

**STATEMENT BY THE EUROPEAN UNION AT THE
1100th MEETING OF THE OSCE PERMANENT COUNCIL**

12 May 2016

**In response to the presentation by the Secretary General
of the 2017 OSCE Programme Outline**

The European Union Member States thank the Secretary General and all of the fund managers for their contribution to the 2017 OSCE Programme Outline.

In accordance with the established model, this year's Programme Outline is accompanied by the previous year's Programme Budget Performance Report. The combined meetings to assess the previous year's performance and to negotiate the Programme Outline for the coming year constitute the first phase in the improvement of the budgetary cycle. This does not mean that the discussion of past performance should be neglected. The policy guidelines for next year that the participating States are requested to provide to the fund managers should be based on feedback from the previous budgetary cycle.

In this regard, we continue to express the wish that future budgetary planning be based on an assessment of activities undertaken previously. To that end, performance indicators and an assessment of the OSCE's performance based on those indicators should be submitted to the participating States; this would represent modest but tangible progress towards transparency and relevance in this phase of the budgetary cycle. Including the results and recommendations deriving from project assessments would be another improvement. In the absence of fixed objective indicators for measuring the results, it is extremely difficult for the participating States to incorporate feedback from the assessment in order to take informed decisions on the Unified Budget Proposal.

Thus, we again ask the Secretariat to include relevant performance indicators in the 2017 Unified Budget Proposal, as we requested last year. We are pleased that the first steps were taken by the Secretariat this year to modernize and enhance the OSCE's results-based management system. We also call once again for moving towards a biennial or multi-year budgetary process.

Given the centrality of horizontal issues in the negotiation of the budget, we welcome the establishment of the working group on that subject and the important work it has accomplished thus far under the able Chairmanship of Ms. Marina Milanović-Ilić. We expect the working group to produce, in accordance with Permanent Council Decision No. 1197, specific recommendations for efficiencies in the field of staff costs, to be reflected in the 2017 Unified Budget Proposal. This work will help to provide the fund managers with

guidelines on the evolution of staff costs, on the Augmentations Fund and on the question of local staff income tax. Given the importance of horizontal issues for the participating States, we believe that they should be reflected in each phase of the budgetary cycle.

We will examine the Programme Outline in order to provide the Organization with the means to implement its entire mandate, taking into account also the continuing challenges that the OSCE faces, particularly because of its involvement in the crisis in and around Ukraine, in Nagorno-Karabakh, and with respect to the broader challenges of European security.

This context, combined with the fact that the national budgets of many participating States are under pressure and that savings must be found wherever possible, only underscores the necessary rigour that is demanded of all international organizations and that must also guide the OSCE. This is all the more pertinent in that substantial additional financial resources, amounting to 100 million euros, have had to be found to continue to finance the growing budget of the OSCE Special Monitoring Mission to Ukraine, which remains separate and is therefore not included in the OSCE budget calculations.

We should like to point out that the Programme Outline is the start of a dialogue between the participating States and the fund managers. Negotiations on the figures will take place in the autumn.

We will continue to support the strengthening of the OSCE's human and financial resources in the human dimension, in view of the looming threats to human rights and fundamental freedoms and of the reduced role for civil society in some parts of the OSCE area. As we collectively seek to deal with these challenges, we are dependent on the assistance provided by the OSCE institutions, which we consider to be the key assets of this Organization. In recent years, no substantial additional resources have been granted to the institutions, among other things, in the 2016 Unified Budget. We remain deeply concerned about the consequences of insufficient funding.

Despite the savings achieved each year by optimizing the missions in South-Eastern Europe, we regret that we are unable to redeploy suitable funds to the missions in Eastern Europe and Central Asia, where we are already supporting the strengthening of the OSCE's presence and activities to confront major security threats.

Depending on the outcome of the mediation efforts in the Nagorno-Karabakh conflict, we would be ready to consider budgetary proposals by the Personal Representative of the OSCE Chairperson-in-Office in connection with the need to finance new confidence-building measures (such as an investigative mechanism for ceasefire violations) that might be agreed upon by the parties. We support an OSCE presence throughout the territory of Moldova, including in Transdnistria. 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.

It will be important to assess the OSCE's response to the crisis in and around Ukraine and to identify the lessons that can be learned from it, both in terms of continuing the OSCE's involvement and of responding effectively to possible future crises.

At the same time, solutions for optimizing the Secretariat's budget should be explored. Any proposal to increase the Secretariat's resources should fulfil clearly identified needs. We also emphasize the need to focus on the key priorities of the Unified Budget, including conflict prevention and transnational threats. Similarly, the Secretariat's call for strengthening the Organization's planning capacities will be considered in the light of the progress already made in that regard, particularly in the Conflict Prevention Centre.

In conclusion, the European Union Member States thank you, Mr. Secretary General, for your presentation, and wish our Austrian 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 again be able to adopt the Unified Budget in time to allow the Organization to continue its important work unimpeded at the start of 2017.

The candidate countries the former Yugoslav Republic of Macedonia¹, Montenegro¹, Serbia¹ and Albania¹, the country of the Stabilisation and Association Process and potential candidate country Bosnia and Herzegovina, as well as Ukraine, the Republic of Moldova, Georgia, Andorra and San Marino, 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.