

**Statement of the Chairman
Advisory Committee on Administrative and Budgetary Questions (ACABQ)**

31 October 2013

Capital master plan

ACABQ report: A/68/551;

Reports of the Secretary-General: A/68/352 and Add.1; A/68/336;

Report of the Board of Auditors: A/68/5 (Vol. V);

Mr. Chairman,

I am pleased to introduce the Advisory Committee's report (A/68/551) on the implementation of the capital master plan (CMP) project and the financing of the project and the associated costs. The Committee recommends that the General Assembly take note of the eleventh annual progress report of the Secretary-General on the implementation of the CMP, taking into account the comments and recommendations of the Advisory Committee in its report.

In its resolution 67/246, the General Assembly requested the Advisory Committee to request the Board of Auditors to scrutinize the final cost projections of the project. While acknowledging that the Office of the CMP utilizes expert advice in forecasting the final costs and that improvements have been made, the Board remains concerned over the robustness and analytical basis of the cost forecasting. The Advisory Committee regrets that the Secretariat has not sufficiently changed its approach with respect to the process for forecasting final project cost to enable acceptance by the Board of Auditors. The Committee also points out that the management of the contingency provisions under the capital master plan project still lacks transparency.

With respect to the swing space and office space utilization, the Advisory Committee is of the view that the Secretary-General has not provided sufficient information on enhanced efforts to manage the costs pertaining to swing spaces with a view to optimizing the rental contracts as requested by the General Assembly. At the same time, the Committee regrets that the Secretariat did not provide the Board of Auditors with the information required to conduct a proper verification on the occupancy of the renovated Headquarters campus. The Committee is, therefore, of the view that the Secretary-General should provide relevant information to the General Assembly in the context of the review of the eleventh progress report on the CMP.

Mr. Chairman, on the South Annex Building and the Dag Hammarskjöld Library Building, the Advisory Committee notes that there are uncertainties which could impact on decisions to be made by the General Assembly. The Secretary-General has reiterated

his long-term options that he proposed in his earlier report A/67/720. The Committee further notes that the Secretary-General is expected to submit another report on the Headquarters accommodation needs at the first resumed session in 2014. The Committee is of the view that the Secretary-General should be requested to submit feasible alternative options for the locations of the functions currently housed in the two Buildings; the alternative options should be independent of the long-term Headquarters accommodation requirement, thus allowing for a final completion of the capital master plan project. The Committee is, therefore, of the view that the South Annex and library Buildings should remain within the scope of the capital master plan project until the General Assembly makes a decision on such options.

I would like to turn to the issue regarding financing the associated costs and the secondary data centre. Taking into account the CMP project budget, expenditure and projected requirements, the Advisory Committee recognizes that the expenditure in respect of the associated costs will need to be funded. However, as the expenditure continues to be incurred until the end of 2013 and final expenditure related to the associated costs cannot be fully ascertained at this stage, the Committee recommends that the General Assembly consider the financing of the associated costs at the first resumed session in 2014.

Now, I am going to say a few words on the accumulated interest and working capital reserve of the CMP, which are estimated at \$159.4 million. The General Assembly approved the application of \$71 million from the interest and working capital reserve to meet cash flow requirements in resolution 67/246. The remaining balance of interest income and working capital reserve amounts to \$86.5 million. The Advisory Committee has no objection to the application of the accumulated interest income and working capital reserve, as well as the future interest income, to the present cash balance.

Finally, Mr. Chairman, the Advisory Committee recommends that the most up-to-date information related to the United Nations Working Capital Fund and the Special Account be provided to the General Assembly at the time of the consideration of the eleventh progress report on the capital master plan. The Committee is of the view that the General Assembly may wish to approve access to the Fund and the Account at an appropriate level, as a cash flow bridging mechanism, on an exceptional basis and without creating a precedent.

Thank you, Mr. Chairman.