

**STATEMENT BY THE EUROPEAN UNION AT THE
1196th MEETING OF THE OSCE PERMANENT COUNCIL**

3 October 2018

**In response to the presentation by the Secretary General of the
2019 Unified Budget Proposal**

The Member States of the European Union thank you, Mr. Secretary General, for your presentation of the 2019 Unified Budget Proposal and for the commitment that you have demonstrated as the chief managing officer of the OSCE. We also thank the Secretariat and the fund managers for their essential contribution to drafting this proposal. The EU Member States are the main contributor to the OSCE budgets, accounting for 70 per cent of the total, and for this reason we place great importance on the annual budget negotiations.

We should also like to take this opportunity to express our support for and wish success to the Slovak delegation that will lead the budget work in the Advisory Committee on Management and Finance (ACMF), in particular Mr. Branislav Pavlović and Mr. Daniel Horák.

We also thank the Italian delegation, in particular Mr. Marco Lapadura, for the tireless efforts that have enabled constructive exchanges and the adoption of important decisions, and also for the work of the Group of Experts and Friends of Reform, which we would like to see continue next year.

Mr. Secretary General, we appreciate the realistic approach you have taken in presenting this 2019 budget proposal and the efforts that have been put into the clarity and presentation of the document that was circulated. Although it was distributed within the deadline set by the OSCE rules, we would like to have had more time to study in detail your proposals, which we will of course return to during the forthcoming negotiations.

At this point the EU Member States would like to recall and highlight a number of principles and general matters.

Mr. Secretary General, your document “The OSCE at a fiscal crossroads for the 2019 Unified Budget: the price of peace and security in Europe”, distributed in spring 2018, already outlined several of the ideas that you come back to in your presentation of the 2019 budget proposal. In particular, you mention the difficulty of reconciling growing expectations with regard to the OSCE and decreasing resources, and you propose a middle road between expenditure growth and cost-cutting efforts.

Our commitment to the success and the good governance of our Organization prompts us to stress that in today's difficult context, characterized by a major crisis and by divisions and national budgetary constraints, we must remain focused and must be clear about our hierarchy of priorities. This is the whole point of the OSCE budget planning process and, more particularly, of the Programme Outline and the document titled "Incoming Chair's Perception Paper" (CIO.GAL/72/18) and we will do our best to ensure that these guidelines are properly reflected now.

Overall, we should like to recall that not every issue concerning European security necessarily must be dealt with by our Organization. The OSCE should intervene only on the basis of mandates clearly defined by the participating States and where there is proven added value. In the same way, tasks set for the OSCE by ministerial decisions need not systematically lead to a budget increase. Mr. Secretary General, you yourself underscore in your recommendations the need to seek greater efficiency and savings and to focus the available resources on the priorities defined by the participating States.

These priorities include, above all, making available the necessary financial and human resources for conflict prevention, management and settlement, especially the conflict affecting Ukraine's territorial integrity. In order for the autonomous institutions to carry out their mandates in full, in particular as regards election observation, we call for allocating resources that are adequate for these activities. We see that the OSCE budget has not decreased but in fact has increased over recent years, in particular as a result of allocating resources to the budget of the OSCE Special Monitoring Mission to Ukraine (SMM), which, even if it is separate, demonstrates that the OSCE's main focus of effort should be its action in the field. The EU Member States recognize the possibility for field operations to have their budgets increased where necessary.

Mr. Secretary General, in this light, and as in previous years, we will examine most thoroughly the new spending increase proposed for the Secretariat this year, including any creation of posts or promotion or conversion of seconded posts to contracted posts. Cutting personnel costs should remain a priority.

The proposed decrease of 11 posts for the Augmentations Fund, or 666,000 euros, remains insufficient given the urgent need to eliminate this fund. Further effort is needed.

Other issues also deserve our attention in parallel to the negotiations on the 2019 Unified Budget.

We recall the importance we place on the essential matter of improving the burden sharing between participating States. The OSCE has not had approved Scales of Contributions for ten months now and has been operating on the basis of a temporary financial arrangement that is valid only for this year and so it is more essential and urgent than ever to reach consensus before 31 December on new Scales of Contributions.

Mr. Secretary General, you also underscore in your recommendations to the Permanent Council the opportunity for adopting multi-year strategic planning. We believe that a biennial budget could indeed enable participating States to better set long-term programme objectives and we recall our support for the draft decision on this matter submitted to the ACMF by the Italian Chairmanship.

Like you, Mr. Secretary General, we hope that the budget will be adopted promptly, if possible before 20 December, because we realize that delays with adopting the budget have a very negative effect on our Organization's good administrative and financial management.

Thank you for your attention.

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

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