



# General Assembly

Seventieth session

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### Fifth Committee

#### Summary record of the 10th meeting

Held at Headquarters, New York, on Tuesday, 27 October 2015, at 10 a.m.

*Chair:* Mr. Bhattarai ..... (Nepal)  
*Chair of the Advisory Committee on Administrative  
and Budgetary Questions:* Mr. Ruiz Massieu

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*The meeting was called to order at 10.10 a.m.*

**Agenda item 134: Proposed programme budget for the biennium 2016-2017 (continued)**

*International Public Sector Accounting Standards (A/70/329 and A/70/7/Add.2)*

1. **Ms. Tucci Bartsiotas** (Controller), introducing the eighth progress report of the Secretary-General on the adoption of the International Public Sector Accounting Standards (IPSAS) (A/70/329), said that the report announced the successful implementation of IPSAS at the United Nations, provided an outlook for longer-term IPSAS sustainability and reviewed the progress of IPSAS implementation throughout the United Nations system during the period 1 September 2014 to 31 August 2015. For the financial year ended 31 December 2014, all United Nations system organizations, including all 13 financial reporting entities of the United Nations, had for the first time issued IPSAS-compliant financial statements and received unqualified audit opinions, a historic achievement. In particular, the World Tourism Organization (UNWTO) and the Food and Agriculture Organization of the United Nations (FAO), had issued their first IPSAS-compliant statements during that reporting period.

2. The adoption of IPSAS had resulted in several key changes in the Organization's financial reporting practices, which had entailed significant strengthening of underlying processes. For the first time, property, plant and equipment, as well as inventories and intangible assets, had been reported on the face of the financial statements, and allowance accounts had been created to better reflect anticipated cash flows from long-outstanding receivables. Employee benefits liabilities relating to the workers' compensation programme, as well as provisions for valid claims against the Organization, had also been recognized for the first time. Expenses were now recorded when goods were delivered or services rendered, rather than when commitments were made, and expenses relating to depreciation, amortization and impairment of assets were now reflected in the financial statements. In addition, note disclosures had been significantly enhanced to include, inter alia, information on risks related to financial instruments, reporting by segment and information on related parties. Those achievements were the result of strong governance, including risk-based oversight on the part of the IPSAS Steering

Committee; strategic direction provided by the Management Committee, which had demonstrated its commitment to management reform through its endorsement of the IPSAS benefits realization plan and the IPSAS sustainability plan; and the monitoring and review activities of the Independent Audit Advisory Committee (IAAC). In addition, the IPSAS implementation team had worked to ensure that deliverables were on track and, together with the Umoja team, had conducted financial statement preparation workshops to ensure that all offices were equipped to support IPSAS-compliant reporting.

3. Post-implementation activities had included the development of the IPSAS sustainability plan, aimed at embedding structures and processes that supported ongoing IPSAS compliance across the Organization, including in day-to-day operations, while ensuring the realization of the related benefits; and the IPSAS benefits realization plan, designed to ensure that financial information under IPSAS was used to enhance management of the Organization. The latter plan comprised 15 envisaged benefits with corresponding performance indicators across the five major strategic benefit categories. The report outlined some of the benefits already achieved, while noting that measurement of progress toward realizing longer-term benefits, particularly those relating to financial decision-making and financial risk management, would require several financial periods to analyse relevant trends and apply that analysis to decision-making. With a view to promoting IPSAS sustainability through the enhancement of the internal control framework, the statement of internal controls recommended by the Board of Auditors would be piloted in selected offices and missions, to be followed by Organization-wide implementation in 2018. The strengthening of internal controls would also be fully integrated into the existing enterprise risk management framework.

4. Finally, expenditure for the IPSAS implementation project had remained within the indicative budget of \$27 million as at 30 June 2015; sustainability activities would be financed through the support account budget for the 2015/16 period and through the regular budget for the biennium 2016-2017.

5. **Mr. Ruiz Massieu** (Chair of the Advisory Committee on Administrative and Budgetary Questions), introducing the related report of the Advisory Committee (A/70/7/Add.2), said that the Advisory Committee welcomed the system-wide

implementation of IPSAS and issuance of unqualified audit opinions for all audited entities, although much remained to be done to leverage the benefits of IPSAS toward greater efficiency, effectiveness and accountability in the management of resources. As the post-implementation phase progressed, coordinated efforts must be undertaken to support long-term IPSAS compliance in day-to-day operations and to ensure that the envisaged benefits were fully realized. By utilizing information under IPSAS to enhance decision-making, managers had a vital role to play in the benefit realization process.

6. The Advisory Committee remained concerned about the delayed implementation of Umoja, in particular the continued reliance on multiple legacy systems to generate financial data, and the risk that that posed to the realization of IPSAS benefits, and trusted that close cooperation between the IPSAS and Umoja project teams would minimize that risk.

7. **Mr. Davidson** (South Africa), speaking on behalf of the Group of 77 and China, emphasized the importance of the observations and recommendations of the Board of Auditors in guiding the system-wide implementation of IPSAS. The Group welcomed the issuance of IPSAS-compliant financial statements with unqualified audit opinions for all United Nations system entities as a major step toward the modernization of the system, and commended in particular the first-time implementation of IPSAS by FAO and UNWTO. The Group nevertheless concurred with the Advisory Committee that much remained to be done to leverage the benefits of IPSAS. There was clear evidence that IPSAS had led to improved financial management processes across the Organization and the Group looked forward to further improvements.

8. The new information under IPSAS must be used to improve accountability, transparency, efficiency, control and the financial sustainability of the Organization. In that regard, the Group requested the Secretary-General, as Chairman of the United Nations System Chief Executives Board for Coordination, to continue to coordinate all aspects of the transition from the former accounting standards to IPSAS, including the compilation, analysis and dissemination of information relating to challenges faced, lessons learned, best practices and benefits realized by the Organization, with a view to refining IPSAS implementation plans and strategies until Umoja was

fully implemented. The Group trusted that entities would continue to collaborate on post-implementation activities to ensure IPSAS compliance. It also looked forward to further information on the benefits of IPSAS implementation in peacekeeping operations, and shared the view of the Advisory Committee that inefficient inventory management policies and practices exposed the Organization to increased risk of inventory damage and obsolescence.

9. The Group remained concerned about the risk posed by the delayed implementation of Umoja to the realization of IPSAS benefits and would seek clarity on the progress made by the Umoja and IPSAS teams to mitigate that risk. Emphasizing the key role played by managers in ensuring the realization of those benefits throughout the United Nations system, the Group welcomed the initiative to professionalize the finance role through the development of a cadre of highly skilled financial managers and looked forward to receiving detailed information on the outcome of that programme in future reports of the Secretary-General.

*Framework for a global service delivery model of the United Nations Secretariat (A/70/323 and A/70/436)*

10. **Mr. Takasu** (Under-Secretary-General for Management), introducing the report of the Secretary-General on the framework for a global service delivery model of the United Nations Secretariat (A/70/323), said that the report outlined the framework for an enterprise-wide approach that would deliver high-quality, timely, standardized and cost-effective administrative services across all Secretariat entities under a common set of financial and staff regulations and rules, with the goal of strengthening the Secretariat's capacity to deliver on its wide-ranging mandates. Under the model, administrative support functions would be organized to prioritize client needs, operational imperatives and results, while ensuring greater consistency, transparency and accountability through enhanced standardization and oversight. In that context, modular solutions would be developed to accommodate diverse business needs and operating environments, and service requests would be consolidated to create efficiencies and economies of scale in order to redirect resources to new functions and programmatic work.

11. The global service delivery model would draw on the experience and lessons learned from shared services arrangements already in use at other

Secretariat entities, including offices away from headquarters, regional commissions and field missions, as well as from the global field support strategy. The development of the model would depend particularly on the progress made in the implementation of enterprise-wide transformational initiatives undertaken in recent years, particularly Umoja. On the basis of the results achieved by Umoja in the area of standardization and harmonization of business processes, the global service delivery model would consolidate fragmented administrative structures within and across duty stations, as appropriate. To that end, it would simplify the Organization's administrative framework, functions and workflows, which had become increasingly cumbersome and location-dependent, resulting in administrative silos. Workflows would be made more results-oriented and fit-for-purpose to ensure that administrative services suited diverse business needs. The model also aimed to improve specialization of administrative functions through sharpening the distinction between strategic and operational activities to allow for clearer division of labour and greater concentration of expertise and consistency of services. Responsibilities would be defined according to three categories: headquarters functions would encompass the provision of strategic direction, policy formulation, oversight and leadership on stakeholder engagement on a location-dependent basis; hub functions would include consolidated delivery of location-independent processes at the global, regional or single-site level; and local office functions would encompass performance of location-dependent, non-transferable processes. Lastly, shared service arrangements would be explored with a view to consolidating location-independent hub functions, a core component of the global service delivery model. Transactional services would be provided through service centres that could support a global, regional or site-specific group of clients, while expertise-based services would be provided by centres of excellence that could offer highly specialized guidance and knowledge. A preliminary analysis had revealed that 142 out of 347 administrative processes had potential for consideration under a shared services approach, and a more detailed assessment would be conducted after the stabilization of Umoja.

12. Underpinning the global service delivery model was a focus on holistic, end-to-end delivery of services through joint management of related administrative activities across different parts of the Organization in

order to achieve better results and create synergies. In that context, close collaboration with clients would be critical, both during the design of the model and in day-to-day operations. Exact parameters of services would be defined under service-level agreements, while key performance indicators would be established to ensure that agreed standards were met and scorecards would be developed for active performance monitoring. To address diverse client needs, different delivery modalities, including functional clusters, service lines and customized client portfolios, would be developed. Funding for the global service delivery model would need to be provided under a solid and predictable arrangement that took into account the need for stable core staffing to ensure delivery of services according to service-level agreements. That arrangement must also be scalable in a business-appropriate time frame to address fluctuations in workload.

13. A phased approach to the development of the global service delivery model had been chosen to ensure that a common understanding of key parameters was established to guide the formulation of detailed proposals. The framework outlined in the report took into account the unique structures of the Organization, as well as its universal nature, complex operating environments and institutional history and memory. The reforms proposed were not being pursued merely for their own sake, but with the aim of strengthening delivery of mandates. Subject to Member States' approval of the framework, a detailed business case with location options, developed on the basis of the framework and critical data made available after Umoja stabilization, would be presented for consideration by the General Assembly at its seventy-first session. The report also included a request for additional temporary resources to establish a small project team and secure consultancy capacity. Lastly, subject to approval by the General Assembly, a refined proposal for the model would be reflected in the proposed programme budget for the biennium 2018-2019.

14. **Mr. Ruiz Massieu** (Chair of the Advisory Committee on Administrative and Budgetary Questions), introducing the related report of the Advisory Committee (A/70/436), said that the Advisory Committee requested the Secretary-General to submit a detailed proposal with a business case to the General Assembly at its seventy-first session,

taking into account the comments and recommendations in its report.

15. The global service delivery model must be comprehensive and encompass the service delivery requirements of all parts of the Secretariat, including peacekeeping and field missions. To that end, the model should be anchored in a coherent approach that took into account all ongoing business transformation initiatives. In developing a detailed proposal for the model, the Secretary-General should be requested to focus on achieving improvements in the delivery of administrative support services and on reducing the related costs. The model should aim to achieve the most rational distribution of functions among different locations and make the most effective use of the existing Secretariat infrastructure. The Secretary-General's detailed proposal should also include full explanations of the methodology, criteria and assessment processes underpinning the proposal, in order to facilitate decision-making by the General Assembly. Lastly, strong governance and project management arrangements would be essential. To that end, the project should be supported by high levels of cooperation and coordination across the Secretariat, and efforts should be made to instil a sense of ownership and accountability for its success, particularly at the senior management level.

16. The shift toward a shared services model would have an impact on organizational structures, lines of accountability, as well as working methods, processes and procedures, and would present an opportunity to review, streamline and align those structures. In that context, the Secretary-General should be requested to present any proposals relating to the model's expected impact on organizational structures in his report on the detailed proposal for the global service delivery model. That report should also include a comparative analysis of different approaches for funding of shared services and cost recovery. Moreover, given that the model would cover the requirements of the entire Secretariat, the implementation of the initiative, were it to be approved by the General Assembly, should be funded on the basis of a cost-sharing formula between the regular budget, the support account for peacekeeping operations and extrabudgetary resources. Lastly, the Advisory Committee recommended a reduction in the resource requirement for consultancy proposed for the development of the detailed proposal.

17. **Mr. Davidson** (South Africa), speaking on behalf of the Group of 77 and China, said that the Group attached great importance to the consideration of the proposed framework for a global service delivery model, which was aimed at ensuring more efficient and effective mandate delivery. The model responded to the need to streamline an increasingly complex administrative framework comprising some 98 stand-alone entities at more than one hundred sites providing services at various levels of the Organization. The Secretary-General's phased approach to the development of the model would comprise the formulation of a detailed proposal, the establishment of a baseline for the model's administrative set-up in an Umoja-operating environment and the physical consolidation of delivery functions at the global, regional and local levels. The Group agreed with the Advisory Committee that the report of the Secretary-General (A/70/323) could have been submitted at an earlier stage, given the general nature of the framework proposed and the experience available within the Secretariat in the provision of shared services.

18. The Group emphasized the need to establish clear goals and objectives at the outset of the project, as well as to conduct a detailed cost-benefit analysis and establish a business case. Experiences and lessons learned from the ongoing and concluded business transformation initiatives should be taken into account in that context. The Group would seek to gain a better understanding of how the timeline proposed for the development of the model would be conducive to integration among those initiatives and to the timely realization of the related benefits. The model should take into account the need to avoid duplication and overlapping of functions and should be built, to the extent possible, on existing infrastructure and expertise. In that regard, the Group would seek further clarification on how the Secretary-General's detailed proposal would incorporate the functions and infrastructure of the Regional Service Centre at Entebbe, the United Nations Logistics Base at Brindisi, and, in particular, of the Regional Procurement Office at Entebbe.

19. Given the importance of strong project governance for the success of the global service delivery model, mechanisms needed to be established to ensure adequate ownership and accountability on the part of senior management in order to guarantee that the model's objectives were fulfilled. The Group



looked forward to a detailed discussion of information relating to the project's preliminary scope, delivery modalities, location assessment, client relationship management and funding of shared services, and sought further clarification regarding the proposed framework's compliance with the previous comments and observations of the Board of Auditors and the Advisory Committee on Administrative and Budgetary Questions.

20. **Mr. De Preter** (Observer for the European Union), speaking also on behalf of the candidate countries Albania, Montenegro, Serbia, the former Yugoslav Republic of Macedonia and Turkey; the stabilization and association process country Bosnia and Herzegovina; and, in addition, Armenia, Georgia, the Republic of Moldova and Ukraine, said that the European Union members attached high importance to the development of a global service delivery model alongside ongoing transformation processes, particularly Umoja and the information and communications technology (ICT) strategy, in order to ensure targeted and timely provision of administrative services to support effective mandate delivery. The model would play a vital role in creating coherence among those processes, maximizing synergies and ensuring efficient service delivery with clear quantitative and qualitative benefits. The aims of the model and of Umoja were mutually reinforcing.

21. With a view to accomplishing the global service delivery model's main objective of ensuring that resources were concentrated on substantive, front-line activities in order to allow for realization of efficiency gains to better support mandate delivery, the outcome of the initiative must be clearly defined at the outset. In that regard, the European Union concurred with the Board of Auditors that the model should have been designed in advance of the Umoja project and that the absence of a defined destination service delivery model increased the risk of expensive retrofitting of Umoja. The Secretary-General's report ([A/70/323](#)) was a first step toward the development of a detailed proposal that would allow the Organization to make administrative functions leaner and more effective to better serve the current and evolving needs of the Secretariat. The global approach proposed should draw upon best practices from across the United Nations system. Given the magnitude of the project, clear parameters, baselines, timelines and a well-developed governance structure were needed, and efforts should be

undertaken to maximize benefits and avoid duplication and overlap while taking into account the unique and complex nature of the United Nations system.

22. **Mr. Dettling** (Switzerland), speaking also on behalf of Liechtenstein, welcomed the Secretary-General's aim to consolidate administrative functions in order to better support the Organization's programmes. Their delegations agreed with the view expressed by the Board of Auditors in its report ([A/70/5 \(Vol. I\)](#)) that a global service delivery model that took into account wider aspects of United Nations operations, including programme activities, would provide a more coherent plan for supporting effective mandate delivery, in addition to providing an opportunity to review potentially outdated or redundant organizational structures. The Secretary-General should therefore undertake to align the model with programmatic requirements in subsequent phases of the project.

23. More effective use should be made of synergies between the administrative support functions of the Secretariat and those of the funds, programmes and specialized agencies. In that regard, the four possible models of consolidated service provision that had been identified in the discussions of the High-level Committee on Management merited further consideration. The global service delivery model should draw on lessons learned and the experience of shared services arrangements with a proven record of delivering high-quality services, and synergies with the service delivery arrangements in place for peacekeeping operations should be maximized. Lastly, coordination and synchronization with ongoing transformation initiatives was crucial. To that end, centralized coordination might prove useful for articulating a coherent vision for the strategic deployment of resources.

24. **Ms. Norman Chalet** (United States of America) welcomed the Secretary-General's ongoing efforts to modernize business processes in order to support effective delivery of mandates. A sustainable approach to administrative service delivery that was suited to the Organization's global activities and operational needs must be developed. In that connection, the Secretary-General's framework for the global service delivery model provided important guidelines for harnessing the full potential of ongoing business reform initiatives.

25. In considering the framework for the global service delivery model, the Fifth Committee should focus on the need to articulate a set of principles aimed at delivering efficient support for the Organization's global programmes, with a view to increasing its productivity and ensuring strategic deployment of resources. Reform efforts should not be deferred on account of details that could only be decided when the broad parameters for the model were established. To that end, her delegation agreed with the Board of Auditors on the need for a framework that supported broader integration of business processes rather than focusing solely on administrative processes. The global service delivery model provided an opportunity to make the Organization more fit for purpose through coordinated implementation of the ongoing business transformation initiatives. Failure to seize that opportunity would potentially result in the reinforcement of outdated and redundant organizational structures and processes. Her delegation looked forward to working with Member States to advance a framework for a comprehensive global service delivery model that would strengthen the Organization's role as a provider of essential services.

26. **Mr. Kishimori** (Japan) said that his delegation had consistently supported the Organization's ongoing business transformation initiatives, which were crucial for ensuring its continued relevance in the face of contemporary challenges. Japan therefore welcomed the proposed framework for the global service delivery model, which would accelerate the implementation of those initiatives. Efforts to implement the model should reflect the Organization's commitment to doing more with less, and lessons learned from previous business transformation projects should be taken into consideration in that connection. The global service delivery model would not be successful without a strong sense of ownership on the part of senior management and a commitment to developing a truly global initiative that encompassed all departments and offices, including those in the field.

27. **Mr. Takasu** (Under-Secretary-General for Management) said that the scope of the mandate for the development of the global service delivery model, as set forth in the relevant General Assembly resolutions, had been limited to administrative support services. While in recent sessions the General Assembly had taken decisions in connection with Umoja that affected the development of the model, actions by the Assembly

to define the model's mandate had consistently been guided by the recommendations of the Advisory Committee on Administrative and Budgetary Questions on the need for a cost-efficient delivery model. The global service delivery model was designed to be comprehensive and to encompass the service delivery requirements of headquarters offices and field operations alike. However, it must be flexible enough to accommodate the diversity of the Organization's operations, while prioritizing client needs. Because the model sought to integrate and consolidate administrative functions, instead of merely standardizing them, implementation would be particularly challenging, to which end a robust governance structure had been developed. That structure would comprise the Under-Secretary-General for Management in the capacity of project owner; a steering committee for project oversight, comprising senior representation from the client department; a small project team established on a temporary basis; and a technical working group that would be composed with the assistance of experts.

**Agenda item 133: Programme budget for the biennium 2014-2015** (*continued*)

*Capital master plan (A/70/5 (Vol. V), A/70/343 and A/70/441)*

28. **Mr. Takasu** (Under-Secretary-General for Management), introducing the Secretary-General's thirteenth annual progress report on the capital master plan (A/70/343), said that the capital master plan at Headquarters had been the largest renovation project undertaken by the United Nations. The objective had been to upgrade and modernize the infrastructure, restore the historic spaces, apply host city building, safety and fire codes and improve security, energy efficiency and sustainability.

29. Major progress had been achieved in the preceding year. The project team had completed the scheduled tasks, including perimeter security work on First Avenue, the opening of the visitor concourse in the General Assembly Building and the reopening of the renovated General Assembly podium. It had closed out contracts and cooperated with the auditors. Many permanent missions had sponsored events to commemorate the reinstallation of artwork and gifts. The renovated facilities had hosted many meetings and the general debate had twice been held in the General Assembly Building.

30. The project had delivered the expected results, despite the redesign and construction required because of a major upgrade of security standards in 2010, which had lengthened it by a year, and the effects of Hurricane Sandy in 2012. The overall delay in the seven-year renovation had been limited to one year.

31. With the renovation and reoccupancy of the Secretariat Building, Conference Building and General Assembly Building, the replacement of major infrastructure in the basements, the enhanced security upgrade and the construction of the north and south screening buildings, the renovation phase of the capital master plan had been completed. The remaining close-out activities, including the removal of the temporary North Lawn Building, the landscaping of the compound, and security-related work at the 42nd and 48th Street entrances, would be completed by late 2016.

32. The temporary North Lawn Building would be removed during the main part of the session. In line with General Assembly resolution 69/274 A, the Secretariat was committed to the timely demolition of the building, commencing soon after the conclusion of the general debate. A contract for demolition and landscaping had been awarded. The contractor had begun the preparatory work, and would recycle reusable components before commencing demolition in late December 2015. After landscaping, the site would be returned to its original state in late 2016.

33. When the security-related work at 42nd and 48th Streets was complete, as a security measure, vehicle traffic would be limited at the 42nd Street entrance to the Service Drive and through traffic under the Conference Building would be eliminated. The loading dock would be relocated to the north entrance to the Service Drive at 48th Street. The procurement process was under way, and work was expected to commence in early 2016 and be completed before the end of that year. All the remaining activities would be funded from within the approved resources of the capital master plan project.

34. The renovation of the Dag Hammarskjöld Library Building and South Annex Building at a reasonable cost was not feasible because of the security situation along 42nd Street. Following the request of the General Assembly in its resolution 69/274 A, made on the basis of the Secretary-General's twelfth annual progress report on the implementation of the capital master plan

(A/69/360), the Secretariat had identified the most cost-efficient way to relocate the functions housed in those buildings, independently of a decision on long-term arrangements. The main floors of the Dag Hammarskjöld Library Building had been reconfigured to eliminate occupancy from the south side, deemed a higher security risk because of its proximity to the 42nd Street ramp, and to consolidate occupancy on the north side.

35. The Secretariat had established three new food service locations: a cafeteria on the fourth floor of the Conference Building, a café in the first basement of the Secretariat Building and a coffee bar in the Secretariat lobby.

36. The financial position of the project remained consistent with the projection in the report. As at 30 June 2015, the estimated cost of completing the capital master plan had been \$2.150 billion, equivalent to the approved resource level, which comprised the original budget and donations of \$1.991 billion, plus \$159.4 million from interest income and the working capital reserve fund. The Secretariat had received payment of 99.98 per cent of the original assessment, a remarkable achievement for which the Secretary-General was grateful to Member States.

37. On the basis of General Assembly resolution 69/274 A, a mechanism had been established to finance the associated costs and the secondary data centre in an amount of \$154.8 million, making it possible to complete the capital master plan within the approved resources. The Secretariat had transferred \$36.6 million from the Special Account and \$73.2 million from the balance of the biennium 2012-2013, and \$45 million would be assessed to Member States in accordance with resolution 67/238.

38. The Office of the Capital Master Plan had officially closed on 31 July 2015, and responsibility for the remaining activities had been transferred to the Office of Central Support Services. He acknowledged the efforts of the staff and management of the Office of the Capital Master Plan. The Secretary-General was grateful for the strong support of the Member States throughout the project.

39. **Mr. Mkumba** (Chair of the Audit Operations Committee of the Board of Auditors), introducing the report of the Board of Auditors on the capital master plan for the year ended 31 December 2014 (A/70/5 (Vol. V)), said that the refurbishment of Headquarters



was a complex, high-value project to modernize, secure and preserve the architecture of the 1950s campus without compromising day-to-day operations. The report, the Board's twelfth on the project, had been finalized in June 2015.

40. The substantial completion of the capital master plan by September 2014 had been a significant achievement given the project's complexity and difficult start. The Secretariat's commitment to hold the general debate of the sixty-ninth session in the refurbished General Assembly Building had been honoured. The decision of the General Assembly to remove the Dag Hammarskjöld Library Building and the South Annex Building from the project's scope had reduced the total anticipated final cost by \$65 million to \$2,309 million, and anticipated construction costs to \$2,150 million. Those figures, however, were the cost of delivering a significantly reduced project scope three years late and at a higher cost than originally planned.

41. The contingency funds had been exhausted, and the project was now reliant on financial savings from contracts to meet unforeseen costs. As at June 2015, the Administration estimated an overall saving of \$39.5 million from obligations to the main contractor, which could be used to meet the remaining costs. The anticipated final cost was likely to fluctuate until all contracts were finalized and the work completed in December 2016, but the Administration was confident that sufficient funds were in place to complete the project. The estimated cost of demolishing the North Lawn Building had increased significantly, and the Board reiterated its concerns regarding the Administration's approach to cost estimation.

42. Although the project was nearing completion, the Administration must closely manage the administrative close-out of the guaranteed maximum price contracts and the remaining \$49 million of work by December 2016. In its previous report on the capital master plan (A/69/5 (Vol. V)), the Board had recommended that the Administration should provide clarification regarding its plan to complete the project, particularly given that the Office of the Capital Master Plan had been scheduled to close in June 2015, before the project's completion. In response, the Department for Management had transferred 11 staff, at an estimated cost of \$1 million, and 20 programme management consultants, at a cost of \$1.76 million, from the capital master plan project team to the Office of Central

Support Services, which had assumed responsibility for completing the project. The team would manage the administrative closure of the guaranteed maximum price contracts and perform tasks in an amount of \$49 million, comprising \$35 million of remaining project work and \$14 million to provide interim arrangements for the functions of the Library and South Annex Buildings.

43. The Board had previously noted that the Administration had focused primarily on technical delivery, with less evidence of a robust approach to defining benefits and developing firm plans for realizing them (A/69/5 (Vol. V)). The Advisory Committee had also made a recommendation in that regard, but the Administration had not yet produced a benefits statement confirming to the General Assembly that the expected outcomes of the project had been achieved. The Board had been informed that such a statement would be included in the Secretary-General's thirteenth progress report (A/70/343).

44. The renovated campus provided opportunities to apply flexible workplace strategies and secure further benefits from the significant investment by Member States. Although the opportunity to design flexible workspace as part of the renovation project itself had been missed, such workspace would be easier to introduce in the more standard, modern and open office space. The pilot project in the Secretariat building had been generally well received, but the results suggested that the Administration could set more ambitious goals.

45. The strategic capital review, a 20-year rolling plan for asset maintenance, was a significant step towards a proactive long-term asset management strategy. A long-term strategic asset management plan would clarify the maintenance costs required to preserve the benefits of the significant investment in the capital master plan and would mitigate the risk of another costly and disruptive renovation project being required in the future.

46. Of the Board's nine extant recommendations from previous years, two had been implemented, five were being implemented, one had not been implemented and one had been closed by the Board. In the report, the Board made five recommendations that focused on ensuring that the project was brought to an orderly conclusion, and that the benefits of the investment realized and the lessons learned from the

project should be applied to such similar projects as the Strategic Heritage Plan.

47. **Mr. Ruiz Massieu** (Chair of the Advisory Committee on Administrative and Budgetary Questions), introducing the related report of the Advisory Committee (A/70/441), said that the Advisory Committee welcomed the paper issued by the Board of Auditors in December 2014 on lessons from the capital master plan. The Board had noted that, unlike most organizations, the United Nations had not established an approach to the management of major projects, thus making the application of the lessons learned problematic. The Advisory Committee welcomed the Secretary-General's efforts to develop guidelines for the management of construction projects by December 2015. The lessons learned from future capital projects should be identified, documented and applied.

48. Such immediate and evident benefits of the capital master plan as a modernized working environment, improved security and the preservation of important architectural heritage had been realized. The Advisory Committee, however, was concerned at the ways in which certain quantifiable benefits mentioned by the Secretary-General, in particular a minimum 50 per cent reduction in energy consumption, a 45 per cent reduction in greenhouse gas emissions related to energy consumption, and a 40 per cent reduction in fresh water consumption, were measured. Such reductions were, in fact, unsubstantiated projections based solely on engineering models.

49. With regard to the project schedule, the substantial completion of the General Assembly Building in September 2014 to a compressed timetable was a significant achievement, given the disruption caused by earlier project delays and Hurricane Sandy. The Advisory Committee was concerned, however, at the repeated delays in the demolition of the temporary North Lawn Building and the start of the security-related work at the 42nd and 48th Street entrances to the Service Drive. The Secretary-General should, without further delay, implement the provisions of General Assembly resolution 69/274 A regarding the timely dismantling and removal of the temporary North Lawn Building. The Advisory Committee recommended that the Assembly should request the Secretary-General to ensure the completion of the security-related work at the 42nd and 48th Street entrances to the Service Drive before the end of 2016.

50. A number of activities within the approved scope of the capital master plan had not yet been completed, and the Advisory Committee concurred with the Board of Auditors that the project was ongoing. It also discussed the resources required for the activities remaining until project completion, and the anticipated final costs and potential savings. The Secretary-General's report (A/70/343) lacked detailed information and explanations, and the Advisory Committee had therefore requested that such information should be provided to the General Assembly when the Assembly considered the report.

51. Section V of the report of the Advisory Committee (A/70/441) contained information regarding the interim measures taken by the Secretary-General in relation to the functions housed in the Dag Hammarskjöld Library Building and South Annex Building. The funding for such measures was discussed under the resources required for the remaining activities of the capital master plan project.

52. **Mr. Davidson** (South Africa), speaking on behalf of the Group of 77 and China, said that the Group strongly supported the modernization of United Nations facilities across the globe, in particular through the capital master plan, to improve health and safety of the working environment.

53. While the anticipated cost overrun appeared to have been reduced to \$65 million, the project scope had been significantly reduced to the renovation of three buildings rather than five, at a higher cost than originally planned. A number of costing parameters, including those related to the relocation of the functions of the Dag Hammarskjöld Library Building and South Annex Building, had been omitted from or misrepresented in the Secretary-General's report (A/70/343). The Group was concerned at the reallocation of funds from other budget lines to cover shortfalls in the capital master plan, particularly those related to insurance claims resulting from Hurricane Sandy. The project faced potential additional costs during the close-out of remaining contracts, particularly owing to change orders and possible claims from contractors. The Group would seek clarification regarding the matter at the informal consultations.

54. The Group noted with concern that the reductions of 50 per cent in energy consumption, 45 per cent in greenhouse gas emissions and 40 per cent in fresh

water consumption that the Secretary-General claimed to have realized through the capital master plan were unsubstantiated projections based solely on engineering models. The Organization was unable to monitor and report on the relevant data despite all the upgrades, and could not validate the reported benefits. All the quantifiable benefits reportedly derived from capital projects should be substantiated, and the Group looked forward to receiving information regarding the planned and actual project benefits in the next annual progress report and in the final report on the implementation of the capital master plan.

55. The Organization should take note of the lessons learned from the capital master plan. The paper issued in December 2014 by the Board of Auditors was based on the Board's work on the capital master plan and a wider knowledge of best practices, particularly in relation to the application of such lessons to ongoing and future capital projects. The Group supported the development of guidelines for the management of such projects.

56. While the Office of the Capital Master Plan had closed, the project itself had not, since a number of key elements, including remedial work and the demolition of the North Lawn Building, had not been completed. The Group shared the view of the Board of Auditors that the capital master plan was ongoing. The project could not be considered complete until the omissions and errors identified by Member States, including those related to physical and technical accessibility and the improvement of the videoconferencing infrastructure and power sockets, were rectified. The Group was concerned that the buildings renovated under the capital master plan appeared to be undergoing further redesign and reconfiguration at additional cost to Member States.

57. At the informal consultations, the Group would seek further information regarding the estimated and actual numbers of personnel retained by the Office of Central Support Services from the Office of the Capital Master Plan. It would also seek clarification regarding the demolition of the North Lawn Building and the subsequent landscaping work, which continued to be delayed and must be completed as a matter of priority.

58. Separate proposals for the renovation of the Dag Hammarskjöld Library Building and the South Annex Building must be presented in a timely manner. The safety of the personnel working in the buildings,

including in the Printing Unit, must be ensured. The Group requested updates on the consultations between the Secretary-General and high-level officials of the host country on the renovation of the service entrances at 42nd and 48th Streets.

*The meeting rose at 11.35 a.m.*