



**Statement on behalf of the Member States of the European Union**

**By**

**Mr. Gerton van den Akker**

**Delegation of the European Union to the United Nations**

**68th Session of the General Assembly**

**Fifth Committee**

**Item 134. Programme budget for the biennium 2014-2015**

**Capital Master Plan (CMP)**

**United Nations**

**New York**

**31 October 2013**

**– CHECK AGAINST DELIVERY –**

Mr. Chairman,

I have the honour to speak on behalf of the Member States of the European Union.

At the outset, I would like to thank Assistant Secretary-General Mr. Adlerstein for introducing the eleventh annual progress report on the implementation of the Capital Master Plan and the report on final expenditures for associated costs for 2008 to 2013. I would also like to thank the Chair of the Audit Operations Committee of the Board of Auditors, Mr. Hugh O'Farrell, for introducing the related report of the Board. Our thanks also go to Mr. Baez, Chief of the Policy and Oversight Coordination Service of the Department of Management, for his introductory remarks on the report of the Secretary-General on the implementation of the recommendations of the Board of Auditors. Finally, I would like to thank Mr. Ruiz Massieu, Chairman of the Advisory Committee on Administrative and Budgetary Questions, for introducing the related report of that Committee.

Mr. Chairman,

Also in this last stage of the project, with 2 of the 3 buildings largely completed, the Member States of the European Union have been and continue to be strong supporters of the Capital Master Plan and its mission to manage the historic renovation of the United Nations Headquarters. We therefore commend the progress made during the last months and we look forward to seeing the concrete benefits, in particular in terms of energy consumption, of this major investment.

The General Assembly has continuously underlined the importance of executing the Capital Master Plan on time and within budget - bearing in mind opportunities for further absorption of the associated costs in an accountable and transparent manner. At the same time, the findings of the Board of Auditors and the Advisory Committee on Administrative and Budgetary Questions give us great pause, as we continue to remain concerned about the last stages of the project and its related final financial developments, including questions regarding the Administration's approach to forecasting anticipated final costs of the project.

Allow me, Mr. Chairman, to underline a few points which are of particular concern to us:

(1) the financial situation of the project, (2) lessons learned and (3) the sequencing of UN major capital projects.

#### *Financial situation of the project*

The Member States of the European Union have expressed their concerns about the project cost over-runs on many occasions, which are currently estimated to total \$315 million. We have called for a transparent accounting of all project costs and made it clear that we expect the Secretariat to pursue further savings and work on cost-reduction measures, including by providing more information regarding savings from swing space and rental contracts, in order to remain within the approved project budget and scope. It is unfortunate that the latest information provided by the Secretariat regarding the project expenditures, requirements for the remaining project period and revised estimates is neither complete nor satisfactory, as the Advisory Committee on Administrative and Budgetary Questions has stated in its report. Additional and detailed justifications therefore need be provided to the General Assembly as soon as feasible.

Regarding the financing of the associated costs of the Capital Master Plan, we concur with the Advisory Committee on Administrative and Budgetary Questions that a final decision on these costs cannot be taken at this stage due to the fact that expenditure related to associated costs cannot be fully ascertained at this stage by the Secretariat.

In addition, we would like to request the Secretariat to provide us with the latest information on the Working Capital Fund as well as the Special Account to enable us to look into the matter of possibly approving access to these funds as a cash flow bridging mechanism.

#### *Lessons learned*

Mr. Chairman, there has always been strong agreement in the Fifth Committee on the need for the Secretariat, as a matter of priority, to present a clear plan on lessons learned regarding the Capital Master Plan. We concur with the Board of Auditors that all major capital expenditure projects should be held to a very high level of scrutiny before decisions can be taken or a major phase can be initiated during the project life cycle and that a robust governance structure and oversight mechanisms to increase accountability are prerequisites

in this regard. In addition, there needs to be a standard and unified approach to the delivery of major projects. We also concur with the Advisory Committee on Administrative and Budgetary Questions that lessons learned should inform the planning and implementation of future large-scale capital projects and - where appropriate - the remaining stages of the Capital Master Plan. Issues that deserve thorough attention in a lessons learned exercise are occupancy levels before and after renovation, as well as flexible working arrangements, swing-space related matters and the budgeting of associated costs. In that regard we further call upon the Secretariat to provide us with final and auditable occupancy numbers for UN Headquarters.

*Sequencing of large-scale capital projects*

This brings me to the third and last item of particular concern to us: the sequencing of large-scale capital projects. It is, Mr. Chairman, impossible, to look at the Capital Master Plan in splendid isolation. Long-term accommodation needs of the United Nations, the Capital Master Plan and the Strategic Heritage Plan are inextricably linked. The issue of the future of the North Lawn Building is to be decided by the General Assembly, taking into account previous resolutions on this matter. An in-depth discussion also needs to take place on the future of the Dag Hammarskjöld Library and the South-Annex Building, whereby the commemorative value of the former needs to be preserved, regardless of the future location of the library function. In this regard, the Member States of the European Union would like to reiterate that major capital projects cannot be implemented simultaneously and that ultimately it is only the General Assembly that can take a decision on the initiation of capital projects.

Mr. Chairman,

All these and other relevant issues require a thorough discussion in the Fifth Committee. Please rest assured that we - as always - will engage constructively with all stakeholders in our discussions in order to ensure the continued effective and efficient management of the Capital Master Plan until its completion.

Thank you.