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## **STATEMENT BY THE EUROPEAN UNION AT THE 1266th MEETING OF THE PERMANENT COUNCIL**

7 May 2020

### **In response to the presentation by the OSCE Secretary General of the 2021 Programme Outline**

Mr. Chairperson,

The Member States of the European Union thank the Secretary General and all the fund managers for their presentations of the draft 2021 Programme Outline. In the context of the economic crisis associated with the COVID-19 pandemic, the national budgets of many participating States are being put under renewed pressure. The necessary rigour demanded of all international organizations applies to the OSCE and should guide it in these choices. Savings need to be made wherever possible.

We are pleased to note the emphasis on the role of the human dimension in the comprehensive security of the OSCE area. We shall continue to support strengthening the OSCE's human and financial resources in the human dimension, given the threats to human rights and fundamental freedoms and the narrowing of the space for civil society in certain parts of the OSCE area. The increased attention paid to gender equality and the application of the gender perspective in the various activities of the OSCE institutions and field operations are positive examples of this. We shall support the future Swedish Chairmanship in its implementation of these projects.

In accordance with the established procedure, the 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 to discuss the Programme Outline for the coming year offers the opportunity to embark on a reform of the budget cycle, which is more necessary than ever today after several years of drawn-out and costly processes for the OSCE. The framework needs to be improved to enable participating States to conduct genuine dialogue on the priorities pursued within our Organization.

The EU Member States note with satisfaction the progress made in the implementation of the Unified Budget, which this year achieved a utilization rate of 99 per cent with non-spent credits amounting to just 1.8 million euros. At the same time, we note that the OSCE is still faced by a recurrent problem of recruitment and maximizing staff remuneration. Given the planned increase in outlay for the training of OSCE staff because of the high turnover, the post descriptions must be made more attractive. In that context, we are nevertheless surprised to note that in spite of the many post vacancies, including executive positions, in the various OSCE bodies, the allocated budgets have been utilized in their entirety, even though staff costs already account for almost 60 per cent of the Organization's budget.

The EU Member States also take note of the increase in extrabudgetary contributions to finance projects that should be covered as a matter of principle by the Unified Budget. They represent a deviation from the principle of a unified budget and further weaken the OSCE's financing by reducing the share of mandatory financing, which in 2019 accounted for only 63 per cent of the Organization's resources. This development confirms the urgent need to conduct genuine dialogue on our Organization's priorities.

More than ever, the discussion of past performance is essential to enable participating States to establish the political 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 every year, we urge that the budget planning be built on a detailed assessment of past activities, based on a logic of transparency and outlay performance. The consequences of the COVID-19 crisis further reinforce this demand, which we expect to be followed up in future.

We recall that the Programme Outline merely represents the start of dialogue between participating States and fund managers. We need to define the priorities of the Organization and field operations together so as to draft a Unified Budget that is coherent and in line with the programmatic needs at a time when participating States are experiencing financial constraints. The difficulty in negotiating the 2020 budget once again shows that everything depends on our collective ability to define these priorities.

While we are looking at last year's Programme Budget Performance Report, in spite of our appeals to develop performance-based management, we note that the Report offers very little analysis either of the impact on the budget of activities carried out, or of aims defined before the adoption of the budget and relevant indicators. In order to maximize the value of future Programme Outlines and the ensuing discussions, we emphasize the urgent need to pay greater attention to the effectiveness of the outlays. We ask the OSCE once again to share the indicators with participating States without delay during implementation of the budget and to develop regular management dialogue in the course of the year between those responsible, respectively, for the budget and for the programmatic activities.

We thus also expect that the work of the internal and external audits will result in a reliable assessment, as well as the implementation of the recommendations made and their integration in multi-year strategic planning. Moreover, we repeat our appeal to move towards a multi-year budgetary framework, which would assist fund managers in their forecasts. We are ready to adopt the decision to that effect presented in 2018.

Given the importance of horizontal issues in negotiating the budget, we are in favour of continuing consideration of these issues in the Advisory Committee on Management and Finance (ACMF) and relevant working groups. We hope that these discussions will contribute to greater efficiency but will also provide guidelines for fund managers on the evolution of personnel costs and also on the Augmentations Fund, the question of local taxes, the board and lodging allowance and reform of the secondment system. Horizontal issues should be taken into account at each stage of the budget cycle. We reiterate the importance of integrating them into all OSCE activities.

A solution needs to be found without delay to the question of reimbursement from the Unified Budget of taxes collected by certain participating States on the income of local mission staff. The lengthy discussion and consultations over the years have made it possible to identify approaches that still have to be turned into specific formal proposals by the Group of Friends and Experts. We shall continue to monitor this.

We shall examine the Programme Outline with a view to providing the Organization with the means for implementing its mandate in full throughout the OSCE area, while also taking account of the continuing

challenges facing the OSCE, particularly because of its involvement in resolving the conflict in eastern Ukraine and the illegal annexation of Crimea and the city of Sevastopol by Russia, the protracted conflicts, and the challenges in the Balkans and Central Asia and to European security.

As we have already stated, the need for the rigour demanded of all international organizations applies to the OSCE and should guide it in these choices. This is all the more relevant since considerable and growing additional financial resources, amounting to over 100 million euros, have to be found every year to continue to finance the budget of the OSCE Special Monitoring Mission to Ukraine, which is still considered separately and is not therefore taken into account when calculating the OSCE budget.

In the past few years, the supplementary funding granted for the autonomous institutions has not been substantial enough, and we remain deeply concerned by the consequences of insufficient financing. In that regard, we regret the fact that the Office for Democratic Institutions and Human Rights indicates an increasingly urgent need for human and financial resources, and we call for suitable financing for this institution, which is fundamental for the implementation of the Programme Outline.

As in the past, we shall ensure that the allowance for regional realities is reflected in the provision of appropriate funds for the missions in Eastern and South-Eastern Europe and Central Asia, where we continue to support the OSCE's presence and activities in the three dimensions in facing up to major security issues.

At the same time, solutions for optimizing the Secretariat's budget need to be explored in the framework of the Secretariat Management Review. We also emphasize the need to concentrate financial resources on the OSCE's main programmatic priorities.

In conclusion, the EU Member States thank you, Secretary General, for your presentation and wish every success to our Swedish colleagues, who will chair the ACMF during the new budget cycle. We hope that the participating States will be able to adopt the Unified Budget in a reasonable time to allow the Organization to continue its important work unimpeded at the start of 2021.

The candidate countries North Macedonia<sup>1</sup>, Montenegro<sup>1</sup> and Albania<sup>1</sup>, as well as the Republic of Moldova, Andorra and San Marino, align themselves with this statement.

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1 North Macedonia, Montenegro, Serbia and Albania continue to be part of the Stabilisation and Association Process.