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**Secretary General Feridun H. Sinirlioğlu's**

**Unified budget proposal Presentation to the Permanent Council, 9 October**

Distinguished Delegates,

This is the third time I have addressed you in recent months on the OSCE's precarious financial position. In June, I shared my thoughts on our Programme Outline for 2026. Last month, I covered the recent proposals for the 2025 budget presented by the Chair. My focus today is on the Organization's proposed budget for 2026, which we were mandated to circulate, even in the absence of consensus on a Unified Budget for this year.

I will make three overarching comments. First, in recognition of the difficult financial climate in your capitals, you will have seen in the Unified Budget Proposal circulated last week that a number of Executive Structures put forward **proposals that are lower** than they were in the UBP2025. For the Secretariat alone, it's almost **1 million Euro** lower than the proposal one year ago. This is a demonstration that we heard you on the need to reduce costs. We heard you, and we will continue to identify efficiencies.

At the same time, I am mandated to tell you **how much the services you expect actually cost** to deliver. This Unified Budget Proposal for 2026 gives you the picture. **You, the participating States**, the owners of this Organization, will need to decide **what is funded and what is not**. Our job is to guide you on how much each of the work areas costs.

Overall, we propose an increase of 16.6% compared to 2021. When you look at the Proposal carefully, you will see this is largely driven by the **proposed alignment for staff salaries** at 100% of the UN salary scale, in full respect of the basic principle of *equal pay for equal work.* **It is my duty** to defend OSCE local staff employed by our Field Operations and to advocate on their behalf so that their work is not compensated 50 or 60% of what you pay UN staff in the same location. But **it is your duty to decide**.

While I recognize that a 16% overall increase will seem high at first sight, it is important to recall that we are now in **the fourth year without a budget**, and 16% is significantly less than the accumulated inflation in Austria over the same period of 27.4%.

Second, when I presented my Programme Outline to you in June, I promised to present **ideas for reform**. I continue working on this internally, building on the strong foundations left by my predecessors. You can already find some ideas in the current Budget proposal, and we will continue working on it. I will come to you with more options in the course of 2026, so as to inform the 2027 Unified Budget Proposal.

Meanwhile, I welcome the work of the Group of Friends in this area. I wholeheartedly support some of the ideas they put on the table in the paper shared last Friday. These **include multi-year budgets**, **automatic indexing** of inflation and **decoupling the post table from the budget**.

The decoupling is not a new idea, and in fact the External Auditor in 2021 had already identified that as an area for improvement. Heads of Missions recently wrote a very clear letter asking the same, and explaining the need for this decoupling in order to be able to **cut costs**. The idea here is very simple: if managers do not have the **flexibility** to choose what areas of work and what posts are a priority, we end up with **dysfunctional structures**, costing far more than they should.

This is not only my view, ask any Head of Mission and they will tell you: **without real flexibility on the post table, the reforms and cuts you are asking for are simply not possible**. I am not asking for *carte blanche*, States may very well decide the overall number and level of posts in the Secretariat, in each of the Institutions, and in each Field Operation. Of course. But *where* to deploy people and *who* they report to within each structure should be left to the Head of each Executive Structure to determine, if you want these structures to be efficient.

All of these matters merit further exploration, and I stand **ready to support discussions**. In addition to these reform areas, we are looking at ways to further streamline internal structures. Going forward, I feel strongly on the need to ensure a clearer ExB management process, and I am working on that too.

My third overarching comment is on the alternative to this proposal. **I am under no illusions**. The debate going forward will probably centre around how participating States can offer less funding than the amount we have requested. I anticipate there will be calls to look again at how we continue to fulfil our mandate with fewer resources. That debate surely needs to include **an honest reflection on which areas participating States expect the Organization to work less on**. I encourage the ACMF to use upcoming discussions to explore those thematic areas. **"Doing more with less" is simply not possible.** We have structures that already operate at **20-30% vacancy rates**. If the envelope is smaller, we need a discussion on which areas of work we are losing. We are open to that discussion, as we have been working hard for years to fit within ever shrinking resources. We are now at the point when we will probably need to re-evaluate costs we never thought we would, such as our footprint here at the Hofburg. We may have to consider the need for the 5th floor, for example.

Let me close with some thoughts on our current **financial position** and the proposed **Unified Budget for 2025**.

This is critical context, for our debate about 2026 and the longer term. I want to thank the Chair for efforts in trying to reach consensus. We are close to agreement. I **encourage all participating States** to spare no effort. This would be a significant breakthrough for the Organization, after a long time without a budget. As I had a chance to tell this Permanent Council a few weeks ago, thanks to the courage and wisdom of the governments of Armenia and Azerbaijan and their joint work, the old disagreement on the Minsk Structures is no longer an obstacle to an agreed Unified Budget. We are closing those Structures, upon a mandate of the Ministerial Council. Next week, I am ready to provide an update on this process, which is proceeding according to the timetable we set, namely formal closure by 1 December.

Dear colleagues,

I am very conscious of the difficult context in your capitals. Many participating States face unprecedented financial pressures. We are in an era where **spending on guns** is more fashionable than on **butter**. My role – indeed *our* historic role – is to **remind our capitals that the maintenance of strategic stability in the OSCE area also rests on multilateral diplomacy** and dialogue. This is how we remain true to our founding principles. And loyal to our national security interests. This remains the **cheapest security Organization** out there. And one we all know **we need**, and **will need** in the weeks and months to come.

The continued and prolonged absence of agreement on a Unified Budget means we now face **unprecedented financial pressures**. We face deficits in critical areas, which will seriously affect our day to day operations already in November. Even after radical action to contain costs to the greatest possible extent throughout 2025, **the Secretariat faces a deficit of around 2,1 million euros**. This includes Conference and Language Services, and thus our ability to continue supporting official meetings of decision-making bodies, including the **Ministerial Council** in December.

But CLS is not the only one. The Department for Management and Finance will not be able to pay for utilities, energy or provision of basic IT services supporting daily operations of all executive structures, meaning Secretariat, Institutions and Field Operations. This impacts our ability literally to **keep the lights on**.

So, while we embark today on a new round of discussion on the 2026 Budget, my final message is to underline the **urgent need to adopt the third 2025 Unified Budget proposal presented by the chair, without further delay**. If we can't within the next few weeks, then the only temporary alternative to address the deficit would be through additional provisional expenditure authorisations, similar to what has been done in the last few years, which would need to be approved by 24 October.

Colleagues,

The absence of agreement is bringing us to the **precipice**. Beware that we cannot have this cost effective and efficient Organization **operational and functional** anymore, when **we will need it** the most. I hope we can avoid that scenario and, through **patience and compromise**, on all sides, deliver **consensus**.

I thank you.