

Ministry of Foreign Affairs, Department for European Neighbourhood

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1. Title: OSCE's Special Monitoring Mission (SMM) in Ukraine
2. Partners: OSCE Secretariat
3. Amount: 12 million DKK
4. Duration: 2016 – 2017 (12 months, extended mandate period)
5. Presentation to the Program Committee: N/A
6. Previous Grants: DKK 19.74 million DKK
7. Strategies and policy priorities: Strategy for the Danish Neighbourhood Programme 2013-2017
8. Guidelines: Guidelines for programmes or projects up to DKK 37 m.
9. Danish National Budget account code: **06.32.11.20**
10. Desk Officer: Cennet Ünver
11. Reviewed by Financial Officer: N/A
12. Head of Representation/Head of Department: Uffe Balslev
13. Summary:

The situation in Eastern Ukraine continues to be a cause of serious concern. Continued violations of the ceasefire agreement, which officially took effect on 15 February 2015 after intense diplomatic efforts in the Normandy Group (Germany, France, Ukraine and Russia), is still a reality. The OSCE's Special Monitoring Mission in Ukraine (SMM) plays a vital role in Ukraine, in several aspects: Monitoring and reporting about the situation on the ground, ensuring the implementation of the ceasefire including the

withdrawal of heavy weaponry, facilitating dialogue and facilitating mine action. These are some of the crucial tasks which the SMM mission has been mandated with to undertake. Being the largest international mission present in Ukraine, currently numbering around 700 international monitors with a view to reaching 800 by June 2016, with a high level of legitimacy, the OSCE's SMM mission is a key player in the efforts to bring about a political solution to the conflict.

14. Strategic considerations: N/A

National and thematic context

Despite international efforts to bring about a political solution, i.e. through the Trilateral Contact Group (Russia, Ukraine and the OSCE Chairmanship) and diplomatic efforts led by the Normandy format (Germany, France, Russia and Ukraine) in facilitating the implementation of the Minsk agreements, the situation in the eastern parts of Ukraine continue to be a cause of serious concern. The ceasefire that was prescribed by the Minsk Package officially took effect on 15 February 2015. However, more than 14 months after the ceasefire agreement's commencement, violations of the ceasefire on a daily basis continues. In addition, the SMM observers still do not have safe, full and unhindered access to all parts of the conflict zone, particularly to areas held by the pro-Russian separatists.

Despite these specific challenges and the difficult terrain that the SMM mission is operating in, the SMM mission is fulfilling an essential role in Ukraine, being a key player in the implementation of the Minsk agreements. It is the largest international mission present in Ukraine, operating as the "ears and eyes" of the international society, providing the international community with factual information and observations from the ground - from a conflict area which is difficult to access.

The SMM mission was established with the OSCE Permanent Council's decision on 21 March 2014, upon the request of Ukraine's government. The initial duration of SMM was agreed to be six months (PD.DEC/1117). On 22 July 2014, once again upon the request of the Ukrainian government, the Permanent Council decided to extend the mandate of the SMM with another 6 months until 21 March 2015. In a subsequent decision, the OSCE Permanent Council decided on 12 March 2015 (PC.DEC/1162) to extend the mandate with a year, meaning that it was prolonged until 31 March 2016. With the latest decision in the Permanent Council on 18 February 2016 (PC.DEC/1199), the mandate of the SMM was again extended for another year, now lasting until 31 March 2017. Simultaneously with the decision to extend the SMM mandate, the Permanent Council also agreed on the budget for the SMM for the new mandate period. Supporting the SMM mission in Ukraine continues to be an important political priority for Denmark.

Presentation of programme

At its establishment in March 2014 the SMM mission consisted of 100 international observers. The number of observers has been increased gradually, and today counts around 700. With the Permanent Council's decision on 12 March 2015 to extend the mandate of the SMM with another year, the limit for the number of observers was also raised to 1000. This "upper limit" of 1000 observers is still valid.

In line with its mandate, the SMM mission is tasked with the following assignments:

- Monitoring of the ceasefire agreement, including withdrawal of heavy weaponry by the parties to the conflict.
- Gather information and report on the security situation in the area of operation.
- Establish and report facts about specific security incidents as well as cases concerning alleged violations of fundamental OSCE principles and commitments.
- Monitor and support respect for human rights and fundamental freedoms, including the rights of persons belonging to national minorities.
- In order to fulfil its tasks, establish contact with local, regional and national authorities, civil society, ethnic and religious groups, and members of the local population.
- Undertake efforts regarding dialogue facilitation on the ground with the aim of reducing tensions and promote normalization of the situation.
- Report on any restrictions of the monitoring mission's freedom of movement or other impediments to fulfilment of its mandate.
- Coordinate with and support the work of the OSCE executive structures, including the High Commissioner on National Minorities, the OSCE Office for Democratic Institutions and Human Rights and the OSCE Representative on Freedom of the Media, in full respect of their mandates, as well as cooperate with the United Nations, the Council of Europe and other actors of the international community.

Risks

The security situation in Southeastern Ukraine, where the majority of the SMM observers are currently located, constitutes a high risk factor and a cause for concern. If the security situation worsens due to an escalation in the conflict, it could mean further obstacles for the SMM mission to fulfil its tasks. Until now, exposure of observers to shelling and intimidation has occurred, although sporadically and without serious consequences. This continues to be a high risk factor.

Management setup

The SMM mission operates in 10 locations throughout Ukraine: Donetsk, Luhansk, Odessa, Kharkiv, Dnipropetrovsk, Kyiv, Kherson, Ivano-Frankivsk, Chernivtsi og Lviv. SMM has three

patrol hubs (Mariupol, Kramatorsk and Sievierodonetsk) and eight forward patrol bases (Novoaidar, Stakhanov, Stanytsia Luhanska, Debaltseve, Horlivka, Volnovakha, Krasnoarmiisk and Svitlodarsk).

The Head Office of the SMM mission is located in Kyiv. The Head of Mission consists of the Head of Mission Office (includes Press and Public Information Unit, Translation/Interpretation Cell, Strategic Planning Cell, Information Management Cell, the Gender Adviser and the Legal Adviser) and five units: Operations Unit, Security Unit, Reporting and Political Analysis Unit, Human Dimension Unit, and the Fund Administration Unit.

As of 12 April 2016 the SMM has a total of 693 international monitors. 575 monitors are located in the eastern regions of Ukraine in the Donetsk and Luhansk Oblasts. The mission expects to reach 800 monitors by June 2016. As of 15 April 2016 Denmark has deployed 14 monitors to the SMM, and is striving to raise this number to 20. These national secondments are in addition to the financial allocation primarily funded by the Danish Neighbourhood Programme.

Budget

The total budget (Net Total) of the SMM for the new mandate period is: EUR 98,774,700 based on a deployment of 800 international observers, and 501 other staff. Of this amount, EUR 79,019,760 (equaling app. 80 % of the budget) constitutes the assessed and binding contributions from OSCE member states while the remaining amount of EUR 19,754,940 (equaling app. 20%) is expected to be covered through extrabudgetary/voluntary contributions.

	<i>EUR</i>
Total budget	98,774,700
Assessed contributions	79,019,760
Voluntary contributions	19,754,940

OSCE Special Monitoring Mission in Ukraine – Budget proposal (PC.ACMF/7/16/Rev. 2)

Denmark's obligation of assessed contributions is equal to 2.050% based on the OSCE's field operations scale. Hence the Danish assessed contribution to the SMM mission, for the new mandate period and as per PC.DEC/1199 is expected to be EUR 1,619,905 (excluding forecast savings), equaling app. DKK 12 mio. (excluding forecast savings).

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	<i>EUR</i>
Staff Costs	53,939,600
Operational Costs	34,486,000
Fixed Assets	6,548,600
Office Costs	3,800,500
TOTAL	98,774,700

Budget overview for the Special Monitoring Mission in Ukraine (31.3.2016-31.3.2017)

Compared to the previous mandate period, the budget for the SMM's new mandate period has been increased with app. EUR 10 million, equaling app. 12 % . A main reason behind this increase should be found in the fact that the SMM mission has been expanded both in size, i.e. number of staff and observers, and in terms of the assignments that the Mission has to undertake. The Minsk Agreements of September 2014 and the Minsk Package of February 2015 has tasked the OSCE inter alia with the monitoring and verification of the ceasefire regime and the withdrawal of heavy weapons. Requirements which made it necessary for the SMM to expand in numbers and upgrade its operational capacity. The number of monitors in the SMM today is about 700 and SMM is establishing forward patrol bases and hubs in separatist-controlled areas in order to strengthen its monitoring activities. Finally, in order to complement the Monitors' work with technological information gathering, the SMM mission has for example increased its use of satellite imagery and UAV's (unmanned aerial vehicles).

Based on assessments of the current situation in Ukraine, there is a high probability that the SMM's mandate will have to be extended beyond 31 March 2017. Such an extension would most likely require the OSCE member states to finance the SMM's budget through contributions.

OSCE will provide an annual financial report.