



GROUP OF FIFTEEN
The Summit Level Group of Developing Countries

G-15/05/FM27/3

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**TWENTY-SEVENTH MEETING OF THE MINISTERS OF FOREIGN AFFAIRS
OF THE GROUP OF FIFTEEN**

21 September 2005, New York

Report of the Chairman of the Personal Representatives of the Group of Fifteen

1. My report covers the preoccupations of the Personal Representatives of Heads of State and Government of the Group of Fifteen (PRs) in their meetings and other activities of the Group since the last Meeting of the Ministers of Foreign Affairs held here in New York on 28 September 2004. These included preparations for the 13th Summit to be held in Algiers; consultations on the host country for the 14th Summit of the Group; implementation of key decisions and other activities of the Group, including the engagement of a Panel of External Consultants that examined the challenges facing the Group and the evaluation of its projects for South-South Cooperation; other efforts to sustain the traditional activities of the Group; consideration of financial matters of the Group, including the Proposed Budget for the year 2006; as well as substantive preparations for the 27th Meeting of the Ministers of Foreign Affairs in New York.

I. Preparations for the 13th Summit in Algiers

2. I wish to report that, further to the programmes and priorities outlined by the Government of Algeria at the last Meeting of the Ministers of Foreign Affairs and the subsequent Meetings of the Personal Representatives of Heads of State and Government of the Group, several activities were undertaken for the successful hosting of the 13th Summit in Algiers. The Programme of Work outlined by an Inter-Ministerial Committee established by the government of Algeria in this regard was unveiled to the Personal Representatives at their 85th Meeting held in January 2005. The first activity involving the convening of a workshop on "*e-governance and ICT applications and industry*" was successfully held from 18 - 19 April 2005 in Algiers. I am pleased to inform this meeting that the event was highly successful with the participation of experts from 14 member countries of the G-15. The highpoint of the workshop was the adoption by the experts of far-reaching recommendations, which included collaboration between G-15 members to share experiences and benefit from the technical knowledge of each other; investigation of the open-source alternative; mechanisms for collaboration between members; and creation of an experts group to gather information from G-15 countries on current and future ICT developments. In addition, the government of Algeria had completed the technical studies and layouts for the creation of a 100 ha zone Cyber Park for promoting ICT research and development. For the elaboration and operation of this facility, the government of Algeria invited all G-15 member countries to express interest in contributing to and cooperating on the project.

3. I consider it important to inform also that the government of Algeria will organize a second seminar on the two sub-themes of the main theme of the Summit, namely, "*Management of the*

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demand for water in urban areas and for agriculture to address all aspects of the economy of water " as well as the "*Protection of agricultural land against erosion and desertification*". Based on the outcome of the seminar, the government of Algeria could consider organizing a Ministerial Meeting aimed at preparing a preliminary draft Declaration on the theme of the 13th Summit. To this end, further consultations would be held with PRs on the best period to hold such a meeting. As was the case with the first workshop, the government of Algeria would bear the costs of transport and accommodation of one expert from each member country participating in the second workshop.

II. Consultations on the host country for the 14th Summit of the Group

4. I wish to recall that the last Meeting of the Ministers of Foreign Affairs was informed that efforts to find a possible host country, from among the Asian member countries of the Group, for the 14th Summit of the Group were yet to produce the desired result. It may be recalled that the Islamic Republic of Iran, which had been urged to consider positively the possibility of hosting the Summit, had proposed that the Group should wait for the conclusion of the Presidential election to be held in the country in 2005, after which the matter would be placed before its new government for consideration and decision.

5. I consider it vital to report that, in the subsequent meetings of the Personal Representatives in Geneva, the government of Algeria had underlined the correlation between the successful hosting of the 13th Summit and the pending issue of finding a host country for the 14th Summit. I therefore deem it very important to underline the urgency of finding an early resolution of this matter particularly as it would enable the government of Algeria to fix a firm date for holding the 13th Summit as well as to uphold the principle of taking a decision on the rotation of the Group's Chairmanship during the Summit itself. The Personal Representative of Iran had disclosed that intensive consultations at high political levels were undertaken between Tehran and the capitals of some member countries of the Group on the matter. He specifically mentioned consultations between Tehran and Algiers and discussions on the matter in the course of an official visit to Iran by the previous Chairman of the Group, His Excellency, President Hugo Chavez of Venezuela. The Group was assured that the government of Iran took the matter seriously and that progress in this regard would be conveyed to member countries in due course. In the course of the preparations for the 27th Meeting of the Ministers of Foreign Affairs, the Personal Representative of Iran informed that the new government of Iran was already seized of the matter and would place it before the new President for positive consideration. He added that the Iranian Foreign Minister would convey the outcome to the 27th Meeting of the Ministers of Foreign Affairs in New York.

III. Implementation of the decision to engage External Consultants to examine the situation of the Group

6. Pursuant to the mandate given by the 26th Meeting of the Ministers of Foreign Affairs, Personal Representatives elaborated the appropriate Terms of Reference and agreed on the selection criteria for the appointment of the members of the panel of External Consultants. I am pleased to inform you that the Panel, which met in May 2005 in Geneva, held consultations with the Personal Representatives and successfully concluded its assignment. In their consideration of the Report of the Panel of External Consultants on the Examination of the Challenges Facing the Group of Fifteen and Evaluation of its Projects for South-South Cooperation (Document **G-15/05/FM27/4**), Personal Representatives intensively debated the various substantive issues raised in the recommendations put forward by the Consultants. In spite of some observations that the Report was overly ambitious in several regards, PRs considered it useful and timely as it addressed the gap between the Group's expectations and the realities on the ground.

7. The broad and specific comments made by the PRs on the various recommendations of the Consultants have been adequately reflected in Document **G-15/05/FM27/5**, entitled, “*Outcome of the consideration of the Report of the Panel of External Consultants on the Examination of the Challenges Facing the Group of Fifteen and Evaluation of its Projects for South-South Cooperation*”, which was circulated before this meeting. It is apparent from this document that, while there were large areas of broad consensus among the PRs on the recommendations of the Panel, the PRs however differed on a few others. Permit me to briefly identify some areas of broad or near consensus and some on which the PRs differed on the recommendations put forward by the Consultants.

(a) Areas of broad or near consensus

- There was broad agreement on the conclusion that the prevailing international environment underscored the continuing relevance of the Group and the need to further energize it. It was therefore agreed that the G-15 must adapt itself to the new circumstances and the changed global situation in order to take full advantage of the opportunities presented by globalization and to deal effectively with its downsides, while maintaining its overall purpose and objective;
- There was near consensus among the PRs that the Panel erred in concluding that it did not discern any conspicuous lack of political will among the G-15 governments, against the background of the problems experienced with the timely payment of contributions, effective participation in the Group’s activities as well as the implementation of collaborative projects;
- There was no objection to the recommendation on the possible expansion of membership. This, it was stated, should be based on necessity and feasibility, taking into account the original idea of keeping the G-15 as a small group. While there was no opposition to the recommendation to invite South Africa and China to join the Group, it was however felt that it would be improper to approach them in the absence of an expression of interest from them. It was therefore recommended that both countries could be approached informally;
- It was generally felt that member countries that were in arrears of contributions should be further encouraged to meet their financial obligations, without resorting to the threat of suspension from membership of the Group recommended by the Panel;
- It was agreed that while the primary focus of the G-15 should be on the Development Agenda, it should not totally exclude political issues that have development dimensions. However, while several Personal Representatives considered the recommended blueprint for revamping the agenda of the G-15 as either overly ambitious or idealistic, there was consensus on the importance of forging common positions and strategies as well as coordination on key issues of interest to the G-15 on the agenda of dominant international organizations like the World Bank, the IMF and the WTO;
- It was agreed that the G-15 should not compete with other groupings of developing countries. However, the importance of maintaining relationships with them was underscored, and to this end, it was recommended that the Chairman, in collaboration with the Troika, could take on this responsibility;
- Most PRs agreed on the justifications given by the Panel on the desirability of holding annual Summits. Several of them however stressed that recent difficulties associated with quorum informed the need for some flexibility, including possibly the resort to biennial Summits when indispensable.
- There was general consensus on the recommendations relating to Summit Retreats at the Heads of State and Government level;
- There was consensus on the importance of making G-15 Declarations and Communiqués short, focused and with the right political message. However, opinion remained divided on the Panel's recommendation that such pronouncements should evolve at the Summit rather than being drafted ahead of time in Geneva. Accordingly, Ministers are invited to decide that, in the

absence of consensus on the preparatory process for Summits, the current practice should continue;

- It was agreed to further promote genuine dialogue with the G-7;
- On the recommendation to do away with the Committee on Investment, Trade and Technology (CITT) and the Commission, it was noted that, in addition to the observed duplication of functions between them, the arrangements in relation to both organs were very complicated as well as expensive as their proper functioning required participation of high-level officials from the capitals. Accordingly, Ministers may wish to recommend to the Heads of State and Government to rescind the decision of the 5th Summit held in 1995 that established the CITT to broaden and intensify the scope of intra-G-15 economic cooperation, as well as the decision of the 11th Summit in 2001 that established the Commission to facilitate the effective implementation of the Group's decisions, and to transfer their responsibilities to the Personal Representatives of Heads of State and Government;
- It was broadly perceived that the Panel was hasty in concluding that most ongoing projects had performed successfully and that their number was not excessive. It was therefore agreed to further examine projects with a view to determining those to be terminated or retained, as well as new ones that could be taken on;
- While recognizing the noble motives behind the 12th Summit proposals to establish a South Bank, a University of the South and a South Television Network, the Panel doubted the feasibility of these projects due to lack of interest as well as political and financial support from other developing countries for similar initiatives launched in the past. The Personal Representatives reviewed this recommendation and agreed that Ministers may wish to recommend to the Summit to reconsider its previous decision on the above-mentioned proposals. However, it was suggested that the initiatives should be subjected to further professional feasibility studies;
- The Personal Representatives endorsed the Panel's recommendation that considered the proposed G-15 Africa Fund justifiable and feasible. Accordingly, Ministers may wish to recommend to the Heads of State and Government to launch the Fund at their next Summit.

(b) Areas of lack of consensus

- While some PRs welcomed the idea of applying alphabetical order on a country basis in hosting Summits, others did not feel that the introduction of the principle would, in reality, resolve the recent difficulty experienced in hosting Summits. Some PRs suggested that the principle should be applied on a regional basis according to which the region, whose turn it was to host a Summit, would apply the principle in choosing the host country. While the need for some flexibility in special circumstances was emphasized, some PRs maintained that member countries that were yet to host a Summit should assume the obligation;
- Opinions differed among PRs on the Panel's recommendation not to fix a quorum for the Summit, while in the same breath, prescribing quorum for the meetings of Foreign Ministers and Personal Representatives;
- There was absence of consensus on the recommendation to replace the Geneva-based Permanent Representatives as Personal Representatives of Heads of State and Government with high calibre political figures from the capitals, such as Permanent Secretaries or Vice Ministers, as originally conceived;
- Consensus could not be reached on the Panel's recommendations to establish a full-fledged Secretariat with wide-ranging responsibilities akin to those of conventional international organizations as well as the doubling of annual contributions. While some PRs maintained that an empowered Secretariat would facilitate the effective implementation of decisions, others felt that the additional financial obligation entailed was not justifiable in the face of the inability of a significant number of member countries to pay up even their outstanding contributions.

8. After the substantive consideration of the recommendations of the Panel, Personal Representatives exchanged views on the most appropriate procedure for handling the Report of the Panel. They considered if it was still necessary and practical to convene a meeting of the High Level Officials Commission to consider the Panel's Report, as earlier envisaged, or to submit it directly to the Foreign Ministers for consideration. It was agreed that the Report of the Panel of External Consultants should be transmitted, along with the outcome of its consideration by the PRs, to the 27th Meeting of the Ministers of Foreign Affairs in New York. To facilitate the task of making the desired decision, Foreign Ministers may wish to consider and adopt the Draft Recommendations submitted by the Personal Representatives on the areas of consensus among member countries on the Panel's Report, as contained in Section II of the Annex to this Report. With respect to other recommendations of the Panel upon which consensus was not possible so far, Foreign Ministers are invited to endorse the continuation of the current practice in the meantime while mandating the Personal Representatives to further explore the possibility of forging the required consensus and to report to the 28th Meeting of the Ministers of Foreign Affairs on the outcome of their consultations.

IV. Implementation of other decisions and activities of the Group

9. I wish to inform you that the Group has taken actions to implement earlier decisions by the Ministers of Foreign Affairs on the need for the G-15 to develop its independent website and to seek cooperation and technical assistance from relevant international organizations. I am pleased to inform you that, in collaboration with the International Telecommunications Union, the G-15 website is under development and will become fully operational soon. Furthermore, the Group secured the technical assistance of UNCTAD in developing a trade database on G-15 countries. Copies of the CD-ROM, which could facilitate intra-G-15 Trade, have been made available to all member countries as well as the G-15 Federation of Chambers of Commerce, Industry and Services (FCCIS). It is also noteworthy to inform Honourable Ministers that the FCCIS held its 12th General Body Meeting from 19 - 21 June 2005 in Cairo, under the theme of "*The Role of SMEs in the Enhancement of Development through the Use of Local Resources within G-15 Countries*". Key among the recommendations of the meeting, which the body requested should be brought to the attention of the next Summit, was that the core activities of the G-15 should be in the field of economic development, in which the private sector plays the main role beside that of the government. This, the body stated, could start with the setting up of Free Trade Areas and the cancellation of double taxation among G-15 member countries. I propose that these issues be taken on board in your consideration of the Report of the External Consultants, as some of its recommendations touched on them. To be mentioned in this regard also is the intention of the FCCIS to participate actively in the Business Forum to be organized during the Algiers Summit.

V. Consideration of financial matters of the Group:

(a) Draft Proposed Budget for 2006

10. I wish to draw the attention of Honourable Ministers to the Proposed Budget of the Group for the Year 2006 contained in Document **G-15/05/FM27/7**. The Personal Representatives reviewed the initial proposed estimates prepared by the TSF under my supervision. Comments and suggestions made by member countries were taken into account in the present document. I wish to highlight that certain fundamentals and targets deriving from the overall political objectives set out by Foreign Ministers and the last Summit of Heads of State and Government underpin the Proposed Budget. It is worthy of note that the proposed estimates are within the range of the approved

budgets for the last four years. I therefore formally present the Proposed Budget for 2006, amounting to **US\$ 971,540**, for your consideration and approval.

11. Personal Representatives have recommended that the Proposed Budget will be financed from annual contributions, maintained at the current level of **US\$ 25,000** per member country; income from investments; and savings on previous budgets. However, in arriving at that recommendation, Personal Representatives revisited the decision of the Meeting of the Foreign Ministers held in 2000 in Mexico City, which reduced annual contributions by about 50% to their current level, with the proviso that the situation should be reviewed in 2005. Against the background of the substantive analysis submitted to the last Meeting of the Foreign Ministers, among others, it was acknowledged by the Personal Representatives that the basis for the reduced contributions has been significantly eroded by the high level of unpaid contributions and the reduced yield from the Group's investments due to the low level of global interest rates. However, with the support of the Technical Support Facility, it is deemed somewhat feasible to explore further avenues to maintain annual contribution at US\$25,000 at least for the proposed 2006 Budget, but subject to review in the next budget cycle. Taking into account the foregoing consideration, Ministers are kindly invited to consider and approve the Proposed Budget for 2006, along with its financing option, as recommended by the Personal Representatives.

(b) Financial situation of the Group

12. I wish to recall that the attention of the last Meeting of the Ministers of Foreign Affairs was drawn to the precarious financial situation of the Group arising principally from the significant level of unpaid contributions. Ministers had urged member countries to take urgent actions to fulfil their financial obligations and even considered the possibility of sanctions against defaulting member countries. It is with regret that I have to inform you that the situation is yet to improve in spite of the letter I addressed to the Personal Representatives of the member countries concerned. Unpaid arrears now stand at **US\$916,673**, a figure almost equal to the proposed 2006 Budget that is before you. I wish to note in this regard that the implementation of the Budget is contingent upon the timely payment of financial contributions by member countries, in addition to the new avenues being explored to enhance income from investments. It has been suggested that when any decision with financial implications are to be made in the future, additional financial resources should be allocated for its implementation. I therefore urge Your Excellencies to intervene, as appropriate, to turn around the persisting and disturbing situation of high levels of unpaid contributions, as evident from the circulated Table on the Status of Financial Contributions. To this end, Ministers are invited to, among others, request the Chair to express this concern in their names by writing to countries that accumulated more than three years of arrears of contributions.

(c) Financial Report of the Group for the year 2004 prepared by the Auditors

13. Furthermore, I wish to invite Honourable Ministers to formally take note of the Financial Report of the Group for the year 2004 prepared by the official Auditors. The Report, indicating the financial position of the Group as at 31 December 2004, is in order and considered satisfactory.

14. Excellencies, to conclude, I wish to invite your attention to the Annex to this Report, which contains Draft Recommendations for your consideration and adoption on the various aspects of my Report as well as your Provisional Agenda that require action at this meeting.

I thank Your Excellencies for your kind attention.
