



GROUP OF FIFTEEN
The Summit Level Group of Developing Countries

G-15/03/PR78/2

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SEVENTY-EIGHTH MEETING
OF THE PERSONAL REPRESENTATIVES OF THE
HEADS OF STATE AND GOVERNMENT OF THE GROUP OF FIFTEEN
Geneva, 18 July 2003

SUMMARY RECORDS

1. The 78th Meeting of the Personal Representatives (PRs) of the Heads of State and Government of the Group of Fifteen was held on 18 July 2003 in Geneva under the Chairmanship of Ambassador Blancanieve Portocarrero, the Personal Representative of the President of Venezuela.

2. The Chairperson welcomed the PRs to their first meeting in the year 2003, which, according to her, was convened to address two main issues. These, she noted, were the future of the Group and the normalization of its activities. She therefore remarked that the meeting provided the PRs another useful opportunity to address the current situation of the Group and to explore a pragmatic solution to the current impasse, particularly the pending question of the transfer of the Chairmanship of the Group. To this end, she solicited the support and cooperation of all PRs. Before proceeding with the business of the day, the Chairperson recognized the presence of H. E. Mr. Chitsaka Chipaziwa, who has been appointed as the Personal Representative of the President of Zimbabwe to the G-15. The PRs joined the Chairperson in welcoming Ambassador Chipaziwa to their midst.

Item 1 – Adoption of the Agenda

3. The meeting adopted its Provisional Agenda, without amendment, as contained in Document G-15/03/PR78/1.

Item 2 - Briefing by the Chairman of the Personal Representatives on the conclusions of the recent meetings of the Troika Board of Supervisors

4. The Chairperson briefed the meeting on the highlights of the Meeting of the Troika Board of Supervisors of the G-15 held on 20 June 2003 and the Informal Meeting of the Troika PRs with the Vice Minister of Foreign Affairs of Venezuela, H. E. Mr. Arevalo Méndez Romero, on 10 July 2003 to consider the current situation of the Group with a view to finding a way forward. She recalled that, at the Meeting of 20 June 2003, reference was made to the efforts of the government of Venezuela to host the XII Summit and the reasons for its subsequent cancellation. She noted that the Troika was apprised of the efforts so far

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made by the government of Venezuela to facilitate the process of the transfer of Chairmanship of the Group and the concerns raised in this regard by the government of Algeria. The Chairperson observed that the Troika acknowledged the urgent need to seek a practical option for the normalization of the Group's activities in Geneva to enable the Group to, among other things, resume its consultations and coordination for future major global conferences. She stated that, with a view to speeding up the consultations between the governments of Venezuela and Algeria, the Troika reached the following conclusions:

- (a) H. E. President Hugo Chavez to establish contact by phone with his Algerian counterpart;
- (b) Written correspondence from H. E. President Hugo Chavez to his Algerian counterpart;
- (c) The Vice Minister of Foreign Affairs of Venezuela to visit Algeria to deliver the special message to be addressed by the Venezuelan President to his Algerian counterpart, and for the Vice Minister to consider a stop-over in Geneva to brief the PRs on the outcome of his mission;
- (d) Contacts between the Foreign Ministers of both countries and the possibility of holding a Meeting of the Foreign Ministers in New York on the margins of the forthcoming U.N. General Assembly Session in September 2003.

The Chairperson remarked that, in light of the foregoing considerations, the Troika concluded that contact at the highest political level was required to facilitate the entire process of consultations, including the recommendation that, H. E. President Hugo Chavez could consider the possibility of proposing to H. E. President Abdelaziz Bouteflika, a procedure for the transfer of chairmanship in a draft letter. She noted that this proposal was considered useful and that the Troika or PRS could initiate this procedure in Geneva for subsequent consideration at the proposed Meeting of Foreign Ministers in September 2003 in New York.

5. The Chairperson recounted the the main highlights of the Informal Meeting with the Vice Minister of Foreign Affairs of Venezuela on 10 July 2003, are as follows:

- It was recognized that while the ultimate decision on the transfer of Chairmanship should be taken at the highest political level, it was nonetheless important to explore the ways and means of ensuring the continuity of the Group's activities in circumstances arising from unforeseen developments;
- It was agreed that the Meeting of Foreign Ministers proposed for September 2003 in New York would be of high importance in finding solution to the procedure for the transfer of Chairmanship in the present circumstance. In addition, the Ministers should re-examine the Group's working methods and procedures to cope with unforeseen developments, such as the current problem of the transfer of Chairmanship;
- In addition to considering the preparation of a substantive contribution, PRs would have to agree to a date for the proposed Meeting of Foreign Ministers. It was therefore agreed that PRs would have to undertake the drafting of a paper in Geneva on the proposed procedure for transferring Chairmanship and any modifications deemed necessary to improve Summit procedures.

6. In response, the PRs expressed their appreciation to the Chairperson for the useful briefing and for convening the Meetings of the Troika as well as the present meeting which were considered as timely. Several interventions were made by the PRs on the vital issues mentioned in the Chairperson's presentation.

7. The Personal Representative of Peru remarked that the extensive pause the Group had experienced since the cancellation of the XII Summit could serve as an opportunity for a deep reflection on the mission, functioning and working methods of the Group. He recalled that, the G-15 was founded in the 1990s to fill a political void felt by a key number of developing countries who shared a common political vision. He noted that things have since changed in light of the economic, trade and technological changes that have taken place on the global scene. The present situation of the Group, he observed, therefore called for a sober stocktaking of its performance and relevance to member countries, particularly against the background of the changed international environment of today. The PR of Peru observed that, while the Group had created various mechanisms for cooperation, it was now necessary to broaden areas of cooperation horizontally by using modern technology. This, he said, represented the most promising area of cooperation because of the presence of greater convergence among member countries. Speaking further, the PR of Peru cautioned against the tendency of organizing meetings that would not produce any tangible results. He therefore called for the re-examination of the political orientation of the Group and the strengthening of the common denominators among member countries, such as the basic question of development. To this end, he suggested that the Group should focus on areas considered important and viable in order to build bridges and foster meaningful cooperation among member countries. He regretted that G-15 Joint Communiqués have had little or no impact on member countries' national policies nor on international policies for that matter. He remarked that the G-15 must prove its mettle as well as strive to strengthen links with the wider community of developing countries.

8. In his own intervention, the Permanent Representative of Algeria stated that, while he shared the comments made by the PR of Peru to a large extent, he wanted to shed more light on the position of the government of Algeria. He stated that this position was made known at the PRs Meeting of December 2002 and amplified at the recent meetings of the Troika on the question of the transfer of the Chairmanship of the Group. He reiterated that the G-15 was a Summit level Group and that, as a result, the meetings of PRs and Foreign Ministers should be viewed as merely preparatory to a Summit meeting. He regretted the fact that, at present, no Summit meeting had been scheduled since the cancellation of the XII Summit for lack of quorum. He therefore stated that the first priority of the Group in the present circumstance is to organize a Summit of Heads of State/Government, at which Chairmanship could be transferred in keeping with the Group's established procedure and practice. To this end, he called for the revision of the Draft Joint Communiqué of the XII Summit with a view to updating it for subsequent presentation to a Summit for consideration and adoption. Upon adoption, he continued, the Draft Joint Communiqué becomes a document that reflects an inventory of the implementation of previous decisions as well as serving as a fresh mandate for the incoming Chairman. He cautioned against the tendency of treating the question of the transfer of Chairmanship as a bilateral issue between the governments of Venezuela and Algeria that could be effected through mere correspondence, rather than at a Summit in line with procedure. He therefore enjoined PRs to put heads together to resolve the present impasse by revising the Draft Joint Communiqué and assessing the consequences of the long break in the Group's activities on its underlying principles as well as rules of procedure that should be factored into the Group's institutional framework.

9. The Permanent Representative of Algeria observed further that, while the Non-Aligned Movement and the G-77 provided the developing countries with a political doctrine and a framework for South-South cooperation, respectively, the G-15 should strive to factor its preoccupations into the context of globalization, as it was conceived to serve as an interface with the countries of the North. The foregoing issues, he advised, should serve as the basis of the work to be undertaken by the PRs in preparation for the proposed Meeting of the Foreign Ministers. He stated that the priority issues to be addressed at the Meeting of the Foreign Ministers should involve how a Summit will be held as well as a review of the Group's doctrines and procedure, and not the mere transfer of Chairmanship in the present circumstance. He observed that the present difficulties of the Group, arising from the lack of quorum at a Summit, were not new, as similar difficulties were faced and handled successfully in India in 1993 and Argentina in 1995, involving a reconsideration of the rules of procedure of the Summit. He stated that, it was the view of the Algerian President that insisting on the hosting of a Summit in Venezuela represented a demonstration of solidarity by member countries with the Venezuelan government in its trying moments.

10. The Personal Representative of Indonesia said that, while he shared the view that the Group should seek to re-invent and reposition itself on the global political map, it must be recognized that the Group was facing a constitutional crisis that needed urgent solution. Against the prevailing situation of the Group, he agreed that attention should be given to the ways and means of convening a Summit to, among other things, address the fundamental issues raised earlier. In acknowledging that the transfer of Chairmanship should be effected at a Summit, the Indonesian PR concluded that it could not be said that the Group has an effective Chairman now; and that, by insisting on the sanctity of the rules of procedure in the present circumstance would mean that there will be no Summit. He therefore urged that, without prejudice to the concern for procedure, efforts to find a solution to the current problem of transfer of Chairmanship should be uppermost on the proposal to be placed before the Ministers of Foreign Affairs in New York. He stated that the importance of the proposed Meeting of the Foreign Ministers is the opportunity it would provide for making concrete recommendations to the Heads of State/Government on how to exit the present constitutional crisis.

11. In his own intervention, the Personal Representative of India touched on the issue of procedure, where the G-15 is situated today and the need for introspection. He observed that news of the cancellation of the XII Summit was received while the delegations of several member countries were already on the way to Caracas. He therefore stated that the decision to cancel the Summit was taken in anticipation that a quorum would not be present. This, he said, contrasted with the case in 1993 in India when the fact of a lack of quorum was clearly established and it was decided to reconvene the Summit the following year. The PR of India wondered why the question of the transfer of Chairmanship could not be resolved in the course of the consultations held between the governments of Venezuela and Algeria, as well as at the recent meetings of the Troika. He said that the Group now faced a fundamental problem since the government of Venezuela maintained that it could not hold another Summit and in the face of the insistence of the government of Algeria on the procedure for transfer of Chairmanship. He noted that the task of revising the XII Summit Draft Joint Communiqué and the Declaration on Energy would not be easy without prior knowledge of a date and venue for a Summit. On the proposed Meeting of the Foreign Ministers, the PR of India remarked that while there was a general consensus to hold the meeting, it remained unclear what its outcome would be. He feared that further confusion could be generated, if

the Foreign Ministers recommended that a Summit should be held, and it turned out later that none was held.

12. In his introspection, the PR of India wondered aloud if the absence of the Group's activities in recent times had, in any way, impaired the interests of member countries. He observed, regrettably, that the Joint Communiqués of G-15 Summits, to which considerable efforts were always deployed, were not even taken into account by member countries. The PR of India observed further that, with its distinctive feature representing the continents of Africa, Asia and Latin America/Caribbean, the G-15 was primarily conceived as a Summit level Group for South-South cooperation. This, he said, became necessary when the G-77 became unwieldy and inherently doctrinaire. He feared that the G-15 was becoming afflicted by the same ills, a development which should compel the Group to reinvent itself. He noted that the G-15 was consensus-based and as such, should focus on areas of common denominator and revitalize itself. He stated that the Group could do more to add value to some useful work being done in the area of South-South cooperation, while at the same time identifying the issues that could be taken up, with real impact, within the context of the G-15/G8 interface. In light of the foregoing considerations, he invited the PRs to agree first on the purpose of the proposed Meeting of Foreign Ministers, and then to commence the required preparatory work here in Geneva to draft the expected outcome.

13. On his part, the Personal Representative of Mexico observed that the form of a matter could affect its substance to the extent that, a seemingly procedural issue could become substantive. He remarked that, as both issues were interlinked, unless the mission and vision of the Group were clearly defined, the problem of hosting a Summit or transferring the Chairmanship of the Group could not be successfully resolved. The PR of Mexico noted that, at its beginnings, the broad agenda of the G-15 included a stocktaking of the world economic situation which was then the exclusive preserve of the G-7, as well as serving as a counterpart in the interface with the G-7 (now G-8). On the former, he noted that the global stage had changed fundamentally, and on the latter, he remarked that while a country like France saw the G-15/G-8 interaction as useful, other G-8 countries do not. In light of the foregoing considerations, he stated that the fundamental question to be answered was whether the original pillars of the G-15 were still valid. He also recalled that several member countries of the Non-Aligned Movement (NAM) were not pleased with the establishment of the G-15. He expressed his agreement with the observation of the PR of India on the importance of knowledge of a precise date for the next Summit, to justify any purposeful preparatory activities.

14. In her intervention, the Personal Representative of Malaysia observed that it was sad for the G-15 to find itself in the present situation of impasse. She disclosed that her Prime Minister felt very disappointed that the Group has been unable to hold a Summit. She recalled with regret that, at the recent G-8 Summit in Evian, developing countries' groupings such as the NAM were represented, with the exception of the G-15. In light of the current state of the Group, she said that PRs have a duty to resolve the procedural problem and to move the Group forward. Noting that it would be disastrous not to hold a Summit in two years, she urged the government of Venezuela to kindly revisit its decision and to strongly consider the hosting of the XII Summit next year, even if not in an elaborate manner. She expressed confidence in the capability of H. E. President Hugo Chavez to host a successful Summit and that all Heads of State/Government of the G-15 would welcome this development, once a date was given. She however stated that, if the request was not favourably considered by Venezuela, and Algeria maintained its known position, then PRs would have to consider the

proposal put forward to the Troika Meeting of 20 July 2003 by the PR of Indonesia, which recognized all the principles that would facilitate the transfer of Chairmanship. This, she added, should constitute the fall-back position to move the Group forward, and as result, PRs could work on it for submission to the Meeting of the Foreign Ministers in New York. The PR of Malaysia underlined the continuing relevance of the G-15, particularly as it serves as a platform for closing ranks among member countries and for negotiation with the North.

15. In his intervention, the Personal Representative of Nigeria said that he had looked forward to a day like this when very pertinent and valid issues on the state of the Group would be broached. He recalled that, while the exercise on the reappraisal of the very existence and vision of the Group had started before now, the process was unfortunately derailed by the intervention of external forces. He therefore noted that the government of Venezuela should not be held responsible for the present stalemate because it had sufficiently demonstrated its serious commitment to hosting the Summit and to energizing the Group before the unhappy turn of events. He observed that the well known machinations of vested external forces engineered the derailment of the XII Summit. While subscribing to the relevance of sticking to rules of procedure and the Summit character of the G-15, he urged member countries to view the current problem as a family matter and to demonstrate strength and not weakness in confronting it. He therefore invited all PRs to join him in appealing to the government of Venezuela to seriously reconsider the hosting of the Summit for the sake of the solidarity of the Group. To this end, he noted that where there is a will, there can always be a way. Should this plea fail, he appealed for the intervention of a third member country that could play the role of an honest broker by offering to host a Summit to facilitate the proper transfer of Chairmanship. He observed that the G-15 should not be allowed to die against the background of the high expectations at its birth and the recent momentum to revitalize the Group. He noted that there was dialogue with the G-8, no matter how low key and that there were other areas of cooperation that could be deepened. He shared the view that the Group should re-examine its orientation for self-sustenance and improvement.

16. In summing up the sense of the proceedings, the Chairperson observed that very productive comments were made on the very existence and relevance of the Group as a vehicle for South-South cooperation and as an interlocutor with the G-8. She underline the imperative to give economic, political and social lifeline to the Group by further strengthening it to enable it rally all developing countries as well as to acquit itself as a counterpart to the G-8. She stressed the need to galvanize the Group to enable it properly adapt to the realities of globalization. She said it was important for members of the Group to know who they were, where they were heading to, and how to strengthen links among developing countries as well as to enhance the dialogue with the G-8. The Chairperson also remarked that, the point was sufficiently made on the necessity of focusing on viable and important issues to enable the Group make the desired impact on the global scene. On the question of rules of procedure, she said that there were some written and customary rules as well as case laws to guide the Group in times of crisis. On the need to revisit the Group's procedure and the necessity for soul-searching, she remarked that it was important to have a guide for the future. She noted in this regard, the useful comments made on how and at what level the transfer of Chairmanship should be effected and the appropriate time to consider the revision of the Draft Joint Communiqué of the XII Summit. She also noted the plea made to the government of Venezuela to reconsider the hosting of a Summit or for any other third country to make an offer in this regard. The Chairperson assured the meeting that the request for Venezuela to host a Summit will be conveyed to the appropriate authorities in Caracas for serious consideration, adding that though the country was still going through economic

difficulties aggravated by the oil crisis. Noting that this sentiment was widely shared by the PRs, she expressed the hope that, perhaps, the stalled process of hosting the XII Summit could be resuscitated.

Item 3 - Consideration of the proposal to convene a Meeting of the Foreign Ministers in September 2003 in New York and substantive preparations for the meeting

17. The Chairperson recalled the proposal made at the 77th Meeting of the PRs held on 16 December 2002 to convene a Meeting of Foreign Ministers to address the current situation of the Group. Against the background of the continuing impasse, she said that the Troika revisited the proposal at their recent meetings and unanimously agreed to recommend to the PRs that, a Meeting of G-15 Foreign Ministers should be convened in September 2003 in New York. She recommended that the meeting could be held, preferably, back-to-back with the 27th Annual Meeting of the Ministers of Foreign Affairs of the G-77, scheduled for September 2003 in New York, to facilitate maximum participation. She remarked that, to ensure the success of the proposed Meeting of the Foreign Ministers, the Troika agreed that PRs should undertake substantive preparations, that would include working on a draft proposal to address the question of the transfer of Chairmanship of the Group and reform of Summit procedures, for submission to the Foreign Ministers for their consideration and endorsement. As a first step, she called on the PRs to agree to a date that will be convenient to Foreign Ministers for the New York Meeting. In this regard, she proposed that the meeting could be held a day before or the next day after the Meeting of the G-77 Foreign Ministers, now scheduled for 25 September 2003. This, she remarked, will facilitate maximum participation of G-15 Foreign Ministers. She invited PRs to consider a Draft Provisional Agenda and Annotations for the Meeting of the Foreign Ministers, circulated as Document G-15/03/L.2.

18. With respect to the substantive work on a draft proposal for consideration and endorsement by the Foreign Ministers on the question of the transfer of Chairmanship of the Group and possible review of Summit procedures, the Chairperson drew the attention of the PRs to Paragraph 9 of the Summary Records of the Troika Meeting of 20 June 2003. She suggested that the proposals therein could serve as the basis for work to be carried out by the PRs. She explained that the proposal would require that, H. E. President Hugo Chavez could suggest to H. E. President Abdelaziz Bouteflika, a procedure for the transfer of chairmanship in a draft letter to be proposed to the HOSG, consisting of the following elements:

- Recognition of the principle that, under normal circumstances, the transfer of Chairmanship should be effected at a Summit meeting;
- H. E. President Hugo Chavez to convey to other HOSG the outcome of his consultations with H. E. President Abdelaziz Bouteflika on the transfer of Chairmanship in light of the current difficulties of Venezuela;
- That, after due consultations between both Presidents, it was mutually agreed to propose to HOSG that Chairmanship of the Group should be transferred to Algeria, without necessarily setting a precedent;
- Stating that, if there was no objection by any HOSG by a given date, the transfer of Chairmanship would be effective as of that date.

The Chairperson then invited reactions to the foregoing recommendation and the proposed Meeting of Foreign Ministers.

19. In his reaction, the Personal Representative of Peru referred to the earlier discussions on procedural and substantive questions facing the G-15, which he found relevant to the present agenda item. He stated that Algeria had made it very clear that the G-15 is a Summit level Group, and that Meetings of Foreign Ministers were only preparatory. He therefore suggested that PRs should provide an input to the Foreign Ministers Meeting, in the form of a proposal on Summit procedure particularly the transfer of Chairmanship, doctrine and orientation, strengthening of the Group, and the future of the G-15. He suggested that the troika, with the assistance of the TSF, should prepare a proposal on these issues for consideration by the PRs, in preparation for the Ministerial meeting. In light of these considerations, he remarked that it was too early to propose an agenda for the Foreign Ministers Meeting. In his own comment, the Permanent Representative of Algeria suggested that the proposals in the Reports of the recent Troika meetings could be used in elaborating a proposal for consideration by the Foreign Ministers. He referred to paragraph 11 of the Report of the Troika Meeting of 20 June 2003 on which the required action was yet to be taken. With reference to the Report of the Troika Meeting with the Vice Minister of Foreign Affairs of Venezuela, held on 10 July 2003, he stated that the proposal to be placed before the Foreign Ministers should deal with the organization of a new Summit and not the transfer of Chairmanship. He added that Heads of State/Government could then exchange views on the doctrine of the G-15. In light of the foregoing considerations, he expressed the hope that Venezuela will give positive consideration to the request made to it to strongly consider the hosting of the XII Summit. The PR of Indonesia stressed the importance of making the proposed Foreign Ministers Meeting successful by making solid preparations on the vital issues earlier raised, including the modality for the transfer of Chairmanship. He suggested that it would be better to receive the outcome of the request made to Venezuela to consider hosting the XII Summit before any purposeful preparations could be commenced by PRs for the Foreign Ministers Meeting.

20. The Chairperson acknowledged the relevance of the comments made and the emerging consensus on the importance of holding the Meeting of the Foreign Ministers in New York. She also recognized the difficulty of revising the XII Summit Joint Communiqué when a Summit was not in sight. She stated that the draft proposal to the Foreign Ministers will be prepared as requested for consideration by PRs before submission to the Ministers. She therefore said that the next PRs Meeting will be convened in the last week of August 2003 for this purpose, or alternatively, the Troika could meet to work on the draft paper before presentation to the PRs. She once again reassured member countries that the request to Venezuela to strongly consider hosting the Summit will be conveyed to the appropriate quarters for active consideration, and that the outcome will be conveyed to all member countries.

21. Reacting to the Chairperson's observations above, the Permanent Representative of Algeria suggested that PRs could recommend that the Venezuelan Foreign Minister should extend formal invitations to his colleagues to agree to a firm date in the third week of September 2003 for their meeting. He said that the officers assisting the Troika PRs would collaborate with the TSF in preparing the said paper, to be first considered by the Troika before submission to the PRs for further action. Responding to these comments, the Chairperson urged each PR to convey to his or her Foreign Minister the proposal to convene the Meeting of Foreign Ministers a day before or after the G-77 Ministerial Meeting in New York (i.e., either 24 or 26 September 2003). She noted that the Draft Provisional Agenda for the Meeting of the Foreign Ministers was a rolling document meant to guide the PRs in their preparatory work.

Item 4 – Consideration of Financial Matters:

(a) Formal presentation of the Financial Statement of the Group prepared by the Auditors for the year 2002

22. The Chairperson formally presented the Financial Report for the year 2002, prepared by the official auditors of the Group, indicating the approved and actual expenditures of the Group for the previous year. The PRs took note of the Report.

(b) Outstanding financial contributions

23. The Chairperson recalled that as a follow-up to the decision of the Troika, she addressed a letter to all PRs on 25 June 2003 on the precarious financial situation of the Group. She stated that unpaid contributions amounted to US\$1,034,218 and that, so far, only Mexico had paid its contribution to the current budget, approved since December 2002, in spite of the regular statutory financial obligations to be met by the Technical Support Facility (TSF) on behalf of the Group. She therefore urged PRs to kindly intervene with their capitals to ensure the timely payment of outstanding contributions, to ensure the proper administration of the TSF, particularly as the Group prepares to re-launch itself. She informed the meeting that efforts will be made for the payment of Venezuela's contribution. The PRs of Malaysia and Algeria also informed that their countries' contributions for the year were already forthcoming. It was generally agreed that early efforts should be made by member countries to fulfil their financial obligations to the Group, notwithstanding the current situation of the Group. The importance of presenting a healthy balance sheet to the Foreign Ministers in New York was underlined.

(c) Consideration of the Draft Proposed Budget for 2004

24. The Chairperson formally presented the Draft Proposed Budget for the year 2004, amounting to US\$ 881,549, as contained in Document **G-15/03/L.1**. She remarked that the document indicated the estimates of expenditure for 2004, as well as recommendations for financing the proposed budget. She noted that, in terms of the global expenditure in Swiss Francs, the proposed budget represented a decrease compared with the budgets for the preceding years and that the deterioration of the exchange rate accounted for the figure in US dollars. She pointed out that if contributions were maintained at US\$ 25,000 per member country, as in recent years, the income from contributions will give a total of US\$ 475,000. It was noted that the projections for interest rates for the second half of 2004 continued to be very low, to an average of an annual interest rate of approximately 1%. She stated that, as explained in detail in Annex III of the document, the financing of the Budget for the year 2004 could be implemented by using US\$ 475,000 from member countries' contributions and US\$ 185,382 coming from projected income from investments. This option, she explained, would leave a shortfall of US\$ 221,167, which could be financed either by an increase in member countries' contributions or, as in previous years, from savings on the current budget. She commended the TSF for preparing the Draft Budget on very stringent conditions and invited the PRs to consider and endorse it for onward transmission to the Meeting of Foreign Ministers for further consideration and approval

25. In their consideration of the Draft Budget, the PRs made the following comments and observations:

- There should be no increase in member countries' contributions to the proposed budget and, as a result, annual assessed contribution by individual member country should be maintained at US\$ 25,000, as in the current budget;
- The shortfall of US\$ 221,167 should be financed from projected savings on the current budget;
- Commendation to the TSF for submitting a zero-growth Draft Budget and for operating with efficiency under stringent financial conditions;

26. The Draft Proposed Budget for 2004, with each member's contribution maintained at US\$ 25,000, was therefore endorsed for onward submission to the Meeting of Foreign Ministers to be held in September 2003 in New York, for further consideration and approval.

Item 5 - Other Business

27. The meeting was adjourned in the absence of any other matters to be discussed.
