



German Presidency of the Council of the European Union

648th Meeting of the Permanent Council

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Statement by the European Union on the Decision on Unified Budget 2007

The EU is pleased that the **Unified Budget 2007** has finally been adopted by the Permanent Council, although we consider it unfortunate that the deadline of 20 December, set by PC Decision 553, was not met. We express our thanks to the Chairman of the ACMF, to the Secretariat, especially the Department of Management and Finance, the Institutions, Field Operations and all delegations for the hard work done to avoid further delay.

Recalling our earlier statements on the UB proposal, allow us to compare major positions of the European Union with the agreement that lies before us:

- We note that the overall budget figure of **168.2 Million Euro** represents Zero Nominal Growth. Given the fact that among the participating States there are differing opinions about Zero Growth Budgets, we are grateful to all delegations that this difficult compromise could be reached at a very early stage of the negotiations.
- The EU welcomes the fact that negotiations on the Unified Budget have allowed progress towards the introduction of a coherent methodology in certain areas, namely **local staff salaries**, **BLA** rates and job **classification**. Although these measures are welcome, there is still further work to be done. Other issues of concern, such as the practice of **augmentation** or national **income tax**, are yet to be addressed in an adequate and consistent manner.

- The process of introducing **Performance Based Programme Budgeting** is a challenging task. The EU remains strongly committed to the principle of Programme Budgeting. The EU has stressed on several occasions that over bureaucratization and micro-management must be avoided. The practical combination of a management tool with a policy guidance instrument is not easy, particularly in a political organization such as the OSCE. Nevertheless we share the hope that the implementation of PBPB will help to further strengthen the effectiveness of the OSCE, as mentioned in Ministerial Decisions 18/06 and 19/06.
- In line with the 2007 Budget Decision, the EU is willing to engage immediately in further discussions on **Financial Regulations**, with a view to finding an early agreement.
- The Unified Budget 2007 is a **compromise on all sides**. The EU for its part has made significant concessions from our initial positions by agreeing cuts in funds proposed for the essential work of the OSCE, for instance in **ODIHR**, some important **Field Operations** and the valuable **Police Assistance Programmes**. Our compromises on these and other funds do not indicate any diminution in the importance that we attach to these activities. The EU reiterates its commitment to support the programmatic activities of Field Operations and therefore will make every effort to ensure that adequate resources continue to be available in the future.

In conclusion, we underline that, in the view of the European Union, the Agreement on the Unified Budget 2007 leaves us with work still to be done, but represents a good compromise that had to be made at this stage in order to move on and enable the OSCE to pursue our common objectives. We would like to repeat our gratitude to all those who contributed to this success.

The Candidate Countries Turkey, Croatia and the former Yugoslav Republic of Macedonia*, the Countries of the Stabilisation and Association Process and potential candidates Albania, Bosnia and Herzegovina, Montenegro, and Serbia, as well as Ukraine and the Republic of Moldova align themselves with this statement.

* Croatia and the former Yugoslav Republic of Macedonia continue to be part of the Stabilisation and Association Process.