

Agenda item 134, Programme budget for the biennium 2014-2015
Strategic capital review

Introductory statement to the Fifth Committee by
Mr. Stephen Cutts, Assistant Secretary-General for Central Support Services
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Mr. Chairman, distinguished members of the Committee,

I am pleased to introduce the Secretary-General's report on the Strategic capital review.

The report describes the progress made on the development of a long-term capital programme and prioritization strategy for the global premises of the United Nations Secretariat, since the issuance of the report of the Secretary-General on overseas property management and construction projects in progress (A/65/351).

This report is submitted pursuant to General Assembly resolution 65/259, part III, wherein the General Assembly endorsed the conclusions and recommendations of the Advisory Committee on Administrative and Budgetary Questions set out in its report A/65/518 with respect to overseas property management.

In its report (A/65/518), the Advisory Committee on Administrative and Budgetary Questions emphasized the importance of better projection of mid-term and long-term Organization-wide needs, including financial requirements for the maintenance of existing facilities and new construction projects, in order to enable an adequate overview and long-term perspective; and noted that the lessons from the capital master plan and other major capital investment projects have clearly demonstrated the importance of developing an alternative long-term funding methodology to cover the costs of facilities maintenance.

The scope of the strategic capital review extends to any properties in respect of which the United Nations Secretariat incurs capital expenditure costs under the programme budget (i.e. excluding peacekeeping operations).

In the current report, the Secretary-General provides an overview of the analysis of the review in progress, includes a summary of the first phase and its findings, and updates on the current progress of the second phase, a conditions and operational assessment being conducted at the Office away from Headquarters. The report also describes a prioritization strategy, which will define the requirements and sequencing for major maintenance, alterations and improvements, as well as new construction projects over a long-term horizon; and defines the next steps that are required to conclude the analysis and develop a strategy and funding methodology to effectively maintain the facilities of the United Nations Secretariat with a long-term perspective.

In addition to the technical requirements of capital planning, the report also addresses administrative issues, especially the role of the Office of Central Support Services in providing technical guidance and advice to Offices Away from Headquarters in managing capital projects, in developing and promulgating a construction project manual, and for serving as a repository for lessons learned from major capital projects being undertaken by the organization.

Mr. Chairman and members of the Committee, this report has been published at a time in which other major transformative initiatives are also being undertaken by the Organization, especially the adoption of IPSAS accounting practices and the implantation of Umoja. Given that Umoja will enhance our understanding and ability to record and report on property value, and the effect of capital improvements thereon, maintaining or increasing property value will become a more central objective of capital planning, and budgeting for capital improvements will therefore be more closely linked to asset management.

In line with the above, this report recommends the adoption of a life-cycle replacement approach to capital planning, where building components, such as roofs and electromechanical systems, are replaced in a systematic, scheduled manner, rather than in a reactive manner.

The report recommends increasing the overall level of capital investment from its current level relative to property value, and introduces the possibility of establishing a capital fund for this purpose.

In conclusion, we anticipate reporting back to Member States at the 69th Session of the General Assembly with an overall long-term view of a facilities capital investment programme, and a prioritization and sequencing programme for consideration. The ultimate goal of the programmes is, through targeted ongoing investment, to avoid major capital projects and the risks they pose to the organization, whilst maximizing the use and maintaining the value of building and infrastructure assets in the most cost-effective manner available.

Mr. Chairman and members of the Committee, your continued support for this very important initiative is imperative for its success.

Thank you Mr. Chairman and distinguished members of the Committee, my colleagues and I are available to answer questions and to provide clarifications on the report as required.