Of these, 110 international recruitment processes concluded successfully, attracting 7,875 applications (6,880 for contracted and 995 for seconded posts). Of all applicants, 42% were long-listed for international contracted roles, exceeding DHR's target of 35%. Conversely, the proportion of applications for seconded positions increased substantially from 41% in 2024 to 66% in 2025. 59 international posts (41% out of all advertised international posts) required extensions and/or re-advertisement, of which:
- 11 were international contracted posts, or 35% out of all advertised international contracted posts, exceeding the 15% target
 - 48 were international seconded posts, or 42% out of all advertised seconded posts, exceeding the 15% target.
57. The OSCE continues to rely heavily on the secondment system for a significant proportion of its post table (17% in 2025, which constitutes 60% 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. Compared to 2024, when the overall quality of applications for seconded positions did not meet the target, the quality of applications for seconded positions in 2025 significantly increased to 66%, yet it remained below the 75% target.

OSCE Structures and Institutions

As at 31 December 2025



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 2026

|

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 2026
GZ 2026-0.487.966

**Submission of the Audit Opinion and Audit Report by the
External Auditor on the Financial Statements 2025 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 2025.

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 2025 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 2025. These Financial Statements 2025 comprise the Statement of Financial Position as at 31 December 2025, 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 for the year then ended, and Notes to the Financial Statements, including a summary of significant accounting policies.

In our opinion, the accompanying Financial Statements 2025 present fairly, in all material respects, the Financial Position of the OSCE as at 31 December 2025 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 scepticism 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 2025

EUR '000		TOTAL OSCE	
	Note	2025	2024
ASSETS			
Current Assets			
Cash and Cash Equivalents	3.1	49,942	54,777
Investments	3.2	124,748	118,576
Contributions Receivable	3.3	38,070	43,428
Accounts Receivable	3.4	3,795	3,783
Prepayments	3.5	4,721	5,168
Inventory	3.6	1,661	1,857
Inter-Fund Balances		0	0
Other Current Assets	3.7	0	20
		222,936	227,609
Non-Current Assets			
Property, Plant and Equipment	3.8	21,918	6,276
Intangible Assets	3.9	2,908	3,506
Other Non-Current Assets	3.7	20	20
		24,845	9,801
Total Assets		247,781	237,411
LIABILITIES			
Current Liabilities			
Accounts Payable	4.1	2,286	2,536
Accruals	4.2	8,439	7,930
Deferred Revenue	4.3	3,927	3,337
Conditional ExB Contributions	4.4	119,697	113,377
Funds Held for Third Parties	4.5	18,216	17,919
Employee Benefits Current	4.6	8,425	8,360
Cash Surplus Current	4.7	0	0
Provisions	4.8	5,938	15,155
Lease Liabilities Current	4.9	5,869	0
Other Current Liabilities	4.10	1,683	1,888
		174,480	170,502
Non-Current Liabilities			
Employee Benefits Non-Current	4.6	3,300	3,786
Lease Liabilities Non-Current		9,968	0
Other Non-Current Liabilities	4.9	0	0
		13,268	3,786
Total Liabilities		187,748	174,288
Net Assets		60,033	63,122
NET ASSETS/EQUITY			
Cash Surplus	5.1	31,255	28,371
Cash Surplus Withheld	5.2	10	15
Revolving Fund	5.3	2,710	2,710
Contingency Fund	5.3	2,180	2,180
Other Reserves	5.4	(2,954)	(3,414)
Accumulated Surplus/(Deficit)	5.5	26,833	33,260
Total Net Assets/Equity		60,033	63,122

(Signed)

Feridun H. Sinirlioğlu
Secretary General
30 June 2026

(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 2025

EUR '000		TOTAL OSCE	
	Note	2025	2024
REVENUE			
Assessed Contributions	6.1	138,204	138,204
Extra-Budgetary Contributions	6.2	53,139	56,501
Finance Revenue	6.3	4,171	5,623
Contributions In-Kind	6.4	31,031	31,406
Revenue from Exchange Transactions	6.5	522	636
Other Revenue	6.6	2,822	3,660
Total Revenue		229,889	236,030
EXPENSES			
Staff Costs	7.1	131,692	132,983
Consultancy and Subcontracting	7.2	24,360	24,989
Travel Expenses	7.3	14,601	15,331
Services and Office Costs	7.4	27,108	36,284
Consumables and Supplies	7.5	2,982	3,630
Depreciation and Amortisation	7.6	10,122	2,904
Equipment Expenses	7.7	4,576	8,228
Other Operating Expenses	7.8	12,375	5,962
Finance Costs	7.9	493	106
Total Expenses		228,308	230,416
Foreign Exchange Gains/(Losses)	8	(2,691)	1,351
Surplus/(Deficit) for the Period	10.1	(1,110)	6,964

(Signed)

Feridun H. Sinirlioğlu
Secretary General
30 June 2026

(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 2025

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 2024		28,371	15	2,710	2,180	(3,414)	33,260	63,122
Changes in Net Assets for 2025								
Increase/(Decrease) in Cash Surplus Withheld	5.2		(5)					(5)
Allocation of Current Year Cash Surplus	4.7	(2,434)						(2,434)
Actuarial Gains/(Losses)	4.6					460		460
Surplus/(Deficit) for the Period	5.1, 10.1	5,317					(6,427)	(1,110)
Balance as at 31 December 2025		31,255	10	2,710	2,180	(2,954)	26,833	60,033

(Signed)

Feridun H. Sinirlioğlu
Secretary General
30 June 2026

(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 2025

EUR '000		TOTAL OSCE	
	Note	2025	2024
CASH FLOWS FROM OPERATING ACTIVITIES			(Restated)
Surplus/(Deficit) for the Period	10.1	(1,110)	6,964
Non-Cash Movements			
Deduction of Unrealized Foreign Exchange Gains/Losses on Cash and Cash Equivalents	8	914	(602)
Deduction of Depreciation, Amortisation and Impairments	7.6, 3.10	10,122	2,904
Deduction of Non-Cash Changes in Net Assets	5.4	460	(570)
(Gains) / Losses on Sale and Disposal of PP&E	6.5	(396)	802
(Increase) / Decrease in Contributions Receivable	3.3	5,358	(24,715)
(Increase) / Decrease in Accounts Receivable	3.4	(12)	1,198
(Increase) / Decrease in Prepayments	3.5	447	1,358
(Increase) / Decrease in Inventory	3.6	196	(1,065)
(Increase) / Decrease in Other Current/Non-Current Assets	3.7	20	(24)
Increase / (Decrease) in Accounts Payable	4.1	(250)	(969)
Increase / (Decrease) in Accruals	4.2	509	27
Increase / (Decrease) in Deferred Revenue	4.3	590	(2,427)
Increase / (Decrease) in Conditional ExB Contributions	4.4	6,320	10,738
Increase / (Decrease) in Funds Held for Third Parties	4.5	297	262
Increase / (Decrease) in Employee Benefits	4.6	(421)	246
Increase / (Decrease) in Cash Surplus Payable	4.7	0	0
Increase / (Decrease) in Provisions	4.8	(9,217)	8,258
Increase / (Decrease) in Other Liabilities	4.9	(205)	1,270
Net Cash Flows from Operating Activities		13,621	3,655
CASH FLOWS FROM INVESTING ACTIVITIES			
(Purchase) / Sale of Investments	3.2, 9.2	(6,172)	(57,449)
(Addition) / Disposal of PP&E and Intangibles	3.8, 3.9, 9.2	(1,434)	(1,848)
Net Cash Flows from Investing Activities		(7,605)	(59,297)
CASH FLOWS FROM FINANCING ACTIVITIES			
Credits for Cash Surplus Withheld	5.2	(5)	0
Allocation of Cash Surplus	4.7	(2,434)	(3,002)
Payment of Lease Liabilities	11.3	(7,900)	(0)
Payment of Interest on Lease Liabilities	7.9, 11.3	401	0
Transfer between Funds		-	-
Net Cash Flows from Financing Activities		(9,937)	(3,002)
Net Increase/(Decrease) in Cash and Cash Equivalents	3.1, 9.1	(3,922)	(58,643)
Cash and Cash Equivalents at Beginning of Period	3.1, 9.1	54,777	112,818
Foreign Exchange Gains/(Losses) on Cash and Cash Equivalents	8	(914)	602
Cash and Cash Equivalents at End of Period		49,942	54,777

(Signed)

Feridun H. Sinirlioğlu
Secretary General
30 June 2026

(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 2025

EUR '000	Note	2025 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	2,434	43,307	42,591	717	27	42,618	689
Office for Democratic Institutions and Human Rights		16,394	0	16,394	15,964	430	0	15,964	430
High Commissioner on National Minorities		3,504	0	3,504	3,501	3	0	3,501	3
Representative on Freedom of the Media		1,609	0	1,609	1,609	0	0	1,609	-
Total Secretariat and Institutions		62,381	2,434	64,814	63,664	1,150	27	63,691	1,123
South-Eastern Europe		47,043	-	47,043	46,703	339	0	46,703	339
Eastern Europe		2,308	-	2,308	2,087	221	0	2,087	221
Caucasus ⁶		1,114	-	1,114	955	159	0	955	159
Central Asia		20,516	-	20,516	20,149	367	0	20,149	367
Total Field Operations		70,981	-	70,981	69,895	1,086	-	69,895	1,086
Total	10.2	133,361	2,434	135,795	133,558	2,236	27	133,586	2,209

Reconciliation to Cash Surplus

Revenue credits ⁷	(630)
Non-budget revenue ⁸	4,479
Project Co-ordinator in Ukraine unallotted provision	3,619
Personal Representative of the CiO on the Conflict Dealt with by the Minsk Conference and the High-Level Planning Group unallotted provisions	1,224
Budgetary excess of revenue over expenditure	10,928
<i>Add:</i> Assessed Contributions receivable as at 1 January 2025	18,253
<i>Less:</i> Assessed Contributions receivable as at 31 December 2025 ⁹	23,934
Cash Surplus for the year 2025	5,247

1 - No Unified Budget for 2025 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/1507 and PC.DEC/1512.

3 - The Total Provisional Expenditure Authorization represents the level of 2021 Unified Budget complemented by PC.DEC/1507 and PC.DEC/1512.

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 - The OSCE completed the closure of the OSCE Minsk Process, the Personal Representative of the OSCE Chairperson-in-Office on the Conflict Dealt with by the OSCE Minsk Conference and the High-Level Planning Group on 30 November 2025, consistent with Ministerial Council decision MC.DEC/1/25 adopted on 1 September 2025. The only funds spent under these line items after 1 September 2025 were in compliance with CIO.GAL/102/25, representing the financial implications of the closure of the mentioned structures.

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

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

9 - 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 2026

(Signed)

James Oxley
Chief of Accounts and Treasury

(Signed)

Mirosława Boryczka
Director for Management and Finance

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Notes to the Financial Statements

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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, crisis management and post-conflict rehabilitation, and by agreed confidence-building measures to enhance transparency on military predictability, strengthen trust and the culture of prevention among participating States.

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. OSCE Field Operations 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 in support of OSCE mandated activities not funded in the Unified Budget.

1.2 – Fund Accounting and Segment Reporting

The basic financial governing document of the 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 18 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 2025 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 2025 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 2025 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 organization has adopted the below listed IPSAS with effect from 1 January 2025.

- a. IPSAS 43, Leases. This standard replaces IPSAS 13 and introduces a right-of-use (ROU) model that replaces the risks and rewards incidental to the ownership model presented in IPSAS 13.
- b. IPSAS 44, Non-current Assets Held for Sale and Discontinued Operations. This standard is based upon IFRS 5 and specifies the accounting for assets held for sale and the presentation and disclosure of discontinued operations.
- c. IPSAS 45, Property, Plant and Equipment. This standard replaces IPSAS 17 by adding current operational value as a measurement basis in the updated current value model for assets within its scope, whilst further identifying the characteristics of heritage and infrastructure assets.
- d. IPSAS 46, Measurement. This standard addresses generic guidance on fair value and introduces current operational value, a public sector specific current value measurement basis.

2.1.2 – Reporting Year

These Financial Statements cover the calendar year ended 31 December 2025. 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 the 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.

Furthermore, on 19 March 2026, the participating States of the OSCE reached consensus on the Organization's Unified Budget for 2026 (PC.DEC/1526), ensuring the continued implementation of its comprehensive security mandate. This ends the ongoing stalemate since the last approved budget in 2021, reflecting the continued commitment of participating States towards the Organization.

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 – Prior Year Restatements, Changes in Estimates and Presentation Differences

2.2.1 – Prior Year Restatements

The Cash Flow Statement (Statement IV) presentation has been revised to further enhance the transparency of the information presented on the sale and disposal of the Organization's property, plant and equipment. Accordingly, the Cash Flow Statement for 2024 has been restated to present the figures on a comparative basis. This presentation difference has no impact on the financial position of the Organization as at 31 December 2024, with the change in the cash flows from operating and investing activities having a zero net effect on the cash and cash equivalents at the end of the period.

Statement IV Cash Flow Statement	Note	Amount in 2024 Financial Statements	Amount of Restatement	Restated Amount in 2025 Financial Statements
EUR '000				
(Gains) / Losses on Sale and Disposal of PP&E	2.2.1	1,422	(620)	802
Net Cash Flows from Operating Activities	2.2.1	4,275	(620)	3,655
(Addition) / Disposal of PP&E and Intangibles	2.2.1	(2,468)	620	(1,848)
Net Cash Flows from Investing Activities	2.2.1	(59,917)	620	(59,297)
Net Cash Flows from Financing Activities		(3,002)	-	(3,002)
Net Increase/(Decrease) in Cash and Cash Equivalents		(58,643)	-	(58,643)
Cash and Cash Equivalents at End of Period		54,777	-	54,777

2.2.2 – Changes in Accounting Estimates

In-Kind Contributions for Seconded Personnel

During 2025, management undertook a detailed review of the contributions in-kind received across the Organization in relation to seconded personnel, premises and related services. The additional information acquired as part of this process facilitated a more reliable valuation of the seconded personnel recorded as a contribution in-kind.

In line with IPSAS 23, the estimated value of seconded personnel is calculated on the basis of what it would cost the Organization to employ international contracted staff, mission members and consultants in their place, and does not reflect the actual costs to the participating States seconding them.

These contributions in-kind are recorded as both revenue and expenditure in the Statement of Financial Performance (ref. Notes 6.4, 7.1, 7.4 and 7.7), and therefore have no overall impact on the surplus/deficit for the year. The effect of this change is an increase in both the in-kind revenue and expenditure of EUR 1,883 thousand in 2025.

This change in accounting estimate is applied prospectively in the 2025 Financial Statements.

Extra-Budgetary Activities

Whilst undertaking the review of the data acquired for the secondees in-kind valuation, management was further presented with information which indicates that for certain third-party costs related to the activities of the seconded personnel, the economic benefit is received by the organization in accordance with IPSAS.

Accordingly, extra-budgetary (ExB) expenses and corresponding revenues of EUR 237 thousand have been recognized in 2025, together with open receivables of EUR 186 thousand for associated amounts due to the organization. Recognition of these ExB activities does not impact the overall surplus/deficit for the year.

As recognition of these ExB activities is consequential to the revised valuation of the in-kind secondees, based upon the additional information acquired in preparing the 2025 Financial Statements, the accounting treatment is considered as inseparable to the aforementioned change in accounting estimate for the secondees. Recognition is therefore applied prospectively in the 2025 Financial Statements.

2.2.3 – Presentation Differences

With the implementation of IPSAS 43 which was effective on 1 January 2025, the 2025 Financial Statements have incorporated several key presentation changes to ensure full disclosure of the financial information on the organizations leases and related right-of-use assets. An overview of the presentation differences is provided in the table below, with further information on the implementation of IPSAS 43 detailed in Note 2.9.

Item	Presentation Difference
Statement of Financial Position	
Right-of-use assets	Presented under non-current assets in the line item for property, plant & equipment
Lease liability	Presented as separate line items under liabilities: • Lease Liabilities Current • Lease Liabilities Non-Current
Statement of Financial Performance	
Interest expense	Included as a component of finance costs which are presented as a separate line item under expenses: • Finance Costs
Cash Flow Statement	
Cash payments for the principal portion of the lease liability	Presented as a separate line item under financing activities: • Payment of Lease Liabilities
Cash payments for the interest portion	Presented as a separate line item under financing activities: • Payment of Interest on Lease Liabilities

2.3 – 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.

2.4 - 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.

2.5 - 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.

2.6 - 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
Right-of-Use (ROU) Assets - Leases	Shorter of lease term or useful life
Leasehold Improvements	7 to 35

2.6.1 – Leasehold Improvements

Leasehold improvements refer to improvements made by the OSCE to the buildings occupied by the Secretariat, Institutions and Missions. 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 and they are depreciated over the shorter of their useful life and the remaining term of the lease on the building.

2.6.2 – Buildings

With the introduction of IPSAS 43, effective 1 January 2025, buildings previously not considered for capitalisation are now subject to recognition based on the new ROU model. Further information on this policy is presented in Note 2.9.

2.6.3 – Heritage Assets

Heritage assets that meet the definition and recognition criteria of property, plant and equipment are recognized as assets of the organization where the OSCE controls the asset and the asset's cost or fair value can be measured reliably. Where heritage assets have a finite useful life, they are depreciated over their estimated useful lives in accordance with the accounting policies applicable to the relevant asset class.

2.7 - 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

2.8 - 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 2025 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.

2.9 - Leases

Adoption of IPSAS 43 - Leases

OSCE adopted IPSAS 43 – Leases for the first time in the financial year ended 31 December 2025. IPSAS 43 replaces IPSAS 13 Leases and sets out the different accounting models for both lessee and lessor accounting. For lessee accounting, IPSAS 43 removes the requirement to classify leases as either finance or operating leases, and instead requires recognition of assets and liabilities related to the rights and obligations created by those leases.

Transition approach

In order to simplify and streamline the implementation of the standard, OSCE has decided to apply the standard retrospectively with the cumulative effect of initially applying the standard recognized at the date of initial application (IPSAS 43, 109 (b)), with the ROU asset equal to the lease liability. Accordingly, comparative information has not been restated.

Lease classification

The OSCE only enters into leasing arrangements for certain classes of PP&E, with fixed assets normally acquired outright. Currently, OSCE holds leasing arrangements for the rental of office premises, storage facilities, parking premises and certain low value items of equipment such as printers and coffee machines.

Measurement of lease liabilities and right-of-use (ROU) assets

At the date of initial application:

- Lease liabilities were measured at the net present value of lease payments not settled at the commencement of the lease date. The Incremental Borrowing Rate (IBR) was calculated as the risk-free rate (the ECB government bond yield with reference to bonds of equivalent maturity) plus a Credit Spread Adjustment (the adjustment added to a risk-free rate to reflect the credit rating of the lessee) of 0.2 per cent.
- ROU assets were measured at an amount equal to the value of the initial measurement of the lease liability.

The lease term equals the sum of both the non-cancellable period of the lease plus periods covered by an option to extend if the lessee is reasonably certain to exercise that option.

Practical expedients applied

In applying IPSAS 43 for the first time, OSCE has applied the following practical expedients:

- For premises provided free-of-charge by a third party (a concessionary lease), OSCE has taken the option to defer implementation to 1 January 2027, in accordance with the forthcoming IPSAS 47 standard. The total value for concessionary leases in 2025 amounted to EUR 3,241 thousand.
- Applied the ECB government bond yield to portfolios of leases with reasonably similar characteristics.
- Elected not to recognize ROU assets and lease liabilities for short-term leases of one year or less, and leases of low-value assets of under EUR 1,000. For the 2025 financial statements, there were no leases of low-value assets of under EUR 1,000.

Impact on financial statements

On transition, OSCE recognized ROU assets and corresponding lease liabilities for leases previously classified as operating leases. These leases relate predominantly to offices, storage facilities and parking premises.

In the financial statements, OSCE separately presents and discloses ROU assets, lease liabilities, depreciation of the ROU asset, and interest expense related to the lease liability.

The impact of adoption at 1 January 2025 is summarized as follows:

- Increase in ROU assets.
- Increase in lease liabilities.

There is no material impact on total cash flows; however, cash outflows previously classified as operating activities are now presented partly as financing activities.

Reconciliation

EUR'000	Amount
IPSAS 13 Operating lease commitments as of 31/12/2024	3,686
IPSAS 13 versus IPSAS 43 scope differences	18,405
Short-term leases	(523)
Low-value leases	-
Differences at nominal value	
Effect of discounting	(873)
Other differences	-
IPSAS 43 Lease liabilities recognized on adoption 1/1/2025	20,695

The IPSAS Lease liabilities recognized on adoption were classified as follows:

EUR'000	Amount
Current lease liabilities	7,334
Non-current lease liabilities	13,361
IPSAS 43 Lease liabilities recognized on adoption 1/1/2025	20,695

2.10 - 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.

2.11 - Employee Benefits

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

2.11.1 - 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 for employees in certain Field Operations, rest and recuperation. 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 2025 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 2025 were as follows:

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

2.11.2 - 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.

2.12 - 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.

2.13 - 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.

2.14 - 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.

2.15 - 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.

2.16 - 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.

2.17 – 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, mission members and other seconded personnel in their place, and is not intended to reflect the actual costs to the States seconding them.

2.18 - 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.

2.19 – 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.

2.20 - Expenses

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

2.21 - 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 2025				As at 31 December 2024
	Secretariat, Institutions, Field Offices and Cash Pools	Special Purpose Funds	Extra- Budgetary Funds	Total	Total
Cash	256	-	5	261	199
Bank	33,790	-	4,191	37,981	49,578
Short-term Deposits	-	-	11,700	11,700	5,000
Total	34,046	-	15,896	49,942	54,777

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 124,748 thousand (EUR 118,576 thousand in 2024), 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	2025	2024
Secretariat, Institutions and Field Offices Assessed Contributions Receivable	23,934	18,253
Special Monitoring Mission to Ukraine Assessed Contributions Receivable	1,659	1,659
Extra-budgetary Contributions Receivable	31,147	30,561
Total Contributions Receivable	56,740	50,473
Allowance for Doubtful Debts	(18,670)	(7,045)
Total Net Contributions Receivable	38,070	43,428

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 2025, 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 has notably increased by EUR 11,625 thousand to EUR 18,670 thousand in 2025 (EUR 7,045 thousand in 2024), as result of the continued ageing of receivables.

3.3.1 - Unified Budget Assessed Contributions Receivable

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

EUR '000 Participating State	Outstanding for 2023 and Prior Years	2024	2025	Outstanding Balance as at 31 December 2025
Albania	-	-	1	1
Azerbaijan	44	46	46	135
France	-	-	867	867
Kyrgyzstan	735	46	46	827
Lithuania	-	-	67	67
Mongolia	-	-	23	23
Russian Federation	10,854	5,569	5,569	21,992
Tajikistan	-	-	21	21
Total	11,633	5,660	6,640	23,934

An allowance for doubtful debt of EUR 17,010 thousand (EUR 6,361 thousand in 2024) has been created to leave a net carrying balance of EUR 6,923 thousand (EUR 11,892 thousand in 2024) as at 31 December 2025, in consideration of the ageing of outstanding assessed contributions.

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 Participating State	Outstanding for 2023 and Prior Years	2024	2025	Outstanding Balance as at 31 December 2025
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 debt of EUR 1,659 thousand (EUR 684 thousand in 2024) has been created to leave a nil net carrying balance as of 31 December 2025 (EUR 975 thousand in 2024), reflecting the non-payment of aged contribution arrears.

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	2025	2024
Fund to Support OSCE Action for Peace, Democracy and Stability in Bosnia and Herzegovina	375	703
Fund for Activities Relating to Economic and Environmental Aspects of Security	5,926	1,051
Fund for Activities Related to Special Monitoring Mission to Ukraine	10	10
Other PC Established Funds – Partnership Fund	-	11
Other Activities and Special Projects	24,836	28,786
Total	31,147	30,561

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	375	212	163	-	-
Fund for Activities Relating to Economic and Environmental Aspects of Security	5,926	5,411	515	-	-
Fund for Activities Related to Special Monitoring Mission to Ukraine	10	-	-	-	10
Other PC Established Funds - Partnership Fund	-	-	-	-	-
Other Activities and Special Projects	24,836	6,078	18,705	52	1
Total	31,147	11,701	19,383	52	11

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 274 thousand (EUR 175 thousand in 2024) 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	2025	2024
Tax Receivable from Governments	2,947	2,688
Receivable from Customers	1,107	901
Other Receivables	124	70
Accrued Interest Receivable	251	758
Allowance for Doubtful Debts	(634)	(634)
Total	3,795	3,783

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	2025	2024
Prepayments to and services receivable from Suppliers	2,468	2,831
Prepayments to and services receivables from Implementing Partners	1,469	1,464
Prepayments to Staff	773	855
Other Prepayments	11	18
Total	4,721	5,168

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 2025 was EUR 3,548 thousand (EUR 5,450 thousand in 2024).

EUR '000	2025	2024
Project assets held for distribution to beneficiaries	1,661	1,857
Total	1,661	1,857

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	2025	2024
Current Payroll Prepayments	-	20
Total Other Current Assets	-	20
Long Term Deposit for Rent	20	20
Total Other Non-Current Assets	20	20
Total	20	40

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.

2025

EUR'000	ICT Equipment	Vehicles	Household and Office Equipment	Security and Safety Equipment	Leasehold Improve- ments	Other Equipment	Right-of- Use Assets Leases	Total Property, Plant and Equipment
<i>Cost as at 1 January 2025</i>	8,997	22,478	4,249	1,388	4,381	258	20,695	62,446
Additions	898	701	110	23	-	31	2,641	4,404
Disposals	(810)	(2,019)	(295)	(93)	-	(1)	-	(3,218)
<i>Cost as at 31 December 2025</i>	9,084	21,160	4,064	1,319	4,381	288	23,336	63,632
<i>Accumulated Depreciation & Impairment Losses as at 1 January 2025</i>	7,283	19,406	3,915	1,299	3,336	236	-	35,475
Depreciation	807	952	119	49	81	11	7,318	9,338
Impairments	-	3	-	-	-	-	-	3
Disposals	(769)	(1,970)	(283)	(79)	-	(1)	-	(3,102)
<i>Accumulated Depreciation & Impairment Losses as at 31 December 2025</i>	7,322	18,391	3,751	1,269	3,417	246	7,318	41,714
Net Carrying Amount as at 31 December 2025	1,763	2,769	313	50	963	42	16,018	21,918

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 & 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 & 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

The Property, Plant and Equipment total cost as at 31 December 2025 of EUR 63,632 thousand includes fully depreciated assets still in use to the amount of EUR 26,803 thousand (EUR 28,239 thousand in 2024).

The opening balance of the 2025 property, plant and equipment cost has been updated to reflect the ROU assets capitalized upon implementation of IPSAS 43 on 1 January 2025, the result of this is an increase in the balance sheet of EUR 20,695 thousand.

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.

2025

EUR'000	Software Licenses Purchased	Internally Developed Software	Intangible Assets under Development	Total Intangible Assets
<i>Cost as at 1 January 2025</i>	1,881	7,174	1,449	10,504
Additions	23	-	169	192
Disposals	(270)	-	-	(270)
Assets under Construction Capitalized	-	1,396	(1,396)	-
<i>Cost as at 31 December 2025</i>	1,633	8,570	223	10,426
<i>Accumulated Amortization as at 1 January 2025</i>	1,571	5,427	-	6,998
Amortization	189	592	-	781
Impairments	-	-	-	-
Disposals	(261)	-	-	(261)
<i>Accumulated Amortization & Impairment Losses as at 31 December 2025</i>	1,499	6,019	-	7,518
Net Carrying Amount as at 31 December 2025	134	2,551	223	2,908

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 & 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

3.10 - Impairment of Assets

Impairment losses of EUR 3 thousand were recorded in 2025 in relation to a vehicle written off due to an accident (no impairment losses were recorded in 2024), accumulated impairment losses carried forward primarily 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	2025	2024
Payables to Suppliers	1,060	1,574
Payables to Implementing Partners	20	(28)
Amounts Owed to Staff	1,206	990
Total	2,286	2,536

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	2025	2024
Accruals	8,439	7,930
Total	8,439	7,930

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	2025	2024
Advance Assessed Contributions payments by participating States	3,078	2,488
Deferred funds per PC.DEC/1288	849	849
Total Unified Budget Deferred Revenue	3,927	3,337
Total Deferred Revenue	3,927	3,337

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	2025	2024
Extra-Budgetary Contributions Subject to Conditions	118,196	110,518
Extra-Budgetary Contributions Advances	1,501	2,859
Total Extra-Budgetary Contributions	119,697	113,377

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 2025 there were six participating States (six participating States in 2024) 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	2025	2024
Seconded personnel salary funds	9,741	9,539
Special Monitoring Mission to Ukraine overpayments	7,395	7,395
Other third-party funds	1,080	985
Total Funds Held for Third Parties	18,216	17,919

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 2.54% (2.70% in 2024) derived in reference to market yields of high-quality corporate bonds - iBoxx Euro Corporate AA Euro bonds, with a duration of 1.90 years (1.47 years in 2024), which approximates the maturity terms of the related liabilities;

Present value of future benefits based on salary projections;

Average increases in salary of 1.6% in 2026 followed by 2.0% per year thereafter (9.5% in the first year and 2.0% thereafter projected in 2024);

No increase in shipment;

Increase in travel costs of 3.4% for 2026 and then 2.0% annually for the years thereafter (increases of 2.0% annually for the years 2025 onwards were projected in 2024) 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 2025:

EUR'000	Defined Benefit Obligation as at 1 January 2025	Current Service Cost	Interest Cost	Actual Payments	Actuarial (Gains)/ Losses	Defined Benefit Obligation as at 31 December 2025
Home leave and rest and recuperation	208	237	-	(252)	-	193
Annual leave	6,739	241	-	(292)	-	6,688
Total annual leave, home leave and rest and recuperation	6,947	478	-	(544)	-	6,881
Repatriation grant	2,626	529	63	(524)	(359)	2,335
Repatriation shipment	960	249	24	(348)	(102)	783
Repatriation travel	200	48	5	(72)	1	182
Total repatriation benefits	3,786	826	92	(944)	(460)	3,300
Total	10,733	1,304	92	(1,488)	(460)	10,181

Liabilities for current employee benefits also include payroll-related accruals in the amount of EUR 1,544 thousand (EUR 1,413 thousand in 2024), for total current employees liabilities of EUR 8,425 thousand (EUR 8,360 thousand in 2024).

The repatriation benefits estimate 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 2025	Effect 2024
Effect on Defined Benefit Obligation in % of +0.1%	-0.18%	-0.15%
Effect on Defined Benefit Obligation in % of -0.1%	+0.19%	+0.15%
Future salary increases		
Effect on Defined Benefit Obligation in % of +1%	+1.81%	+1.42%
Effect on Defined Benefit Obligation in % of -1%	-1.77%	-1.40%

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 2026 amount to minus EUR 567 thousand, due to the increased number of staff reaching the end of their contracts during the year (expected servicing cost for 2025 of minus EUR 683 thousand reported in 2024).

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 2025 was EUR 135,062 thousand (EUR 127,477 thousand in 2024).

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 2025 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 2025 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 the years 2022-2024, the cash surplus as reported as at 31 December 2024 is not yet payable and remains in reserves (see Note 5.1- Cash Surplus). Following the Permanent Council decisions PC.DEC/1507 and PC.DEC/1512 on the Additional Provisional Expenditure Authorizations, for a total of EUR 2,433.5 thousand, the remaining cash surplus as reported at 31 December 2024 stands at EUR 25,937 thousand.

4.8 – Provisions

The provision for unearned revenue of extra-budgetary pledges expiring on or before 31 December 2025 amounts to EUR 5,938 thousand (EUR 15,155 thousand in 2024). This represents funds pledged for extra-budgetary projects prior to 31 December 2025 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 – Lease Liabilities Current and Non-Current

With the implementation of IPSAS 43 on leases, the organization has recognized the right-of-use (ROU) assets transferred as part of the individual lease agreements. With this, the organization has recognized upon implementation of IPSAS 43 on 1 January 2025, total lease liabilities of EUR 20,695 thousand, corresponding to the discounted value of the lease contracts. The lease liabilities are split into their current and non-current components.

As new lease agreements are entered into by the organization and where a ROU asset is acquired as part of this lease, new lease liabilities are recognised. The lease liabilities recognized as of 31 December 2025 totalled EUR 15,837 thousand.

EUR '000	2025	2024
Lease Liabilities Current	5,869	-
Lease Liabilities Non-Current	9,968	-
Total Lease Liabilities	15,837	-

The table below presents the impact on the lease liabilities during 2025 as a result of the implementation of IPSAS 43 on 1 January 2025 (ref. Note 2.9).

EUR '000	31 December 2025	1 January 2025
Lease Liabilities Current	5,869	7,334
Lease Liabilities Non-Current	9,968	13,361
Total Lease Liabilities	15,837	20,695

The maturity analysis of the undiscounted lease liabilities as at 31 December 2025 is shown below, with the interest expense payable in the amount of EUR 711 thousand separately presented to show the impact of discounting on the total lease liabilities of EUR 15,837 thousand.

EUR' 000	Outstanding Balance	Less than one year	1 – 3 years	3 – 5 years	More than 5 years
Lease liabilities (undiscounted)	16,548	6,159	6,642	2,965	782
Less: Impact of discounting	(711)	(289)	(310)	(98)	(14)
Total	15,837	5,870	6,332	2,867	768

4.10 – 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	2025	2024
Governments Advance Refunds	1,569	1,467
Other Current Liabilities	114	421
Total Other Current Liabilities	1,683	1,888
Non-Current Liabilities	-	-
Total Other Non-Current Liabilities	-	-
Total	1,683	1,888

NOTE 5: RESERVES

5.1 - Cash Surplus

The cash surplus for 2025 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 2025 of thousand is calculated as shown in Statement V and reconciled to the IPSAS Surplus/(Deficit) in Note 10.1.

Since the Permanent Council has not to date accepted the Financial Statements for the years 2022-2024, 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.

During 2025, two further Permanent Council decisions, PC.DEC/1507 and PC.DEC/1512, were made on utilization of the cash surplus as at 31 December 2024 for a total amount of EUR 2,434 thousand. The remaining UB cash surpluses reported for the years 2022-2024 stands at EUR 5,000 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 and EUR 70 thousand in 2025 consist primarily of funds received from the sale of the remaining assets from the SMM vehicle fleet. Annual cash surplus/deficit positions will continue to be calculated in future years until all known transactions have been completed and all open assessed contribution arrears received in full.

EUR '000	2025	2024
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)	(397)
PC.DEC/1487 – provisional authorization for the Conference and Language Services Programme	(1,166)	(1,166)
PC.DEC/1491 – provisional authorization for the anticipated financing requirements of the Secretariat ODIHR Elections Programme	(861)	(861)
PC.DEC/1494 – provisional authorization for the anticipated financing requirements of the Secretariat, High Commissioner on National Minorities and Mission in Kosovo	(578)	(578)
Total Additional Provisional Expenditure Authorizations for 2024	(3,002)	(3,002)
Unified Budget - Secretariat, Institutions and Field Offices	6,492	6,492
Special Monitoring Mission to Ukraine	268	268
Total Cash Surpluses for 2024	6,760	6,760
Total Cash Surpluses as at 31 December 2024	28,371	28,371
PC.DEC/1507 – provisional authorization for the Conference and Language Services Programme	(405)	-
PC.DEC/1512 – provisional authorization for the Secretariat	(2,028)	-
Total Additional Provisional Expenditure Authorizations for 2025	(2,433)	-
Unified Budget - Secretariat, Institutions and Field Offices	5,247	-
Special Monitoring Mission to Ukraine	70	-
Total Cash Surpluses for 2025	5,317	-
Total Cash Surpluses as at 31 December 2025	31,255	-

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 the years 2022 through 2025 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 2007.

In 2025 Kyrgyzstan paid EUR 42 thousand against the outstanding receivables, releasing withheld cash surplus in the amount of EUR 5 thousand.

EUR '000	2019 and Prior Years	2020	2021	Total
Kyrgyzstan	8	1	1	10
Total Cash Surplus Withheld	8	1	1	10

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 consist of actuarial gains and losses related to employee benefits of EUR 2,954 thousand in 2025 (EUR 3,414 thousand in 2024).

5.5 – Accumulated Surplus/(Deficit)

The Accumulated Surplus/Deficit in 2025 has fallen by EUR 6,427 thousand to a total of EUR 26,833 thousand (EUR 33,260 thousand in 2024) as shown in Statement III, principally due to the increased allowance for assessed contributions receivable.

The Accumulated Surplus/Deficit includes the Cash Surplus for 2025 in the amount of EUR 31,255 thousand (see Note 5.1 – Cash Surplus) partially offset by the deficit for the period in the amount of EUR 1,110 thousand (see Note 10.1 – 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 2024). Participating States could not reach consensus on the Unified Budget for 2025 and provisional assessments in the sum of EUR 138,204 thousand (also EUR 138,204 thousand in 2024) were made pursuant to Financial Regulation 4.04, to fund obligations incurred and payments made under Financial Regulation 3.04.

EUR '000	2025	2024
Provisional assessments for the 2024 Unified Budget	138,204	138,204
Total Revenue from Assessed Contributions	138,204	138,204

During 2025, Provisional Expenditure Authorizations were approved by the Permanent Council for a total of EUR 2,433.5 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 2025, 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 51,105 thousand in 2025 (EUR 75,502 thousand in 2024) and includes an amount of EUR 262 thousand pledged (EUR 275 thousand in 2024) in respect of the Repository Programme (RP) “Core Support Mechanism”. The total amount pledged towards the RP as at 31 December 2025 stands at of EUR 4,681 thousand (EUR 4,419 thousand as at 31 December 2024). Donor reallocations from third-party funds to ExB projects totalled EUR 1,170 thousand during the financial year (EUR 1,319 thousand in 2024).

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 6,320 thousand (EUR 20,320 thousand in 2024), with the total extra-budgetary deferred revenue at 31 December 2025 climbing to EUR 119,697 thousand (EUR 113,377 as at 31 December 2024), ref. Note 4.4.

Extra-budgetary revenue, recorded in line with IPSAS 23, totalled EUR 53,139 thousand in 2025 (EUR 56,501 thousand in 2024) in line with project activity during the year.

The RP “Core Support Mechanism” 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 2026. 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 “Core Support Mechanism” can be found in Schedule J of Annex 1 to these financial statements.

EUR '000	2025	2024
Revenue from Extra-Budgetary Contributions	51,343	75,502
Revenue from Conditional Agreements Recognized/(Deferred) during the period	626	(20,320)
Reallocation of Project Funds	1,170	1,319
Total	53,139	56,501

The reallocation of project funds resulted in a net inflow of EUR 1,170 thousand (EUR 1,319 thousand in 2024) 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	2025	2024
Interest received from banks	4,678	5,825
Accrual adjustments	(507)	(202)
Total	4,171	5,623

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	2025	2024
Seconded Staff	24,695	24,985
Ancillary Services	975	977
Goods In-Kind	5,361	5,444
Total Contributions In-Kind	31,031	31,406

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, mission members and consultants in their place, and does not reflect the actual costs to the participating States seconding them.

EUR '000	2025	2024
Seconded Staff	21,756	23,891
Seconded Staff - Extra-Budgetary Projects	2,939	1,094
Total Contributions In-Kind of Seconded Staff Services	24,695	24,985

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

EUR '000	2025	2024
Ancillary Services	975	977
Total Contributions In-Kind of Ancillary Services	975	977

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	2025	2024
<i>Donated Property, Plant and Equipment and Intangible Assets</i>	-	-
Premises	5,358	5,440
Equipment	3	4
<i>Premises and Equipment provided rent-free</i>	<i>5,361</i>	<i>5,444</i>
Total Revenue from Goods In-Kind	5,361	5,444

The contribution in-kind for premises includes EUR 2,117 thousand reimbursed by host nations for certain right-of-use (ROU) assets classified as property, plant and equipment, ref. Note 3.8.

6.5 – Revenue from Exchange Transactions

Revenue from Exchange Transactions of EUR 522 thousand (EUR 636 thousand in 2024) refers to gains and losses related to the sale of assets and minor equipment.

6.6 – Other Revenue

Revenue Reallocated from Internal Sources in 2025 represents funds reallocated from the Cash Surplus, as reported in the 2024 Financial Statements as at 31 December 2024, to finance the Additional Provisional Expenditure Authorizations as approved by the Permanent Council.

- PC.DEC/1507, dated 19 June 2025, approved the additional provisional expenditure authorization of EUR 405,000 for the activities of the Conference and Language Services Programme.
- PC.DEC/1512, dated 30 October 2025, approved the additional provisional expenditure authorization of EUR 2,028,500 for activities of the Secretariat.

Indirect Common Costs (ICC) revenue of EUR 66 thousand (EUR 69 thousand in 2024) derived from charges for the processing on behalf of participating States of salaries for personnel seconded by them to OSCE. The remaining EUR 3,642 thousand (EUR 3,958 thousand in 2024) 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	2025	2024
Revenue Reallocated from Internal Sources	2,434	3,002
Indirect Common Costs Revenue	66	69
Other Revenue	322	589
Total	2,822	3,660

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	2025	2024
Salaries	77,027	76,196
BLA for international seconded staff	8,342	9,140
BLA for international contracted staff	1,524	1,451
Provident fund	10,483	10,456
Other staff costs	1,017	1,074
Insurance	2,803	3,739
Other employee benefits	5,801	5,942
In-kind seconded staff costs	24,695	24,985
Total	131,692	132,983

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, mission members and consultants 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 where 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 2025 ex gratia payments to staff and mission members totalling EUR 59.5 thousand were made (EUR 2.5 thousand in 2024). Details of other ex gratia payments may be found in note 7.8.1. The list of Executive Structures who authorized ex-gratia payments during 2025 is as follows:

EUR '000	2025	2024
Secretariat	8	3
High Level Planning Group	12	-
Mission in Kosovo	2	-
Mission to Montenegro	3	-
Mission to Skopje	3	-
Personal Representative of the CiO on the Conflict Dealt with by the Minsk Conference	32	-
Total	60	3

7.2 – Consultancy and Subcontracting

SSA consultancies and agreements with implementing partners make up the majority of the costs, with expenditures broadly in line with 2024. Other contractual services include, inter alia, subcontracting services related to the implementation of projects.

EUR '000	2025	2024
Special Services Agreements	14,753	15,045
Implementing Partner costs	5,418	5,494
Other contractual services	4,189	4,450
Total	24,360	24,989

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	2025	2024
Travel of non-OSCE officials	9,010	9,119
Duty travel for OSCE officials	5,269	5,894
Travel for training of OSCE officials	322	318
Total	14,601	15,331

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	2025	2024
Rental and maintenance of buildings	7,604	15,078
Conferences, seminars, workshops	9,109	9,438
IT services	5,062	5,716
Communication services	1,080	1,077
Interpreters, translators and typing services	1,644	1,871
Bank charges	434	445
Printing and copying services	294	573
Vehicles maintenance costs	218	257
Freight and transportation	268	437
Insurance other than staff	420	415
Ancillary services in-kind	975	977
Total	27,108	36,284

Incurred costs of EUR 86 thousand (EUR 177 thousand in 2024) of services and office costs relates to agreements with third parties which are fully reimbursable.

Costs for the rental and maintenance of buildings have reduced by EUR 7,474 thousand year-on-year under services and office costs as a result of the implementation of IPSAS 43 on leases, whereby the annual expense for the capitalised ROU assets is recognised under depreciation and amortisation (ref. Note 7.6).

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	2025	2024
Fuel and lubricants	309	389
Other supplies	1,400	1,920
Communication and IT supplies	346	401
Publications, newspapers and printed materials	173	231
Spare parts	128	94
Building/Household Supplies	626	595
Total	2,982	3,630

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 and the ROU assets leased by the organization.

EUR '000	2025	2024
Amortization	781	670
Depreciation	2,020	2,234
Depreciation – Right-of-Use Assets	7,318	-
Impairments	3	-
Total	10,122	2,904

Depreciation has increased substantially in 2025 as a result of the implementation of IPSAS 43, whereby the organisation recognises its ROU premises as non-current assets and thereby charges the annual cost as depreciation over the duration of the lease contract.

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	2025	2024
Equipment Purchased	957	1,352
Inventory Donated to Third Parties	3,548	5,450
Equipment Received In-kind	3	4
Assets retired	68	1,422
Total Equipment Expenses	4,576	8,228

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 2025 to reduce non-critical expenditures.

Other operating costs have been restated for 2024 as interest costs for employee benefits in the amount of EUR 106 thousand have been reclassified under Finance Costs, ref. Note 7.9.

EUR '000	2025	2024 (Restated)
Other Operating Costs	184	205
Representation Costs	145	209
Project Costs	422	82
Change in Allowance for Doubtful Debts	11,624	5,466
Total	12,375	5,962

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 2025 ex gratia payments other than to staff and mission members totalling EUR 2.5 thousand were approved by the Secretary General (EUR 21.5 thousand in 2024). Details of ex gratia payments to staff and mission members may be found in note 7.1.1. The list of Executive Structures who authorized ex-gratia payments during 2025 is as follows:

EUR '000	2025	2024
Presence in Albania		1.5
Mission to Bosnia and Herzegovina	2.5	-
Mission to Moldova		5
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
Secretariat		7.5
Secretariat – Support Programme to Ukraine		2.5
Total	2.5	21.5

7.8.2 – Cash and Other Losses and Write-Offs

The Joint Consultative Group (JCG) on the Conventional Forces in Europe Treaty underpaid its invoiced contributions towards the costs of Hofburg for a number of years, with the rate of underpayment recognised as an allowance against outstanding receivables (an expected credit loss of 100% in line with IPSAS 41). OSCE continues to press its claim for these funds without success to date. As the agreement with JCG expired in 2024, no further allowances have been recognised in 2025.

The 2025 expense for the write-off of uncollected receivables relates primarily to minor balances due back to OSCE from external conference participants due to fluctuations in DSA rates from advanced travel payments.

Cash and other losses and write-offs are included under other operating costs (Note 7.8).

EUR '000	2025	2024
Cash and other losses	-	-
Bad debt allowance for the Joint Consultative Group (JCG)		10
Write-off of uncollectible receivables	1	19
Total	1	29

7.9 – Finance Costs

Finance costs consist of the interest costs for long-term employee benefits and the lease liabilities for the ROU assets recognized in accordance with IPSAS 43, leases.

Interest costs for long-term employee benefits were previously recorded as other operating expenses, with the amount for 2024 restated, ref. Note 7.8.

EUR '000	2025	2024
Interest cost for employee benefits	92	106
Interest cost for lease liabilities	401	-
Total	493	106

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	2025	2024
Unrealized Gains/(Losses) – cash and cash equivalents	(914)	602
Unrealized Gains/(Losses) – other	(1,897)	883
<i>Subtotal Unrealized Gains/(Losses)</i>	<i>(2,811)</i>	<i>1,485</i>
Realized Gains/(Losses)	120	(134)
Total	(2,691)	1,351

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.

The figures for 2024 have been restated in accordance with the Cash Flow Statement (Statement IV) for 2024 which was restated to enhance the transparency of the information presented for the sale of property, plant and equipment, and the investments in term-deposits (ref. Note 2.2.1).

EUR '000	2025	2024 (Restated)
Investments in term-deposits	(334,306)	(377,053)
Proceeds from matured term-deposits	328,135	319,604
Purchase of property, plant and equipment and intangible assets	(1,952)	(2,559)
Sale of property, plant and equipment	518	711
Total	(7,605)	(59,297)

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 2025. 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 of EUR 135,795 thousand throughout 2025 in accordance with the last approved Unified Budget, that for 2021 (EUR 138,204 thousand, PC.DEC/1413 dated 18 August 2021). In addition, the Permanent Council approved under PC.DEC/1507 dated 19 June 2025 and PC.DEC/1512 dated 30 October 2025, additional provisional expenditure authorizations in the amount of EUR 2,434 thousand, funded from the cash surplus as at 31 December 2024 as reported in the 2024 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 2,236 thousand between the actual amounts and the 2021 Unified Budget total (EUR 2,087 thousand in 2024), excluding the Project Coordinator 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.

The OSCE completed the closure of the OSCE Minsk Process, the Personal Representative of the OSCE Chairperson-in-Office on the Conflict Dealt with by the OSCE Minsk Conference and the High-Level Planning Group on 30 November 2025, consistent with Ministerial Council decision MC.DEC/1/25 adopted on 1 September 2025. The only funds spent under these line items after 1 September 2025 were in compliance with CIO.GAL/102/25, representing the financial implications of the closure of the mentioned structures.

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	2025	2024
Cash Surplus for the year	5,247	6,492
Assessed Contributions receivable as at 1 January	(18,253)	(12,615)
Assessed Contributions receivable as at 31 December	23,934	18,253
Budgetary Excess of Income over Expenditure	10,928	12,130
IPSAS Adjustments:		
Revenue		
Accrued Interest	(507)	(202)
Contributions In-Kind	28,092	30,312
Revenue from Exchange Transactions	(54)	4
Other Revenue	73	4
Revenue from Change in Allowance for Doubtful Debts	-	-
Subtotal Revenue	27,604	30,118
Expense		
Expense from Change in Allowances for Doubtful Debts	(10,649)	(5,185)
Unliquidated Obligations	49	(528)
Accruals Adjustments	502	46
Budget Deferrals	(10)	(77)
Prepayments Adjustments	1,195	(397)
Employee Benefits	(669)	629
Contributions In-Kind Expense	(25,975)	(30,312)
Insurance Adjustments	99	(1,154)
Finance Interest Expense	(383)	-
Lease Liability Expense	5,323	-
Inventory Adjustments	(713)	(208)
Property, plant and equipment Adjustments	(6,450)	(198)
Intangibles Adjustments	(427)	(404)
Subtotal Expense	(38,108)	(37,788)
Gains/(Losses)	36	-
Total IPSAS Adjustments	(10,468)	(7,760)
IPSAS Budget Surplus/(Deficit) for the Period	460	4,460
Special Purpose Funds Surplus/(Deficit) for the Period	(1,336)	(797)
Extra-Budgetary Surplus/(Deficit) for the Period	(234)	3,301
IPSAS Total OSCE Surplus/(Deficit) for the Period	(1,110)	6,964

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	2,236	-	-	2,236
Basis Differences	5,703	(1,138)	(7,092)	(2,527)
Presentation Differences	47,398	(55,000)	(2,438)	(10,041)
Timing Differences	-	-	-	-
Entity Differences	(41,716)	48,533	(407)	6,410
Actual Amount in the Cash Flow Statement	13,621	(7,605)	(9,937)	(3,922)

NOTE 11: OTHER DISCLOSURES

11.1 - Financial Risk Management

Financial risk management is carried out by the Accounts and 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 twelve 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 in line with operational requirements; by concluding most of the OSCE contracts in euro; and by not conducting currency conversions to avoid realization of gains and losses. In 2025, 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 2025. 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 2025 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 2025 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, 98.97% of the total (99.31% in 2024) 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, 98.03% of the total cash (98.08% in 2024) was held in bank accounts administered by the Treasury Unit. The remaining 1.97% was held in bank accounts throughout OSCE locations for daily operational purposes (1.92% in 2024).

EUR '000	Rating	Total as at 31 December 2025	%	Total as at 31 December 2024
High Grade	AA- to AA+	97,902	56.0%	69,908
Upper Medium Grade	A- to A+	74,471	42.6%	70,117
Lower Medium Grade	BBB- to BBB+	512	0.3%	32,123
Non-Investment Grade	BB- to BB+	918	0.5%	159
Highly Speculative	B- to B+	0	0.0%	-
Unrated	N/A	624	0.4%	847
Total Bank Balances		174,428	99.9%	173,154
Cash	N/A	261	0.1%	199
Total Cash and Bank Balances		174,689	100.0%	173,353

- (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

With the adoption of IPSAS 43 Leases on 1 January 2025, OSCE capitalizes the right-of-use (ROU) assets associated with its leases, whereupon the asset is depreciated over the shorter of the useful of the asset or the contractual lease term. In order to reflect the total expense of leases and contractual obligations across the organization, the below table presents an overview of the total cost of all capitalized and exempt leases. The 2025 total lease expenditure amounted to EUR 11,483 thousand, with an associated total cash outflow of EUR 7,900 thousand.

EUR '000	2025	2024
Depreciation - Right-of-Use Assets	7,318	-
Interest Expense – Lease Liabilities	401	-
Short-term / Low Value Lease Exemptions – Lease Cost	523	5,755
Concessionary Leases - In-Kind Expense	3,241	5,440
Total	11,483	11,195

The 2025 expenditure for leases includes EUR 2,117 thousand (EUR 2,308 thousand in 2024) reimbursed by host nations for certain ROU assets classified as property, plant and equipment (ref. Note 3.8), with the expenditure classified under depreciation.

As IPSAS 43 was applied retrospectively at the date of initial adoption measuring the ROU asset at an amount equal to the lease liability, the 2024 in-kind expense of EUR 5,440 thousand includes lease expenditures in the amount of EUR 2,308 thousand which have been classified as PP&E depreciation in 2025. The 2024 in-kind expenditure for concessionary leases on a comparative basis amounts to EUR 3,131 thousand.

The recognition of concessionary leases has been deferred until 1 January 2027. Accordingly, an in-kind revenue and corresponding expenditure of EUR 3,241 thousand (EUR 3,131 thousand in 2024) is recognized annually in the Statement of Financial Performance, ref. Note 6.4.

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.

In total, 35 individuals held key management positions during 2025, of which one individual held two positions during the year. No individuals temporarily acted as Officer-in-Charge for the Secretary General and Head of Institution posts in 2025.

EUR'000	Number of Individuals	Number of Posts	Remuneration and Post Adjustment	Entitlements	Provident Fund and Health Plan	Total Remuneration 2025	Outstanding Advances Against Entitlements
SG and Heads of Institutions	4	4	949	75	153	1,177	-
Secretariat's Directors	10	8	1,129	52	133	1,314	-
Heads of Mission and Personal Representatives	21	13	631	3	2	636	-
Key Management Personnel	35	25	2,709	130	288	3,127	-

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 2026.

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 19 March 2026, the participating States of the OSCE reached consensus on the Organization's Unified Budget for 2026 (PC.DEC/1526), ensuring the continued implementation of its comprehensive security mandate. This ends the prolonged stalemate since the last approved budget in 2021.

The adoption of the budget follows extensive consultations among participating States and reflects their continued commitment towards the Organization.

II

ANNEXES TO THE FINANCIAL STATEMENTS

ANNEX 1

SEGMENTAL REPORTING BY FUND

Fund Accounting and Segment Reporting

For the purpose of the presentation of the 2025 expenses, Funds were grouped as presented in the last approved 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, 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 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 were financed through the Standard Scale of Contributions for 2019 (PC.DEC/1325) on a provisional basis, pending agreement of new Scales for 2025:

- 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 were financed through the Field Operations Scale of Contributions for 2019 (PC.DEC/1325) on a provisional basis, pending agreement of Scales for 2025:

South-Eastern Europe (C)	Eastern Europe (D)
• Augmentations¹ • 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) – closed in 2025²	Central Asia (F)
• High Level Planning Group² • The Minsk Process² • Personal Representative of the CiO on the Conflict Dealt with by the Minsk Conference²	• 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 was financed on the basis of the Field Operations Scale of Contributions.

² The OSCE completed the closure of the OSCE Minsk Process, the Personal Representative of the OSCE Chairperson-in-Office on the Conflict Dealt with by the OSCE Minsk Conference and the High-Level Planning Group on 30 November 2025, consistent with Ministerial Council decision MC.DEC/1/25 adopted on 1 September 2025.

Closed Funds (B)

Missions and Field Operations funded by the Unified Budget and whose mandate expired prior to the last approved Unified Budget in 2021, 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 2025

EUR '000		Total Secretariat and Institutions		Total Field Operations		Total Unified Budget		Total Special Purpose Funds		Total Extra-Budgetary Funds		TOTAL OSCE	
	Note	2025	2024	2025	2024	2025	2024	2025	2024	2025	2024	2025	2024
ASSETS													
Current Assets													
Cash and Cash Equivalents	3.1	31,554	42,558	2,492	2,713	34,046	45,271	0	0	15,895	9,506	49,942	54,777
Investments	3.2	55,000	0	0	0	55,000	0	0	0	69,748	118,576	124,748	118,576
Contributions Receivable	3.3	4,438	7,573	2,485	4,319	6,923	11,892	(0)	975	31,147	30,561	38,070	43,428
Accounts Receivable	3.4	2,897	3,068	898	715	3,795	3,783	(0)	(0)	0	0	3,795	3,783
Prepayments	3.5	2,124	3,187	2,428	1,843	4,552	5,031	15	22	155	115	4,721	5,168
Inventory	3.6	0	0	285	176	285	176	0	0	1,377	1,681	1,661	1,857
Inter-Fund Balances		(54,021)	(12,065)	10,837	7,291	(43,185)	(4,774)	22,020	22,235	21,164	(17,460)	0	0
Other Current Assets	3.7	0	20	0	0	0	20	0	0	0	0	0	20
		41,991	44,341	19,425	17,057	61,416	61,398	22,035	23,232	139,486	142,979	222,936	227,609
Non-Current Assets													
Property, Plant and Equipment	3.8	4,824	1,787	15,683	3,654	20,507	5,440	259	373	1,151	462	21,918	6,276
Intangible Assets	3.9	1,522	1,931	23	47	1,545	1,978	4	12	1,359	1,516	2,908	3,506
Other Non-Current Assets	3.7	20	20	0	0	20	20	0	0	0	0	20	20
		6,366	3,738	15,706	3,700	22,072	7,438	263	385	2,510	1,978	24,845	9,801
Total Assets		48,358	48,079	35,130	20,757	83,488	68,836	22,298	23,617	141,996	144,958	247,781	237,411
LIABILITIES													
Current Liabilities													
Accounts Payable	4.1	1,817	1,915	126	208	1,944	2,123	145	145	198	267	2,286	2,536
Accruals	4.2	1,303	781	3,197	3,154	4,500	3,935	35	34	3,905	3,961	8,439	7,930
Deferred Revenue	4.3	3,927	3,337	0	0	3,927	3,337	0	0	0	0	3,927	3,337
Conditional ExB Contributions	4.4	0	0	0	0	0	0	0	0	119,697	113,377	119,697	113,377
Funds Held for Third Parties	4.5	18,174	17,882	41	37	18,215	17,919	0	0	1	0	18,216	17,919
Employee Benefits Current	4.6	3,068	3,125	4,385	4,264	7,452	7,389	22	8	951	963	8,425	8,360
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	5,938	15,155	5,938	15,155
Lease Liabilities Current		2,102	0	3,427	0	5,529	0	0	0	340	0	5,869	0
Other Current Liabilities	4.9	1,574	1,488	91	181	1,665	1,669	18	23	0	196	1,683	1,888
		31,964	28,529	11,267	7,844	43,231	36,373	219	211	131,029	133,918	174,480	170,502
Non-Current Liabilities													
Employee Benefits Non-Current	4.6	2,732	3,214	166	215	2,897	3,429	18	0	385	357	3,300	3,786
Lease Liabilities Non-Current		772	0	8,920	0	9,692	0	0	0	276	0	9,968	0
Other Non-Current Liabilities	4.9	0	0	0	0	0	0	0	0	0	0	0	0
		3,503	3,214	9,086	215	12,589	3,429	18	0	661	357	13,268	3,786
Total Liabilities		35,468	31,742	20,353	8,060	55,821	39,802	238	211	131,690	134,275	187,748	174,288
Net Assets		12,890	16,336	14,777	12,697	27,667	29,034	22,060	23,406	10,306	10,682	60,033	63,122
NET ASSETS													
Cash Surplus	5.1	1,068	2,181	9,180	5,252	10,248	7,434	21,007	20,937	0	0	31,255	28,371
Cash Surplus Withheld	5.2	8	11	2	4	10	15	0	0	0	0	10	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	(2,996)	(3,583)	422	398	(2,574)	(3,185)	417	427	(797)	(655)	(2,954)	(3,414)
Accumulated Surplus/(Deficit)	5.5	9,920	12,837	5,173	7,043	15,093	19,880	637	2,043	11,103	11,338	26,833	33,260
Total Net Assets		12,890	16,336	14,777	12,697	27,667	29,034	22,060	23,406	10,306	10,682	60,033	63,122

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

For the Year Ended 31 December 2025

EUR '000		Total Secretariat and Institutions		Total Field Operations		Total Unified Budget		Total Special Purpose Funds		Total Extra-Budgetary Funds		Total OSCE	
	Note	2025	2024	2025	2024	2025	2024	2025	2024	2025	2024	2025	2024
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	0	0	0	0	0	(0)	0	53,139	56,501	53,139	56,501
Finance Revenue	6.3	4,171	5,623	0	0	4,171	5,623	0	0	(0)	0	4,171	5,623
Contributions In-Kind	6.4	12,695	14,169	15,398	16,143	28,092	30,312	0	0	2,939	1,094	31,031	31,406
Revenue from Exchange Transactions	6.5	77	50	362	403	439	452	73	173	10	10	522	636
Other Revenue	6.6	2,726	3,045	101	502	2,827	3,548	2	41	(7)	72	2,822	3,660
Total Revenue		80,060	83,279	93,673	94,860	173,733	178,139	75	214	56,081	57,677	229,889	236,030
EXPENSES													
Staff Costs	7.1	50,735	53,442	60,207	62,562	110,942	116,005	248	244	20,503	16,734	131,692	132,983
Consultancy and Subcontracting	7.2	4,778	5,687	5,592	5,719	10,370	11,406	1	21	13,989	13,562	24,360	24,989
Travel Expenses	7.3	1,911	2,045	4,993	4,979	6,903	7,024	3	3	7,695	8,304	14,601	15,331
Services and Office Costs	7.4	11,375	15,490	8,738	12,222	20,113	27,713	33	304	6,962	8,267	27,108	36,284
Consumables and Supplies	7.5	329	343	1,392	1,506	1,721	1,849	14	0	1,248	1,780	2,982	3,630
Depreciation and Amortisation	7.6	4,101	1,184	5,134	1,335	9,236	2,519	125	147	760	239	10,122	2,904
Equipment Expenses	7.7	332	190	1,222	1,587	1,554	1,777	11	3	3,010	6,447	4,576	8,228
Other Operating Expenses	7.8	6,981	3,473	4,011	2,159	10,991	5,632	976	289	408	41	12,375	5,962
Finance Costs	7.9	179	91	289	5	468	96	0	0	25	10	493	106
Total Expenses		80,720	81,946	91,577	92,075	172,297	174,021	1,411	1,011	54,599	55,384	228,308	230,416
Foreign Exchange Gains/(Losses)	8	(937)	470	(38)	(128)	(976)	342	1	0	(1,716)	1,009	(2,691)	1,351
Surplus/(Deficit) for the Period	10.1	(1,597)	1,803	2,058	2,656	460	4,460	(1,336)	(797)	(235)	3,302	(1,110)	6,964

3. Segment Reporting
Cash Flow Schedule
Summary by Source of Funds
For the Year Ended 31 December 2025

EUR '000		Total Secretariat and Institutions		Total Field Operations		Total Unified Budget		Total Special Purpose Funds		Total Extra-Budgetary Funds		Total OSCE	
	Note	2025	2024 (Restated)	2025	2024 (Restated)	2025	2024 (Restated)	2025	2024 (Restated)	2025	2024 (Restated)	2025	2024 (Restated)
CASH FLOWS FROM OPERATING ACTIVITIES													
Surplus/(Deficit) for the Period	10.1	(1,597)	1,803	2,058	2,656	460	4,460	(1,336)	(797)	(235)	3,302	(1,110)	6,964
Non-Cash Movements													
Deduction of Unrealized Foreign Exchange Gains/Losses on Cash and Cash Equivalents	8	879	(494)	14	(10)	893	(504)	0	0	21	(99)	914	(602)
Deduction of Depreciation, Amortisation and Impairments	7.6, 3.10	4,101	1,184	5,134	1,335	9,236	2,519	125	147	760	239	10,122	2,904
Deduction of Non-Cash Changes in Net Assets	5.4	588	(60)	23	(166)	611	(226)	(10)	0	(141)	(344)	460	(570)
(Gains) / Losses on Sale and Disposal of PP&E	6.5	(94)	(29)	(324)	(309)	(418)	(338)	(69)	(173)	91	1,313	(396)	802
(Increase) / Decrease in Contributions Receivable	3.3	3,135	(356)	1,833	(97)	4,968	(453)	975	296	(586)	(24,558)	5,358	(24,715)
(Increase) / Decrease in Accounts Receivable	3.4	171	463	(183)	767	(12)	1,230	(0)	(32)	(0)	0	(12)	1,198
(Increase) / Decrease in Prepayments	3.5	1,063	1,250	(584)	112	479	1,362	8	1	(39)	(5)	447	1,358
(Increase) / Decrease in Inventory	3.6	0	0	(109)	128	(109)	128	0	0	304	(1,193)	196	(1,065)
(Increase) / Decrease in Other Current/Non-Current Assets	3.7	20	(24)	0	0	20	(24)	0	0	0	0	20	(24)
Increase / (Decrease) in Accounts Payable	4.1	(98)	(701)	(82)	(318)	(180)	(1,020)	(1)	(3)	(69)	54	(250)	(969)
Increase / (Decrease) in Accruals	4.2	522	(265)	43	367	564	103	0	(97)	(56)	22	509	27
Increase / (Decrease) in Deferred Revenue	4.3	590	(2,427)	0	0	590	(2,427)	0	0	0	0	590	(2,427)
Increase / (Decrease) in Conditional ExB Contributions	4.4	0	0	0	0	0	0	0	0	6,320	10,738	6,320	10,738
Increase / (Decrease) in Funds Held for Third Parties	4.5	291	253	4	9	296	262	0	0	1	0	297	262
Increase / (Decrease) in Employee Benefits	4.6	(540)	(478)	71	224	(469)	(254)	33	3	15	498	(421)	246
Increase / (Decrease) in Cash Surplus Payable	4.7	0	0	0	0	0	0	0	0	0	0	0	0
Increase / (Decrease) in Provisions	4.8	0	0	0	0	0	0	0	0	(9,217)	8,258	(9,217)	8,258
Increase / (Decrease) in Other Liabilities	4.9	86	1,069	(90)	(1)	(4)	1,068	(6)	6	(196)	196	(205)	1,270
Increase / (Decrease) in Inter-Fund Balances		41,956	(43,737)	(3,546)	(296)	38,410	(44,033)	215	383	(38,625)	43,650	0	0
Net Cash Flows from Operating Activities		51,074	(42,551)	4,263	4,404	55,337	(38,147)	(65)	(267)	(41,651)	42,069	13,621	3,655
CASH FLOWS FROM INVESTING ACTIVITIES													
(Purchase) / Sale of Investments	3.2, 9.2	(55,000)	0	0	0	(55,000)	0	0	0	48,829	(57,449)	(6,172)	(57,449)
(Addition) / Disposal of PP&E and Intangibles	3.8, 3.9, 9.2	(319)	(523)	(820)	(985)	(1,138)	(1,509)	65	267	(361)	(606)	(1,434)	(1,848)
Net Cash Flows from Investing Activities		(55,319)	(523)	(820)	(985)	(56,138)	(1,509)	65	267	48,468	(58,055)	(7,605)	(59,297)
CASH FLOWS FROM FINANCING ACTIVITIES													
Credits for Cash Surplus Withheld	5.2	(4)	0	(1)	0	(5)	0	0	0	0	0	(5)	0
Allocation of Cash Surplus	4.7	(2,434)	0	0	(3,002)	(2,434)	(3,002)	0	0	0	0	(2,434)	(3,002)
Payment of Lease Liabilities	11.3	(3,544)	0	(3,931)	0	(7,475)	0	0	0	(424)	(0)	(7,900)	(0)
Payment of Interest on Lease Liabilities	7.9, 11.3	100	0	283	0	383	0	0	0	18	0	401	0
Transfer between Funds		0	0	0	0	0	0	0	0	0	0	0	0
Net Cash Flows from Financing Activities		(5,881)	0	(3,650)	(3,002)	(9,530)	(3,002)	0	0	(407)	(0)	(9,937)	(3,002)
Net Increase/(Decrease) in Cash and Cash Equivalents	3.1, 9.1	(10,126)	(43,074)	(206)	416	(10,332)	(42,658)	0	0	6,410	(15,986)	(3,922)	(58,643)
Cash and Cash Equivalents at Beginning of Period	3.1, 9.1	42,558	85,138	2,713	2,287	45,271	87,424	0	0	9,506	25,394	54,777	112,818
Foreign Exchange Gains/(Losses) on Cash and Cash Equivalents	8	(879)	494	(14)	10	(893)	504	0	0	(21)	99	(914)	602
Cash and Cash Equivalents at End of Period		31,554	42,558	2,492	2,713	34,046	45,271	0	0	15,895	9,506	49,942	54,777

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

As at 31 December 2025

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	2025	2024	2025	2024	2025	2024	2025	2024	2025	2024
ASSETS											
Current Assets											
Cash and Cash Equivalents	3.1	30,617	41,941	892	565	45	52	0	0	31,554	42,558
Investments	3.2	55,000	0	0	0	0	0	0	0	55,000	0
Contributions Receivable	3.3	2,873	4,900	1,189	2,031	258	440	118	202	4,438	7,573
Accounts Receivable	3.4	2,516	2,601	271	376	104	87	5	3	2,897	3,068
Prepayments	3.5	1,651	2,097	367	1,000	65	48	41	43	2,124	3,187
Inventory	3.6	0	0	0	0	0	0	0	0	0	0
Inter-Fund Balances		(52,767)	(9,884)	(572)	(1,559)	(457)	(438)	(226)	(185)	(54,021)	(12,065)
Other Current Assets	3.7	0	13	0	8	0	0	0	0	0	20
		39,890	41,668	2,147	2,421	16	189	(62)	63	41,991	44,341
Non-Current Assets											
Property, Plant and Equipment	3.8	4,202	1,460	600	295	19	29	3	4	4,824	1,787
Intangible Assets	3.9	1,522	1,930	0	0	1	1	0	0	1,522	1,931
Other Non-Current Assets	3.7	20	20	0	0	0	0	0	0	20	20
		5,743	3,409	600	295	19	30	3	4	6,366	3,738
Total Assets		45,633	45,077	2,747	2,716	36	219	(58)	66	48,358	48,079
LIABILITIES											
Current Liabilities											
Accounts Payable	4.1	1,511	1,642	301	272	5	2	(0)	(0)	1,817	1,915
Accruals	4.2	687	509	580	222	31	40	5	10	1,303	781
Deferred Revenue	4.3	3,078	2,488	849	849	0	0	0	0	3,927	3,337
Conditional ExB Contributions	4.4	0	0	0	0	0	0	0	0	0	0
Funds Held for Third Parties	4.5	17,943	17,437	231	446	0	0	0	0	18,174	17,882
Employee Benefits Current	4.6	2,196	2,168	591	704	167	145	114	108	3,068	3,125
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
Lease Liabilities Current		1,666	0	435	0	0	0	0	0	2,102	0
Other Current Liabilities	4.9	1,473	1,392	(4)	7	106	89	0	0	1,574	1,488
		28,554	25,636	2,983	2,499	309	276	119	118	31,964	28,529
Non-Current Liabilities											
Employee Benefits Non-Current	4.6	1,461	1,746	919	1,101	246	250	106	116	2,732	3,214
Lease Liabilities Non-Current		772	0	(0)	0	0	0	0	0	772	0
Other Non-Current Liabilities	4.9	0	0	0	0	0	0	0	0	0	0
		2,232	1,746	919	1,101	246	250	106	116	3,503	3,214
Total Liabilities		30,786	27,382	3,902	3,600	554	526	225	235	35,468	31,742
Net Assets		14,847	17,695	(1,155)	(883)	(519)	(306)	(283)	(168)	12,890	16,336
NET ASSETS											
Cash Surplus	5.1	3,679	4,968	(1,822)	(2,056)	(542)	(500)	(247)	(230)	1,068	2,181
Cash Surplus Withheld	5.2	7	10	1	1	0	0	0	0	8	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	(1,223)	(1,701)	(1,432)	(1,518)	(234)	(259)	(107)	(106)	(2,996)	(3,583)
Accumulated Surplus/(Deficit)	5.5	7,494	9,528	2,098	2,690	257	452	71	167	9,920	12,837
Total Net Assets		14,847	17,695	(1,155)	(883)	(519)	(306)	(283)	(168)	12,890	16,336

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

For the Year Ended 31 December 2025

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	2025	2024	2025	2024	2025	2024	2025	2024	2025	2024
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	0	0	0	0	0	0	0	0	0
Finance Revenue	6.3	4,170	5,621	1	2	0	0	0	0	4,171	5,623
Contributions In-Kind	6.4	9,631	10,916	2,001	2,172	625	626	438	456	12,695	14,169
Revenue from Exchange Transactions	6.5	73	31	0	10	4	9	0	0	77	50
Other Revenue	6.6	2,717	2,624	8	398	1	39	0	(15)	2,726	3,045
Total Revenue		55,710	58,310	18,169	18,742	4,134	4,178	2,047	2,049	80,060	83,279
EXPENSES											
Staff Costs	7.1	35,106	37,571	10,117	10,400	3,591	3,515	1,920	1,957	50,735	53,442
Consultancy and Subcontracting	7.2	914	1,210	3,828	4,420	36	56	0	0	4,778	5,687
Travel Expenses	7.3	924	1,058	700	735	217	215	69	38	1,911	2,045
Services and Office Costs	7.4	9,747	12,615	1,311	2,556	266	261	51	59	11,375	15,490
Consumables and Supplies	7.5	148	141	164	184	6	10	11	8	329	343
Depreciation and Amortisation	7.6	2,912	1,068	1,178	102	11	11	1	3	4,101	1,184
Equipment Expenses	7.7	198	82	128	92	4	6	2	10	332	190
Other Operating Expenses	7.8	4,547	2,289	1,847	899	403	195	184	90	6,981	3,473
Finance Costs	7.9	122	50	47	31	6	9	3	2	179	91
Total Expenses		54,617	56,084	19,320	19,419	4,540	4,278	2,242	2,165	80,720	81,946
Foreign Exchange Gains/(Losses)	8	(918)	475	(19)	(5)	(0)	(0)	0	0	(937)	470
Surplus/(Deficit) for the Period	10.1	175	2,702	(1,170)	(682)	(407)	(100)	(195)	(116)	(1,597)	1,803

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

As at 31 December 2025

EUR '000		Augmentations		South-Eastern Europe		Eastern Europe		Caucasus (closed) ¹		Central Asia		Total Regions		Closed Funds		Total Field Operations	
	Note	2025	2024	2025	2024	2025	2024	2025	2024	2025	2024	2025	2024	2025	2024	2025	2024
ASSETS																	
Current Assets																	
Cash and Cash Equivalents	3.1	0	0	1,492	1,534	162	60	0	94	839	1,025	2,492	2,713	0	0	2,492	2,713
Investments	3.2	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Contributions Receivable	3.3	65	114	1,502	2,610	188	325	74	129	651	1,128	2,481	4,306	4	13	2,485	4,319
Accounts Receivable	3.4	0	0	595	477	5	5	2	1	296	233	898	715	0	0	898	715
Prepayments	3.5	23	32	1,034	563	69	71	1	3	1,301	1,173	2,428	1,843	0	0	2,428	1,843
Inventory	3.6	0	0	31	6	0	0	0	0	253	170	285	176	0	0	285	176
Inter-Fund Balances		(362)	(174)	(926)	74	8,859	5,368	3,655	2,188	(409)	(181)	10,817	7,275	20	15	10,837	7,291
Other Current Assets	3.7	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
		(274)	(28)	3,729	5,265	9,281	5,829	3,732	2,414	2,932	3,548	19,400	17,028	24	28	19,425	17,057
Non-Current Assets																	
Property, Plant and Equipment	3.8	0	0	10,932	2,224	473	233	0	92	4,278	1,105	15,683	3,654	0	0	15,683	3,654
Intangible Assets	3.9	0	0	17	27	0	1	0	0	5	19	23	47	0	0	23	47
Other Non-Current Assets	3.7	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
		0	0	10,949	2,251	473	233	0	92	4,284	1,124	15,706	3,700	0	0	15,706	3,700
Total Assets		(274)	(28)	14,678	7,516	9,754	6,063	3,732	2,507	7,216	4,672	35,106	20,729	24	28	35,130	20,757
LIABILITIES																	
Current Liabilities																	
Accounts Payable	4.1	0	0	236	218	(25)	(25)	2	(2)	(86)	17	126	208	(0)	(0)	126	208
Accruals	4.2	8	14	1,589	1,409	72	98	10	16	1,518	1,617	3,197	3,154	0	0	3,197	3,154
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	40	36	0	0	0	0	1	0	41	37	0	0	41	37
Employee Benefits Current	4.6	131	170	3,553	3,164	49	173	1	99	651	658	4,385	4,264	0	0	4,385	4,264
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
Lease Liabilities Current		0	0	2,533	0	281	0	0	0	614	0	3,427	0	0	0	3,427	0
Other Current Liabilities	4.9	0	0	79	169	2	1	(0)	1	10	10	91	181	0	0	91	181
		139	184	8,029	4,996	378	248	12	114	2,708	2,302	11,267	7,844	0	0	11,267	7,844
Non-Current Liabilities																	
Employee Benefits Non-Current	4.6	110	150	34	37	3	4	0	1	19	24	166	215	0	0	166	215
Lease Liabilities Non-Current		0	0	6,142	0	46	0	0	0	2,733	0	8,920	0	0	0	8,920	0
Other Non-Current Liabilities	4.9	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
		110	150	6,175	37	49	4	0	1	2,751	24	9,086	215	0	0	9,086	215
Total Liabilities		249	334	14,205	5,033	428	252	12	115	5,459	2,326	20,353	8,060	0	0	20,353	8,060
Net Assets		(523)	(362)	473	2,483	9,327	5,811	3,720	2,392	1,756	2,346	14,753	12,669	24	28	14,777	12,697
NET ASSETS																	
Cash Surplus	5.1	(261)	(73)	(2,384)	(1,587)	9,000	5,309	3,613	2,191	(817)	(613)	9,151	5,228	29	24	9,180	5,252
Cash Surplus Withheld	5.2	0	0	1	2	0	0	0	0	0	1	2	3	0	1	2	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	203	182	384	377	(0)	(1)	(9)	(7)	(148)	(145)	429	406	(8)	(8)	422	398
Accumulated Surplus/(Deficit)	5.5	(465)	(471)	2,472	3,691	327	502	115	207	2,722	3,103	5,171	7,032	2	11	5,173	7,043
Total Net Assets		(523)	(362)	473	2,483	9,327	5,811	3,720	2,392	1,756	2,346	14,753	12,669	24	28	14,777	12,697

1 - The OSCE completed the closure of the OSCE Minsk Process, the Personal Representative of the OSCE Chairperson-in-Office on the Conflict Dealt with by the OSCE Minsk Conference and the High-Level Planning Group on 30 November 2025, consistent with Ministerial Council decision MC.DEC/1/25 adopted on 1 September 2025

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

For the Year Ended 31 December 2025

EUR '000		Augmentations		South-Eastern Europe		Eastern Europe		Caucasus (closed) ¹		Central Asia		Total Regions		Closed Funds		Total Field Operations	
	Note	2025	2024	2025	2024	2025	2024	2025	2024	2025	2024	2025	2024	2025	2024	2025	2024
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	10,858	11,540	856	794	463	562	3,221	3,246	15,398	16,143	0	0	15,398	16,143
Revenue from Exchange Transactions	6.5	0	0	283	295	0	13	50	7	29	87	362	403	0	0	362	403
Other Revenue	6.6	0	129	80	329	5	19	(9)	4	26	21	101	502	0	0	101	502
Total Revenue		1,988	2,117	58,263	59,207	6,787	6,753	2,842	2,912	23,792	23,870	93,673	94,860	0	0	93,673	94,860
EXPENSES																	
Staff Costs	7.1	2,019	2,046	44,459	46,111	2,081	2,202	1,010	1,115	10,639	11,088	60,207	62,562	0	0	60,207	62,562
Consultancy and Subcontracting	7.2	27	49	2,249	2,293	114	134	5	5	3,197	3,238	5,592	5,719	0	0	5,592	5,719
Travel Expenses	7.3	17	21	1,716	1,753	94	62	37	28	3,129	3,114	4,993	4,979	0	0	4,993	4,979
Services and Office Costs	7.4	3	2	4,512	7,029	197	491	277	299	3,748	4,402	8,738	12,222	0	0	8,738	12,222
Consumables and Supplies	7.5	1	3	721	806	102	73	28	21	540	604	1,392	1,506	0	0	1,392	1,506
Depreciation and Amortisation	7.6	0	0	3,655	854	365	94	28	36	1,087	351	5,134	1,335	0	0	5,134	1,335
Equipment Expenses	7.7	0	0	367	641	2	18	3	0	851	928	1,222	1,587	0	0	1,222	1,587
Other Operating Expenses	7.8	99	49	2,376	1,253	310	171	121	60	1,101	621	4,007	2,154	4	5	4,011	2,159
Finance Costs	7.9	4	3	227	1	10	0	0	0	48	0	289	5	0	0	289	5
Total Expenses		2,170	2,174	60,281	60,739	3,274	3,246	1,510	1,563	24,339	24,347	91,573	92,071	4	5	91,577	92,075
Foreign Exchange Gains/(Losses)	8	0	0	2	(1)	2	3	(3)	(4)	(39)	(126)	(38)	(128)	0	0	(38)	(128)
Surplus/(Deficit) for the Period	10.1	(182)	(57)	(2,015)	(1,533)	3,515	3,510	1,330	1,344	(586)	(603)	2,062	2,661	(4)	(5)	2,058	2,656

1 - The OSCE completed the closure of the OSCE Minsk Process, the Personal Representative of the OSCE Chairperson-in-Office on the Conflict Dealt with by the OSCE Minsk Conference and the High-Level Planning Group on 30 November 2025, consistent with Ministerial Council decision MC.DEC/1/25 adopted on 1 September 2025

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

As at 31 December 2025

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	2025	2024	2025	2024	2025	2024	2025	2024	2025	2024	2025	2024	2025	2024
ASSETS															
Current Assets															
Cash and Cash Equivalents	3.1	866	211	116	277	229	278	94	128	178	439	8	200	1,492	1,534
Investments	3.2	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Contributions Receivable	3.3	558	972	373	648	200	347	95	165	207	360	69	119	1,502	2,610
Accounts Receivable	3.4	35	22	192	127	8	6	158	101	200	221	3	1	595	477
Prepayments	3.5	363	155	197	115	272	151	48	31	106	94	49	18	1,034	563
Inventory	3.6	8	0	0	5	3	0	0	0	21	1	0	0	31	6
Inter-Fund Balances		(77)	531	(603)	(206)	(381)	(117)	(76)	77	(53)	(342)	265	131	(926)	74
Other Current Assets	3.7	0	0	0	0	0	0	0	0	0	0	0	0	0	0
		1,753	1,891	275	966	330	665	318	501	659	772	394	469	3,729	5,265
Non-Current Assets															
Property, Plant and Equipment	3.8	4,210	1,039	3,157	536	1,438	172	1,266	82	547	334	314	61	10,932	2,224
Intangible Assets	3.9	17	24	0	1	0	0	0	1	1	1	0	0	17	27
Other Non-Current Assets	3.7	0	0	0	0	0	0	0	0	0	0	0	0	0	0
		4,226	1,063	3,157	537	1,438	172	1,266	83	547	335	314	61	10,949	2,251
Total Assets		5,979	2,954	3,432	1,503	1,768	837	1,584	584	1,206	1,107	709	531	14,678	7,516
LIABILITIES															
Current Liabilities															
Accounts Payable	4.1	86	44	24	77	39	7	47	73	28	4	12	13	236	218
Accruals	4.2	508	383	261	228	339	324	76	104	227	167	178	204	1,589	1,409
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	1	0	14	14	2	2	0	0	23	21	0	0	40	36
Employee Benefits Current	4.6	1,953	1,519	736	724	330	269	188	247	298	356	49	49	3,553	3,164
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
Lease Liabilities Current		673	0	798	0	496	0	203	0	232	0	131	0	2,533	0
Other Current Liabilities	4.9	62	59	10	99	1	4	(0)	(0)	4	2	3	5	79	169
		3,282	2,005	1,842	1,141	1,206	604	513	424	812	550	374	271	8,029	4,996
Non-Current Liabilities															
Employee Benefits Non-Current	4.6	13	15	6	6	3	3	3	3	5	7	3	3	34	37
Lease Liabilities Non-Current		2,375	0	1,862	0	742	0	1,013	0	16	0	134	0	6,142	0
Other Non-Current Liabilities	4.9	0	0	0	0	0	0	0	0	0	0	0	0	0	0
		2,388	15	1,868	6	745	3	1,015	3	22	7	137	3	6,175	37
Total Liabilities		5,670	2,021	3,710	1,147	1,951	607	1,528	427	834	557	511	274	14,205	5,033
Net Assets		309	934	(279)	355	(184)	230	56	157	373	551	198	256	473	2,483
NET ASSETS															
Cash Surplus	5.1	(1,110)	(678)	(670)	(433)	(431)	(284)	(90)	(59)	(161)	(165)	79	33	(2,384)	(1,587)
Cash Surplus Withheld	5.2	0	1	0	0	0	0	0	0	0	0	0	0	1	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	277	272	40	39	32	32	17	17	18	17	(0)	0	384	377
Accumulated Surplus/(Deficit)	5.5	1,142	1,339	351	749	216	482	129	200	515	698	119	223	2,472	3,691
Total Net Assets		309	934	(279)	355	(184)	230	56	157	373	551	198	256	473	2,483

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

For the Year Ended 31 December 2025

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	2025	2024	2025	2024	2025	2024	2025	2024	2025	2024	2025	2024	2025	2024
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	4,866	5,460	1,788	1,715	1,049	1,183	1,014	981	1,607	1,722	534	478	10,858	11,540
Revenue from Exchange Transactions	6.5	112	164	105	92	23	17	19	6	2	15	23	0	283	295
Other Revenue	6.6	33	272	19	34	2	2	3	6	9	14	13	1	80	329
Total Revenue		22,473	23,359	13,594	13,523	7,333	7,461	4,017	3,975	8,125	8,257	2,722	2,632	58,263	59,207
EXPENSES															
Staff Costs	7.1	17,716	19,179	10,702	10,838	5,232	5,250	3,080	3,059	6,079	6,308	1,650	1,477	44,459	46,111
Consultancy and Subcontracting	7.2	713	660	413	366	362	347	120	118	225	341	416	460	2,249	2,293
Travel Expenses	7.3	384	388	355	320	464	454	140	146	164	272	209	172	1,716	1,753
Services and Office Costs	7.4	1,834	2,329	808	1,667	629	1,124	320	563	744	1,012	178	333	4,512	7,029
Consumables and Supplies	7.5	309	382	201	209	64	50	46	54	84	91	16	20	721	806
Depreciation and Amortisation	7.6	1,110	370	1,002	222	582	72	253	43	559	134	150	13	3,655	854
Equipment Expenses	7.7	84	144	85	164	38	22	4	8	111	35	45	267	367	641
Other Operating Expenses	7.8	875	445	595	318	318	162	151	80	329	168	108	80	2,376	1,253
Finance Costs	7.9	78	0	68	0	32	0	31	0	10	0	7	0	227	1
Total Expenses		23,102	23,898	14,229	14,105	7,721	7,482	4,145	4,070	8,304	8,361	2,780	2,823	60,281	60,739
Foreign Exchange Gains/(Losses)	8	(0)	0	(0)	0	(26)	(22)	27	17	1	4	0	0	2	(1)
Surplus/(Deficit) for the Period	10.1	(629)	(539)	(634)	(581)	(413)	(43)	(102)	(78)	(179)	(101)	(58)	(191)	(2,015)	(1,533)

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

As at 31 December 2025

EUR '000		Mission to Moldova		Project Co-ordinator in Ukraine (closed)		Representative on the Latvian-Russian Joint Commission on Military Pensioners		Total Eastern Europe	
	Note	2025	2024	2025	2024	2025	2024	2025	2024
ASSETS									
Current Assets									
Cash and Cash Equivalents	3.1	162	60	0	0	0	0	162	60
Investments	3.2	0	0	0	0	0	0	0	0
Contributions Receivable	3.3	73	127	115	198	0	0	188	325
Accounts Receivable	3.4	5	5	0	0	0	0	5	5
Prepayments	3.5	69	71	(0)	(0)	0	0	69	71
Inventory	3.6	0	0	0	0	0	0	0	0
Inter-Fund Balances		150	189	8,695	5,171	14	8	8,859	5,368
Other Current Assets	3.7	0	0	0	0	0	0	0	0
		458	451	8,810	5,369	14	9	9,281	5,829
Non-Current Assets									
Property, Plant and Equipment	3.8	473	233	0	0	0	0	473	233
Intangible Assets	3.9	0	1	0	0	0	0	0	1
Other Non-Current Assets	3.7	0	0	0	0	0	0	0	0
		473	233	0	0	0	0	473	233
Total Assets		931	684	8,810	5,369	14	9	9,754	6,063
LIABILITIES									
Current Liabilities									
Accounts Payable	4.1	(49)	(52)	25	27	0	0	(25)	(25)
Accruals	4.2	72	98	0	0	0	0	72	98
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	49	173	0	0	0	0	49	173
Cash Surplus Current	4.7	0	0	0	0	0	0	0	0
Provisions	4.8	0	0	0	0	0	0	0	0
Lease Liabilities Current		281	0	0	0	0	0	281	0
Other Current Liabilities	4.9	1	1	1	1	0	0	2	1
		353	220	25	28	0	0	378	248
Non-Current Liabilities									
Employee Benefits Non-Current	4.6	3	4	0	0	0	0	3	4
Lease Liabilities Non-Current		46	0	0	0	0	0	46	0
Other Non-Current Liabilities	4.9	0	0	0	0	0	0	0	0
		49	4	0	0	0	0	49	4
Total Liabilities		402	224	25	28	0	0	428	252
Net Assets		528	460	8,785	5,342	14	9	9,327	5,811
NET ASSETS									
Cash Surplus	5.1	282	123	8,704	5,178	14	8	9,000	5,309
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	(9)	(10)	9	9	0	0	(0)	(1)
Accumulated Surplus/(Deficit)	5.5	255	347	72	155	0	0	327	502
Total Net Assets		528	460	8,785	5,342	14	9	9,327	5,811

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

For the Year Ended 31 December 2025

EUR '000		Mission to Moldova		Project Co-ordinator in Ukraine (closed)		Representative on the Latvian-Russian Joint Commission on Military Pensioners		Total Eastern Europe	
	Note	2025	2024	2025	2024	2025	2024	2025	2024
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	856	794	0	0	0	0	856	794
Revenue from Exchange Transactions	6.5	0	13	0	0	0	0	0	13
Other Revenue	6.6	5	19	0	0	0	0	5	19
Total Revenue		3,163	3,129	3,619	3,619	6	6	6,787	6,753
EXPENSES									
Staff Costs	7.1	2,081	2,202	0	0	0	0	2,081	2,202
Consultancy and Subcontracting	7.2	114	134	0	0	0	0	114	134
Travel Expenses	7.3	94	62	0	0	0	0	94	62
Services and Office Costs	7.4	197	491	0	0	0	0	197	491
Consumables and Supplies	7.5	102	73	0	0	0	0	102	73
Depreciation and Amortisation	7.6	365	94	0	0	0	0	365	94
Equipment Expenses	7.7	2	18	0	0	0	0	2	18
Other Operating Expenses	7.8	134	85	176	86	0	0	310	171
Finance Costs	7.9	10	0	0	0	0	0	10	0
Total Expenses		3,098	3,160	176	86	0	0	3,274	3,246
Foreign Exchange Gains/(Losses)	8	2	3	0	0	0	0	2	3
Surplus/(Deficit) for the Period	10.1	67	(28)	3,443	3,532	5	5	3,515	3,510

E.1. Segment Reporting
Schedule of Financial Position
Caucasus¹

As at 31 December 2025

EUR '000		High-Level Planning Group (closed)		The Minsk Process (closed)		Personal Representative of the CiO on the Conflict Dealt with by the Minsk Conference (closed)		Total Caucasus (closed)	
	Note	2025	2024	2025	2024	2025	2024	2025	2024
ASSETS									
Current Assets									
Cash and Cash Equivalents	3.1	0	0	0	0	0	94	0	94
Investments	3.2	0	0	0	0	0	0	0	0
Contributions Receivable	3.3	8	14	29	50	38	65	74	129
Accounts Receivable	3.4	0	0	0	0	1	1	2	1
Prepayments	3.5	0	1	0	0	1	2	1	3
Inventory	3.6	0	0	0	0	0	0	0	0
Inter-Fund Balances		171	134	2,219	1,331	1,264	723	3,655	2,188
Other Current Assets	3.7	0	0	0	0	0	0	0	0
		179	148	2,248	1,381	1,304	885	3,732	2,414
Non-Current Assets									
Property, Plant and Equipment	3.8	0	0	0	0	0	92	0	92
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	0	0	0	0	92	0	92
Total Assets		179	148	2,248	1,381	1,304	977	3,732	2,507
LIABILITIES									
Current Liabilities									
Accounts Payable	4.1	0	0	0	0	2	(2)	2	(2)
Accruals	4.2	3	1	0	0	7	15	10	16
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	0	12	0	0	0	88	1	99
Cash Surplus Current	4.7	0	0	0	0	0	0	0	0
Provisions	4.8	0	0	0	0	0	0	0	0
Lease Liabilities Current		0	0	0	0	0	0	0	0
Other Current Liabilities	4.9	0	0	0	0	(0)	1	(0)	1
		4	13	0	0	8	101	12	114
Non-Current Liabilities									
Employee Benefits Non-Current	4.6	0	0	0	0	0	1	0	1
Lease Liabilities Non-Current		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	1	0	1
Total Liabilities		4	13	0	0	8	102	12	115
Net Assets		176	135	2,248	1,381	1,296	875	3,720	2,392
NET ASSETS									
Cash Surplus	5.1	131	96	2,386	1,498	1,096	597	3,613	2,191
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	(9)	(7)	(9)	(7)
Accumulated Surplus/(Deficit)	5.5	45	39	(138)	(117)	208	285	115	207
Total Net Assets		176	135	2,248	1,381	1,296	875	3,720	2,392

1 - The OSCE completed the closure of the OSCE Minsk Process, the Personal Representative of the OSCE Chairperson-in-Office on the Conflict Dealt with by the OSCE Minsk Conference and the High-Level Planning Group on 30 November 2025, consistent with Ministerial Council decision MC.DEC/1/25 adopted on 1 September 2025

E.2. Segment Reporting
Schedule of Financial Performance
Caucasus¹

For the Year Ended 31 December 2025

EUR '000		High-Level Planning Group (closed)		The Minsk Process (closed)		Personal Representative of the CiO on the Conflict Dealt with by the Minsk Conference (closed)		Total Caucasus (closed)		
		Note	2025	2024	2025	2024	2025	2024	2025	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	351	411	0	0	112	151	463	562	
Revenue from Exchange Transactions	6.5	0	0	0	0	50	7	50	7	
Other Revenue	6.6	0	0	0	0	(9)	4	(9)	4	
Total Revenue		599	659	911	911	1,332	1,342	2,842	2,912	
EXPENSES										
Staff Costs	7.1	461	519	0	0	549	595	1,010	1,115	
Consultancy and Subcontracting	7.2	0	0	0	0	5	4	5	5	
Travel Expenses	7.3	0	0	0	0	37	28	37	28	
Services and Office Costs	7.4	83	81	0	0	194	218	277	299	
Consumables and Supplies	7.5	2	1	0	0	26	20	28	21	
Depreciation and Amortisation	7.6	0	1	0	0	28	35	28	36	
Equipment Expenses	7.7	0	0	0	0	3	0	3	0	
Other Operating Expenses	7.8	12	6	44	22	64	32	121	60	
Finance Costs	7.9	0	0	0	0	0	0	0	0	
Total Expenses		558	608	44	22	907	933	1,510	1,563	
Foreign Exchange Gains/(Losses)	8	0	0	0	0	(3)	(4)	(3)	(4)	
Surplus/(Deficit) for the Period	10.1	41	51	867	889	422	404	1,330	1,344	

1 - The OSCE completed the closure of the OSCE Minsk Process, the Personal Representative of the OSCE Chairperson-in-Office on the Conflict Dealt with by the OSCE Minsk Conference and the High-Level Planning Group on 30 November 2025, consistent with Ministerial Council decision MC.DEC/1/25 adopted on 1 September 2025

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

As at 31 December 2025

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	2025	2024	2025	2024	2025	2024	2025	2024	2025	2024	2025	2024
ASSETS													
Current Assets													
Cash and Cash Equivalents	3.1	154	66	172	88	75	85	90	91	349	695	839	1,025
Investments	3.2	0	0	0	0	0	0	0	0	0	0	0	0
Contributions Receivable	3.3	71	123	53	91	216	375	79	137	232	402	651	1,128
Accounts Receivable	3.4	2	1	2	1	64	59	73	41	156	130	296	233
Prepayments	3.5	21	24	18	22	784	820	51	63	427	245	1,301	1,173
Inventory	3.6	0	69	0	2	130	66	2	16	122	17	253	170
Inter-Fund Balances		(78)	143	(76)	56	(574)	(478)	58	146	260	(48)	(409)	(181)
Other Current Assets	3.7	0	0	0	0	0	0	0	0	0	0	0	0
		171	427	168	260	695	927	353	494	1,546	1,440	2,932	3,548
Non-Current Assets													
Property, Plant and Equipment	3.8	97	128	97	90	2,618	249	1,019	113	448	525	4,278	1,105
Intangible Assets	3.9	0	1	1	2	1	12	2	2	2	3	5	19
Other Non-Current Assets	3.7	0	0	0	0	0	0	0	0	0	0	0	0
		97	129	98	91	2,619	261	1,020	115	450	528	4,284	1,124
Total Assets		267	556	265	352	3,314	1,188	1,374	609	1,995	1,968	7,216	4,672
LIABILITIES													
Current Liabilities													
Accounts Payable	4.1	7	59	2	32	(351)	(199)	26	21	230	105	(86)	17
Accruals	4.2	85	125	64	41	560	634	83	147	725	670	1,518	1,617
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	1	0	0	0	1	0
Employee Benefits Current	4.6	100	93	55	48	188	165	64	64	244	287	651	658
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
Lease Liabilities Current		14	0	0	0	321	0	223	0	55	0	614	0
Other Current Liabilities	4.9	1	0	8	2	0	3	2	1	(1)	4	10	10
		208	277	129	123	718	603	400	234	1,253	1,065	2,708	2,302
Non-Current Liabilities													
Employee Benefits Non-Current	4.6	3	4	2	3	3	5	2	2	8	10	19	24
Lease Liabilities Non-Current		(0)	0	0	0	1,989	0	744	0	(0)	0	2,733	0
Other Non-Current Liabilities	4.9	0	0	0	0	0	0	0	0	0	0	0	0
		3	4	2	3	1,992	5	746	2	8	10	2,751	24
Total Liabilities		211	281	132	126	2,710	608	1,146	236	1,260	1,075	5,459	2,326
Net Assets		56	275	134	225	604	580	228	373	735	893	1,756	2,346
NET ASSETS													
Cash Surplus	5.1	(93)	(49)	(34)	(4)	(450)	(286)	74	69	(315)	(343)	(817)	(613)
Cash Surplus Withheld	5.2	0	0	0	0	0	0	0	0	0	0	0	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)	(16)	(10)	(10)	(57)	(56)	(13)	(13)	(52)	(50)	(148)	(145)
Accumulated Surplus/(Deficit)	5.5	164	340	177	239	1,111	922	167	317	1,101	1,285	2,722	3,103
Total Net Assets		56	275	134	225	604	580	228	373	735	893	1,756	2,346

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

For the Year Ended 31 December 2025

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	2025	2024	2025	2024	2025	2024	2025	2024	2025	2024	2025	2024
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	492	527	635	607	826	802	332	294	935	1,017	3,221	3,246
Revenue from Exchange Transactions	6.5	0	0	27	3	2	73	0	11	0	0	29	87
Other Revenue	6.6	2	4	1	1	7	6	8	1	8	9	26	21
Total Revenue		2,728	2,764	2,325	2,273	7,646	7,692	2,839	2,804	8,255	8,337	23,792	23,870
EXPENSES													
Staff Costs	7.1	1,232	1,304	1,171	1,125	3,099	3,277	1,243	1,213	3,894	4,169	10,639	11,088
Consultancy and Subcontracting	7.2	234	238	196	176	1,248	1,351	454	510	1,065	963	3,197	3,238
Travel Expenses	7.3	428	415	300	241	951	998	439	332	1,010	1,128	3,129	3,114
Services and Office Costs	7.4	677	620	529	522	1,395	1,421	311	526	836	1,313	3,748	4,402
Consumables and Supplies	7.5	74	60	56	51	73	188	31	48	305	256	540	604
Depreciation and Amortisation	7.6	59	45	34	31	192	69	279	50	522	155	1,087	351
Equipment Expenses	7.7	93	(24)	30	57	301	323	71	138	356	435	851	928
Other Operating Expenses	7.8	150	101	94	50	349	196	132	73	376	201	1,101	621
Finance Costs	7.9	1	0	0	0	18	0	24	0	4	0	48	0
Total Expenses		2,947	2,759	2,412	2,255	7,628	7,824	2,983	2,889	8,369	8,620	24,339	24,347
Foreign Exchange Gains/(Losses)	8	1	5	(5)	2	7	(9)	(0)	(3)	(42)	(121)	(39)	(126)
Surplus/(Deficit) for the Period	10.1	(219)	10	(92)	20	25	(141)	(144)	(87)	(156)	(404)	(586)	(603)

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

As at 31 December 2025

EUR '000		Information Security Enhancement (closed)		IT Infrastructure Upgrade Fund (closed)		CIP Technical Fund		Special Monitoring Mission to Ukraine (closed)		Observer Mission to Two Russian Checkpoints on the Russian-Ukrainian Border (closed)		Total Special Purpose Funds	
	Note	2025	2024	2025	2024	2025	2024	2025	2024	2025	2024	2025	2024
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	(0)	975	0	0	(0)	975
Accounts Receivable	3.4	0	0	0	0	0	0	(0)	(0)	0	0	(0)	(0)
Prepayments	3.5	0	0	0	4	0	4	15	15	0	0	15	22
Inventory	3.6	0	0	0	0	0	0	0	0	0	0	0	0
Inter-Fund Balances		0	0	24	185	528	575	21,473	21,480	(5)	(5)	22,020	22,235
Other Current Assets	3.7	0	0	0	0	0	0	0	0	0	0	0	0
		0	0	24	189	528	579	21,487	22,469	(5)	(5)	22,035	23,232
Non-Current Assets													
Property, Plant and Equipment	3.8	0	0	0	0	61	102	197	271	0	0	259	373
Intangible Assets	3.9	0	4	0	2	4	5	0	0	0	0	4	12
Other Non-Current Assets	3.7	0	0	0	0	0	0	0	0	0	0	0	0
		0	4	0	2	65	107	197	271	0	0	263	385
Total Assets		0	4	24	191	593	686	21,685	22,741	(5)	(5)	22,298	23,617
LIABILITIES													
Current Liabilities													
Accounts Payable	4.1	0	0	0	0	0	0	145	145	0	0	145	145
Accruals	4.2	0	0	0	0	27	26	8	9	0	0	35	34
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	15	0	0	0	7	8	0	0	22	8
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
Lease Liabilities Current		0	0	0	0	0	0	0	0	0	0	0	0
Other Current Liabilities	4.9	0	0	0	0	0	0	18	23	0	0	18	23
		0	0	15	0	27	26	178	185	0	0	219	211
Non-Current Liabilities													
Employee Benefits Non-Current	4.6	0	0	18	0	0	0	0	0	0	0	18	0
Lease Liabilities Non-Current		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	18	0	0	0	0	0	0	0	18	0
Total Liabilities		0	0	33	0	27	26	178	185	0	0	238	211
Net Assets		0	4	(9)	191	567	660	21,507	22,556	(5)	(5)	22,060	23,406
NET ASSETS													
Cash Surplus	5.1	0	0	0	0	0	0	21,007	20,937	0	0	21,007	20,937
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	(10)	0	0	0	428	428	(1)	(1)	417	427
Accumulated Surplus/(Deficit)	5.5	0	4	1	191	567	660	73	1,191	(4)	(4)	637	2,043
Total Net Assets		0	4	(9)	191	567	660	21,507	22,556	(5)	(5)	22,060	23,406

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

For the Year Ended 31 December 2025

EUR '000		Information Security Enhancement (closed)		IT Infrastructure Upgrade Fund (closed)		CIP Technical Fund		Special Monitoring Mission to Ukraine (closed)		Observer Mission to Two Russian Checkpoints on the Russian-Ukrainian Border (closed)		Total Special Purpose Funds	
	Note	2025	2024	2025	2024	2025	2024	2025	2024	2025	2024	2025	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	1	0	72	173	0	0	73	173
Other Revenue	6.6	(1)	0	1	0	0	(1)	2	42	0	0	2	41
Total Revenue		(1)	0	0	0	1	(1)	74	215	0	0	75	214
EXPENSES													
Staff Costs	7.1	0	0	184	184	0	0	64	60	0	0	248	244
Consultancy and Subcontracting	7.2	0	0	0	38	0	0	1	(17)	0	0	1	21
Travel Expenses	7.3	0	0	0	0	0	0	3	3	0	0	3	3
Services and Office Costs	7.4	0	5	4	4	23	277	6	19	0	0	33	304
Consumables and Supplies	7.5	0	0	0	0	14	(0)	0	0	0	0	14	0
Depreciation and Amortisation	7.6	4	13	2	12	46	46	74	76	0	0	125	147
Equipment Expenses	7.7	0	0	0	0	11	3	0	0	0	0	11	3
Other Operating Expenses	7.8	0	0	0	0	0	0	975	289	0	0	976	289
Finance Costs	7.9	0	0	0	0	0	0	0	0	0	0	0	0
Total Expenses		4	18	190	238	95	325	1,123	430	0	0	1,411	1,011
Foreign Exchange Gains/(Losses)	8	0	0	0	0	0	0	1	0	0	0	1	0
Surplus/(Deficit) for the Period	10.1	(4)	(18)	(189)	(238)	(93)	(326)	(1,049)	(215)	0	0	(1,336)	(797)

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

As at 31 December 2025

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 (closed)		Other PC Established Funds		Other Activities and Special Projects		Indirect Common Costs Fund		Total Extra-Budgetary Funds	
	Note	2025	2024	2025	2024	2025	2024	2025	2024	2025	2024	2025	2024	2025	2024
ASSETS															
Current Assets															
Cash and Cash Equivalents	3.1	0	0	0	0	0	0	1,700	0	14,195	9,506	0	0	15,895	9,506
Investments	3.2	0	0	0	0	0	0	14,748	18,576	55,000	100,000	0	0	69,748	118,576
Contributions Receivable	3.3	375	703	5,926	1,051	10	10	0	11	24,835	28,786	0	0	31,147	30,561
Accounts Receivable	3.4	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Prepayments	3.5	0	0	0	1	0	0	0	0	116	83	39	32	155	115
Inventory	3.6	343	387	301	0	0	0	0	0	733	1,294	0	0	1,377	1,681
Inter-Fund Balances		1,122	2,644	5,765	6,595	461	451	(7,192)	(7,501)	11,227	(27,743)	9,781	8,094	21,164	(17,460)
Other Current Assets	3.7	0	0	0	0	0	0	0	0	0	0	0	0	0	0
		1,840	3,734	11,992	7,647	471	461	9,256	11,086	106,107	111,926	9,820	8,126	139,486	142,979
Non-Current Assets															
Property, Plant and Equipment	3.8	5	7	6	0	130	163	0	0	919	217	92	75	1,151	462
Intangible Assets	3.9	0	0	0	0	0	0	0	0	1,359	1,516	0	0	1,359	1,516
Other Non-Current Assets	3.7	0	0	0	0	0	0	0	0	0	0	0	0	0	0
		5	7	6	0	130	163	0	0	2,277	1,733	92	75	2,510	1,978
Total Assets		1,845	3,741	11,998	7,647	601	624	9,256	11,086	108,384	113,659	9,912	8,201	141,996	144,958
LIABILITIES															
Current Liabilities															
Accounts Payable	4.1	0	0	0	0	0	0	0	0	198	267	0	0	198	267
Accruals	4.2	230	259	627	728	0	0	5	0	3,009	2,952	33	21	3,905	3,961
Deferred Revenue	4.3	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Conditional ExB Contributions	4.4	1,757	3,043	11,212	7,291	0	(0)	7,522	293	99,206	102,750	0	0	119,697	113,377
Funds Held for Third Parties	4.5	0	0	0	0	0	0	0	0	1	0	0	0	1	0
Employee Benefits Current	4.6	40	47	47	26	0	0	0	0	799	792	64	99	951	963
Cash Surplus Current	4.7	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Provisions	4.8	223	842	586	461	0	0	52	7,392	5,077	6,460	0	0	5,938	15,155
Lease Liabilities Current		0	0	0	0	0	0	0	0	340	0	0	0	340	0
Other Current Liabilities	4.9	0	0	0	0	0	0	0	0	0	196	0	0	0	196
		2,251	4,191	12,472	8,506	0	0	7,579	7,684	108,630	113,417	97	120	131,029	133,918
Non-Current Liabilities															
Employee Benefits Non-Current	4.6	1	2	34	12	0	0	0	0	325	318	25	26	385	357
Lease Liabilities Non-Current		0	0	0	0	0	0	0	0	276	0	0	0	276	0
Other Non-Current Liabilities	4.9	0	0	0	0	0	0	0	0	0	0	0	0	0	0
		1	2	34	12	0	0	0	0	601	318	25	26	661	357
Total Liabilities		2,252	4,193	12,507	8,518	0	0	7,579	7,684	109,230	113,734	122	146	131,690	134,275
Net Assets		(407)	(452)	(508)	(871)	601	624	1,677	3,401	(846)	(75)	9,790	8,055	10,306	10,682
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	2	1	(47)	(12)	(5)	(5)	0	0	(711)	(600)	(35)	(39)	(797)	(655)
Accumulated Surplus/(Deficit)	5.5	(409)	(453)	(461)	(859)	606	629	1,677	3,401	(135)	525	9,825	8,094	11,103	11,338
Total Net Assets		(407)	(452)	(508)	(871)	601	624	1,677	3,401	(846)	(75)	9,790	8,055	10,306	10,682

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

For the Year Ended 31 December 2025

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 (closed)		Other PC Established Funds		Other Activities and Special Projects		Indirect Common Costs Fund		Eliminations		Total Extra-Budgetary Funds	
		Note	2025	2024	2025	2024	2025	2024	2025	2024	2025	2024	2025	2024	2025	2024	2025
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	2,892	2,858	4,759	3,963	0	0	146	118	45,340	49,561	3,649	3,958	(3,647)	(3,958)	53,139	56,501
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	50	0	0	0	0	0	2,888	1,094	0	0	0	0	2,939	1,094
Revenue from Exchange Transactions	6.5	0	0	0	0	10	10	0	0	0	0	0	0	0	0	10	10
Other Revenue	6.6	0	0	0	0	0	0	0	0	0	(3)	(7)	75	0	0	(7)	72
Total Revenue		2,892	2,858	4,809	3,963	10	10	146	118	48,228	50,652	3,642	4,033	(3,647)	(3,958)	56,081	57,677
EXPENSES																	
Staff Costs	7.1	744	764	924	440	0	0	57	42	17,168	14,089	1,609	1,399	0	0	20,503	16,734
Consultancy and Subcontracting	7.2	667	653	2,095	1,512	0	0	0	0	11,137	11,294	89	103	0	0	13,989	13,562
Travel Expenses	7.3	126	164	843	732	0	0	66	55	6,574	7,234	86	119	0	0	7,695	8,304
Services and Office Costs	7.4	644	386	208	807	0	0	17	14	5,950	6,888	142	172	0	0	6,962	8,267
Consumables and Supplies	7.5	50	213	4	25	0	0	0	0	1,178	1,538	16	5	0	0	1,248	1,780
Depreciation and Amortisation	7.6	2	1	1	0	33	33	0	0	694	199	30	6	0	0	760	239
Equipment Expenses	7.7	483	411	30	92	(54)	(54)	0	0	2,613	6,042	(62)	(45)	0	0	3,010	6,447
Other Operating Expenses	7.8	186	189	314	241	0	0	10	8	3,546	3,559	0	2	(3,647)	(3,958)	408	41
Finance Costs	7.9	0	0	0	0	0	0	0	0	24	9	1	1	0	0	25	10
Total Expenses		2,902	2,782	4,419	3,849	(21)	(21)	150	119	48,885	50,851	1,912	1,761	(3,647)	(3,958)	54,599	55,384
Foreign Exchange Gains/(Losses)	8	(0)	0	8	(0)	0	0	(1,720)	869	(4)	140	0	0	0	0	(1,716)	1,009
Surplus/(Deficit) for the Period	10.1	(10)	77	398	114	31	31	(1,724)	868	(660)	(59)	1,731	2,272	0	0	(235)	3,302

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	24,406	702	25,108
Office for Democratic Institutions and Human Rights	8,058	635	8,693
High Commissioner on National Minorities	440	-	440
Representative on Freedom of the Media	1,382	22	1,404
Total – Secretariat and Institutions	34,286	1,359	35,645
Mission in Kosovo	490	-	490
Mission to Bosnia and Herzegovina	2,413	132	2,545
Mission to Serbia	2,141	25	2,167
Presence in Albania	1,494	68	1,561
Mission to Skopje	1,218	87	1,305
Mission to Montenegro	619	37	656
Total – South-Eastern Europe	8,376	349	8,725
Mission to Moldova	357	-	357
Representative on the Latvian-Russian Joint Commission on Military Pensioners	-	-	-
Total – Eastern Europe	357	-	357
Programme Office in Astana	654	19	673
Centre in Ashgabat	92	28	120
Programme Office in Bishkek	2,420	83	2,503
Project Co-ordinator in Uzbekistan	144	22	166
Programme Office in Dushanbe	3,289	43	3,332
Total – Central Asia	6,600	194	6,794
TOTAL - EXTRA-BUDGETARY PROJECTS	49,619	1,902	51,521
REPOSITORY PROGRAMME - CORE SUPPORT MECHANISM			
Secretariat	369		369
Mission to Skopje	6		6
Programme Office in Astana	1		1
TOTAL - REPOSITORY PROGRAMME - CORE SUPPORT MECHANISM	376	-	376
GRAND TOTAL	49,995	1,902	51,897
<i>IPSAS Adjustments:</i>			
Staff Costs	3,012	(24)	2,988
Depreciation and Amortisation	730	30	760
Other	2,598	3	2,601
Total – IPSAS Adjustments	6,340	9	6,349
GRAND TOTAL	56,335	1,911	58,246
Elimination of ICC charges			(3,647)
NET TOTAL - EXTRA-BUDGETARY EXPENSES			54,599

ANNEX 2

YEAR-END EXPENDITURE REPORT
AND STAFFING OVERVIEW

OSCE 2025 Year-end Expenditure Report

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	Expenditure funded via Repository Programme Core Support Mechanism	Total Expenditure	Final Implementation Rate ³ %
	A	B	C	D=B+C	E	F=E/D	G=D-E	H	I=E+H	J=I/D
Figures in EUR										
I. FUNDS RELATED TO SECRETARIAT AND INSTITUTIONS										
The Secretariat										
Secretary General and Central Services										
Executive Management	1,190,500	1,270,900	111,800	1,382,700	1,381,808	100	892	-	1,381,808	100
Security Management	636,500	657,400	80,900	738,300	735,422	100	2,878	27,488	762,910	103
External Co-operation	653,700	674,700	-	674,700	661,842	98	12,858	-	661,842	98
Office of Legal Affairs	786,800	742,600	-	742,600	734,285	99	8,315	-	734,285	99
Communication and Media Relations Section	1,664,000	1,540,200	-	1,540,200	1,534,262	100	5,938	-	1,534,262	100
Conference and Language Services	5,437,500	5,576,500	1,240,000	6,816,500	6,762,240	99	54,260	-	6,762,240	99
The OSCE Documentation Centre in Prague	640,100	651,800	110,900	762,700	733,585	96	29,115	-	733,585	96
Gender Issues	437,100	432,100	-	432,100	427,550	99	4,550	-	427,550	99
TOTAL	11,446,200	11,546,200	1,543,600	13,089,800	12,970,993	99	118,807	27,488	12,998,482	99
Chairperson-in-Office										
Short-Term Mission/Visits of CiO and PR of the CiO	500,000	500,000	-	500,000	399,357	80	100,643	-	399,357	80
Advisory Committee on Management and Finance (ACMF)	11,000	11,000	-	11,000	1,929	18	9,071	-	1,929	18
Panel of Adjudicators	32,800	32,800	-	32,800	21,374	65	11,426	-	21,374	65
Audit Committee	34,000	34,000	-	34,000	30,192	89	3,808	-	30,192	89
External Auditors	85,200	85,200	-	85,200	14,283	17	70,917	-	14,283	17
TOTAL	663,000	663,000	-	663,000	467,136	70	195,864	-	467,136	70
Internal Oversight										
Internal Oversight	1,828,900	1,828,900	13,300	1,842,200	1,829,732	99	12,468	-	1,829,732	99
TOTAL	1,828,900	1,828,900	13,300	1,842,200	1,829,732	99	12,468	-	1,829,732	99
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	-	1,073,700	989,095	92	84,605	-	989,095	92
TOTAL	1,073,700	1,073,700	-	1,073,700	989,095	92	84,605	-	989,095	92
Addressing Transnational Threats										
Co-ordination of TNT Activities	547,300	547,300	-	547,300	510,700	93	36,600	-	510,700	93
Strategic Police Matters Unit	706,900	732,800	-	732,800	716,273	98	16,527	-	716,273	98
Action Against Terrorism	830,600	804,700	-	804,700	720,856	90	83,844	-	720,856	90
Borders Security and Management	684,800	684,800	-	684,800	654,523	96	30,277	-	654,523	96
TOTAL	2,769,600	2,769,600	-	2,769,600	2,602,353	94	167,247	-	2,602,353	94
Activities Related to the Economic and Environmental Aspects of Security										
Co-ordinator of OSCE Economic and Environmental Activities	1,979,200	2,004,850	-	2,004,850	2,004,775	100	75	-	2,004,775	100
Economic and Environmental Forum	256,500	230,850	-	230,850	187,441	81	43,409	-	187,441	81
TOTAL	2,235,700	2,235,700	-	2,235,700	2,192,216	98	43,484	-	2,192,216	98

OSCE 2025 Year-end Expenditure Report (continued)

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	Expenditure funded via Repository Programme Core Support Mechanism	Total Expenditure	Final Implementation Rate ³ %
	A	B	C	D=B+C	E	F=E/D	G=D-E	H	I=E+H	J=I/D
Figures in EUR										
Conflict Prevention										
CPC Direction and Management	460,400	468,455	76,000	544,455	544,316	100	139	-	544,316	100
Policy Support Service	1,474,000	1,378,390	-	1,378,390	1,377,255	100	1,135	-	1,377,255	100
Operations Service	1,184,700	1,225,400	-	1,225,400	1,225,395	100	5	-	1,225,395	100
Programming and Evaluation Support Unit	530,000	536,969	73,800	610,769	610,689	100	80	-	610,689	100
FSC Chairmanship	12,700	12,311	-	12,311	12,310	100	1	-	12,310	100
FSC Support	696,200	679,973	-	679,973	679,969	100	4	-	679,969	100
Communications and Technology Unit	633,900	690,402	15,800	706,202	706,201	100	1	-	706,201	100
TOTAL	4,991,900	4,991,900	165,600	5,157,500	5,156,135	100	1,365	-	5,156,135	100
Human Resources Management										
Department of Human Resources	4,171,600	4,071,600	-	4,071,600	3,980,883	98	90,717	-	3,980,883	98
TOTAL	4,171,600	4,071,600	-	4,071,600	3,980,883	98	90,717	-	3,980,883	98
Department of Management and Finance										
Management and Co-ordination	888,200	805,605	-	805,605	805,604	100	1	-	805,604	100
Budget and Finance Services	2,162,200	2,021,520	-	2,021,520	2,021,519	100	1	-	2,021,519	100
Information and Communication Technology Services	4,370,900	4,428,468	489,200	4,917,668	4,917,665	100	3	-	4,917,665	100
Mission Support Services	2,517,600	2,683,307	115,700	2,799,007	2,799,007	100	0	-	2,799,007	100
TOTAL	9,938,900	9,938,900	604,900	10,543,800	10,543,795	100	5	-	10,543,795	100
TOTAL FOR THE SECRETARIAT	39,119,500	39,119,500	2,327,400	41,446,900	40,732,338	98	714,562	27,488	40,759,827	98
Office for Democratic Institutions and Human Rights										
Direction and Policy	1,294,600	1,424,058	-	1,424,058	1,424,057	100	1	-	1,424,057	100
Fund Administration Unit	2,970,700	3,267,383	-	3,267,383	3,267,321	100	62	-	3,267,321	100
Human Dimension Meetings	603,000	603,000	-	603,000	176,507	29	426,493	-	176,507	29
Democratization	1,580,300	1,500,958	-	1,500,958	1,500,896	100	62	-	1,500,896	100
Human Rights	1,232,200	1,108,980	-	1,108,980	1,108,934	100	46	-	1,108,934	100
Elections	6,505,200	6,356,800	-	6,356,800	6,356,797	100	3	-	6,356,797	100
Tolerance and Non-Discrimination	1,418,200	1,287,451	-	1,287,451	1,287,401	100	50	-	1,287,401	100
Roma and Sinti Issues	555,700	611,270	-	611,270	611,269	100	1	-	611,269	100
TOTAL	16,159,900	16,159,900	-	16,159,900	15,733,182	97	426,718	-	15,733,182	97
High Commissioner on National Minorities										
Fund Administration Unit	544,700	586,700	-	586,700	583,367	99	3,333	-	583,367	99
Office of the High Commissioner	2,959,300	2,917,300	-	2,917,300	2,917,300	100	0	-	2,917,300	100
TOTAL	3,504,000	3,504,000	-	3,504,000	3,500,666	100	3,334	-	3,500,666	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	2,327,400	62,719,600	61,574,986	98	1,144,614	27,488	61,602,475	98

OSCE 2025 Year-end Expenditure Report (continued)

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	Expenditure funded via 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=E+H	J=I/D
II. FUNDS RELATED TO OSCE FIELD OPERATIONS										
AUGMENTATIONS										
Secretariat Augmentations										
Policy Support Service	247,800	247,800	-	247,800	245,743	99	2,057	-	245,743	99
Information and Communication Technology Services	768,200	768,200	53,500	821,700	821,700	100	0	-	821,700	100
Mission Support Service	738,300	738,300	52,600	790,900	790,890	100	10	-	790,890	100
TOTAL	1,754,300	1,754,300	106,100	1,860,400	1,858,333	100	2,067	-	1,858,333	100
ODIHR Augmentations										
ODIHR Democratization	234,100	234,100	-	234,100	230,622	99	3,478	-	230,622	99
TOTAL	234,100	234,100	-	234,100	230,622	99	3,478	-	230,622	99
TOTAL FOR AUGMENTATIONS	1,988,400	1,988,400	106,100	2,094,500	2,088,956	100	5,544	-	2,088,956	100
SOUTH-EASTERN EUROPE										
Mission in Kosovo										
Office of Head of Mission	2,750,300	2,879,400	-	2,879,400	2,879,361	100	39	-	2,879,361	100
Fund Administration Unit	5,495,100	5,705,700	-	5,705,700	5,705,510	100	190	-	5,705,510	100
Security and Public Safety	1,582,700	1,508,800	-	1,508,800	1,508,800	100	0	-	1,508,800	100
Democratization	1,744,600	1,747,600	-	1,747,600	1,747,575	100	25	-	1,747,575	100
Human Rights and Communities	5,889,900	5,621,100	-	5,621,100	5,621,099	100	1	-	5,621,099	100
TOTAL	17,462,600	17,462,600	-	17,462,600	17,462,345	100	255	-	17,462,345	100
Mission to Bosnia and Herzegovina										
Office of Head of Mission	1,593,400	1,663,600	-	1,663,600	1,659,630	100	3,970	-	1,659,630	100
Fund Administration Unit	3,974,900	3,862,000	-	3,862,000	3,844,348	100	17,652	-	3,844,348	100
Shared Service Centre, ICT Help Desk	253,800	272,700	-	272,700	270,680	99	2,020	-	270,680	99
Security Co-operation	581,300	550,300	-	550,300	544,587	99	5,713	-	544,587	99
Human Dimension	5,278,600	5,333,400	-	5,333,400	5,310,367	100	23,033	-	5,310,367	100
TOTAL	11,682,000	11,682,000	-	11,682,000	11,629,612	100	52,388	-	11,629,612	100
Mission to Serbia										
Office of Head of Mission	995,400	1,040,400	-	1,040,400	1,040,334	100	66	-	1,040,334	100
Fund Administration Unit	1,700,600	1,740,600	-	1,740,600	1,733,309	100	7,291	-	1,733,309	100
Security Co-operation	950,800	940,800	-	940,800	931,677	99	9,123	-	931,677	99
Democratization	1,115,400	1,070,400	-	1,070,400	1,056,404	99	13,996	-	1,056,404	99
Media	443,200	487,200	-	487,200	486,787	100	413	-	486,787	100
Rule of Law and Human Rights	1,053,200	979,200	-	979,200	973,454	99	5,746	-	973,454	99
TOTAL	6,258,600	6,258,600	-	6,258,600	6,221,964	99	36,636	-	6,221,964	99
Presence in Albania										
Office of Head of Mission	487,300	516,300	-	516,300	515,621	100	679	-	515,621	100
Fund Administration Unit	1,035,900	1,067,600	-	1,067,600	1,067,009	100	591	-	1,067,009	100
Security Co-operation	346,100	348,500	-	348,500	348,483	100	17	-	348,483	100
Governance in Economic and Environmental Issues	308,200	277,400	-	277,400	261,371	94	16,029	-	261,371	94
Democratization	432,100	428,100	-	428,100	428,029	100	71	-	428,029	100
Rule of Law and Human Rights	371,600	343,300	-	343,300	343,243	100	57	-	343,243	100
TOTAL	2,981,200	2,981,200	-	2,981,200	2,963,756	99	17,444	-	2,963,756	99

OSCE 2025 Year-end Expenditure Report (continued)

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=E+H	J=I/D
Mission to Skopje										
Office of Head of Mission	987,000	1,067,000	-	1,067,000	1,058,011	99	8,989	-	1,058,011	99
Fund Administration Unit	1,939,500	2,132,500	-	2,132,500	2,102,929	99	29,571	-	2,102,929	99
Public Safety and Community Outreach	1,778,700	1,615,700	-	1,615,700	1,554,427	96	61,273	-	1,554,427	96
Human Dimension	1,800,900	1,690,900	-	1,690,900	1,626,304	96	64,596	-	1,626,304	96
TOTAL	6,506,100	6,506,100	-	6,506,100	6,341,670	97	164,430	-	6,341,670	97
Mission to Montenegro										
Office of Head of Mission	316,100	347,700	-	347,700	346,241	100	1,459	-	346,241	100
Fund Administration Unit	603,800	597,800	-	597,800	589,744	99	8,056	-	589,744	99
Democratization	467,900	452,900	-	452,900	439,602	97	13,298	-	439,602	97
Media	361,700	361,700	-	361,700	343,010	95	18,690	-	343,010	95
Security Co-operation and Governance	402,600	392,000	-	392,000	365,243	93	26,757	-	365,243	93
TOTAL	2,152,100	2,152,100	-	2,152,100	2,083,841	97	68,259	-	2,083,841	97
TOTAL FOR SOUTH-EASTERN EUROPE	47,042,600	47,042,600	-	47,042,600	46,703,188	99	339,412	-	46,703,188	99
EASTERN EUROPE										
Mission to Moldova										
Office of Head of Mission	421,200	421,200	-	421,200	377,093	90	44,107	-	377,093	90
Fund Administration Unit	874,000	874,000	-	874,000	835,349	96	38,651	-	835,349	96
Conflict Prevention/Resolution	532,400	532,400	-	532,400	471,710	89	60,690	-	471,710	89
Human Rights	475,100	475,100	-	475,100	402,830	85	72,270	-	402,830	85
TOTAL	2,302,700	2,302,700	-	2,302,700	2,086,982	91	215,718	-	2,086,982	91
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	2,086,982	90	221,218	-	2,086,982	90
CAUCASUS										
High-Level Planning Group ⁴										
Office of Head of Mission	229,700	229,700	-	229,700	206,674	90	23,026	-	206,674	90
TOTAL	229,700	229,700	-	229,700	206,674	90	23,026	-	206,674	90
The Minsk Process ⁴										
Office of Head of Mission	-	-	-	-	-	-	-	-	-	-
TOTAL	-	-	-	-	-	-	-	-	-	-
Personal Representative of the CiO on the Conflict Dealt with by the Minsk Conference ⁴										
Office of Head of Mission	350,344	350,344	-	350,344	214,729	61	135,615	-	214,729	61
Fund Administration Unit	534,156	534,156	-	534,156	533,837	100	319	-	533,837	100
TOTAL	884,500	884,500	-	884,500	748,566	85	135,934	-	748,566	85
TOTAL FOR CAUCASUS	1,114,200	1,114,200	-	1,114,200	955,241	86	158,959	-	955,241	86

OSCE 2025 Year-end Expenditure Report (continued)

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 E	Implementation Rate F=E/D %	Available Balance G=D-E	Expenditure funded via Repository Programme Core Support Mechanism H	Total Expenditure I=E+H	Final Implementation Rate ³ J=I/D %
Figures in EUR	A	B	C	D=B+C	E	F=E/D	G=D-E	H	I=E+H	J=I/D
CENTRAL ASIA										
Programme Office in Astana										
Office of Head of Mission	225,000	225,000	-	225,000	220,472	98	4,528	-	220,472	98
Fund Administration Unit	669,600	681,600	-	681,600	678,477	100	3,123	-	678,477	100
Politico-Military Activities	444,800	438,800	-	438,800	437,676	100	1,124	-	437,676	100
Economic and Environmental Activities	448,400	445,400	-	445,400	442,883	99	2,517	-	442,883	99
Human Dimension Activities	444,900	441,900	-	441,900	440,101	100	1,799	-	440,101	100
TOTAL	2,232,700	2,232,700	-	2,232,700	2,219,609	99	13,091	-	2,219,609	99
Centre in Ashgabat										
Office of Head of Mission	407,400	435,400	-	435,400	435,032	100	368	-	435,032	100
Fund Administration Unit	547,100	540,100	-	540,100	539,544	100	556	-	539,544	100
Conflict Prevention and Confidence and Security Building	233,100	229,600	-	229,600	228,811	100	789	-	228,811	100
Economic and Environmental Activities	249,100	252,600	-	252,600	252,174	100	426	-	252,174	100
Human Dimension Activities	224,500	203,500	-	203,500	202,727	100	773	-	202,727	100
TOTAL	1,661,200	1,661,200	-	1,661,200	1,658,289	100	2,911	-	1,658,289	100
Programme Office in Bishkek										
Office of Head of Mission	1,240,300	1,211,680	-	1,211,680	1,211,680	100	0	-	1,211,680	100
Fund Administration Unit	1,427,300	1,571,577	-	1,571,577	1,571,577	100	0	-	1,571,577	100
Politico-Military Activities	1,490,400	1,445,268	-	1,445,268	1,445,268	100	0	-	1,445,268	100
Economic and Environmental Activities	1,449,700	1,391,588	-	1,391,588	1,391,588	100	0	-	1,391,588	100
Human Dimension Activities	1,203,300	1,190,887	-	1,190,887	1,190,478	100	409	-	1,190,478	100
TOTAL	6,811,000	6,811,000	-	6,811,000	6,810,591	100	409	-	6,810,591	100
Project Co-ordinator in Uzbekistan										
Office of Head of Mission	261,300	284,300	-	284,300	282,424	99	1,876	-	282,424	99
Fund Administration Unit	529,600	559,600	-	559,600	547,688	98	11,912	-	547,688	98
Politico-Military Activities	532,200	479,200	-	479,200	449,020	94	30,180	-	449,020	94
Economic and Environmental Activities	639,700	639,700	-	639,700	636,765	100	2,935	-	636,765	100
Human Dimension Activities	536,400	536,400	-	536,400	521,297	97	15,103	-	521,297	97
TOTAL	2,499,200	2,499,200	-	2,499,200	2,437,195	98	62,005	-	2,437,195	98
Programme Office in Dushanbe										
Office of Head of Mission	1,169,300	1,067,300	-	1,067,300	929,107	87	138,193	-	929,107	87
Fund Administration Unit	2,035,500	2,112,000	-	2,112,000	2,072,510	98	39,490	-	2,072,510	98
Political and Military Aspects of Security	1,857,300	1,932,717	-	1,932,717	1,904,392	99	28,325	-	1,904,392	99
Economic and Environmental Activities	1,112,000	1,049,500	-	1,049,500	975,835	93	73,665	-	975,835	93
Human Dimension Activities	1,137,500	1,150,083	-	1,150,083	1,141,575	99	8,508	-	1,141,575	99
TOTAL	7,311,600	7,311,600	-	7,311,600	7,023,419	96	288,181	-	7,023,419	96
TOTAL FOR CENTRAL ASIA	20,515,700	20,515,700	-	20,515,700	20,149,104	98	366,596	-	20,149,104	98
TOTAL FOR FUNDS RELATED TO THE OSCE FIELD OPERATIONS	72,969,100	72,969,100	106,100	73,075,200	71,983,471	99	1,091,729	-	71,983,471	99
TOTAL OSCE	133,361,300	133,361,300	2,433,500	135,794,800	133,558,457	98	2,236,343	27,488	133,585,946	98

¹ Includes all transfers processed to end of December 2025, including transfers in line with Financial Regulation 3.02(b) and Financial Regulation 3.02(a)(iv) as approved in PC.DEC/1512.

² Additional provisional expenditure authorization approved under PC.DEC/1507 and PC.DEC/1512.

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.

⁴ The OSCE completed the closure of the OSCE Minsk Process, the Personal Representative of the OSCE Chairperson-in-Office on the Conflict Dealt with by the OSCE Minsk Conference and the High-Level Planning Group on 30 November 2025, consistent with Ministerial Council decision MC.DEC/1/25 adopted on 1 September 2025. The only funds spent under these line items after 1 September 2025 were in compliance with CIO.GAL/102/25, representing the financial implications of the closure of the mentioned structures.

Staffing Overview - Budget and Actual Staff Positions
Post table
as at 31 December 2025

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	118.0	73.0	44.0	215.0	162.0	0.0	0.0	183.6	169.9	183.6	169.9	398.6	331.9
Office for Democratic Institutions and Human Rights	63.0	51.0	24.0	11.0	87.0	62.0	0.0	0.0	56.0	47.5	56.0	47.5	143.0	109.5
High Commissioner on National Minorities	16.0	15.0	5.0	4.0	21.0	19.0	0.0	0.0	11.5	11.5	11.5	11.5	32.5	30.5
Representative on Freedom of the Media	7.0	6.0	6.0	5.0	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	190.0	108.0	64.0	336.0	254.0	0.0	0.0	255.1	232.9	255.1	232.9	591.1	486.9
Mission in Kosovo	7.0	3.0	108.0	79.0	115.0	82.0	102.0	97.0	273.5	254.0	375.5	351.0	490.5	433.0
Mission to Bosnia and Herzegovina	5.0	4.0	29.0	25.0	34.0	29.0	135.0	121.0	145.5	120.5	280.5	241.5	314.5	270.5
Mission to Serbia	1.0	1.0	20.0	16.0	21.0	17.0	35.5	32.0	62.0	52.0	97.5	84.0	118.5	101.0
Presence in Albania	1.0	1.0	18.0	13.0	19.0	14.0	19.0	17.0	45.5	34.5	64.5	51.5	83.5	65.5
Mission to Skopje	2.0	2.0	36.0	23.0	38.0	25.0	26.0	23.0	89.5	77.0	115.5	100.0	153.5	125.0
Mission to Montenegro	1.0	1.0	8.0	6.0	9.0	7.0	8.0	7.0	15.0	15.0	23.0	22.0	32.0	29.0
South-Eastern Europe	17.0	12.0	219.0	162.0	236.0	174.0	325.5	297.0	631.0	553.0	956.5	850.0	1,192.5	1,024.0
Mission to Moldova	1.0	1.0	12.0	12.0	13.0	13.0	9.0	8.0	30.0	19.0	39.0	27.0	52.0	40.0
Eastern Europe	1.0	1.0	12.0	12.0	13.0	13.0	9.0	8.0	30.0	19.0	39.0	27.0	52.0	40.0
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	4.0	6.0	5.0	2.0	2.0	21.0	21.0	23.0	23.0	29.0	28.0
Programme Office in Bishkek	3.0	3.0	10.0	7.0	13.0	10.0	23.0	22.0	87.0	69.0	110.0	91.0	123.0	101.0
Project Co-ordinator in Uzbekistan	0.0	0.0	4.0	4.0	4.0	4.0	6.0	6.0	30.0	26.0	36.0	32.0	40.0	36.0
Programme Office in Dushanbe	4.0	2.0	18.0	13.0	22.0	15.0	20.0	19.0	90.0	79.0	110.0	98.0	132.0	113.0
Central Asia	9.0	7.0	42.0	33.0	51.0	40.0	55.0	53.0	246.0	211.0	301.0	264.0	352.0	304.0
Total for Funds related to OSCE Field Operations	27.0	20.0	273.0	207.0	300.0	227.0	389.5	358.0	907.0	783.0	1,296.5	1,141.0	1,596.5	1,368.0
Total OSCE 2025 Post Table	255.0	210.0	381.0	271.0	636.0	481.0	389.5	358.0	1,162.1	1,015.9	1,551.6	1,373.9	2,187.6	1,854.9

ANNEX 3

STATEMENT ON INTERNAL CONTROL



Organization for Security and Co-operation in Europe

Statement on Internal Control 2025

27 March 2026

The Secretary General of the OSCE is responsible to the Permanent Council (PC) for overseeing the efficient use of the Organization's resources, in accordance with the responsibility notably 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.

As per *Permanent Council (PC) Decision 486*, the OSCE operates a decentralised system of financial management with shared responsibility. The Fund Managers are responsible, via the Chairman-in-Office, to the Permanent Council for managing their programmes effectively and efficiently, and for operating within the political guidance of the Permanent Council. Heads of Institutions and Field Operations are further responsible, through the Secretary General, to the Permanent Council for ensuring that resources are used efficiently, transparently, and in accordance with approved rules and procedures. In his/her role as Chief Administrative Officer, the Secretary General is directly responsible to the Permanent Council for the sound and efficient use of the Organization's resources.

This architecture has the potential to result in challenges when exercising the role as Chief Administrative Officer. As second line actors, 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.

The Secretary General plays a role in the selection of posts that carry out administrative approval or security duties. 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).

This Statement on Internal Control applies for the year ended 31 December 2025, and up to the issuance of the OSCE's Financial Statements.

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

The resources entrusted to the OSCE by participating States (pS) 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 PC, 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 CRMS.

The OSCE Internal Control framework includes MC and PC 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 (FAI, SI, AI).

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 CRMS, and establishes automated and manual monitoring activities and contributes to the efficient use of OSCE resources.

The OSCE has in place a risk management system covering major administrative risks affecting the Organization as a whole, as well as operational and security-related risks that may affect individual executive structures and programmes.

Risk management allows for the identification, assessment and management of risks which are applicable to the appropriate executive structure. The Risk Management function, *inter alia*, interacts periodically with risk owners and conducts an annual review of major risks. The risk assessment is complemented by the issuance of adequate control measures.

II. Issues in 2025 hindering the effectiveness of internal controls

Most of the issues affecting the effectiveness of internal control activities at the OSCE in 2024 continued to exist in 2025. The following section provides a summary of these issues and the progress made since last year. It also includes new issues which have emerged during the reporting year.

Lack of approval of the budget

2025 was the fourth year in a row that the OSCE Unified Budget (UB) has not been adopted. The lack of adoption of the UB continued to weaken the ability of the OSCE to operate in an effective and efficient manner. The mandatory use of initially quarterly, and thereafter, as of April, monthly provisional expenditure authorizations derived from the 2021 UB significantly impeded the implementation of programmatic activities and limited the Organisation's ability to exercise sound financial management. In turn, this together with the cost containment measures introduced to mitigate the potential financial shortfalls, diminished the OSCE's capability to react to emerging issues and risks. However, the unavoidable increase in costs, particularly as a result of accumulated inflationary increases against stagnant resources, has led to several programmes at the Secretariat facing financial shortfalls.

Additional provisional expenditure authorizations were approved by the PC on an exceptional basis, and were financed from the cash surplus reported in the 2024 Financial Report and Financial Statements for the year ended 31 December 2024, amounting to EUR 2,433,500. While this addressed the UB financial shortfall in 2025, it does not represent a sustainable solution going forward and is not a replacement for an adequately resourced UB financed from the assessed contributions from all pS.

The adoption of the 2026 Unified Budget by the pS on 19 March 2026 (PC.DEC/1526) marked an important milestone toward restoring financial stability within the Organisation.

Scales of Contributions

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 approved scales, which results in an increased financial risk for the Organization, including possible cash deficits due to late payment or under-payment of assessments. This situation is detrimental to the proper functioning of the Organization and is not sustainable; reform must be implemented to ensure equitable assessment for all pS.

Challenges to Staff Recruitment and Retention

Internal control activities rely primarily on the availability, competence, capacity and continuity of staff. The OSCE, particularly in field operations, 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, combined with limited periods of service. The Organization has also faced increasing challenges towards aligning all local Mission members' salaries to a level of at least 80 percent of the applicable local relevant UN salary scale.

The absence of the adoption of the UB over the last four years has resulted in a growing number of vacancies remaining unfilled for extended periods in order to generate savings and mitigate projected financial year-end shortfalls. It has also constrained the Organization's capacity to build critical capabilities and maintain workforce effectiveness. During this period, the

Organization has maintained high vacancy rates to absorb inflationary increases and cover deficit.

Addressing these challenges remains a priority. Ongoing efforts include introducing more equitable compensation arrangements for local mission members, revising the methodology for determining the Board and Lodging Allowance (BLA) for seconded mission members, and strengthening workforce performance and organizational effectiveness. On the other hand, reducing staff costs does not appear feasible without a critical review of activities that may need to be discontinued or delivered differently, including through the use of technology, which would require upfront investment and a transition period, together with corresponding adjustments to the post table. The latter process is under way.

Legal Framework of the OSCE

The lack of a universally recognized legal personality and 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 relies heavily on bilateral arrangements and the national legislation of participating States for the recognition of its legal capacity and privileges and immunities, including those of its officials. The arrangements are not uniform and vary in quality. 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 2025 to engage with pS where OSCE activities take place and where the current bilateral legal arrangements are less than optimal. Negotiations on bilateral Memorandum of Understandings (MoU) 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, but, to date, have not been engaged by any pS.

Lack of updated United Budget Programme elements

Due to the non-adoption of the Unified Budget over the previous four years, the ability of executive structures to update their formulations on programme objectives, outcomes and outputs was limited. Budget reporting on programme delivery had to be conducted primarily against the latest adopted UB 2021. Even while certain adaptations at the Programme outcome level were possible, the reporting did not fully reflect all the tangible changes introduced by the OSCE Programmes.

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

The OSCE applies the Three Lines model to strengthen governance, risk management and internal control. Operational management constitutes the first line and establishes/maintains appropriate structures and processes including controls to manage risks. The second line functions issue policies and guidance, monitor key risks and control issues, and support management in the consistent application of internal control requirements and the implementation of risk management practices throughout the organization. The third line is provided by OIO, which through i.a. internal audit, delivers objective assurance on the adequacy and effectiveness of the Organization's governance, risk management and internal controls framework to support the achievement of organizational objectives, and to promote and facilitate continuous improvement. My review of the effectiveness of the internal control framework is thus mainly informed by:

Accountability for performance and results which 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, reviews relevant programming documents and supports and organized trainings on Performance Based Programme Budgeting methodology as well as on project cycle management and related processes to staff from the executive structures in 2025.

The Department of Human Resources (DHR) works on the human resources component of the CRMS by developing, updating and interpreting HR policies, procedures and related controls, with a focus on ensuring robust compliance and lean procedures. In 2025, DHR provided sustained advisory and operational support to senior leadership, Directors, Heads of Mission and Chiefs of Fund Administration on functional reorganization, restructuring and workforce adjustments, including the consistent application of established procedures for organizational restructuring and post management. This second line aimed to reduce compliance and operational risks associated with structural or functional change, strengthen role clarity and accountability and help maintain continuity of service delivery under resource constraints.

In addition, DHR provides authoritative guidance to managers and decision makers on staff conduct matters, ensuring full alignment with the Organization's internal regulatory framework and due process safeguards. DHR's employee relations and duty of care functions supports the prevention and early resolution of workplace concerns, while reinforcing standards for a professional working environment. In turn, DHR's talent development function delivers

targeted learning and leadership support activities to strengthen people management capability, upskill staff in priority operational areas, ensuring that there are needed capacities in place supporting the Organization's ability to deliver on its mandate.

DHR continued to apply key control measures in staff administration, including the four-eye verification principle for payroll and the processing of entitlements, and implemented targeted talent outreach, learning and development, and leadership support activities to mitigate recruitment and retention risks and help preserve organizational capability during a prolonged period of budgetary uncertainty. Internal controls and procedures for the selection of consultants were further strengthened in support of the operational capability of programmes.

The Department of Management and Finance (DMF) supports essential, ongoing and day-to-day 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 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.

The OSCE verifies the effectiveness of internal controls for all executive structures. The findings are formalized in the form of Letters of Attestation 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 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 parts of the OSCE, including the CPC, DMF, OSG 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 needed, 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 ExB project portfolio has been steadily increasing in terms of total planned budget of ExB projects, which requires better IT infrastructure, enhanced prioritisation, improved monitoring, data collection and result reporting, as well as coordinated resource mobilization. The establishment of the Helsinki+50 Fund in 2025 aims to support this.

In February 2025, as Secretary General, I directed Secretariat Main Programme Managers to conduct a thorough ExB project portfolio review within their Programmes. The review was led by OSG with expertise and data from CPC/Programming and Evaluation Support Unit (CPC/PESU) and DMF's Integrated Resource Management Unit (DMF/IRMU). According to CPC/PESU analysis, the total OSCE ExB portfolio consists of 199 projects and 12 repository programmes, with a combined budget of EUR 451 million. For the reporting period from 1 January to 31 December 2025, the OSCE received a total of EUR 53.4 million in ExB pledges, covering 103 active projects (including unallocated projects) and 12 repository programmes. The objective of the review was to assess the Secretariat ExB portfolio and provide recommendations to reduce its overall size to match funding realities, and to identify projects to prioritize, close and/or consolidate with other projects in order to eliminate duplications. As an outcome, Main Programme Managers identified projects to close and proposed budget revisions for projects and repository programmes in 2026, highlighting the importance of rationalizing the ExB portfolio and ownership by Main Programme Managers going forward. Another outcome was the initiation of the establishment of an ExB Advisory Board, which will be set up in 2026 to provide strategic advice and quality assurance to me, as Secretary General, for the effective and efficient management of the ExB resources.

The **Audit Committee** was established in December 2004 through the adoption of PC.DEC/656 to strengthen the internal and external control mechanisms essential for ensuring the effective and efficient management of the OSCE. It provides pS with independent assurance that the Organization's governance, risk management, and control systems are properly designed and functioning effectively. In doing so, the Audit Committee reviews and monitors the work of the OSCE's internal oversight functions, external auditors, and management, including the implementation of audit recommendations, to assess the adequacy, efficiency, and effectiveness of the overall system of oversight and control.

The External Auditor is appointed according to the *Financial Regulation 8.01*, while *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.*”

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 PC 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.

A call for nominations has been made by the Chair of the Advisory Committee on Management and Finance (ACMF) for a new External Auditor for the period July 2026 to July 2029 (CIO.GAL/4/26), aimed at ensuring continued independent assurance of the Organizations financial operations in line with its mandate.

Records Management

Internal control relies on authentic and available documentation, which serves as evidence of OSCE activities and transactions. An effective records management framework is fundamental to accountability, auditability, legal compliance, and business continuity across all executive structures. While records management is governed by the FAI 03 which has undergone an in-depth review, its comprehensive implementation is constrained by the absence of a dedicated records management software system, as well as limited resources for targeted training and monitoring in line with international standards.

IV. External factors limiting effectiveness of internal control

The effectiveness of the OSCE’s internal control is subject to limitations imposed by available resources and the lack of approved budget; by the impact of the evolving political environment on decision making and on mandate implementation of field operations; and by 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 reform to fit within the available financial and human resources.

Available resources

The lack of an approved budget in 2025, 2024, 2023 and 2022, has resulted in the OSCE continuing to operate with limited financial and reduced human resources, as the OSCE was forced to operate at the 2021 level of resources through monthly provisional expenditure authorizations, and the post table structure has not been changed since 2021 either. Significant inflationary cost increases, both in staff and non-staff costs, were not matched by corresponding changes in funding which had an adverse impact on the operations of all executive structures.

As a result, the capacity of the Organization to provide appropriate levels of assurance across all executive structures has been further eroded.

Reform-Driven Redefinition of Internal Control

During the 2025 MC the pS reiterated their call for the Organization to become more agile and more focused on the implementation of its core mandate, including through the redirection of resources to areas where they can generate more added value. In this regard, and in the context of the ongoing reform process aimed at ensuring a more substantial and effective Organization, efforts are under way to streamline the internal structures and prioritize resources, with the expected result of overall budget decrease. This shift, in turn, necessitates a comprehensive reassessment and redefinition of internal control mechanisms to ensure continued efficiency, accountability, and effective risk management in an increasingly constrained resource environment.

Six-month mandate extension of the Mission to Moldova

The mandate of the Mission to Moldova has once again been extended only for a period of six months until 30 June 2026, due to the 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 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. As confirmed by an internal audit, 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 UB 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 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, Systems and Closure of Structures

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 2025, the pS decided to close the OSCE Minsk Process, the Personal Representative of the OSCE Chairperson-in-Office on the Conflict Dealt with by the OSCE Minsk Conference and the High-Level Planning Group (MC.DEC/1/25). The closure has been executed timely and efficiently (MC.GAL/17/25). An audit of this closure process is currently being conducted by the OIO.

The CPC has improved the management of Head of Mission absences, as delegated by the Chair, and moved the absence and travel management from manual document submissions to the electronic IRMA system, with ICTS support.

Furthermore, internal control related to new ICT projects and activities further increase the assurance level delivered with the use of IT systems. This includes the new Document Registration, Identification and Workflow system (DORIS), the OSCE-wide roll-out of the Exception Request Approval system (ERA), the new e-Supplier system for supplier self-registration, strengthened cybersecurity defences, and the implementation of many improvements to the financial, human resources, and asset management modules of the IRMA Enterprise Resource Planning system.

In addition, the revision of the OSCE Investment Policy made certain that the Organization's financial assets continue to be managed in line with the most stringent banking regulations. Adherence to the Basel III regulatory framework is fundamental in safeguarding the funds entrusted to the Organization, whilst ensuring adequate liquidity for continued operational requirements.

The Secretariat presented an updated FAI 6 (Procurement and Contracting) to the ACMF in 2025, which, once promulgated, will address a large number of audit recommendations and modernize the Organisation's procurement process by making it more efficient.

As the Chief Administrative Officer of the OSCE, I will continue to focus on revising and updating the Financial and Administrative Instructions to strengthen effective, efficient and accountable management across the Organization.

Conclusion

The effectiveness of an internal control framework, no matter how well designed, implemented and operated, is subject to inherent limitations, including the potential for controls to be circumvented. As a result, it can only provide reasonable, not absolute, assurance.

Notwithstanding, recognizing these inherent limitations, I am firmly committed to continuously strengthen our internal control framework and reinforce a culture of accountability, transparency, and effective oversight. 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 have the potential to 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 2025.



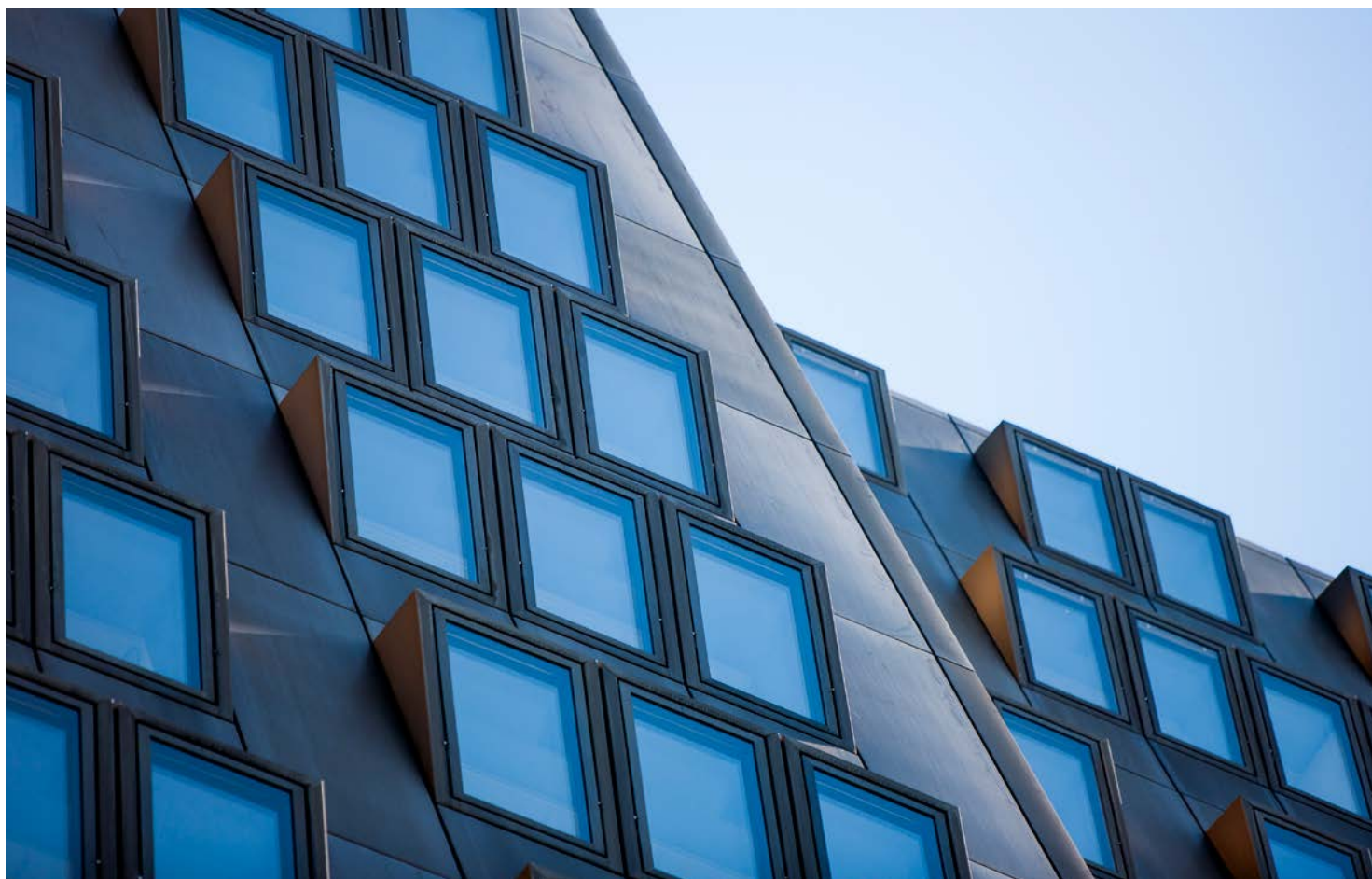
Feridun H. Sinirlioğlu
OSCE Secretary General

ANNEX 4

REPORT OF THE EXTERNAL AUDITOR



**External Audit
on the Financial Statements 2025
of the Organization for Security and
Co-operation in Europe (OSCE)**
Audit Report of the Austrian Court of Audit



DISCLOSURE

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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 2025.

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 2025 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 Risk Management of the OSCE with a special focus on the Secretariat (**SEC**) and the Field Operation in Albania. A respective separate Audit Report was issued covering the findings and recommendations of the Performance Audit. A summary of the key elements of the Performance Audit can be found in [paragraph 10](#), and the key recommendations are set out in Annex 1 of the current report.

On 30 June 2026, the ACA issued an unqualified Audit Opinion on the OSCE's Financial Statements 2025, 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 of the OSCE.

Finally, the Audit Report includes a follow-up of the recommendations made by the ACA during the Financial Audits 2023 and 2024.

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 2025
- III. Efficiency of the financial procedures, the accounting system and the internal control
- IV. Key audit findings related to the Financial Statements 2025
- 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 as well as to the members of the Audit Committee. 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

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 2025 was signed on 26 September 2025 by the President of the ACA, Dr Margit Kraker, and on 8 October 2025 by the Secretary General (**SG**) of the OSCE, Dr Feridun H. Sinirlioğlu.

2. Scope of the External Audit of the Financial Statements 2025

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.

In addition to the audit of the Financial Statements 2025, the ACA conducted a Performance Audit on the Risk Management of the Organization, with a special focus on the Secretariat and the Field Operation in Albania. A separate Audit Report was issued to the Secretary General and the Head of the Presence in Albania in order to address the audit findings and recommendations identified by the ACA during this Performance Audit. A summary of the key elements of the Performance Audit can be found in [paragraph 10](#), and the key recommendations are set out in Annex 1 of the present report.

3. Engagement Letter

The conditions for the audit of the Financial Statements 2025 were set out in an engagement letter signed by the ACA on 26 September 2025 and the OSCE on 8 October 2025.

The letter referred to the decision taken by the Permanent Council of the OSCE on 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 2025 of the OSCE, which comprise the Statement of Financial Position as at 31 December 2025, 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 2025 and an Audit Report in accordance with the OSCE Financial Regulations, the engagement letter provided for the conduct of a Performance Audit on the Risk Management of the OSCE including a report on the findings 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 deemed it necessary to obtain audit evidence.

4. Preparation and submission of the Financial Statements 2025 by the Secretary General

In accordance with Financial Regulation 7.01 and the 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.

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.

On 31 March 2026, the Secretary General formally submitted the Financial Statements 2025 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, the OSCE's Secretary General signed an annual letter of representation addressed to the President of the ACA (dated 30 June 2026).

Audit finding No. 1: The draft Financial Statements 2025 provided by the Secretary General fulfilled the structural requirements of IPSAS Nr. 1 – Presentation of Financial Statements.

5. Audit approach

5.1 Audit team and timeline

The External Audit of the Financial Statements 2025 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 2025 to June 2026.

From October to December 2025, the ACA interviewed various units of the OSCE, including the Office of the Secretary General (**OSG**), the Department of Management and Finance (**DMF**), the Office of Legal Affairs (**OLA**) and the Department of Human Resources (**DHR**).

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 2025 to February 2026, the preliminary audit mainly consisted of an audit of the trial balance for the period of 1 January to 30 September 2025; 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.

In December 2025, the ACA further conducted an on-site audit mission to Office for Democratic Institutions and Human Rights (**ODIHR**) in Warsaw to assess the appropriateness of the accounting treatment, the reliability of the available data, and the operational framework on election observation activities. Additional discussions were held with representatives of DMF in Vienna and with the Office of Internal Oversight (**OIO**).

From March to June 2026, the final audit of the Financial Statements 2025 was conducted primarily on-site at the OSCE's headquarters in Vienna. In May and June 2026, the audit team also formed its Audit Opinion and drafted its Audit Report on the Financial Statements 2025.

5.2 Audit standards

The ACA conducted its audit in accordance with the International Standards for Supreme Audit Institutions (**ISSAI**) 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 (**ISA**) 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 Management within 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, and therefore does not guarantee that the audit will detect 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 behaviour by applying professional scepticism, 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 2025, obtained an understanding of the internal controls 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 OIO on several occasions. The OIO's 2025 and 2026 oversight plans and the implementation of the 2025 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 2025 and in April 2026. Following the established practice, the Audit Committee was informed about the External ACA's working plan on the audit of the Financial Statements 2025.

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 Committee's work and the OSCE budgeting process for the Unified Budgets 2025 and 2026. The ACA provided information on the status of the audit of the OSCE's Financial Statements and the Audit Report.

6. Reporting

The ACA submitted the draft of the Audit Report to the Secretary General for clearance on 19 June 2026; the OSCE's comments and written answers were, where applicable, considered in the final Audit Report.

On 30 June 2026, the ACA, in its capacity as External Auditor, issued an unqualified Audit Opinion on the Financial Statements for the financial year ended 31 December 2025. The Audit Opinion was included within this Audit Report under point VI, a copy of the audited Financial Statements 2025 was included as Annex 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 2025

The data for the financial year 2025 were influenced by an increase in the Allowance for Assessed Contributions, leading to an increase in the Other Operating Expenses as well as a reduction in the Contributions Receivables (- EUR 10.649 million). As a result of the implementation of "IPSAS 43 – Leases", the position Property, Plant and Equipment increased by 249.2 % as at year-end 2025, leading to a total value of EUR 21.918 million. The effect of the new standard also led to an increase in the Total Leasing Liabilities by EUR 15.837 million. This increase was partially compensated by a decrease in the Provisions (- EUR 9.217 million), whereas the Conditional Extra-Budgetary Contributions marked a higher value at year-end 2025 (+ EUR 6.320 million).

In contrast to the unchanged level of Assessed Contributions, the Revenues from Extra-Budgetary Contributions decreased slightly by 6.0 %. The Total Expenses decreased slightly by 1.0 %. Due to capitalization of the leased buildings, the Service and Office Costs decreased significantly by EUR 9.176 million, whereas the Depreciation and Amortization Costs rose by EUR 7.217 million. As a result of the development of the USD/EUR exchange rate, the financial impact from the conversion of foreign currencies decreased by EUR 4.042 million compared to 2024.

The increase in the Cash Flows from Operating Activities was mainly caused by the deduction of the increased depreciation expense (+ EUR 7.217 million). A reduction in the overall level of Investments led to a decrease in the Cash Flows from Investing

Activities (- EUR 51.691 million). The Cash Flows from Financing Activities were particularly influenced by the payment of Lease Liabilities (- EUR 7.900 million).

Table 1: Key financial data for the financial years 2025 and 2024

	2025	2024	change	
	in EUR million			in %
Cash and Cash Equivalents	49.942	54.777	-4.835	-9
Investments	124.748	118.576	+6.172	+5
Contributions Receivable	38.070	43.428	-5.358	-12
Property, Plant and Equipment	21.918	6.276	+15.642	+249
Total Assets	247.781	237.411	+10.371	+4
Total Liabilities	187.748	174.288	+13.460	+8
Total Net Assets	60.033	63.122	-3.089	-5
Assessed Contributions	138.204	138.204	0	0
Extra-Budgetary Contributions	53.139	56.501	-3.362	-6
Total Revenues	229.889	236.030	-6.141	-3
Staff Costs	131.692	132.983	-1.291	-1
Total Expenses	228.308	230.416	-2.109	-1
DEFICIT/SURPLUS FOR THE PERIOD	-1.110	6.964	-8.075	-116
Cash Flows from Operating Activities	13.621	3.655	+9.965	+273
Cash Flows from Investing Activities	-7.605	-59.916	+51.691	+87
Cash Flows from Financing Activities	-9.937	-3.002	-6.935	-231

Source: OSCE, Financial Statements 2025

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

7. Special circumstances and issues in the financial year 2025

7.1 No acceptance of the Financial Statements 2022, 2023 and 2024

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. On 10 July 2025, the Financial Statements for the year ended 31 December 2024 were issued to the Permanent Council, accompanied by an unqualified Audit Opinion and an Audit Report of the External Auditor.

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.

On 2 April 2026, the Financial Reports and Financial Statements for the years ended 31 December 2023 and 31 December 2024 were published on the Organization's website, together with the Audit Opinions of the External Auditor. The announcement included a disclaimer that the Permanent Council had not found consensus on acceptance of the Financial Statements until that day.

Audit finding No. 2: The Financial Statements 2022, 2023 and 2024, along with the corresponding Audit Reports, had been discussed by the Permanent Council but had not been accepted by the time the Audit Report 2025 was issued. They have been published on the Organization's website with a disclaimer stating their non-acceptance.

7.2 No approval of the Unified Budgets 2022–2025

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 2022–2025 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 approved Unified Budget 2021). In order for the Organization to meet its 2025 financial obligations, the Permanent Council approved the Additional Provisional Expenditure Authorizations (**APEAs**) in the total amount of EUR 2.434 million¹, funded from the Cash Surplus for the year 2024.

Audit finding No. 3: Despite the non-acceptance of the Financial Statements 2024, the Permanent Council decided to use parts of the Cash Surplus generated in 2024 in the following financial year 2025. The amount of EUR 2.434 million was allocated to the OSCE's current expenses for 2025.

7.3 Approval of the Unified Budget 2026

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 ("Chair's proposal") shall be submitted to the Permanent Council by 15 December and shall be approved by 20 December. As of 31 December 2025, the Permanent Council had not reached a consensus on the approval of a Unified Budget 2026.

¹ PC.DEC/1507 and PC.DEC/1512

On 9 March 2026, the Chair's proposal was circulated by the Chairman-in-Office. Following discussions in the ACME, the Permanent Council approved the Unified Budget 2026 on 19 March 2026. The main contents of the Unified Budget 2026 were

- the Unified Budget 2026 amounting to EUR 123.082 million, presenting a reduction of EUR 15.123 million compared to the Unified Budget 2021,
- the post table, presenting a staff reduction of approximately 400 employees and
- an overview of the 2026 transition cost ceiling amounting to EUR 2.801 million.

The following table summarizes the main financial and staff figures with a comparison to the Unified Budget 2021:

Table 2: Key figures within Unified Budget 2026 compared against Unified Budget 2021

	Unified Budget (in EUR million)			Post Table (in full-time equivalents)		
	UB 2021	UB 2026	Decrease	UB 2021	UB 2026	Decrease
Secretariat	40.874	39.457	-1,417	398.6	268.8	-29.9
Institutions	21.507	19.765	-1.742	192.5	180.0	-12.5
South-Eastern Europe	47.043	42.869	-4.174	1,192.5	957.0	-235.5
Eastern Europe	2.308	2.124	-0.185	52.0	45.0	-7.0
Central Asia	20.516	18.867	-1.649	352.0	310.0	-42.0
Closed Executive Structures	5.957	0.0	-5.957	78.0	0.0	-78.0
OSCE total	138.204	123.082	-15.123	2,265.6	1,860.8	-404.9

Source: OSCE

Audit finding No. 4: The Unified Budget 2026 was approved by the Permanent Council on 19 March 2026.

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 Nr. 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 2026, which formed the basis for the preparation of the Financial Statements 2025 under the going concern assumption. The ACA performed the necessary audit procedures stipulated by the audit standards² 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 Programme 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 2025 amounted to EUR 4.681 million.

In 2023, 2024 and 2025 several amounts – more than EUR 2.175 million in total – were authorized and utilized to cover deficits. This resulted in a remaining amount of EUR 2.505 million at year-end 2025, which included also EUR 0.248 million funds allocated in support of critical capital investment plan projects.

² ISSAI 2570 – Going Concern

8. Resource utilization

8.1 General

Pursuant to a decision by the Permanent Council from 27 June 2003³, 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 2025" – 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 2025, the Secretary General issued a "Resource Utilization Report for 2025" providing accountability and transparency for 2025. It identified the resources used and the overall outcomes achieved in 2025.

8.2 Total provisional resource utilization

The OSCE's total resources consist of Unified Budget Assessed Contributions, Extra-Budgetary Contributions and Contributions In-Kind. The Unified Budget is the main funding source of the Organization.

As the Unified Budget 2025 was not approved (see [paragraph 7.2](#)), the OSCE operated in accordance with Financial Regulation 3.04 on a provisional expenditure authorization throughout 2025 at the level of the last approved Unified Budget by the Permanent Council from 2021 with an amount of EUR 138.204 million⁴.

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 Reports 2023 and 2024, the ACA raised the point of potential budget deficits in certain areas and recommen-

³ PC.DEC/553

⁴ PC.DEC/1413

ded 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 %.

The average utilization of the Unified Budget had remained at around 98.0 % for a number of years. 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.

Unified Budget transfers were made pursuant to Financial Regulation 3.02 for – inter alia – the following transfers:

- Transfers between Main Programmes;
- Transfers between Funds.

Audit finding No. 6: The ACA noted that the OSCE's Financial Regulations contain provisions governing the status of an unapproved Unified Budget that include quarterly or monthly limits on the incurrence of obligations or the making of payments.

Recommendation No. 1 to the Permanent Council: The ACA reiterated the audit recommendation from 2023 and 2024 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.

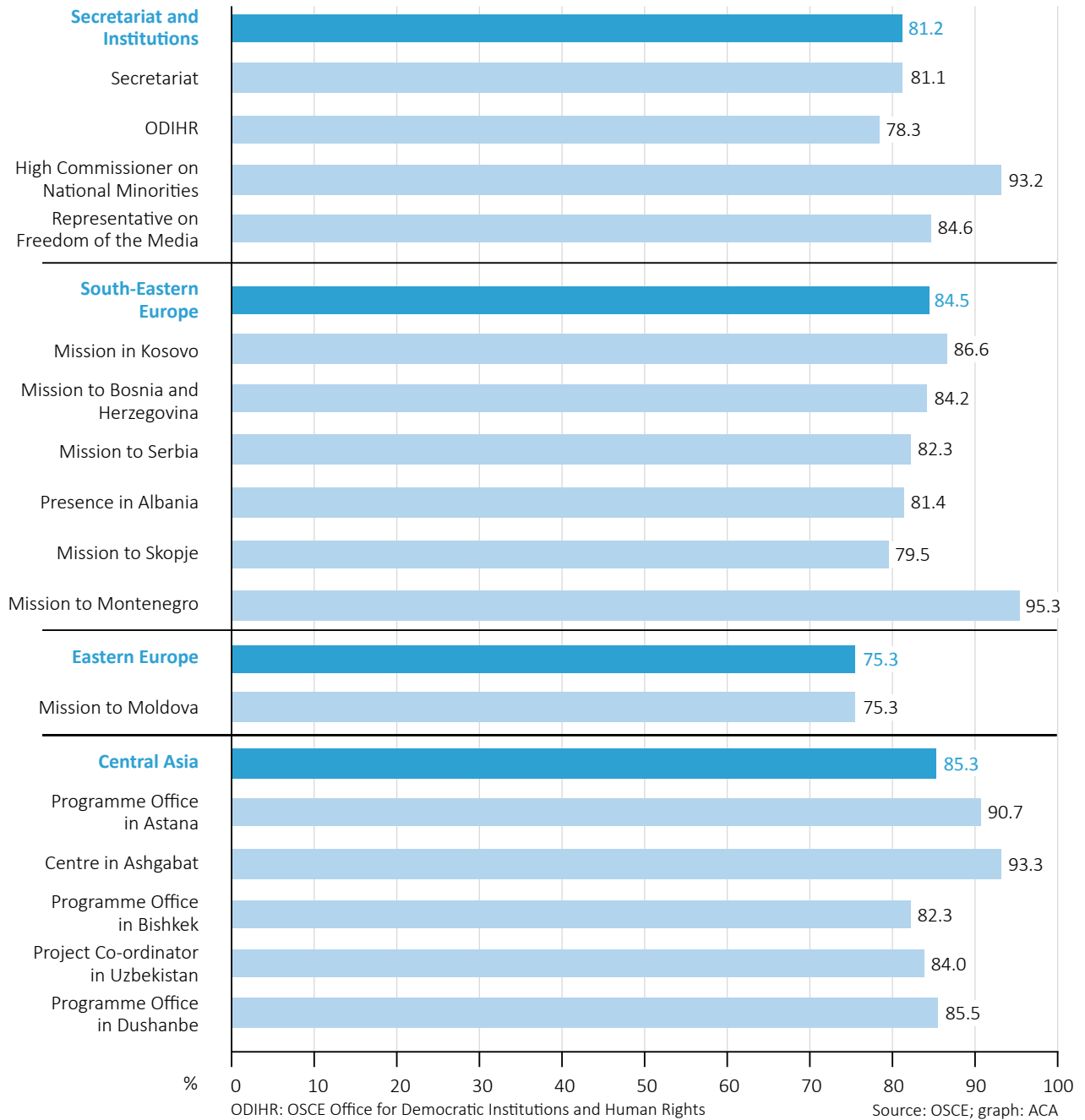
8.3 Post utilization – Human Resources

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 2025 was as follows:

- Secretariat and Institutions: 81.2 %
- Field operations⁵: South-Eastern Europe: 84.5 %; Eastern Europe: 75.3 %; Central Asia: 85.3 %.

⁵ The OSCE completed the closure of the OSCE Minsk Process in 2025.

Figure 1: Overview of the post utilization rates in 2025 (in %)



Secretariat

The Secretariat's average post utilization rate was 81.1 %. It varied between 69.3 % for the Office of the Special Representative/Co-ordinator for Combating Trafficking in Human Beings and 86.0 % for the DMF.

Institutions

The Institutions' post utilization rate was as follows:

- Office for Democratic Institutions and Human Rights (**ODIHR**): 78.3 %
- High Commissioner on National Minorities (**HCNM**): 93.2 %
- Representative on Freedom of the Media (**RFoM**): 84.6 %

Field Operations

In South-Eastern Europe the overall post utilization rate was 84.5 %. The rate varied between 79.5 % (Mission to Skopje) and 95.3 % (Mission to Montenegro).

In Eastern Europe, the utilization rate of human resources was 75.3 %. This value refers to the Mission to Moldova.

In Central Asia, the overall post utilization rate was 85.3 %. The lowest value of 82.3 % was measured at the Programme Office in Bishkek.

Staff costs

Actual cost in 2025 was distributed across the main cost categories as follows: 66.9 % for staff costs (EUR 89.380 million) and 33.1 % for non-staff costs (EUR 44.179 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 compared to 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 2025, the 2021 post table remained binding in 2025. As a consequence, none of the proposed post table changes in the Budget Proposals 2022–2025 could be implemented, which had an adverse impact on operational efficiency.

Recommendation No. 2 to the Permanent Council: The ACA reiterated the audit recommendation from 2023 and 2024⁶. In the case of non-approved Unified Budgets, the OSCE should consider a mechanism for indexing the last approved Unified Budget pursuant to 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 2025 had not been approved, the OSCE continued to operate under provisional expenditure authorization, effectively a de-facto Zero Nominal Growth Budget. This situation had a 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 May 2025, these forecasts showed a deficit up to EUR 10.863 million for year-end 2025. This highlighted the need for measures across the entire OSCE to prevent a potential deficit.

Throughout the financial year 2025, the Secretary General adopted extensive cost containment measures in the Secretariat to prevent an impending deficit at the end of 2025. Other Executive Structures had to contain their costs independently from the Secretariat's cost containment measures.

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

- several hiring freeze measures,
- avoidance of overtime payments,
- limitation on Special Service Agreements,
- reduction in travel and conference spending,
- reduction in staff training activities, and
- mandatory minimum 6-month break between vacated post and reappointments.

⁶ see Recommendation No. 2 in Audit Report 2023 and Audit Report 2024, respectively

Audit finding No. 8: Cost Containment Measures applied only to the Departments of the Secretariat. There was no expansion to all OSCE Executive Structures, despite the absence of a Unified Budget 2025.

9. Internal control

9.1 Office of Internal Oversight

The Permanent Council established the OIO as an independent appraisal function within the Organization to examine and evaluate its activities. The OIO reports directly to and is accountable 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.

In 2025, the OIO faced – like in the years 2023 and 2024 – a systemic risk driven by staff turn-over. Based on the last approved Unified Budget 2021, the OIO's approved post table in 2025 comprised 14 professional posts (including three seconded) and three general service posts. Due to increased staff cost, posts were kept vacant once they became available in 2025. The issue was further exacerbated by continued inflationary pressures.

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.

Increased staff costs, attribution for ICT services and oversight software expenses have further eroded the OIO's capability to deliver on its mandate and have affected the OIO's ability to ensure in-situ coverage of the Executive Structures.

Audit finding No. 9: The resources of the OIO were limited, which posed a risk to fulfilling the full mandate. As already mentioned in the Audit Report 2024, the ACA noted that the reduction in operational resources of the OIO combined with vacant posts had an impact on the OIO's timeline for completing, reporting on and following up on its activities. This needs to be addressed as the Third Line of Defence is entrusted to the OIO through its internal audits, evaluations, advisory services and investigations.

Recommendation No. 3 to the Permanent Council: The ACA reiterated the audit recommendation from 2023 and 2024 to provide the OIO with the necessary human and financial resources to properly fulfil its mandate 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 2025:

Table 3: Fraud prevention and detection from 2019 to 2025

	2019	2020	2021	2022	2023	2024	2025
Total complaints received (including fraud)	55	66	59	61	64	70	37
<i>thereof allegations of non-financial fraud reported</i>	17	6	11	12	19	6	5
<i>thereof allegations of financial fraud reported</i>	3	4	7	8	8	7	10
Number of preliminary reviews conducted by the OIO (all allegations including fraud)	49	45	32	58	42	51	25
Number of investigations carried out	3	7	17	5	7	8	9
Investigation reports issued (allegations substantiated)	3	4	11	3	3	4	7
Closure reports issued (allegations not substantiated or closed for other reasons)	0	3	6	2	4	4	2
New investigations opened	6	18	6	9	5	12	8

Source: OSCE

The total number of allegations and complaints increased from 55 (2019) to 70 (2024); in 2025 it decreased to 37 for the first time in several years. This includes the misuse of OSCE resources, conflicts of interest, Code of Conduct violations, harassment, abuse of authority, misrepresentation, forgery or false certification. According to the OIO, this decrease could have been the result of declining fraud awareness due to limited training possibilities (see below).

The number of allegations of fraud decreased from six (2024) to five (2025) for non-financial fraud and increased from seven (2024) to ten (2025) for financial fraud – like attempted procurement fraud involving bidders submitting similar bids or unlawful payment schemes for contractors.

As a consequence of the limited human and financial resources and in order to reflect changes in the OSCE's risk profile and assurance needs, two audits were added to the workplan, and two were delayed; two evaluation assignments were postponed. Furthermore, the planned fraud awareness training could not be performed during the last four years. For the same reason the planned updates of FAI 10 and FAI 14 had already been postponed in 2023 and were not implemented in 2024 or 2025 either.

Audit finding No. 10: 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 2025 as a whole. Extensive training on fraud awareness could not be performed in four consecutive years (2022–2025) due to a lack of resources in the OIO. The planned updates of FAI 10 and FAI 14 were postponed and had therefore not yet been completed.

The ACA reiterated its aforementioned recommendation No. 3 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 of the OSCE and the associated Statement of Internal Control, and to comply with the requirements of the External Auditor.

As part of the preparation of the Financial Statements 2025, the Institutions and Field Operations submitted the required Letters of Attestation (**LoA**) to the Secretariat in early 2025. Therein they confirmed the reliability of controls carried out on the basis of declarations. These letters were reviewed by the DMF and the OIO and the findings were included within the Statement on Internal Control 2025, prepared by the Secretary General in March 2026.

The ACA found that the attached Annexes to the Letters of Attestation contained further details to support assertions made in this letter. Some Executive Structures provided information on exception 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. 11: No significant issues were identified in the Letters of Attestation provided by all Executive Structures for the preparation of the Financial Statements 2025.

10. Risk Management

Supplemental to the Financial Audit, the ACA conducted a Performance Audit on the Risk Management of the OSCE with a special focus on the Secretariat and the Field Operation "Presence in Albania (**PiA**)". A separate Audit Report was issued to the Secretariat and the Field Operation covering the findings and recommendations of the Performance Audit in detail. The audit assessed the organizational framework, regulatory environment, risk identification and evaluation procedures, internal controls, reporting mechanisms, and compliance structures.

10.1 Risk management process

The audit concluded that the OSCE had established a risk management framework largely based on ISO 31000 standards and the "Three Lines" model. Administrative, project-related, and security risks were identified and managed through various procedures and tools, especially the JCAD risk management software that compiled administrative risks.

By the end of 2025, approximately 530 administrative risks, 15 major risks (mainly relating to the Secretariat), and around 60 security risks had been identified throughout the Organization.

10.2 Organizational risks

The ACA found significant weaknesses in governance, regulations, coordination, reporting, staffing, and strategic oversight that limited the effectiveness of the overall risk management system. The decentralized structure of the OSCE was identified as one of the most important organizational risks. Executive Structures (Field Operations and Institutions) enjoy autonomy in their mandate. However, the ACA observed that the governance model allowed for control gaps and inconsistent implementation of risk management practices across Executive Structures. In particular, the performance of Heads of Missions and Heads of Institutions was not formally evaluated by either the Secretary General or the Permanent Council, despite their critical managerial responsibilities. The audit regarded this lack of

accountability as a major organizational risk with potentially serious consequences for the achievement of OSCE objectives.

Another key concern highlighted by the ACA was the absence of a centralized organizational risk register. While administrative risks were documented, project and security risks were managed separately and without an organization-wide overview. Consequently, the OSCE lacked a comprehensive overview of all major risks threatening the achievement of its objectives. The audit emphasized that this fragmented approach prevented OSCE's leadership and participating States from obtaining sufficient insight into the Organization's full risk landscape.

The ACA therefore recommended the creation of an organization-wide risk register integrating administrative, project, and security risks into one coherent framework.

An additional major systemic risk concerned the prolonged absence of an approved Unified Budget. In the ACA's view, the OSCE had not adjusted its mandates or prioritized essential activities in response to declining resources. The audit criticized the lack of prioritization and warned that continued underfunding endangered the sustainability of essential operational functions such as Information Technology and the prevention of cyber security incidents.

The ACA noted that critical IT infrastructure upgrades remained unfunded and that the organization faced growing exposure to cyber security risks because outdated systems could no longer be adequately maintained or protected.

10.3 Staff situation

The audit also highlighted significant staffing shortages in the Risk Management, Compliance and Information Security Unit (**RM CIS**)⁷, which served as the OSCE's central second-line risk management and information security practices. Although four positions were foreseen in the post table, only one professional position remained filled for much of 2025. Due to these shortages, important activities such as risk reporting, project proposal reviews, training, and monitoring of internal controls could only be partially carried out.

The ACA concluded that the understaffing of RM CIS considerably weakened the Second Line and undermined the Organization's capacity to maintain effective and consistent risk management and information security practices.

⁷ renamed to "Compliance and Management Support Unit" in 2026

10.4 Internal Control Walkthroughs

The Internal Control Walkthroughs (**ICWs**), which were designed to assess the effectiveness of internal controls and provide assurance for financial reporting, were examined in detail during the audit period. The RMCIS was the primary co-ordination focal point for the administrative areas, whereas the DHR was coordinating the ICW on human resource management. The Programming and Evaluation Support Unit (**PESU**) was the focal point for the ICW on project management.

The ACA acknowledged that ICWs were an important element of the OSCE's internal control framework, but identified numerous methodological weaknesses. These included unclear guidance, inconsistent procedures, insufficient sample sizes, late submissions, inadequate training, and ambiguities concerning responsibilities for selecting and reviewing samples.

The audit also noted that the annual ICW process was increasingly decentralized, with Executive Structures determining their own scope and risk ratings. The ACA warned that this might reduce objectivity and independence and thus undermine the reliability of the assurance process.

10.5 Communication and reporting

Communication and reporting deficiencies constituted another central finding. Existing reports focused primarily on major administrative risks at the Secretariat and failed to systematically include project, programmatic, and security risks. Furthermore, risk reports were not consistently shared with all responsible stakeholders, including Chiefs of Fund Administration and Heads of Institutions and Missions.

The ACA concluded that the OSCE's overall transparency in risk reporting remained limited and recommended broader dissemination of risk information as well as the inclusion of major project and security risks in reports to the Permanent Council and the Advisory Committee on Management and Finance.

10.6 Training

Training and organizational learning were also negatively affected by budget constraints and understaffing. Regular trainings, annual meetings of Chiefs of Fund Administration, and several organization-wide conferences had been reduced or cancelled.

Given the OSCE's decentralized structure and high staff turnover, the ACA considered this reduction in training particularly problematic. At the same time, the Security Management Unit was identified as an example of good practice because it conti-

nued to provide regular online exchanges, briefings, and trainings on security risk management across the Organization.

10.7 Compliance and ethics

The role of compliance and ethics within the risk management system was to foster a culture of integrity, accountability, and transparency. Prevention and awareness were carried out by an Ethics Coordinator, who was only employed part-time. In providing training and advisory services, the Ethics Coordinator was in charge of some 2,250 staff members in all Executive Structures.

10.8 Reporting

The result of the Performance Audit was taken into consideration for the assessment of the quality of the internal control framework during the Financial Audit. The major findings and recommendations are attached in Annex 1 to this Audit Report. A detailed description of the audit results was submitted to the Organization in a separate Audit Report.

IV. Key audit findings related to the Financial Statements 2025

11. Annual Update of the IPSAS Policy Manual

The ACA identified an inconsistency between the recognition criteria for inventories in the OSCE IPSAS Policy Manual (**IPSAS Policy**) and the description of the accounting policies disclosed in the Notes to the Financial Statements 2025 and FAI 7.

Although a clarification of the accounting treatment had been documented in FAI 7 in the past, reflected in the Notes to the Financial Statements, and applied during the valuation process 2025, the corresponding section in the IPSAS Policy had not been adjusted accordingly. Consequently, the IPSAS Policy was outdated.

This case highlighted that the IPSAS Policy was not subject to a regular review and update process to ensure alignment with the evolving organizational environment. In practice, individual IPSAS standards were only revisited when the standard was revised or newly adopted.

While comprehensive policy papers were developed for the latest standard implementations⁸, the policy decisions for other standards (e.g. IPSAS Nr. 9 – Revenue from Exchange Transactions) were documented with very limited explanations. In several cases, the documentation did not adequately address key components of an IPSAS standard, such as scope, definitions, recognition and measurement requirements, and disclosure obligations.

Audit Finding No. 12: The ACA noted that the IPSAS Policy was outdated as a previously established accounting decision had not been reflected in the policy documentation. Furthermore, the ACA considered the documentation of policy decisions for certain IPSAS standards to be insufficiently detailed to adequately address the requirements of the CRMS.

Recommendation No. 4 to the DMF: The ACA recommended that the IPSAS Policy be subject to an annual review to ensure alignment both with the latest IPSAS requirements and with changes in the organizational environment. In addition, a documentation framework should be established for each IPSAS standard, covering at least the applicable recognition and measurement principles as well as disclosure requirements. This would help ensure consistency, completeness, and transparency of accounting policy decisions across all standards.

12. Cash and Cash Equivalents, Investments

12.1 Signing Authorities

While auditing Cash and Cash Equivalents amounting to EUR 49.942 million and Investments amounting to EUR 124.748 million at year-end 2025, the ACA requested confirmation letters from 26 banks, with which the OSCE had an active business relationship in 2025. 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 confirmation letters from all 26 banks.

For the previous financial years 2023 and 2024, two banks had confirmed individual signing authorities although FAI 5 – Income and Cash Management – point 9.2 (Bank Signatory Panel) required two signatories for all bank transactions. The Bank Signatory Panels of nine banks had been outdated in 2024, including individuals who

⁸ IPSAS Nr. 41 – Financial Instruments (implemented in 2023) and IPSAS Nr. 43 – Leases (implemented in 2025) – separate IPSAS policies were developed, with key provisions incorporated into the IPSAS Policy.

were no longer employed by the OSCE. Following the ACA's findings the OSCE had initiated corrective actions.

For the financial year 2025, another bank confirmed a single signing authority. In the course of the bank confirmation process, the DMF arranged for the single signing authority to be removed and replaced with a double signing authority requirement.

In addition, two banks provided information on the authorized signatories; however, no indication was given as to whether the signing authority was a single or joint (double) signing authority. These banks had not provided information on signing rights in 2024 either. The cases were ongoing at the time of the issuance of this Audit Report.

Audit finding No. 13: The ACA identified that one bank confirmation for year-end 2025 was issued with single signatory rights by the respective bank. The ACA noted that, by the date of this Audit Report, the DMF had removed this single signing authority.

Recommendation No. 5 to the DMF: All bank transactions should require double signing authorities in accordance with FAI 5, point 9.2. Effective internal controls should be implemented to ensure that this requirement is met when establishing any new bank account. In addition, the DMF should maintain a complete and up-to-date archive of all current Bank Signatory Panels. Effective internal control mechanisms should be in place to ensure the accuracy, completeness, and timely updating of these records.

Recommendation No. 6 to all Executive Structures: The ACA recommended that the DMF should be informed promptly of any changes affecting the Bank Signatory Panel and signature rights by the Executive Structures.

12.2 Investments in foreign currency

The OSCE held its financial assets in the form of short-term investments, which were divided into four categories of bank deposits:

- EUR longer than 3 months,
- USD longer than 3 months,
- EUR shorter/equal than 3 months, and
- USD shorter/equal than 3 months.

These investments were primarily placed in short-term time deposits and overnight accounts with approved counterparties, in accordance with the applicable Investment Policy and FAI 5.

Table 4: Development of investments from 2022 to 2025

Term	2022	2023	2024	2025
bank deposits	in EUR million			
EUR > 3 months	100.000	50.000	100.000	110.000
USD > 3 months	11.597	11.722	18.576	14.748
EUR ≤ 3 months	0.000	20.000	5.000	10.000
USD ≤ 3 months	0.000	0.000	0.000	1.700
total investments	111.597	81.722	123.576	136.448
F/X rate				
USD/EUR as per 31 December	0.939	0.901	0.960	0.850

Source: OSCE

For the period 2022–2025, total investments initially declined in 2023 before recovering strongly in 2024 and continuing their upward trend into 2025, reaching the highest level withing the observed period. Within this portfolio, an average of approximately 10.4 % to 15.0 % of the investments were denominated in USD.

In 2025, the USD/EUR exchange rate showed notable volatility, with a particularly significant weakening in the second half of the year. This development had a negative impact on the financial income in 2025 and resulted in unrealized foreign exchange losses amounting to EUR 1.897 million on investments.

The ACA further noted that the current Investment Policy provided general guidance on the level of risk for investments. However, it did not establish specific limits for individual investments or for the aggregate amount of funds that could be invested. Furthermore, it did not define parameters intended to address liquidity considerations. Responsibility for such decisions had been delegated to the Treasurer under the authority of the Secretary General. As a result, the policy framework lacked sufficiently detailed criteria to support consistent decision-making and oversight in these areas.

While investments denominated in USD generally offered higher interest rates, both the Investment Policy and FAI 5 emphasized the safety of capital as the primary objective of the Organization's investment activities, with yield considerations remaining secondary. The Organization maintained USD holdings at a level equivalent to approximately twelve months of liquidity requirements, in line with decisions of the Investment Committee. The ACA further noted that, while FAI 5 provided guidance on local currency holdings for the Executive Structures, it did not set organization-wide limits or guidance regarding overall foreign currency holdings.

In its Audit Report 2023, the ACA had recommended that the Investment Policy (in force since 2015) should be revised. This recommendation was implemented, and a new Investment Policy entered into force in July 2025. However, with regard to the maximum duration of an investment, the revised policy refers to FAI 5, resulting in a maximum duration of nine months.

The audit procedures performed during the Financial Audit 2025 indicated that two EUR-denominated investments exceeded the maximum investment duration of nine months, with maturities of up to twelve months and still outstanding at the reporting date. In this context, it was noted that the Investment Committee had passed a general resolution in December 2024 permitting the Accounts and Treasury Unit to submit an Exception Request to FAI 5, 8.3, authorizing investments for a term of up to twelve months. In accordance with Financial Regulation 5.02, Exception Requests were approved by Secretariat General. This approval was not limited to specific individual transactions, in consideration of operational requirements, but was formulated as a one-year exception applicable to future investments of the same nature.

Audit finding No. 14: Exchange rate movements resulted in an unrealized foreign exchange loss of EUR 1.897 million, reflecting the volatility of the USD/EUR exchange rate in 2025. FAI 5 did not contain clear provisions regarding financial assets received and held in foreign currencies, and also lacked defined limits or guidance for such exposures. In addition, certain investments were not fully compliant with the maximum duration requirements set out in FAI 5. The ACA noted that the Investment Committee permitted the Accounts and Treasury Unit to raise an Exception Request permitting deviations from these requirements. However, this time-bound approval was not limited to specific individual transactions.

Recommendation No. 7 to the DMF: The DMF should revise FAI 5 to ensure alignment with current investment practices and Financial Regulation 5.02. This would provide a coherent and up-to-date regulatory framework for the Organization's investment activities and strengthen overall governance and consistency.

Recommendation No. 8 to the DMF: The DMF should revise FAI 5 to define limits on foreign currency holdings. This guidance should define what level of risk the OSCE is willing to accept with regard to foreign exchange risks. Any deviations from the limits set out in FAI 5 should be handled through properly justified and case-specific exception approvals.

13. First-time implementation of IPSAS Nr. 43 – Leases

In 2022⁹, the International Public Sector Accounting Standards Board (**IPSASB**) issued IPSAS Nr. 43 – Leases, introducing a comprehensive right-of-use accounting model for lessees, replacing the previous distinction between operating and finance leases for lessee accounting and significantly expanding disclosure and measurement requirements.

The OSCE implemented IPSAS Nr. 43 for the first time with effect from 1 January 2025. In preparation for the transition to the new accounting framework, the Organization developed and adopted a dedicated accounting policy governing the recognition, measurement, presentation, and disclosure of leases. This included the identification and assessment of all potentially relevant lease arrangements across the Organization, the development of a calculation methodology for lease liabilities and right-of-use assets, and the establishment of internal procedures for the ongoing accounting and monitoring of leases under the new standard. Particular attention was required for OSCE-specific features of lease arrangements, where lease costs were fully or partially refunded by participating States, as well as arrangements involving Contributions In-Kind.

The implementation exercise identified that the principal lease arrangements affected by the new standard related primarily to buildings and parking facilities. For short-term or low-value contracts the OSCE used the recognition exemptions of the standards.

The OSCE performed an initial measurement of lease liabilities as of 1 January 2025. In accordance with IPSAS Nr. 43 requirements, lease liabilities had to be measured at the present value of future lease payments using an appropriate discount rate. Since the OSCE did not maintain its own observable borrowing rate due to the absence of external financing activities, the discount rate was derived from the European Central Bank government bond yield with a reference to bonds of equivalent plus a credit spread adjustment.

The first-time application of IPSAS Nr. 43 resulted in the recognition of lease liabilities and corresponding right-of-use assets amounting to EUR 20.695 million as of 1 January 2025. The amounts recognized reflected the OSCE's lease portfolio that fell within the scope of the standard at the date of transition.

⁹ Subsequently, the IPSASB issued amendments in connection with the development of IPSAS Nr. 46-48, including additional guidance relating to concessionary leases. These amendments deferred the mandatory application of the concessionary leasing requirements until 2027 in order to align their effective date with the implementation of IPSAS Nr. 46 – Measurement, IPSAS Nr. 47 – Revenue, and IPSAS Nr. 48 – Transfer Expenses. As the OSCE will apply IPSAS Nr. 46-48 only from 2027 onwards, the Organization did not yet apply the concessionary lease provisions of IPSAS Nr. 43 during the 2025 reporting period.

In its audit, the ACA focused on the governance and technical aspects of the implementation process and included, inter alia:

- a review of the accounting policy developed by the OSCE for compliance with IPSAS Nr. 43 requirements;
- an assessment of the methodology applied for the calculation of lease liabilities and right-of-use assets;
- a review of the derivation and appropriateness of the discount rate applied, including the adjusted credit spread methodology;
- sample-based testing of lease arrangements by reconciling recognized lease assets and liabilities to the underlying lease contracts; and
- a review of the presentation and disclosures included in the Financial Statements and accompanying notes.

Even though the implementation of the standard had already been known in 2024, the OSCE did not adequately assess the complexity of the implementation in advance and started preparations too late. This was also a consequence of the resource shortage due to budget limitations.¹⁰ The DMF only submitted the first draft of the accounting policy on 2 March 2026 and the first calculations on 18 March 2026. Due to this late submission, the ACA's audit procedures of the leasing arrangements could only start in March 2026.

The technical implementation in IRMA had not been carried out by the OSCE either.

Audit Finding No. 15: Based on the audit work performed, the ACA concluded that the implementation of IPSAS Nr. 43 had been carried out appropriately and in accordance with the applicable accounting requirements. No material findings were identified in relation to the first-time adoption of the standard. However, the technical implementation in the asset's module had not taken place at the time of the audit. Furthermore, the ACA pointed out that the implementation, partially delayed by the vacancies in the DMF, should have been launched sufficiently early to ensure that it was completed before the start of the main audit in March 2026.

Audit Recommendation No. 9 to the DMF: The ACA recommended that the DMF should have commenced the implementation for the introduction of new IPSAS standards sufficiently early to allow adequate time for the development of an appropriate accounting policy and calculation methodology. Furthermore, ICT should be involved to ensure the successful technical implementation within IRMA.

¹⁰ see Recommendation No. 3 in Audit Report 2024, respectively

14. Disposal of Fixed Assets and donation of Inventory

The ACA performed substantive testing of the additions and disposals of Fixed Assets as well as donations of Fixed Assets and Inventory. The objective of these procedures was to assess whether transactions were recorded in the appropriate accounting period and to verify the correct period allocation of related expenses and inventory movements.

14.1 Documentation of the transfer of ownership

According to IPSAS¹¹, the transfer of the ownership to the buyer, in case of a sale, or beneficiary/recipient, in case of a donation, triggers the derecognition of the transferred goods within the Financial Statements. The instructions within the applicable FAI 7 – Asset Management and Logistics – comply with the standard and state that the assets approved for donation should be retired in IRMA after the Donation Agreement was signed by all parties and sent to the Assets, Logistics and Travel Support Unit (**ALTSU**) and the ownership was transferred to the recipient.

In case of a sale of Fixed Assets, the contracts tested usually contained a separate paragraph on the conditions for the transfer of ownership, stating the physical handover ("execution of Handover document") as well as the payment of the purchase price as such.

For the event of a donation, the Organization's standardized template for Donation Agreements¹² stated the responsibilities of the parties involved as "...the recipient shall – upon the handover of the assets – assume full ownership of the assets and exclusively bear all associated risks and liabilities...". The template also contained an "asset handover document", which aimed to specify the items donated as well as the handover date and location. As stated in the ACA's Audit Report 2024¹³, in most of the samples tested no actual handover date was included, nor were the signatures on the handover document dated. In some cases, the handover document showed the date of the Donation Agreement. However, this was not necessarily the date of the physical and legal transfer of the ownership that should trigger the derecognition of the assets or inventories within the organization's asset accounting module. Without this information, it was not assured that the recognition within the accounting system was made in the correct accounting period.

¹¹ IPSAS Nr. 45 – Property, Plant & Equipment – referring to IPSAS Nr. 9 – Revenues from Exchange Transactions – for the determination of the date of disposal of an item

¹² Annex 2 to FAI 7

¹³ Recommendation No. 13 to the DMF

Audit finding No. 16: It was not mandatory to indicate the actual date on which the donated items were physically handed over in the handover document. This created a risk of the retirement being recognized in the wrong accounting period.

Recommendation No. 10 to the DMF: The ACA reiterated the audit recommendation from 2024 that the actual handover date should be a mandatory information to be included in the handover document as this date triggers the recognition of the disposal/donation within IRMA.

Recommendation No. 11 to all Executive Structures: The Executive Structures should state the actual handover date in the handover document for Fixed Assets disposals or donations of Inventory as this triggers the transfer of ownership.

14.2 General Accounting date of donations of Fixed Assets and Inventory

In its Audit Report 2024, the ACA addressed deficiencies with regard to the accounting date of Fixed Assets disposals and donations. Those transactions triggered a write-off of the related items and the derecognition within the asset's accounting module. They 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 was 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 only when the necessary supporting documents had been provided by the relevant Executive Structure. In addition to the signing of the Donation Agreement and the physical handover, some beneficiaries undertook further actions, like a symbolic public handover in the presence of the media or additional formal acceptance letters. In such cases, some time passed before all the available additional documentation had been submitted to the ALTSU. According to the ALTSU's understanding, the receipt of these supporting documents was necessary to book the disposal. However, that was not in line with FAI 7 or IPSAS Nr. 45.

In addition, a disposal could only be recorded with the booking date, since the assets accounting module did not allow a disposal to be dated back to the actual handover date. This could lead to misstatements in the Financial Statements due to a possible recognition within the wrong accounting period.

Audit finding No. 17: The ACA noted that there was a lack of clarity amongst the responsible staff regarding the point at which ownership was transferred and which documents were required to confirm this. Furthermore, the samples tested showed occasional delays in the submission of the supporting documents to the ALTSU.

Recommendation No. 12 to the DMF, ALTSU and OLA: The ACA recommended to reassess the date of the legal transfer of ownership in the case of donations. Where necessary, explanatory guidance should be issued to all Executive Structures to ensure that the procedure in practice also complies with the accounting standard and FAI 7.

Recommendation No. 13 to all Executive Structures: The necessary supporting documents for documenting the disposal of assets/inventories for donations should be sent to the ALTSU without delay to ensure adequate accounting in the correct financial period.

Audit finding No. 18: The ACA identified the risk of misstatements in the Financial Statements due to the technical settings within IRMA, preventing a retrospective recording of disposals of assets/inventories for donation based on the date of the transfer of the economic ownership.

Recommendation No. 14 to the DMF, ALTSU and ICT: The ACA reiterated its recommendation to reevaluate the technical possibilities for a backdated accounting in IRMA to ensure that disposals can be recorded in the asset accounting module effective with the actual disposal date to allow for a proper presentation within the Financial Statements.

14.3 Assignment of donations to the wrong accounting period

During its audit of the donations, the ACA concluded that five samples (ExB projects) had been recorded in the wrong accounting period due to the late submission of supporting documents to the ALTSU. Based on the respective handover documents, the donations had already been completed in the financial year 2024; however, they were only recognized in the financial year 2025.

As a consequence, certain positions were misstated by EUR 0.712 million in the Financial Statements 2024. While the inventories and Conditional ExB Contributions had been overstated by EUR 0.712 million in the Statement of Financial Position, the corresponding positions in the Statement of Financial Performance had been understated by the same amount.

Statement of Financial Position

- 3.6 Inventory
- 4.4 Conditional ExB Contributions

Statement of Financial Performance

- 6.2 Extra-Budgetary Contributions
- 7.7 Equipment Expenses

Furthermore, due to the recognition of these donations in the financial year 2025, Equipment Expenses and Extra-Budgetary Contributions were overstated in the Financial Statements 2025 by the corresponding amount, as economically attributable to the financial year 2024. Despite the fact that the overall effect on the Statements of Financial Performance for 2024 and 2025 was nil, the overall presentation of these cases within the Financial Statements was not accurate.

In order to assess the potential cutoff issues in the subsequent financial year, a sample-based review of donations recorded in the financial year 2026 was additionally performed by the ACA. During this exercise, further immaterial cutoff misstatements were identified, which economically related to the financial year 2025.

DMF acknowledged the misstatements and, after consideration of the value, determined that adjustment was not necessary as the amount (EUR 0.712 million) was below the OSCE's materiality threshold.

Audit Finding No. 19: The ACA identified a number of donations that had been recorded in the wrong financial year due to the late submission of supporting documents to the ALTSU. As a consequence, the balance of Inventories as at 31 December 2025 as well as the Equipment Expenses for the financial year 2025 were not stated adequately. Most of the misstatements were recorded in the Secretariat's fund. The total amount of the misstatement was immaterial.

Recommendation No. 15 to the DMF and ALTSU: The ACA recommended that internal processes within the Secretariat should be strengthened to ensure that donations are reported to the DMF/ALTSU in a timely manner for financial accounting purposes. This would support the proper and period-appropriate recognition of donations in the Financial Statements.

14.4 Year-end Process for Asset Reconciliation

The DMF issues annual year-end instructions (YE Guidelines) to all Executive Structures in order to support the preparation of the annual Financial Statements. These instructions include specific requirements relating to Fixed Assets and Inventories held for donation purposes.

According to the YE Guidelines, Executive Structures are required to perform the following procedures:

1. reconcile the electronic records maintained in IRMA with the actual physical existence and status of assets and inventories;
2. ensure that all donations have been fully and accurately recorded in IRMA; and
3. submit a formal confirmation of the performed reconciliations (1. and 2.), together with the underlying reports, to the ALTSU. These confirmation letters must be signed by the Ambassador in their capacity as Head of the respective Executive Structure.

The ACA took note of the reconciliation procedures established for year-end purposes. However, the ACA did not see the value of submitting the underlying reports to the ALTSU, since they could generate these reports on their own directly from IRMA at any time.

Furthermore, for the preparation of the Statement on Internal Control (**SIC**), each Executive Structure is required to submit a Letter of Attestation to the Secretary General. Within the Letter of Attestation template, Executive Structures are required to confirm that:

- all reported assets belong to the OSCE;
- all identified losses have been reported to the Secretariat, recorded in IRMA, and disclosed as an annex to the Letter of Attestation; and
- adequate internal controls have been implemented to regulate, safeguard, and monitor all assets of the Organization.

The Letter of Attestation template does not contain any explicit reference to donations or inventories held for donation purposes.

Audit Finding No. 20: The ACA acknowledged the year-end reconciliation procedures established by the DMF, which all Executive Structures – including the Secretariat – were required to follow when reconciling Fixed Assets and Inventories. Nevertheless, it noted that donations executed during the financial year were not fully recor-

ded in the appropriate accounting period. This indicated a weakness in the year-end reconciliation exercise.

In addition, the Letter of Attestation template did not require a separate confirmation regarding the completeness and timely recording of donations.

Recommendation No. 16 to the DMF: The ACA recommended that the completeness and timely recording of donations should be explicitly confirmed within the Letter of Attestation submitted for the preparation of the Statement on Internal Control to underline the importance of this cutoff topic.

Recommendation No. 17 to all Executive Structures: The status of all donations should be updated before year-end so that the year-end confirmation to be submitted to the Secretariat is based on the actual circumstances. Any required accounting adjustments identified during this process should be communicated to the DMF/ALTSU within the Financial Statement preparation period in order to ensure accounting within the proper period.

With regard to the misstatements in the Secretariat, the ACA referred to recommendation No. 14.

15. Election Observation Missions (ODIHR)

15.1 Third-Party projects policy

In its Audit Report 2024, the ACA found that there was no policy regarding Third-Party (**3P**) projects in place covering all aspects of Short-Term Observers for Election Observation Missions. There were no clear provisions setting out the responsibilities of ODIHR and the DMF regarding the management and collection of Third-Party receivables as well as advance authorizations for operational costs¹⁴. Hence, the ACA recommended to develop a comprehensive policy governing Third-Party projects, including a clear allocation of responsibilities, procedures for approval and reporting, and alignment with the OSCE's financial framework (see Recommendation No. 9).

By 2025, the Organization has succeeded in reducing the outstanding Third-Party receivables. However, as of the date of this Audit report, the DMF and ODIHR had not yet drafted any Third-Party project policy.

¹⁴ The ACA used the term "costs" to describe the financial burden on the Organization resulting from Election Observation Missions in general, as this term was also used in ODIHR's published reports on election observation missions. In the Financial Statements, the corresponding expenses were recorded under the appropriate expense categories in accordance with the IPSAS framework. However, to ensure consistent terminology, the term "costs" used throughout this paragraph was used synonymously with the accounting term "expenses".

In light of this finding and recommendation, the ACA identified the presentation of ODIHR's election observation activities in the Financial Statements 2025 as a specific focus area of its audit.

Audit finding No. 21: The ACA noted that Recommendation No. 9 from its Audit Report 2024 on establishing a comprehensive Third-party project policy had not been followed and therefore not been implemented.

Recommendation No. 18 to ODIHR and the DMF: The ACA reiterated Recommendation No. 9 from the Audit Report 2024 and recommended that the OSCE should finalize and implement a comprehensive policy governing Third-Party projects and election-related activities. The policy should clearly define roles and responsibilities, approval procedures, financial reporting requirements, responsibilities for receivable management and collection, procedures for advance authorizations, data ownership and reporting obligations, and coordination mechanisms between ODIHR and the DMF. In addition, the necessary year-end processes should be established to ensure proper allocation of the costs to the appropriate financial period.

15.2 Accounting treatment of observers

The ACA noted that the Financial Statements 2017 had already included explanatory disclosures indicating that the value of Short-Term Observers (**STOs**) and Long-Term Observers (**LTOs**) had not been recognized because the underlying data required for reliable valuation had not been considered sufficiently robust.¹⁵

Subsequently, ODIHR started to develop and maintain a database for observer recruitment and deployment, that provided operational information on observer assignments and deployment periods. While originally developed for operational purposes, this information was subsequently used as an input into the valuation methodology adopted in 2025.

The DMF concluded in 2025 that the services provided by seconded Short-Term and Long-Term Observers for Election Observation Missions should be disclosed as Contributions In-Kind to ensure consistency with the accounting treatment already applied to other categories of seconded personnel within the OSCE framework.

¹⁵ Also in subsequent years, the OIO and external auditors had addressed the non-recognition of seconded election observers in the Financial Statements, pointing out the limitations in valuation data availability. In 2019, the Supreme Audit Institution of Spain conducted a performance audit on the accounting treatment of seconded electoral observers under IPSAS Nr. 23, noting that ODIHR's role in election observation went beyond that of a mere agent of participating States and that Contributions In-Kind should be transparently disclosed. In 2022, the French Cour des comptes highlighted that STO and LTO were neither valued nor reported, as total costs could not be determined due to missing valuation data. The OIO also conducted a focused audit of ODIHR in 2022.

Also in 2025, the OIO performed a scoped audit on ODIHR and issued a priority 1 recommendation to the DMF to determine the appropriate IPSAS accounting treatment of election-related costs, including the recognition of Contributions In-Kind from seconded observers and the reassessment of Third-Party transactions. While the DMF agreed, concluding that under IPSAS Nr. 23 these services meet the criteria for recognition, ODIHR disagreed with the recognition of Contributions In-Kind, arguing that election observation was an inter-State activity and that neither control nor reliable measurement criteria were met.

In the DMF's view, ODIHR should not be seen merely as a facilitator of Election Observation Missions, but rather as being responsible for implementing and conducting these activities. Although observers did not have a direct contractual relationship with the OSCE, they were externally perceived as operating under the framework and authority of the Organization. The deployment and functioning of observers were established OSCE practice and reflected a substance-over-form perspective, as the OSCE exercised a degree of control over the activity of observers whilst receiving the economic benefit from the Short-Term and Long-Term Observers' activities, particularly given that election observation constituted a core mandate of the Organization.

Audit finding No. 22: The ACA agreed with the position of the DMF that the services provided by seconded Short-Term and Long-Term Observers constitute significant Contributions In-Kind to the OSCE's election observation activities and should therefore be recognized in the Financial Statements.

15.3 Methodology for the valuation of observers' activities

To assess the appropriateness of the accounting treatment, the reliability of the available data, and the operational framework surrounding election observation activities, the ACA conducted an on-site audit visit to ODIHR in Warsaw in December 2025. The ACA focused on the following topics:

- operational structure of Election Observation Missions,
- role of ODIHR in managing and coordinating observers,
- treatment of Third-Party projects,
- availability and quality of underlying data, and
- proposed accounting treatment under IPSAS.

The ACA also reviewed prior external and internal audit reports, relevant FAIs, ODIHR's operational documentation, observer deployment files, and supporting records relating to election observation activities. In addition, the ACA performed sample-based testing of Election Observation Mission deployment lists and Daily Subsistence Allowance (**DSA**) rates applied in the valuation process, reviewed

supporting documentation used for the estimation methodology, and assessed the plausibility and completeness of the observer master data maintained by ODIHR.

Particular attention was dedicated to the valuation methodology for Short-Term and Long-Term Observers. During the audit period, different valuation approaches were considered by the DMF. One possible methodology would have been the use of actual costs incurred by participating States for the deployment of observers. However, due to the substantial variability of national remuneration systems, employment arrangements, and reimbursement mechanisms, such an approach would have resulted in significant estimation uncertainty and inconsistent data quality.

The DMF and ODIHR ultimately agreed to apply a replacement-cost methodology as the basis for valuation, which was in line with the accounting standards. Under this approach, the value of observer services was estimated based on comparable market-based costs that the OSCE would have incurred if the Organization had recruited and remunerated equivalent personnel directly. The ACA noted that objective and externally verifiable reference values existed for this methodology through the two Extra-Budgetary projects already used by the OSCE to finance additional election observers under the Diversification Fund and the Sustainability Fund¹⁶. Furthermore, the applicable DSA rates were publicly available and reflected observable market-based compensation structures used for comparable election observation activities.

Audit finding No. 23: The ACA considered the replacement-cost methodology to be a reasonable basis for valuation of Short-Term and Long-Term Observers' activities.

¹⁶ The Diversification Fund is an ExB funded project that is used to finance the secondment of observers when nominations from participating States do not ensure geographical diversity. The Sustainability Fund is an ExB funded project exclusively financed by Italy to support the deployment of Italian observers to Election Observation Missions.

15.4 Costs of observers

During the reporting period, ODIHR implemented a total of four Election Observation Missions as well as two Limited Election Observation Missions, one Mission had to be cancelled¹⁷.

Table 5: Overview of Observation Missions in 2025

Election Observation Missions 2025	Limited Election Observation Missions 2025
parliamentary elections in Albania	parliamentary elections in Romania
parliamentary elections in Moldova	presidential elections in Poland
local elections in North Macedonia	
early parliamentary elections in Kyrgyzstan	
(parliamentary elections in Tajikistan)	

Source: ODIHR

In addition to the observer staff, each Election Observation Mission was supported by a Core Team responsible for overall mission coordination, analytical work and operational management. The Core Team consisted of 158 members in total, composed of

- externally recruited experts (95 SSA positions),
- internally recruited ODIHR roster experts (35 SSA positions), and
- ODIHR staff members (28 positions) engaged under fixed-term arrangements, primarily in finance and procurement functions.

The overall observer deployment in 2025 consisted of 125 Long-Term Observers with an average deployment duration of 46 days and 764 Short-Term Observers with an average deployment duration of seven days. While core team members were openly recruited by ODIHR, seconded Long-and Short-Term Observers were nominated by the seconding participating States.¹⁸ The nominations as well as the open recruitments were managed through the Election Expert Database.

The cost structure of Election Observation Missions in 2025 comprised multiple operational and financial components linked to mission deployment, staffing, logis-

¹⁷ Following an invitation from the authorities of Tajikistan, based on the findings and conclusions of the Needs Assessment Mission that took place from 16 to 18 December 2024, and in accordance with its mandate, ODIHR deployed an Election Observation Mission to the 2 March 2025 parliamentary elections. On 3 February 2025, ODIHR had to cancel the election observation mission due to the lack of assurance by the authorities of Tajikistan that observers would be accredited and able to carry out their work.

¹⁸ Short-Term Observers funded through the Diversification Fund were nominated by the eligible participating States, while Long-Term Observers deployed under the fund were selected by ODIHR through an open recruitment.

tics, and Third-Party arrangements. The costs of the election programme were funded from various sources.

Direct costs covered by the Unified Budget

In 2025, ODIHR implemented four projects as part of its activities, funded by the Unified Budget. Apart from the Election Observation Missions (**EOMs**) and Limited Election Observation Missions (**LEOMs**), ODIHR further managed Election Assessment Missions (**EAMs**) and Election Expert Teams (**EETs**). These two activities were not covered separately in the Audit Report, as no Short-Term or Long-Term Observers were involved in any deployment or secondment.

Sustainability and Diversification Fund

In addition to the cost components, covered by the Unified Budget, ODIHR managed the two ExB projects (see [paragraph 15.3](#)) to cover certain costs of the activities.

Contributions In-Kind

Long-Term and Short-Term Observers were sourced either through secondment arrangements or through one of the two ExB funds. Until 2024, the seconded Observers were not recognized in the OSCE's Financial Statements, due to the limitation in the valuation methodology (see above). In 2025, the valuation possibility was reevaluated and consequently, the services provided by seconded observers were recognized within ExB projects and measured based on the applicable DSA rates, with corresponding revenues and costs recognized in the Financial Statements.

The costs for the seconded observers were presented in the Financial Statements 2025 as Contributions In-Kind. The corresponding costs were recorded in the respective cost categories, e.g. Staff Costs, Service and Office Costs or Equipment Expenses. The recognition in the Financial Statements 2025 had no overall impact on the surplus/deficit in 2025, as it increased both the Contributions In-Kind and the operational expenses for the Election Observation Missions.

Third-Party costs for STOs

Until 2024, certain costs related to seconded Short-Term Observers were administered through Third-Party projects, which were not reflected in the OSCE's Financial Performance Statement. While the OSCE initially advanced the related costs, these were subsequently recharged to the seconding participating States upon completion of the respective missions. Outstanding balances arising from these recharge arrangements were presented in the Financial Statements as receivables.

In line with the specification of the valuation methodology in 2025 ([paragraph 15.3](#)), these Third-Party projects were reclassified as ExB projects. As a result, the associated costs and corresponding contributions were now recognized in the Statement of Financial Performance, resulting in increased reported revenues and costs compared to prior years.

The OSCE treated the changes in the accounting of Short-Term and Long-Term Observers as well as the consequential reclassification of the Third-Party costs as a Change in Accounting Estimate according to IPSAS¹⁹.

Against this background, the following costs for the Election Observation Missions and Limited Election Observation Missions were included in the Financial Statements 2025:

Table 6: Costs for Election and Limited Election Observation Missions in the Financial Statements 2025

Cost components	Amount in EUR million	Funding
Direct costs covered by the Unified Budget	3.236	UB
Contributions In-Kind (estimation based on DSA-rates)	1.883	ExB ¹
Third-Party costs for STOs	0.237	ExB ¹
Sustainability Fund	0.180	ExB
Diversification Fund	0.160	
Total sum	5.696	

¹ not recorded in 2024

Source: OSCE

The aggregated total costs from the different funding sources and accounting categories for Election and Limited Election Observation Missions recorded in 2025 amounted to approximately EUR 5.696 million.

Audit finding No. 24: The ACA noted that the total costs incurred for Election and Limited Election Observation Missions in 2025 amounted to EUR 5.696 million. These costs were incurred in connection with the programmes, funded by the Unified Budget and ExB Contributions.

¹⁹ IPSAS Nr. 3 – Accounting Policies, Changes in Accounting Estimates and Errors: changes in accounting estimates have to be recorded in the period of the change. The changes were described in paragraph 2.2.2 – Changes in Accounting Estimates – within the Notes to the Financial Statements 2025.

Following the reclassification of former Third-Party projects as ExB projects and the recognition of Contributions In-Kind relating to seconded observers based on applicable DSA rates, the Financial Statements 2025 provide a more comprehensive presentation of the resources utilized for election observation activities.

15.5 Organizational and Governance Challenges

The ACA identified governance and coordination issues in the accounting of election observation activities and the preparation of the Financial Statements between the DMF and ODIHR.

In December 2025, the DMF decided that observer services should be recognized as Contributions In-Kind in the Financial Statements 2025 in order to enhance consistency and transparency. However, uncertainty remained within the Organization regarding the recognition and valuation methodology. As a result, no fully coordinated position and no final figures had been agreed upon by 31 March 2026.

Following further discussions among the DMF and ODIHR, ODIHR ultimately aligned with the DMF's decision. The delayed agreement on the accounting treatment and valuation of observer-related Contributions In-Kind resulted in significant adjustments in May 2026 and the submission of a revised version of the Financial Statements on 20 May 2026.

The ACA emphasized that responsibility for the Financial Statements was with the DMF under FAI 11 and noted that the flow of timely, complete, and coordinated information flow between ODIHR and the DMF was insufficient throughout the process.

This case also reflected broader organizational risks identified by the ACA in its Performance Audit 2025. The ACA noted that the OSCE's decentralized governance structure could hinder consistent organizational decision-making and accountability. This structural governance issue might, for example, have an adverse impact on financial reporting processes and on the timely preparation of the Financial Statements.

Audit finding No. 25: While acknowledging ODIHR's 2025 efforts to reduce outstanding receivables related to Third-Party projects and election observation activities, the ACA identified continued weaknesses in data quality, completeness and governance. Deployment records were sometimes incomplete, with missing or inconsistent information on short-notice changes of the Observers changes and exact locations.

The ACA also found that the flow of information between ODIHR and the DMF was not timely or complete, with some data reaching the ACA before the DMF. Given the DMF's responsibility under FAI 11, the ACA concluded that coordination between ODIHR and the DMF needed significant improvement to ensure efficient, IPSAS-compliant financial reporting.

Recommendation No. 19 to the Secretariat General and the DMF: The ACA recommended that the authority and responsibility of the DMF for the preparation of the Financial Statements under FAI 11 should be effectively strengthened and executed throughout the Organization. The Secretary General should ensure that the DMF receives the institutional support necessary to obtain timely, complete, and reliable information required for IPSAS-compliant financial reporting.

Recommendation No. 20 to ODIHR: The ACA recommended that ODIHR should further improve the completeness, reliability, and consistency of its observer-related operational data, including deployment records, mission changes, and location-specific information necessary for financial valuation purposes. ODIHR should ensure that relevant operational and financial information was made available to the DMF in a timely and structured manner to support the preparation of the Financial Statements.

16. Contributions In-Kind for seconded staff

The OSCE accounted for Contributions In-Kind for seconded staff, ancillary services and donated goods. The calculation of the Contributions In-Kind for seconded staff was performed in Excel by the DMF. Due to a formula error in the calculation, the contributions for seconded staff were underestimated by approximately EUR 0.400 million as of 31 December 2025. This formula error did not occur in previous years or in the calculation of Contributions In-Kind from ancillary services or donated goods.

Audit finding No. 26: Due to a formula error, Contributions In-Kind for seconded staff were understated by approximately EUR 0.400 million.

The OSCE accepted the ACA's finding, adjusted the calculation and included the additional entry in IRMA. As a result, the amount of the Contributions In-Kind for seconded staff increased by EUR 0.400 million. To mitigate this error in future years, DMF implemented a control in the valuation file to validate the calculation.

Recommendation No. 21 to the DMF: The ACA recommended to the DMF to post the Contributions In-Kind for seconded staff in IRMA only after reviewing the calculation following a four-eyes principle. Furthermore, DMF should introduce additio-

nal validation controls in all files with manual calculations to ensure the accuracy of the calculations.

17. Travel Management Reports

The Executive Structures used different systems for the management of business trips. For its audit procedures, the ACA was provided with travel reports generated from the Notilus e-Travel Management System (**Notilus**)²⁰.

The ACA identified discrepancies between the Notilus-Report and the actual approval history in Notilus. While in some cases the report listed the same person in the approver roles of the "Chief Financial Administrator" and the "Project Manager", a review of those same cases directly in the system revealed that the approvals had in fact been granted by different individuals. After the discrepancies had been identified, the OSCE took steps to identify and to correct the error.

Audit finding No. 27: The ACA identified inconsistencies between the approvers shown in the Notilus-Report and the records in the system. The OSCE took steps to identify and to correct the error.

Recommendation No. 22 to the DMF: The ACA recommended to the DMF to resolve the discrepancies between the Notilus-Report and the information recorded in Notilus and ensure that the report accurately reflects the actual situation.

18. Reconciliation and completeness of employee list

The ACA identified in its Audit Reports 2023 and 2024 weaknesses in the reconciliation of the employee lists. During the audit 2025, the ACA still faced the issue that a reconciliation of the total number of employees from 2024 to 2025 was not possible, taking into account all starters and leavers within the financial year. The reconciliation could not be performed without discrepancies for five staff members.

While the DHR attributed this to various system and reporting constraints as well as numerous staff joining and leaving during the year, the ACA considered that such a reconciliation is usually a standard feature in payroll tools.

Audit finding No. 28: Reconciliation procedures for the employee list could not be carried out without discrepancies due to various system and reporting limitations.

²⁰ Travel Management System used by Secretariat including the Documentation Centre in Prague

Recommendation No. 23 to the DHR: The OSCE should ensure that a reconciliation of the employee list is possible.

19. Special Service Agreements

A Special Service Agreement (**SSA**) is a short-term contract modality with a consultant, who possesses specialist knowledge or technical expertise in a particular field. The OSCE utilized the expertise of SSA consultants across all its Executive Structures.

In May 2025, the Secretary General responded to the absence of the Unified Budget 2025 with Cost Containment Measures (see [paragraph 8.4](#)) that remained in place until year-end 2025. These measures included, amongst others, strict cost-cutting measures for SSA contracts within the Secretariat.

In 2025, EUR 14.753 million were accounted for SSA contracts. This amount comprised EUR 12.844 million in contract fees and EUR 1.910 million in travel expenses for the SSA consultants (ticket costs, DSAs, etc.).

In the Statement of Financial Performance, the SSA expenses were recorded under 7.2 Consultancy and Subcontracting. This position also included expenses for translation and interpretation services, amounting to approximately EUR 0.588 million in 2025. However, a second position under 7.4 Service and Office Costs also included expenses for interpreters, translators and typing services (EUR 1.644 million for 2025).

Audit finding No. 29: The allocation of translation and interpretation expenses within the Statement of Financial Performance was not consistent. The ACA identified room for improvement in terms of transparency and consistent allocation of expense categories.

Recommendation No. 24 to the DMF: The ACA recommended a comprehensive evaluation and possibly a reallocation of the expenses for translation and interpretation services in the Financial Statements.

20. 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 where 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.

In addition to these Recommendations the ACA especially underlines the Recommendations from the Performance Audit on the Risk Management of the OSCE – see Chapter VII. Annex 1.

Table 6: Prioritization of recommendations

No.	Priority	to		Paragraph
Priority 1				
1	1	PC	Recommendation: The ACA reiterated the audit recommendation from 2023 and 2024 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.	paragraph 8.2
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 pursuant to Financial Regulation 3.04 – by taking into account the effects of inflation or consumer price indexes.	paragraph 8.3
3	1	PC	Recommendation: The ACA reiterated the audit recommendation from 2023 and 2024 to provide the OIO with the necessary human and financial resources to properly fulfil its mandate as an independent appraisal function within the OSCE.	paragraph 9.1
19	1	SG and DMF	Recommendation: The authority and responsibility of the DMF for the preparation of the Financial Statements under FAI 11 should be effectively strengthened and executed throughout the Organization. The Secretary General should ensure that the DMF receives the institutional support necessary to obtain timely, complete, and reliable information required for IPSAS-compliant financial reporting.	paragraph 15.5
Priority 2				
4	2	DMF	Recommendation: The IPSAS Policy should be subject to an annual review to ensure alignment both with the latest IPSAS requirements and with changes in the organizational environment. In addition, a documentation framework should be established for each IPSAS standard, covering at least the applicable recognition and measurement principles as well as disclosure requirements. This would help ensure consistency, completeness, and transparency of accounting policy decisions across all standards.	paragraph 11

No.	Priority	to		Paragraph
5	2	DMF	Recommendation: All bank transactions should require double signing authorities in accordance with FAI 5, point 9.2. Effective internal controls should be implemented to ensure that this requirement is met when establishing any new bank account. In addition, the DMF should maintain a complete and up-to-date archive of all current Bank Signatory Panels. Effective internal control mechanisms should be in place to ensure the accuracy, completeness, and timely updating of these records.	paragraph 12.1
6	2	ES	Recommendation: The DMF should be informed promptly of any changes affecting the Bank Signatory Panel and signature rights by the Executive Structures.	paragraph 12.1
9	2	DMF	Recommendation: The implementation for the introduction of new IPSAS standards should have been commenced sufficiently early to allow adequate time for the development of an appropriate accounting policy and calculation methodology. Furthermore, ICT should be involved to ensure the successful technical implementation within IRMA.	paragraph 13
12	2	DMF, ALTSU and OLA	Recommendation: The ACA recommended to reassess the date of the legal transfer of ownership in the case of donations. Where necessary, explanatory guidance should be issued to all Executive Structures to ensure that the procedure in practice also complies with the accounting standard and FAI 7.	paragraph 14.2
18	2	ODIHR and DMF	Recommendation: The ACA reiterated Recommendation No. 9 from the Audit Report 2024 and recommended that the OSCE should finalize and implement a comprehensive policy governing Third-Party projects and election-related activities. The policy should clearly define roles and responsibilities, approval procedures, financial reporting requirements, responsibilities for receivable management and collection, procedures for advance authorizations, data ownership and reporting obligations, and coordination mechanisms between ODIHR and the DMF. In addition, the necessary year-end processes should be established to ensure proper allocation of the costs to the appropriate financial period.	paragraph 15.1
20	2	ODIHR	Recommendation: ODIHR should further improve the completeness, reliability, and consistency of its observer-related operational data, including deployment records, mission changes, and location-specific information necessary for financial valuation purposes. ODIHR should ensure that relevant operational and financial information was made available to the DMF in a timely and structured manner to support the preparation of the Financial Statements.	paragraph 15.5
Priority 3				
7	3	DMF	Recommendation: The DMF should revise FAI 5 to ensure alignment with current investment practices and Financial Regulation 5.02. This would provide a coherent and up-to-date regulatory framework for the Organization's investment activities and strengthen overall governance and consistency.	paragraph 12.2
8	3	DMF	Recommendation: The DMF should revise FAI 5 to define limits on foreign currency holdings. This guidance should define what level of risk the OSCE is willing to accept with regard to foreign exchange risks. Any deviations from the limits set out in FAI 5 should be handled through properly justified and case-specific exception approvals.	paragraph 12.2
10	3	DMF	Recommendation: The ACA reiterated the audit recommendation from 2024 that the actual handover date should be a mandatory information to be included in the handover document as this date triggers the recognition of the disposal/donation within IRMA.	paragraph 14.1
11	3	ES	Recommendation: The Executive Structures should state the actual handover date in the handover document for Fixed Assets disposals or donations of Inventory as this triggers the transfer of ownership.	paragraph 14.1

No.	Priority	to		Paragraph
13	3	ES	Recommendation: The necessary supporting documents for documenting the disposal of assets/inventories for donations should be sent to the ALTSU without delay to ensure adequate accounting in the correct financial period.	<u>paragraph 14.2</u>
14	3	DMF, ALTSU and ICT	Recommendation: The ACA reiterated its recommendation to reevaluate the technical possibilities for a backdated accounting in IRMA to ensure that disposals can be recorded in the asset accounting module effective with the actual disposal date to allow for a proper presentation within the Financial Statements.	<u>paragraph 14.2</u>
15	3	DMF and ALTSU	Recommendation: The internal processes within the Secretariat should be strengthened to ensure that donations are reported to the DMF/ALTSU in a timely manner for financial accounting purposes. This would support the proper and period-appropriate recognition of donations in the Financial Statements.	<u>paragraph 14.3</u>
16	3	DMF	Recommendation: The completeness and timely recording of donations should be explicitly confirmed within the Letter of Attestation submitted for the preparation of the Statement on Internal Control to underline the importance of this cutoff topic.	<u>paragraph 14.4</u>
17	3	ES	Recommendation: The status of all donations should be updated before year-end so that the year-end confirmation to be submitted to the Secretariat is based on the actual circumstances. Any required accounting adjustments identified during this process should be communicated to the DMF/ALTSU within the Financial Statement preparation period in order to ensure accounting within the proper period.	<u>paragraph 14.4</u>
21	3	DMF	Recommendation: The DMF should post the Contributions In-Kind for seconded staff in IRMA only after reviewing the calculation following a four-eyes principle. Furthermore, DMF should introduce additional validation controls in all files with manual calculations to ensure the accuracy of the calculations.	<u>paragraph 16</u>
22	3	DMF	Recommendation: The DMF should resolve the discrepancies between the Notilus-Report and the information recorded in Notilus and ensure that the report accurately reflects the actual situation.	<u>paragraph 17</u>
23	3	DHR	Recommendation: The OSCE should ensure that a reconciliation of the employee list is possible.	<u>paragraph 18</u>
24	3	DMF	Recommendation: A comprehensive evaluation and possibly a reallocation of the expenses should be made for translation and interpretation services in the Financial Statements.	<u>paragraph 19</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 2024) and an update by April 2026:

Table 8: 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.	not 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.	implemented
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 Nr. 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 Nr. 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.	implemented
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.	implemented
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

Table 9: Follow-up of the External Auditor's recommendations 2024

No.	Priority	Recommendations made by External Auditors	Status
1	1	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.	not implemented; to be followed up
2	1	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.	not implemented; to be followed up
3	1	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.	implemented
4	1	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.	not implemented; to be followed up
5	2	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.	not implemented; to be followed up
6	2	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.	not implemented; to be followed up

No.	Priority	Recommendations made by External Auditors	Status
7	2	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.	not implemented; to be followed up
8	2	The OSCE should revise its Financial Regulations and FAI 5 to ensure their alignment with IPSAS Nr. 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.	not implemented; to be followed up
9	2	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.	not implemented; to be followed up
10	3	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.	not implemented; to be followed up
11	3	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.	not implemented; to be followed up
12	3	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.	not implemented; to be followed up
13	3	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.	not implemented; to be followed up
14	3	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.	not implemented; to be followed up
15	3	The necessary supporting documents for documenting the disposal of assets/inventories for donations should be sent to the ALTSU without delay to ensure adequate accounting in the correct financial period.	not implemented; to be followed up
16	3	The OSCE should ensure that a reconciliation of the employee list is possible for all types of employees.	implemented
17	3	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.	implemented
18	3	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.	partly implemented; to be followed up

No.	Priority	Recommendations made by External Auditors	Status
19	3	Based on a recommendation from the 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.	not implemented; to be followed up
20	3	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.	partly implemented; to be followed up

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 2025. These Financial Statements 2025 comprise the Statement of Financial Position as at 31 December 2025, 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 for the year then ended, and Notes to the Financial Statements, including a summary of significant accounting policies.

In our opinion, the accompanying Financial Statements 2025 present fairly, in all material respects, the Financial Position of the OSCE as at 31 December 2025 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 scepticism 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.



Vienna, in June 2026
The President:

Dr Margit Kraker

VII. Annexes

Annex 1: Recommendations from the Performance Audit on the Risk Management of the OSCE

Supplemental to the Financial Audit, the ACA conducted a Performance Audit on the Risk Management of the OSCE with a special focus on the Secretariat and the Field Operation in Albania. A separate Audit Report, which includes an Action Plan for enhancing Risk Management, was issued to the Field Operation and the Secretariat covering the findings and recommendations of the Performance Audit in detail.

These recommendations (priority 1), which mainly covers the points of the above-mentioned Action Plan, are presented in Table 10 below.

Table 10: List of recommendations from the Performance Audit on the Risk Management of the OSCE

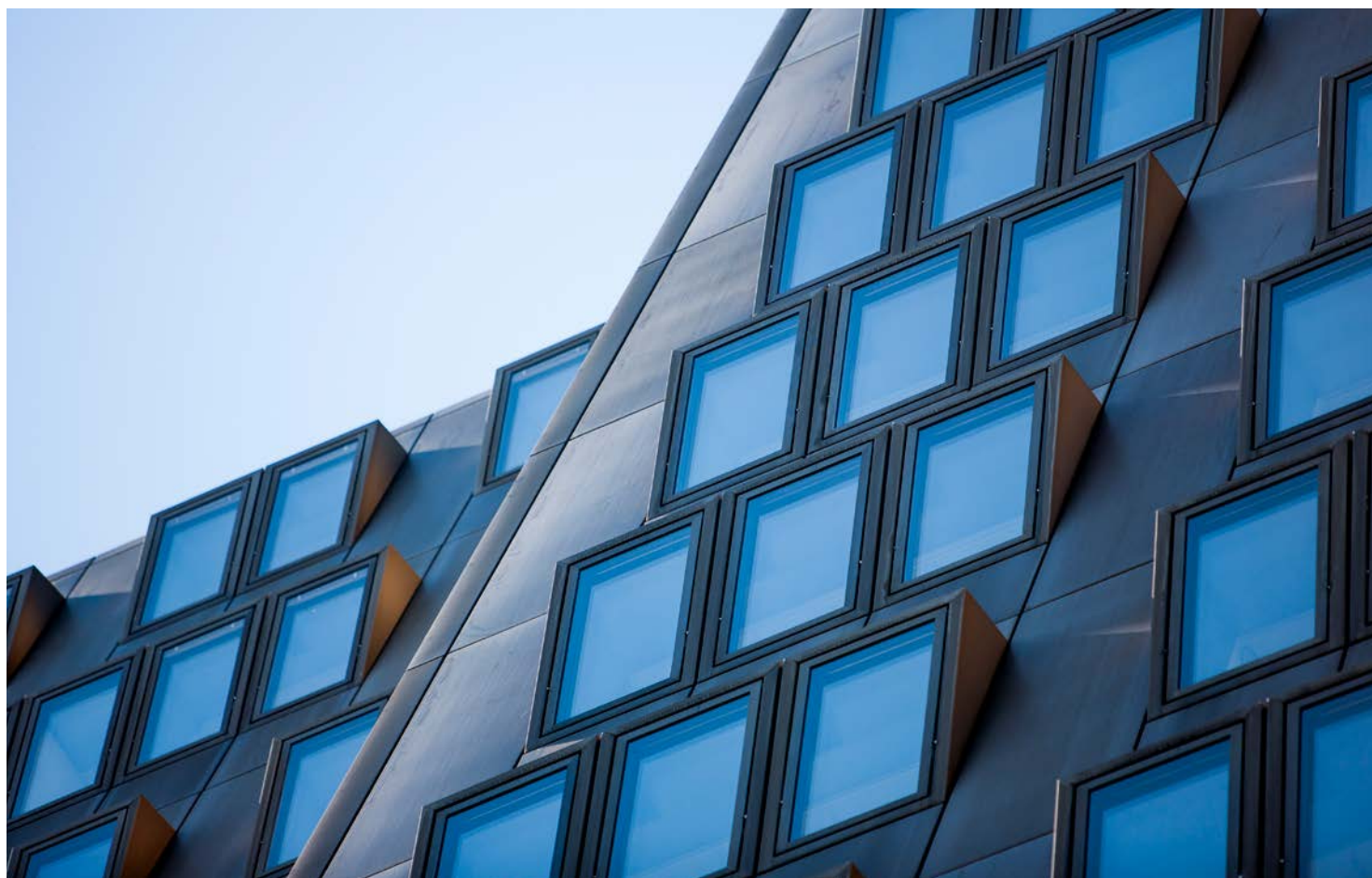
No.	to	Recommendation
1	PC and SG	The ACA recommended that the RMCIS was provided with the necessary human and financial resources to properly fulfil its tasks as administrative risk management unit.
2	PC and SG	The ACA reiterated the audit recommendation from 2023 and 2024 to provide the Office of Internal Oversight with the necessary human and financial resources to properly fulfil its tasks as an independent appraisal function within the OSCE.
3	Secretariat	The ACA recommended to strengthen the OSCE regulatory framework on risk management by defining mandatory provisions, summarizing the key responsibilities and processes for all risk types in a comprehensive document and reviewing the relevance of existing regulations for practical application and updating key documents accordingly.
4	SG	The ACA recommended to incorporate all identified risks to the Organization's objectives into an organizational risk register .
5	SG and Chairperson	The ACA recommended to include risks arising from a decentralized structure in the risk management process. When assessing risk mitigation, consideration should also be given to having HoM's and Hol's performance evaluated by the appropriate body.
6	Chairperson and PC	To ensure that the mandate could be fulfilled with the available resources in the future, the ACA recommended a functional review of the Organization, defining strengths and core areas that reflect its unique value. OSCE's activities should then be prioritized based on these findings. Sustainable financing for core activities should be secured through the Unified Budget.
7	PC, Chairperson and SG	The ACA recommended, that the OSCE provide the staffing and organizational requirements to set up a sufficiently empowered and independent body with a defined scope responsible for strategic risk management. The candidate should have the appropriate experience to cover all areas of risk management. Moreover, the ACA recommended that the Organizations risk appetite should be defined. Management's expectations regarding risk management should be adapted to the available resources and clearly communicated. The introduction of a Risk Board should be evaluated.
8	PC and SG	The ACA recommended updating the Internal Oversight Mandate. In the process, the OIO's reporting to the Secretary General and the Permanent Council should also be formalized.
9	PC	The ACA recommended the Permanent Council to provide the resources necessary for the ethics function to fulfil its mandate.
10	PC	The ACA recommended the OSCE to strengthen the independent position of the Ethics Coordinator and relocate the position to the Office of the Secretary General.

Acronyms and abbreviations

3P	Third-Party
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
CRMS	Common Regulatory Management System
DHR	Department of Human Resources
DMF	Department of Management and Finance
DSA	Daily Subsistence Allowance
EAMs	Election Assessment Missions
EETs	Election Expert Teams
e.g.	exempli gratia
EOMs	Election Observation Missions
ES	Executive Structure
FAI	Financial / Administrative Instruction
FMMC	Fund and Materials Management Committee
HCNM	High Commissioner on National Minorities
ICSC	International Civil Service Commission
ICT	Information and Communication technology
ICWs	Internal Control Walkthroughs
INTOSAI	International Organization of Supreme Audit Institutions
IPSAS	International Public Sector Accounting Standards
IPSASB	International Public Sector Accounting Standards Board
IRMA	Integrated Resource Management System
ISAs	International Standards on Auditing
ISSAIs	International Standards for Supreme Audit Institutions
LEOMs	Limited Election Observation Missions
LoA	Letter of Attestation
LTOs	Long-Term Observers

MC	Ministerial council
No.	number
ODIHR	Office for Democratic Institutions and Human Rights
OIO	Office of Internal Oversight
OLA	Office of Legal Affairs
OSCE	Organization for Security and Co-operation in Europe
OSG	Office of the Secretary General
PC	Permanent Council
PiA	Presence in Albania
Q	quarter
RFoM	Representative of the Freedom of the Media
RMCIS	Risk Management, Compliance and Information Security
RUR	Resource Utilization Report
SEC	Secretariat
SI	Staff Instructions
SIC	Statement on Internal Control
SG	Secretary General
SMM	Special Monitoring Mission (to Ukraine)
SSA	Special Service Agreement
STOs	Short-Term Observers
UB	Unified Budget
UBP	Unified Budget Proposal
ZNG	Zero Nominal Growth

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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 2025

	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	EUR '000
Opening Balance as at 1 January 2025	113,039	117,702	4,381	4,816	11	1,422	14	1,905	71	1,902	
Contributions/Premium Allocation	15,428	16,127	358	397	0	15	0	44	10	291	
Unit Adjustments	-	-	-	-	-	-	-	-	-	-	
Surrenders	(8,452)	(8,827)	(377)	(419)	-	-	(0)	(10)	(12)	(343)	
Withdrawals	(1,814)	(1,895)	-	-	-	-	-	-	(0)	(5)	
Switch Out	(832)	(869)	-	-	-	-	-	-	(5)	(139)	
Switch In	122	127	-	-	-	-	-	-	30	881	
Transfer Out	-	-	-	-	-	-	-	-	-	-	
Transfer In	-	-	-	-	-	-	-	-	-	-	
Fees (Administration Fee and Establishment Charge)	-	-	-	-	-	-	-	-	-	-	
Total movements during year	4,452	4,663	(20)	(22)	0	15	0	34	23	685	
Guaranteed Interest on Opening Balance	-	824	-	96	-	-	-	-	-	-	
Guaranteed Interest on units accumulated during year	-	5	-	(0)	-	-	-	-	-	-	
Deposit Administration Bonus Units (additional interest)	1,392	1,460	50	56	-	-	-	-	-	-	
Market Value Adjustment	-	-	-	-	-	(18)	-	211	-	372	
Closing Balance as at 31 December 2025	118,884	124,655	4,411	4,946	11	1,418	14	2,150	95	2,958	135,062