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## **STATEMENT BY THE EUROPEAN UNION AT THE 1312th MEETING OF THE OSCE PERMANENT COUNCIL**

6 May 2021

### **In response to the presentation by the OSCE Secretary General of the 2022 Programme Outline**

The Member States of the European Union thank the Secretary General and all the fund managers for their presentations of the draft 2022 Programme Outline.

We regret that the 2021 Unified Budget and Scales of Contributions for 2020 and 2021 have not yet been adopted. The lack of approval of these documents continues to have a serious impact on the OSCE's functioning and financial stability.

We welcome the allowance for the context of the economic and budgetary crisis in connection with the COVID-19 pandemic. We need to find a balance between the rigour demanded of all international organizations, the savings to be made wherever possible and the proper functioning of the Organization in its three dimensions.

We welcome the emphasis on the added value of our Organization in view of its unique and wide-ranging mandates and its political and practical activities. 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 space for civil society in certain parts of the OSCE area. There is a vital need to pay greater attention to gender equality and the application of the gender perspective in the OSCE'S various activities.

We reiterate our appeal for 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, including the projects to be included in the Unified Budget.

While recognizing that the OSCE's human resources are its greatest asset, the Member States of the European Union continue to note recurrent problems of recruitment and maximizing authorization to work and call both for a significant reduction in the recruitment period and greater transparency. We are surprised that key posts are left vacant for several months even though the vacancy was known about in advance.

The Member States of the European Union continue to regret that extrabudgetary contributions or the cash surplus are often used to finance basic Organization running costs that ensure the smooth running of the Organization and should in principle be provided for in the Unified Budget. This represents a deviation from

the principle of a unified budget and further weakens the OSCE's financing by reducing the share of mandatory financing.

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. 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 impact of the COVID-19 crisis makes this demand even more pressing.

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.

We note that the Programme Budget Performance 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 Secretariat to share with the participating States as soon as possible the budget performance indicators 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 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 into 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 also call for the adoption of an investment plan for the next five years based on the proposals presented by the Secretariat this year in the draft Capital Investment Plan.

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.

In line with the proposals by the Group of Friends and Experts, a solution needs to be found without further 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 case of Uzbekistan could serve as an example in that regard.

We shall examine the Programme Outline with a view to providing the Organization with the means for implementing its mandate in full, while also taking account of the 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 Western Balkans and Central Asia and to European security. We welcome the particular attention that the future Polish Chairmanship has decided to devote to these issues.

We take note that considerable 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.

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, particularly for the Office for Democratic Institutions and Human Rights. 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 Member States of the European Union thank you sincerely, Madam Secretary General, for your presentation and wish every success to our Polish colleagues, who will chair the ACMF during the new budget cycle. We hope that the participating States will be able to adopt this year's Unified Budget without further delay and next year's within a reasonable period of time so as to allow the Organization to function properly and continue its important work.

The candidate countries the Republic of North Macedonia<sup>1</sup>, Montenegro<sup>1</sup> and Albania<sup>1</sup>, the European Free Trade Association country and member of the European Economic Area Iceland, as well as the Republic of Moldova, Georgia, Andorra and San Marino, align themselves with this statement.

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