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BUDGET COMMITTEE CONCLUDES DEBATE ON CAPITAL MASTER PLAN

The Fifth Committee (Administrative and Budgetary) today heard the views of the Russian Federation and Kuwait, as it concluded its general discussion on the Capital Master Plan to refurbish and update the Headquarters complex in New York.

The representative of the Russian Federation said that officials of the City and State of New York had demonstrated their unwillingness to cooperate with the United Nations, in particular, on construction of the UNDC-5 building, despite the fact that the United Nations had not only become an integral part of the city's economy, but that such a big project would bring the city even greater economic benefits.

In addition, the host country had not even offered an interest-free loan, he continued. In the meantime, the cost of the project had increased by hundreds of millions of dollars. The Organization was entitled to receive greater participation from the host country in the financing of the plan. It should also receive comprehensive assistance from the City and State in solving problems that might arise in the course of the project's implementation.

He also drew the Committee's attention to the fact that the need to acquire bank loans in the form of letters of credit — for which Member States would have to pay from \$3 million to \$21 million — was based solely on United States construction industry requirements and was unprecedented for the United Nations. In that connection, he welcomed the Secretary-General's proposal for specific parameters on the machinery, which would ensure that those Member States who paid their contributions in full and on time would not bear any additional expenditures in connection with the letters of credit. He also emphasized that the approved phased Capital Master Plan strategy was based on the current requirements and organizational structure of the Secretariat and should not involve changes in the methods, location, or staffing of any of its services and departments. After a temporary stay in swing space locations, all Secretariat officials had to return to their premises.

He said that strict implementation of the Organization's rules and procedures and relevant resolutions of the Assembly were particularly important, as was careful oversight on behalf of the Office of Internal Oversight Services and other oversight bodies, given the scope of the project and the proposal to delegate broad authority to the construction manager. Successful and timely implementation of the Plan would, to a large extent, depend on stable financing and he was prepared to take a constructive look at the proposals on the appropriation of financing for continuation of work as planned for 2007. Further, he recognized the need to create a reserve capital fund for the project and noted that a one-time assessment, or the use of a mix of one-time and multi-year assessments, would theoretically allow the Organization to either refrain from the use of a letter of credit, or significantly reduce the extra expenses in that connection. He would be prepared to consider the possibility of using relevant incentives to encourage Member States to pay outright their dues for the Plan. Regarding the overall level of the budget for the project, he pointed out that Member States would have to take a well-considered decision on the scope options — at a cost of \$230 million — taking into account the unstable financial situation of the United Nations.

The representative of Kuwait, associating himself with the position of the Group of 77 developing countries and China, expressed hope that, in view of the importance and the sensitivity of the issue, a resolution would be adopted that would avoid cost increases and finish the project within the foreseen time frame. He also hoped that an acceptable solution would be found to the scale of assessments. He assured the Committee that Kuwait would pay its assessments on time, in full and without conditions. He called for more cooperation and coordination between Member States and the Secretariat.

The date and time of the Committee's next meeting will be announced.

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