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**DELEGATION OF THE REPUBLIC OF ARMENIA**  
**ORGANIZATION FOR SECURITY AND CO-OPERATION IN EUROPE**

**Statement**

**On the Presentation of the OSCE Unified Budget Proposal for 2015 by  
Ambassador Lamberto Zannier, the OSCE Secretary General  
delivered by Ambassador Arman Kirakossian at the 1018th Meeting of the  
OSCE Permanent Council**

October 09, 2014

Madam Chairperson,

We would like to thank the Secretary General for his presentation and commend the efforts of the fund managers, who elaborated the OSCE Unified Budget proposal.

We appreciate the efforts to draft a balanced budget, corresponding to expectations and requirements of participating States. We took note of the slight increase of the budget, which might be justified, having in mind the challenges, faced by our Organization and consistent application of the principle of zero nominal growth since last years.

On the other hand we would like to stress the necessity of more efficient and targeted allocation of financial resources within the Budget lines, having in mind also ensuring compliance with the OSCE Staff Regulations and Rules.

We took note that the amount of compensation of local income tax from the OSCE budget has increased almost twice. On previous occasions our Delegation had regularly drawn the attention of the participating States, that the longer we sustain the illegal practice of non-refundable compensation, the more we will tempt the countries, hosting field operations to impose local staff income tax.

Following the Conference on the issue of the local staff income tax, we are looking forward to constructive dialogue in the ACMF within budget discussions with the aim to resolve this long standing issue.

Regarding the OSCE field operations in our region, we would like to reiterate our support to the OSCE Office in Yerevan, which is the only fully-fledged OSCE field operation in South Caucasus. The proposed increase of the budget of the Office is the reflection of consistent enhancing of programmatic activities of the Office through support and ownership of my Government. The cooperation between the Government of Armenia and the OSCE Office in Yerevan could serve as best practice for other

participating States of the region, especially when it comes to the third dimension. Despite of significant difference in mandate we should try to ensure positive dynamics in all countries of the region.

We have consistently underlined that the budget of the Personal Representative of the Chairman-in-Office should fully correspond to the evolving situation on the ground. In discussing the PRCiO budget we will build upon this logic and will ensure that the PRCiO Office, which is the only permanent international presence in Nagorno Karabakh, receives adequate resources both in terms of finances and staff to better implement its mandate.

In conclusion, we would like to congratulate Mrs. Marina Milanovic-Ilic on assumption of the Chairmanship of the ACMF and wish her all success.

Thank You.