The Budgeting and Resourcing of the OSCE in Comparative Perspective

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Abstract

This paper examines the OSCE's resourcing from a comparative perspective. The OSCE has distinctive features, but its challenges are not unique among international organizations (IOs). Most notable is the hard consensus rule for all OSCE decision-making, which promotes OSCE Unified Budget incrementalism, undermines budgeting routinization, and challenges financial management. In addition, while the OSCE receives earmarked funding from donors, the share of extrabudgetary funding is smaller than in many other IOs. Instead, the OSCE relies heavily on seconded staff as in-kind contributions. Finally, the Special Monitoring Mission (SMM) in Ukraine deployed in 2014 demonstrated potentials and risks for future OSCE financing. This contribution concludes with three recommendations: the introduction of a consensus-oriented integrated budgeting process in the OSCE, the development of a centralized resource mobilization function in the OSCE Secretariat, and greater attention to the lessons of the SMM for the future of OSCE resourcing.

Keywords

OSCE budget, extrabudgetary contributions, secondments, resourcing of international organizations

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Introduction

For close followers of OSCE affairs, it is no secret that the Organization is in a budgetary crisis,[1] that budgetary consensus is generally hard to find and currently impossible,[2] that key activities in OSCE headquarters[3] and in the field[4] depend on extrabudgetary contributions, and that the OSCE's work relies heavily on secondments from participating States. The OSCE also faces significant challenges[5] to filling its budgeted seconded positions,[6] which constitute in-kind support without which the Organization could not function at the current budget level.

Although such observations are commonly made, the last time a detailed examination of OSCE financing was

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published in an academic outlet was in 1999. Then, a former OSCE Chief of Budget shared his insights from the first decade of OSCE budgeting, which saw the rise of voluntary contributions.[7] Since then, there has been no comprehensive, comparative academic consideration of OSCE resourcing, despite a growing body of academic research on the resourcing of international organizations (IOs)[8] and budgeting in IOs.[9] A former OSCE Secretary General published recommendations for budget and finance reforms in the OSCE but without explicitly considering the Organization's challenges from a comparative perspective.[10] Some limited lessons for OSCE finances have recently been drawn by comparing its situation to the experiences of the League of Nations,[11] and OSCE resourcing has been discussed with regard to civilian mission setup in comparison with EU and UN capabilities.[12]

This contribution builds on the academic research agenda on IO finances to develop three key recommendations for the OSCE's future resourcing. While some insights are gleaned from other IOs' experiences, these recommendations also reflect the special features of OSCE resourcing. I conducted desk research—studying all OSCE budget documents, audited financial statements, and annual reports from 2002 to 2021—and visited OSCE headquarters and permanent representations in Vienna in March 2023 for background conversations with ten interviewees who are familiar with OSCE financing and resourcing. Most insights were extracted from official documents and public statements, and these conversations provided important context for developing recommendations.[13]

In the following, I first review some of the recent academic literature on IO budgeting and resourcing. I then summarize key observations on the financial setup of the OSCE since the early 2000s, including during the time of the Special Monitoring Mission (SMM) in Ukraine from 2014. Combining both perspectives, I develop three recommendations and contextualize them in the reality faced by the OSCE in 2023, fully aware that these recommendations may not be implemented until a new consensus emerges for the future of the Organization. These recommendations include introducing consensus-based integrated budgeting, more centralized and politically aware resource mobilization, and learning from the positive and negative experiences encountered in SMM resourcing.

A review of recent research on IO resourcing

The dynamics of IO budget decision-making: Incrementalism and challenged routines

Academics have long known that regular budgeting in international organizations is largely incremental.[14] In other words, last year's assessed budget largely determines this year's budget. There is usually limited nominal growth, which results in core budgets that remain stable in real terms (zero real growth). There can be punctuated increases in limited

policy areas when there is a consensus for change in those limited areas.

One of the reasons for core budget incrementalism in IOs is voting rules—consensus, qualified majorities, or simple majorities—and established alliances that reduce the number of winning coalitions for change. For example, UN budget adoption formally requires a two-thirds majority, although informally consensus is sought.[15] The Group of 77 within the UN, with its 134 members, holds a majority with more than 50 percent of UN membership, against which no budget changes can be adopted. In EU multiannual budgeting, each member state has a veto.

Incrementalism in IO budgeting is also the result of limited ideological shifts among member states' governments when it comes to their international policy goals. Thus, geopolitical voting (or vetoing) coalitions are highly stable with regard to their substantive preferences.[16] In most IOs, there are stable blocking minorities or majorities against significant budget cuts, budget increases, and large shifts between main budget lines. Research on the United Nations Educational, Scientific and Cultural Organization (UNESCO) has also shown that even when an IO is faced with a budgetary crisis, budget reform and strategic budget cuts and shifts are not guaranteed as long as member states' *and* international bureaucrats' reform efforts are not synchronized.[17] Thus, secretariats of IOs also play a significant role in budgetary decisions.[18] This is true in the EU with its powerful core administration—the European Commission[19]—and across the UN system, which comprises different types of administrative structures.[20]

Research also shows that IO budget procedures can become increasingly time-consuming and invite greater micromanagement. This proceduralization undermines budget process routinization, which in turn undermines orderly mandate delivery.[21] In extreme cases, when veto actors block compromises or consensus, IOs have difficulty adopting their budgets in time for the start of new budget periods. In the 1980s, the EU went through a period in which budgets were adopted *after* the end of the year, requiring the introduction of multiannual budget cycles to break the impasse. The EU came close to the same situation after the European financial crisis of the early 2010s, underlining that multiannual budgeting is not a guaranteed means of easing annual budget compromises.[22]

To avoid such challenges, member states and international bureaucrats often revert to budget segmentation: IOs create multiannual framework budget procedures, such as in the EU, or parallel budget procedures, such as the peacekeeping budget process in the UN. Segmentation allows budget negotiations to be separated into different streams, either to distinguish long-term high-level politics from short-term financial details or to negotiate budgets issue by issue. Segmented budgeting allows more time for compromise on complex package deals and for disentangling negotiations on different issues. One way in which segmentation can be achieved is to shift contentious budget items into extrabudgetary domains. Where multilateral consensus

cannot be found within regular budget procedures, new projects can be financed from earmarked voluntary contributions rather than core budgets.[23]

In some IOs, such as the World Health Organization (WHO), this has resulted in the reduction of core budgets to less than 20 percent of overall expenditures, with the rest being earmarked voluntary finances. Such financing models ultimately require new types of budget procedures, such as the integrated budgeting that was introduced in WHO. UNESCO, in which earmarked financing also exceeded 50 percent, also introduced integrated budgeting based on WHO's experiences.[24] In integrated budgeting, member states agree, first, to the organization's overall resource needs and the priorities to which available resources are expected to be allocated. In a second step, member states decide how many of these overall needs they are willing to meet through assessed contributions. The remaining resources then need to be fundraised. Throughout the budget period, which areas of work remain underfunded is usually made transparent.[25]

Earmarked voluntary funding of IOs: Multi-bi aid, minilateral funds, and administrative burdens

One of the most important trends in IO financing research has been increased attention to voluntary funding, in particular earmarked voluntary funding. Many IOs—from multilateral development banks, to UN system agencies, to the EU—are dependent to some degree on this type of funding. The names of the concrete funding arrangements differ and include "trust funds," "projects," "special programs," and the creation of "institutes" that carry an IO's name but are basically financed by a few donors. Even the EU, with its sizeable budget, has introduced its own set of trust funds, which combine EU budget funding with additional donor contributions.[26] All arrangements combine some form of policy and/or geographical specification of what donor funds can be used for. In the UN system, almost the entire increase in funding from just below $40 billion in 2010 to over $65 billion in 2021 has come from increases in earmarked voluntary funding, with close to zero nominal increases—and thus real decreases—in assessed budgets over the past decade.[27] What this means is that increases in assessed funding have become the exception across a wide range of IOs.

Initially, academic studies focused on the causes of this trend. Among the causes of increased earmarked voluntary contributions are limited consensus on increasing core budgets and a preference on the part of major donor states to maintain (more) control over funding allocation. As a consequence, many IOs and multilateral funds have implemented either weighted voting rules, so that those who provide more resources have more votes, or permissive earmarking rules, which guarantee maximum donor control over voluntary contributions.[28]

More recently, there has been greater focus on the effects of this trend on IOs such as the United Nations Development Programme (UNDP) and

the United Nations Children's Fund (UNICEF).[29] The observed consequences are minilateral donor structures that undermine multilateral decision-making in IOs,[30] increased transaction costs,[31] fewer projects,[32] and IOs that are merely multilateral channels of bilateral aid[33] or that become global implementing agencies for donors[34] rather than long-term providers of multilateral global public goods. IOs that are dependent on voluntary finances have more short-term staff[35] and face increasing competition for project-based funding from other IOs.[36] Only some IOs, such as the UN Refugee Agency (UNHCR), are able to maintain mandate-oriented financing despite dependence on earmarked funding. However, in times of crises that affect (mostly Western) donors, earmarked funding can decrease or shift quickly from a focus on long-term needs to supporting limited political priorities through earmarked funding in the same organization or in competing IOs.[37]

There is thus growing academic consensus that donors of earmarked funding—including the EU, which earmarks all the support it provides to other IOs[38]—may gain greater influence and control over IOs through these funding arrangements but that, in return, this results in less effective and less efficient IOs. With less predictable funding, higher transaction costs, distracted secretariats, and the declining importance of transparent multilateral budget procedures, the value of the bi- or minilateralization of IO support without multilateral steering has been questioned. In addition, IOs that depend on this type of funding tend to evolve into bureaucratic fundraising machines with costly fundraising departments and special donor intelligence requirements across the organization.

Fundraising by international bureaucracies: The emergence of new administrative functions

The trend toward dependence on earmarked voluntary funding has resulted in the emergence of fundraising as a core administrative function of IOs. This function can range from IO secretaries general intervening with national government leaders to ensure continued project funding to specialized fundraising departments reaching out to foreign ministries for specific needs. IO field offices, where they exist, are in regular contact with local embassies to fundraise for field-level work or to organize donor visits to highlight successful projects and programs.[39] This has resulted in a distinct type of IO fundraising bureaucracy with extensive global "donor intelligence."[40]

For such fundraising activities to be successful and to establish donor intelligence, IOs require significant resources, including dedicated resource mobilizing officers or units. In WHO, such a department was introduced in response to the organization's rising dependence on voluntary funding.[41] This function requires additional staff and travel costs for fundraising visits. It can require setting up offices in fundraising hubs, such as Brussels, where IOs can interact professionally with donors where actual decisions are made. This shifts already scarce core

resources from mandate delivery to fundraising. However, in IOs that rely heavily on earmarked voluntary funding, it has become necessary to professionalize fundraising due to competition for scarce international funding between agencies with overlapping mandates and functions.

To be effective, fundraising in IOs also requires additional intra-organizational co-ordination. IO executives have to prevent in-house competition for resources, for instance when two departments approach the same donor for funding or when headquarter fundraising teams have different priorities than field-level fundraisers. In heavily politicized organizations, such co-ordinated fundraising also includes efforts to prevent or adapt fundraising for politically sensitive projects. Resource mobilization in such politicized contexts requires IO secretariat officials with a good understanding of the political sensitivities of all donors and member states. Their fundraising efforts cannot just be oriented towards budget maximization but should produce results that also minimize diplomatic discontent among key members and donors.

The state of OSCE budgeting and resourcing

The academic literature on IO resourcing, budgeting, and fundraising outlined above has resulted in various expectations and conclusions that find echoes in the OSCE. As in other IOs, OSCE budgeting is mostly incremental and faces challenged budgeting routines. These challenges are addressed by creating segmented resource streams such as parallel budgets—for example the separate SMM budget—by preventing significant assessed budget increases through budgeting for seconded posts, or by supplementing core resources with (earmarked) voluntary contributions. However, while the OSCE relies to a significant degree on voluntary in-kind and earmarked resources, neither an explicit integrated budgeting function nor a centralized resource mobilization function has been established as of mid-2023.

No consensus in OSCE budgeting: From lack of routines to challenged financial management

OSCE budgeting routines have been broken for quite some time.[42] Since 2002, the Unified Budget has been adopted just seven times before the start of the new budget year.[43] This reflects the extent to which any participating State that is unhappy with *any* aspect of the Organization's work can hold the entire OSCE hostage by blocking budgetary consensus. The 2021 Unified Budget was set at €138 million, but only in August of 2021, eight months into the budget year. No budget was adopted for 2022, and no consensus has been reached on the 2023 budget as of the summer of 2023.

The exact reasons for non-adoption are not usually made public, but the Russian war in Ukraine since 2014 and the Armenia and Azerbaijan conflict have been mentioned in conversations with those involved as key reasons for the lack of

consensus. There is also significant disagreement about the financing of the OSCE Office for Democratic Institutions and Human Rights (ODIHR), notably between Russia and some Western countries, with the latter remaining unwilling to agree to any cuts to ODIHR, even if this would result in a new budget consensus that could save the rest of the Organization.

The OSCE's non-routinized budgeting situation has significant consequences for the financial management of the Organization.[44] In the absence of an adopted budget, the OSCE operates under provisional quarterly or monthly allotments based on the last adopted budget, until a new one is adopted. In mid-2023, OSCE monthly allotments were thus based on the 2021 budget agreed two years earlier, prior to the shift to a fundamentally new security situation in Europe. In the absence of a consensus on the budget, there is also little space for consensus on budget reallocation through amending budgets, for example to shift funds from areas with underspending to budget lines with more funding needs—such as the doubling of costs for the Hofburg,[45] where the OSCE Permanent Council meets. The result is an organization that even underspends some of its assessed revenue out of caution, so as not to incur spending in advance under the constraints of monthly allotments.

This overall situation means that the OSCE Secretariat must spend valuable time on resource-oriented staff and financial (micro)management rather than focusing on key matters of European security. It also increases the pressure on the Organization to mobilize additional resources from donors to ensure its continued functioning or to shut down core operations.

OSCE staff resources: A hybrid between core and earmarked voluntary contributions

The consensus rule has led not only to challenges regarding budget adoption in the OSCE but to the micromanagement of core and seconded staff resources. Micromanagement is reflected in the fact that the Organization's post table is an integral part of the Unified Budget. The result is that every position, down to each security guard, is decided in an intergovernmental budget process that involves fifty-seven states, each with a veto, with no room for substantive staff management by the Secretariat leadership once the budget is decided. This bears some similarity to the intergovernmental micromanagement at work in the UN's regular budget process, in which negotiations also extend to lower-level staff positions.[46] In the OSCE, however, the staff table is so detailed and specific that staff resources are effectively earmarked—more than one might expect in some extrabudgetary projects.

What is remarkable is that this post table also includes seconded staff positions, that is, positions that participating States are expected to fill with their own nationals. Seconded staff are a form of in-kind voluntary contribution because if states do not provide them, the positions will remain unfilled. In 2021, 31 percent of

OSCE staff members were international seconded staff.[47] Because each seconded position is clearly linked to a headquarter unit or field mission in the Unified Budget, participating States effectively provide an earmarked in-kind resource when sending seconded personnel to the OSCE.

By including these positions in the post table, we see a distinct form of integrated budgeting in the OSCE: the intergovernmental membership defines the need for these positions by consensus but does not agree to provide their salaries from assessed contributions.[48] This de facto integrated budgeting, in which international seconded staff members do not receive their salary from the OSCE, allows the organization to reach a consensus in which some participating States are unwilling to provide more assessed contributions to finance core staff while others want the Organization to do more and are ready to provide the relevant staff resources voluntarily. For example, 16.9 percent of ODIHR posts were marked as seconded positions in the 2021 Unified Budget.

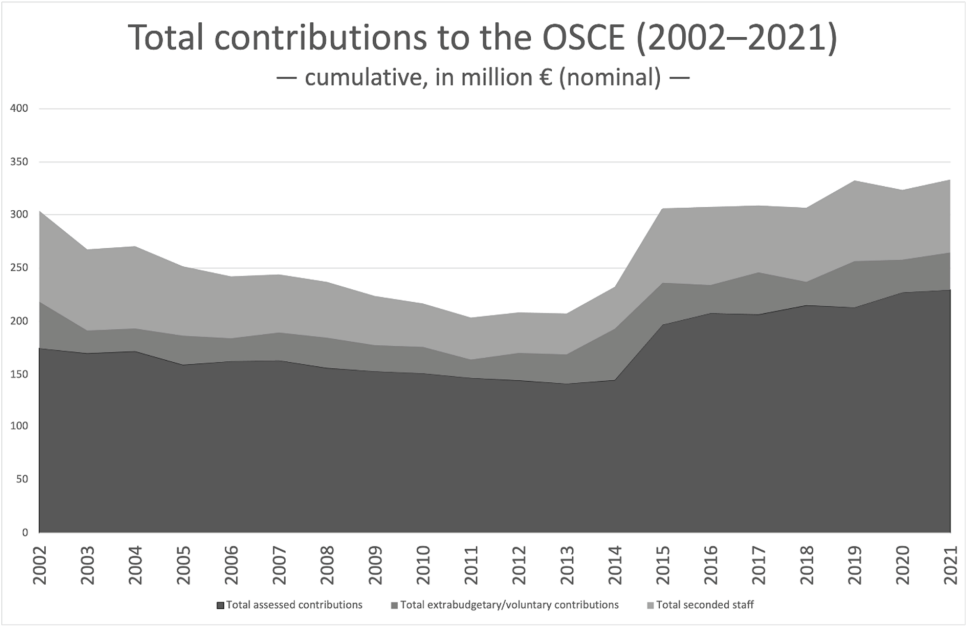

Figure 1. Cumulative OSCE revenue (source: audited financial statements 2002–2021, author's calculations). Seconded staff values are calculated by the OSCE in terms of replacement value, i.e., what it would cost to replace secondments with the salaries of those in comparable international staff positions.

By integrating secondments into the post table, even states who are unwilling to provide resources must signal their agreement that the staff for such positions are expected to be recruited by the OSCE Secretariat, similar to how integrated budgeting and resource mobilization works for extrabudgetary resources in other IOs. Unlike in IOs with full-fledged integrated budgeting, however, there is no public reporting about which budgeted seconded positions were actually filled in a given year by which donor.[49] There does not seem to be a co-ordinated fundraising approach that includes seconded positions as a key resource for the Organization.

This is remarkable given the dimensions of secondments in the OSCE. The replacement value of seconded staff resources (i.e., the salary costs required if they were hired as international contracted staff) has been reflected informally and formally as in-kind revenue in the audited financial statements of the OSCE for the past two decades. By my calculations, their share of the overall revenue remained around 20 percent in the 2010s and early 2020s (see figure 1), reaching almost €70 million in 2021, when the SMM was still in place and when overall revenues were relatively high.[50]

SMM budgeting: Increased assessed contributions and a separate budget procedure

Research suggests that conducting the SMM in Ukraine under the auspices of the OSCE was not without alternatives but was ultimately a better option for Russia than an EU mission, which would have prevented Russia from playing a role.[51] The speedy and substantive setup of the mission has been recognized as a sign of the OSCE's ability to adapt quickly, even under rigid budgetary conditions.[52] The relevance of the SMM for understanding OSCE finances has also been discussed publicly.[53] Still, it is worth considering certain aspects from a comparative perspective.

First, when the consensus on the establishment of the mission emerged, the OSCE was able to quickly mobilize significant extrabudgetary resources and to transfer personnel to establish the mission in the first year. This underlines the extent to which policy consensus and voluntary financing are closely linked in the OSCE. Second, similar to peacekeeping budgeting in the UN, a separate budget procedure for the SMM then emerged, with a different budget period (April to March) compared to the Unified Budget (January to December). This segmented budget process allowed the resourcing of the SMM, which was backed by a consensus mandate, to be separated from the (permanent) consensus-finding process for the Unified Budget.

Participating States even agreed to finance the SMM through a significant increase in assessed contributions to the OSCE. This increase was outside the Unified Budget but still from assessed resources (see the increase in assessed funding after 2014 in figure 1). In 2021, the total assessed contributions received for the SMM reached €91.366 million,[54] while

the (assessed) Unified Budget for that year was agreed at €138.204 million.

As a result, after more than a decade of financial decline, OSCE finances increased massively from 2014 to 2015. The initial increase in voluntary financing when the mission was set up in 2014 was largely replaced with assessed financing and with new secondments from 2015 onwards (see figure 1). This showed that a new consensus could drive both assessed budget increases and related secondments. However, the consensus on the SMM broke down in 2022 after Russia's full-scale invasion of Ukraine, as did any previous consensus on other budgetary matters in the OSCE. As a consequence, the Secretariat was faced with significant financial challenges, as no closing-down budget for the SMM could be adopted. At the time of writing, it is unclear to what degree this affected payments to suppliers and to outgoing mission staff or how many assets were lost.[55]

What this SMM showed is that a new consensus in the OSCE can result in substantively increased assessed funding and increased staff resources through secondments and the provision of voluntary resources (financial or in-kind) that support the consensus-based mandate. Segmentation can allow for the management of such increases. However, any resourcing in the OSCE is only as good as the consensus that underlies its mandates: when consensus cannot be reached, resourcing can quickly break down.

OSCE resourcing beyond consensus: Extrabudgetary projects and decentralized fundraising

Until 2021, overall earmarked project funding in the OSCE remained relatively low compared to many other IOs, making up around 10 percent of overall revenues. An exception was the short-term increase to 20 percent in 2014, when the SMM was set up and before assessed resources were available. Although detailed reporting on which donors finance which projects is not publicly available, annual reports suggest that average project size has been relatively low for most of the past twenty years. This suggests relatively high administrative costs for fundraising and co-ordination and relatively low financial gains for the Organization.

On the face of things, the introduction of the Support Programme for Ukraine (SPU)[56] in 2022 may seem to be a departure from this trend. When the Unified Budget process broke down completely, the SMM was dismantled, and the consensus on the mandate of the Project Co-ordinator in Ukraine dissolved, some participating States formed a minilateral coalition to continue formerly core activities with extrabudgetary funding. While the Russian Federation disagreed with the setting up of the SPU, this decision revealed the extent to which earmarked voluntary funding and co-operation between donors and the OSCE Secretariat is currently the only way to keep certain parts of the Organization alive.[57]

Nevertheless, what seems like a novel arrangement (because a non-consensus mandate was de facto continued by a

minilateral donor coalition) masks the fact that the previous Project Co-ordinator in Ukraine was already dependent, at 45 percent, on extrabudgetary resources.[58] In other words, while there was formal consensus on maintaining the Project Co-ordinator until February 2022, there was no consensus on providing it sufficient Unified Budget resources. More importantly, the SPU represents an attempt by Western states to circumvent the OSCE's hard consensus rule with a practice in which OSCE activities supported by extrabudgetary funding are decoupled from consensus mandates. The question is whether the increased out-of-mandate resourcing of the OSCE's work through earmarked funding will further undermine consensus or trigger negotiations for new consensus.

From a comparative perspective, it is interesting that the SPU is organized as a "repository program," an OSCE model that is similar to a multi-donor trust fund out of which various individual projects can be financed. Such a model increases donor-Secretariat co-ordination and reduces transaction costs. It has already been used, for example, in the OSCE's small arms program.[59] These examples show that co-ordinated and centralized fundraising is possible in the OSCE above the project level. This is useful because the OSCE otherwise lacks a clear-cut centralized resource mobilization function.

The Programming and Evaluation Support Unit plays a central role in monitoring and assessing proposals for extrabudgetary projects in co-ordination with multiple units within the OSCE Secretariat.[60] The Budget and Finance Services section of the Secretariat also has specialists to manage extrabudgetary contributions. However, this co-ordination is supported neither by a centralized fundraising office—there is just one seconded position in the Secretary General's office—nor by full-scale integrated budgeting. As a result, most project-level fundraising seems to be accomplished through direct contact between OSCE headquarter units or field operation staff and participating State delegations in Vienna or in the field, without central co-ordination.

This situation risks resulting in struggles for limited funds, competition between units, the alienation of donors and key participating States, and an extensive administrative workload for ultimately very low funds. In an organization that could see its Unified Budget and various mandates blocked for an extended period, improving resource mobilization will be crucial.

Three recommendations for the future of OSCE resourcing

Consider a shift to an OSCE-specific, full-scale integrated budgeting process. As argued above, the OSCE is already practicing a form of integrated budgeting by including seconded staff posts in the Unified Budget that effectively rely on large-scale, in-kind contributions from participating States. By shifting to an OSCE-specific comprehensive integrated budgeting process, all resources provided to the OSCE could become part

of an overarching resourcing consensus in which assessed contributions, in-kind staff support, and extrabudgetary financial contributions are provided by states and fundraised by the Secretariat, in line with overall consensus-based resource needs. This could allow discussions on resource needs for agreed mandates to be detangled from the question of how these resources are provided.

A country that would otherwise block consensus on the Unified Budget over the size of its assessed contributions might still agree to an increased integrated Unified Budget as long as that increase comes from secondments or voluntary support. Similarly, a country that would otherwise prefer to limit ODIHR operations might agree to an overall integrated budget as long as ODIHR's resources are increased through in-kind or voluntary resources only—voluntary financing that participating States who strongly support ODIHR would be willing to provide. The key is that such voluntary financing would still be backed by consensus on ODIHR's overall resource needs.

Integrated budgeting would thus aim to reach a needs-related consensus and then try to achieve a maximum of assessed contributions to finance those needs by the end of the budget year. This would allow the Secretariat to manage available resources in an orderly fashion and to fundraise for missing resources—including by recruiting seconded personnel and by finding mandate- and needs-supporting voluntary resources—under the umbrella of a consensus budget. This would of course require a minimum interest in a functioning OSCE and at least tacit agreement that certain mandates will only survive thanks to voluntary support from a limited number of donors (as has been the case in many parts of the UN system for decades). The 2023–2024 political climate may not allow for such a move, but in the future it could significantly improve consensus-building and resource mobilization in the OSCE.

Set up a more centralized resource mobilization function. The OSCE remains a consensus-based organization in which fundraising cannot be completely disengaged from established consensus mandates. With integrated budgeting, participating States could offer the Secretariat clear political guidance on how to fundraise strategically. However, even in the absence of such integrated budgeting, a more centralized resource mobilization function in the OSCE Secretariat could combine donor intelligence with political sensitivity for consensus-based mandates. The central unit(s) in the Secretariat would co-ordinate and prioritize fundraising for financial contributions *and* for secondments to ensure that agreed mandates were fully resourced before trying to finance activities and (repository) programs, such as the SPU, that have large-scale support among participating States and donors but are not currently backed by consensus.

Organizationally, a more centralized resource mobilization process is possible, even in the absence of consensus regarding a new department. The centralized resource mobilization unit would combine some aspects of programming co-ordination in the Programming and Evaluation Support Unit with the financial work of

the Treasury and Extrabudgetary Contributions Unit and the secondment recruitment work of the Department of Human Resources, all linked by a Strategic Planning and Resource Mobilization Co-ordinator (all of these units and positions are in the 2021 Unified Budget post table).

If the resulting resource mobilization unit (or centralized administrative network) were to have the trust of (and a mandate from) the Secretary General and their deputy, the heads of institutions, and the heads of mission, this would also be a trusted central point of contact for donors. This could prevent uncoordinated and potentially relationship-damaging micro-fundraising by individual units and field missions. It would also ensure that politically sensitive fundraising was done with an awareness of the entire Organization's needs. The existing repository program model already shows that co-ordination above the project level is possible, and it could be used in a scaled-up version for more centralized fundraising. This includes treating recruitment for secondments as part of central fundraising so that participating States consider these staff positions more strategically as OSCE resourcing needs. This would reduce transaction costs for both donors and the Secretariat, increase strategic planning, ensure that secondments were filled with qualified personnel, and, in combination with integrated budgeting, allow for timely budget adoption followed by a swift and consensus-based mobilization of missing resources.

Learn from the positive and negative financial experiences of the SMM to Ukraine. Even in a politically divided situation with two participating States at war, not only was the OSCE able to reach consensus on setting up the mission in 2014, but it also had the political space to substantively increase the overall assessed resources of the OSCE. What this means is that, should the OSCE survive as an IO that includes the Russian Federation and Ukraine, a potential future OSCE peacekeeping or monitoring mission could be financially viable even if there were no strong consensus on other OSCE mandates or institutions. For the SMM, undertaking budget negotiations in a segmented budgeting process seemed to work routinely even though the Unified Budget process had stalled, which suggests that turning to this practice in the future may be sensible.

However, the rapid shutdown of the SMM also showed how financially risky such a future mission will be if the possibility of a breakdown of consensus is not built into the financial setup from the beginning. While the SMM could rely on a large share of assessed contributions, there is one problem with this type of funding: In national budgets, assessed contributions often come from budget lines or government agencies rather than voluntary contributions. When assessed contributions are reduced for states, the freed-up money is not directly available as a potential voluntary contribution in a national budget for the same IO. For a future OSCE mission with a short-term mandate, substantively increased assessed contributions must be complemented by official contingency funding schemes that, from the outset,

allow for the orderly winding down of the mission if consensus breaks down.

Overall, the SMM showed that when there is consensus on a mandate in the OSCE, increasing mandate-related voluntary contributions, providing seconded personnel, and increasing financing from assessed contributions are not a problem. When consensus breaks down, however, all three resource streams can break down, too. This is relevant to the other two recommendations as the functions of integrated budgeting and centralized resource mobilization are meant to ensure that comprehensive consensus across all OSCE mandates is maintained—or re-established—through better intergovernmental and administrative processes, with the aim of securing sufficient and well-allocated resources to achieve peace, security, and co-operation in Europe.

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Notes

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