

**STATEMENT BY THE EUROPEAN UNION AT THE
1186th MEETING OF THE OSCE PERMANENT COUNCIL**

17 May 2018

**In response to the presentation by the
OSCE Secretary General of the 2019 Programme Outline**

The European Union Member States thank the Secretary General and all the fund managers for their contributions to the 2019 Programme Outline.

In accordance with the established procedure, the 2019 Programme Outline is accompanied by the previous year's Programme Budget Performance Report. The combination of meetings to assess the previous year's performance and discussion on the Programme Outline for the coming year is the first step towards improving the budget cycle.

More than ever, the discussion on past performance is important to enable participating States to establish the policy guidelines they are asked to provide to the fund managers for the following year based on the experience gained from the previous budget cycle. In that regard and as in previous years, we repeat our wish that the budget planning in future should be based on the assessment of past activities.

The Programme Outline needs to be based more on anticipated future needs, guided by the impact of previous activities and assessed with account taken of the Programme Budget Performance Report for the previous year. In that regard, we welcome the sharing last year of performance indicators, which increased transparency, but we can only renew our appeal to pay greater attention to management based on an assessment of results and the inclusion of recommendations deriving from project assessments. In order to maximize the value of future Programme Outlines and the ensuing discussions, we once again emphasize the urgent need to make greater progress in assessment in the OSCE. We therefore expect that the first steps made last year to modernize and enhance the OSCE's results-based management system will produce a more systematic approach.

This cannot but be of benefit to the aim, which we support, of reforming the budget cycle. We reiterate our appeal to move towards a biennial or multi-year budgetary process so as to increase the OSCE's effectiveness.

We appreciate the activities undertaken in 2017 by the Working Group on Horizontal Issues and hope that its findings will also be included in the work of the Group of Experts and Friends of Reform, which we support and whose work to date we welcome. We look forward to the continuing contribution by this Group to the discussion on the effectiveness of the

budgetary process and the long-term issues of the board and lodging allowance, secondment policy, Augmentations Fund and the question of income tax for local staff in OSCE Missions.

We shall examine the Programme Outline, SEC.GAL/65/18, with a view to providing the Organization with the means for implementing its mandate in full, while also taking account of the continuing challenges facing the OSCE, particularly because of its involvement in the crisis in and around Ukraine, the protracted conflicts and the deterioration of respect for human rights in the context of the under-financing of the human dimension institutions.

This context, combined with the fact that the national budgets of many participating States are under pressure and that savings have to be made wherever possible, merely emphasizes the need for the rigour demanded of all international organizations, which should also guide the OSCE. This is all the more relevant in that considerable additional financial resources, amounting to around 100 million euros, have had to be found to continue financing the growing budget of the OSCE Special Monitoring Mission to Ukraine (SMM), which is considered separately and is not therefore taken into account when calculating the OSCE budget.

Great attention should be paid to this reality at the start of discussions on the 2019 Programme Outline, all the more so as the European Union and its Member States make a unique contribution to the vitality and relevance of the OSCE, including its budget, in that they provide 70 per cent of the contributions to the Unified Budget and the budget of the SMM.

We have read the document “OSCE at a fiscal crossroads” distributed last week by the Secretary General with this in mind and welcome the occasion that it offers to conduct more strategic discussions on the setting of the OSCE’s priorities within the framework of the Programme Outline and beyond.

We should like to recall that the Programme Outline provides the basis for the start of dialogue between participating States and fund managers with a view to defining the guidelines of the Unified Budget. Discussion on the figures will take place in the autumn.

We still hope for an increase in the OSCE’s human and financial resources in the human dimension, in view of the serious threats to human rights and fundamental freedoms and of the reduced role for civil society in some parts of the OSCE area. While seeking to deal with these challenges collectively, we are reliant on the assistance of the institutions that we consider to be key assets of this Organization. No substantial additional funding has been allocated to the institutions in the last few years, and we remain deeply concerned by the consequences of insufficient funding.

As in the past, we shall ensure that the allowance for regional realities is reflected in the provision of appropriate funds for missions in Eastern Europe, the Balkans and Central Asia, where we support the OSCE’s presence and activities in the three dimensions in facing up to the diverse threats to security.

Depending on the outcome of the mediation efforts in the Nagorno-Karabakh conflict, we remain willing to consider possible budgetary proposals by the Personal Representative of the OSCE Chairperson-in-Office for financing new confidence-building measures agreed by

the parties. We welcome the recent progress in the settlement of the Transdniestrian conflict and are willing to study the financial implications of this progress. We also remain convinced of the need for an OSCE presence in Georgia, including a robust monitoring capacity able to operate unhindered across the administrative boundary lines.

At the same time, solutions for optimizing the Secretariat's budget need to be explored. Any proposal for increasing the Secretariat's resources should respond to clearly identified needs and be in line with the main priorities of the Unified Budget, including conflict management. Equally, the Secretariat's call for strengthening the Organization's planning capacities will be examined in the light of the progress already made in that regard, particularly in the Conflict Prevention Centre.

In addition, we welcome the Secretary General's desire for budgetary reform and support him in his future undertakings to ensure effective management of the OSCE's funds.

In conclusion, the EU Member States thank you, Secretary General, for your presentation, and wish our Slovak colleagues, who will chair the Advisory Committee on Management and Finance during the new budgetary cycle, every success. We hope that the participating States will be able to adopt the Unified Budget in time to allow the Organization to continue its important work unimpeded at the start of 2019.

The candidate countries the former Yugoslav Republic of Macedonia¹, Montenegro¹, Serbia¹ and Albania¹, the country of the Stabilisation and Association Process and potential candidate Bosnia and Herzegovina, as well as the Republic of Moldova, Georgia and Andorra, align themselves with this statement.

1 The former Yugoslav Republic of Macedonia, Montenegro, Serbia and Albania continue to be part of the Stabilisation and Association Process.