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Agenda item 132

### Programme budget for the biennium 2014-2015

## Capital master plan

### Report of the Advisory Committee on Administrative and Budgetary Questions

#### I. Introduction

1. The Advisory Committee on Administrative and Budgetary Questions considered the twelfth annual progress report of the Secretary-General on the implementation of the capital master plan ([A/69/360](#)). The Committee also had before it the report of the Board of Auditors on the capital master plan for the year ended 31 December 2013 ([A/69/5 \(Vol. V\)](#)) and the related report of the Secretary-General on the implementation of the recommendations of the Board ([A/69/353](#), sect. III).

2. During its consideration of the above-mentioned reports, the Advisory Committee met the Under-Secretary-General for Management, the Executive Director of the capital master plan and other representatives of the Secretary-General, in addition to the Chair and members of the Audit Operations Committee of the Board of Auditors. The Secretariat provided additional information and clarification, concluding with written responses received on 3 November 2014.

3. The twelfth annual progress report, which is submitted pursuant to General Assembly resolution 57/292, responds to the requests of the Assembly contained in resolutions 68/247 A (sect. IV, para. 14) and 68/247 B (sect. VII, paras. 7, 8, 10, 13, 15 and 17). The Secretary-General presents therein an overview of the project and progress achieved since his update to the eleventh annual progress report in February 2014 (sects. I-III) and discusses issues relating to the project schedule, plans for the close-out of the capital master plan and administration of the remaining scope, benchmarking of the project against other large projects, accountability, donations, artwork and gifts, accessibility, interim options pertaining to the Dag Hammarskjöld Library and South Annex Buildings, the implementation of the recommendations of the Board of Auditors, the financial status of the project, consolidated expenditure and requirements and associated costs expenditure and requirements (sects. IV-XV).



4. The Advisory Committee reflects herein on the main recommendations raised in the report of the Board of Auditors (sect. II) and discusses issues relating to the project schedule and scope (sect. III), project costs (sect. IV), associated costs (sect. V), artwork and gifts (sect. VI) and the options for the Dag Hammarskjöld Library and South Annex Buildings (sect. VII).

5. Concerning the funding of the capital master plan project (resolution 68/247 B, sect. VII, paras. 12-14), the Advisory Committee recalls that the General Assembly recognized the need to fund the budget shortfalls, including those related to associated costs, on the basis of project costs provided by the Secretary-General in the twelfth annual progress report and that a decision on the final appropriation would be required at the main part of the sixty-ninth session. It authorized the Secretary-General, on an exceptional basis, to make use of the Working Capital Fund and the Special Account as a bridging mechanism to address possible cash flow challenges of the project during the time remaining until its completion. It decided, in that context, that the bridging mechanism would be replenished at the main part of the sixty-ninth session through the established budget assessment in order to maintain the robust liquidity of the Organization.

## **II. Report of the Board of Auditors on the capital master plan for the year ended 31 December 2013**

6. The report of the Board of Auditors on the capital master plan for the year ended 31 December 2013 ([A/69/5 \(Vol. V\)](#)) was submitted pursuant to General Assembly resolution 57/292, in which the Assembly requested an annual report from the Board. In the report, the Board assesses the progress made, as at 31 March 2014, in the areas of project budget, costs and financing, project schedule and scope and managing the project to a successful completion (*ibid.*, summary, para. 4). A summary of the key facts concerning the project cost, timeline and scope is presented on page 5 of the report. The four recommendations of the Board are contained in paragraphs 25 (a) to (d) in the summary of its report and the responses of the Secretary-General are provided in section III of his report on the implementation of the recommendations ([A/69/353](#)).

7. Under recommendation (b), concerning the need for effective project governance, the Board recommends that the Administration apply independent project assurance to all major projects, given that there is currently no established approach to providing independent project assurance in the United Nations ([A/69/5 \(Vol. V\)](#), summary, para. 25 (b); paras. 43-45). While the Secretary-General indicates that the recommendation has been implemented ([A/69/353](#), paras. 123-127),<sup>1</sup> the

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<sup>1</sup> According to the Secretariat, at present, the capital master plan project is managed and overseen with clear lines of supervision and accountability that have provided assurance with regard to both timeliness and costs during the entire life of the project. It is the Administration's view that initiating and establishing a project assurance and oversight mechanism is most critical at the project's conceptualization phase. By the time that the Board had made the recommendation, some two years after the project was under way, the project had already established its oversight and assurance model and changing the business model was not deemed feasible. The Administration agrees with the Board that every major project in the Secretariat needs an independent project assurance function, but, as demonstrated by the capital master plan, that function needs to be adapted to the specific nature of the project.

Board has informed the Advisory Committee that it disagrees with the Administration's view, given that a system of independent project assurance is not currently operating in major United Nations projects. **The Advisory Committee points out that the application, or the lack of, an independent project governance mechanism is one of the key lessons learned from the implementation of the capital master plan (A/68/5 (Vol. V), annex V, paras. 2 (a) and (b), and A/68/585, para. 70). The Committee recommends that the General Assembly request the Secretary-General to implement the recommendation of the Board of Auditors so as to have an established approach to providing independent project governance and assurance for all future major projects.**

### **Overall progress and assessment**

8. The Board notes that there has been significant progress on the capital master plan and that costs have largely been contained since its previous report, in 2013 (A/69/5 (Vol. V), summary, para. 6). It concludes that the progress and substantial delivery of the capital master plan is a significant achievement given the project's complexity and difficult start (*ibid.*, summary, para. 22). It notes an increase of \$21 million in the cost of the contract for the refurbishment of the General Assembly Building (to \$125 million from \$104 million in 2013), given that acceleration of the work relating to the Building was required to meet the deadline for the general debate to be held there in September 2014 (with contractors achieving it by either extending working hours or increasing the workforce) (*ibid.*, para. 24). Also according to the Board, the Administration anticipates that the project will close in June 2015 without the renovation of the Library and South Annex Buildings or the carrying-out of the work on the service drive on 42nd and 48th Streets (at a cost of \$15 million to \$20 million) (see paras. 33-36 and sect. VII below), 17 months after the original renovation work completion date and with a \$379 million cost overrun (although some of the factors contributing to cost overruns and delays were beyond the control of the Administration).

9. Commenting on the next phase of the project, the Board expresses the view that, with risks still to be managed, the capital master plan would benefit from greater clarity regarding the planning and delivery of final project completion and handover to the Administration and the cost and budgetary implications of work that remains to be completed after the Office of the Capital Master Plan is closed in June 2015 (A/69/5 (Vol. V), summary, para. 23). Furthermore, the Board considers that greater certainty is now needed with regard to how the project will be completed to secure maximum return on the significant investment made by Member States (*ibid.*, summary, para. 6; see paras. 11-15 below).

### **Projected final costs**

10. With regard to the projected final costs of the project, the Board indicates that a robust approach to estimating the anticipated final cost should take into account

quantified risks, trends in change orders,<sup>2</sup> potential future claims and the acceleration of construction activities (ibid., para. 17). The Board indicates that it has previously questioned the Administration's method of estimation. While continuing to acknowledge the Administration's robust approach to the control of construction costs, the Board states that it can provide no assurance as to the robustness of the Administration's forecasting of anticipated final costs (ibid., summary, para. 9). According to the Board, the Administration has only partially implemented the Board's previous recommendations in its approach to forecasting: identified risks are not routinely quantified or explicitly linked to the forecast for the anticipated final cost of the project and the forecast does not take account of the potential liability for future change orders, claims or the costs of unexpected acceleration needed to complete the project (for details, see ibid., paras. 18-24). The comments of the Advisory Committee in this regard are contained in section IV below.

### **Capital master plan project benefits realization**

11. The Board points out that, as the capital master plan project nears completion, it should become clearer to the funders what benefits can be delivered (ibid., paras. 53-55). According to the Board, there has been a strong and expert focus on technical project delivery, but less evidence of a robust approach to defining benefits and a plan for realizing them.

12. The Board recalls that, in his report articulating the need for the capital master plan (A/55/117), the Secretary-General stated that the major quantified benefits of the plan would be improvements in environmental performance, including a 50 per cent reduction in energy consumption, a 40 per cent reduction in fresh water consumption and a 45 per cent reduction in carbon dioxide emissions. The Board reports that it has been informed that the Administration intends to begin reporting energy efficiencies by the end of 2015 (A/69/5 (Vol. V), para. 54).<sup>3</sup>

13. On a related matter, the Board warns against an expectation that the Office of Central Support Services will be able to reduce the level of the budget for the refurbished campus on the basis that newly renovated buildings should require less maintenance effort. The opposite could be true, because more sophisticated plant and equipment may need constant care. A robust analysis should therefore be undertaken of operational data, such as energy consumption patterns and instances of malfunction, in order to set a correct annual maintenance budget that reflects the long-term maintenance of renovated buildings and new systems (ibid., para. 55).

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<sup>2</sup> According to the Board, 3,325 change orders had been submitted as at December 2013, with a total value of \$157.7 million. Furthermore, the Board notes that the project continues to be subject to an especially high number of requests for change, including those involving high cost. The volume of change orders has been driven to a large extent by the fact that there was a lack of accurate project data (design drawings, critical construction details) at project start-up. This meant that a significant proportion of the design had to be revised, with the result that a high level of additional construction-related and redesign costs was incurred. As construction projects near completion, contractors are often requested to undertake work for which they were not originally contracted, and on that basis the Administration can expect more change orders as contracts come to a close. The Administration has stated that changes can be covered from within the contingency provision (A/69/5 (Vol. V), paras. 21 and 22 and figure V).

<sup>3</sup> The Administration is installing equipment and systems to collect data on utility consumption and intends to assess performance against consumption before the capital master plan by each individual building.

14. The Advisory Committee notes that, in the proposed programme budget outline for the biennium 2016-2017, additional resource estimates include post-capital master plan maintenance requirements for the newly installed permanent broadcast facility and media asset management system and other physical systems (reflected under part VIII, Common support services) and improvements to the Headquarters premises, including perimeter lighting and fence restoration, and repairs to expansion joints, in addition to coverage for the maintenance of information technology components for the security systems installed under the capital master plan that will be out of warranty in 2015. They are reflected under part XI, Capital expenditures (A/69/416, paras. 13 (b) (ii) and (v)). **While the Advisory Committee understands that post-capital master plan maintenance requirements would be funded under the regular budget, it questions the basis for the request for financial resources under the regular budget for improvements to the Headquarters premises, including perimeter lighting and fence restoration, which appear to be activities of the capital master plan project, which is still ongoing. The Committee recommends that the General Assembly request the Secretary-General to ensure that the resources for activities within the approved scope of the capital master plan project will not be borne by the regular budget. The Committee expects that the Board of Auditors will examine the issue in this regard in its audit of the United Nations. The Committee will comment further on the potential impact of the request in its related report on the proposed programme budget outline for the biennium 2016-2017 (A/69/556).**

15. **The Advisory Committee recommends that the General Assembly request the Secretary-General to report on the actual project benefits, as compared with the planned benefits, in the future annual progress reports on the implementation of the capital master plan, including the final report.**

#### **Lessons learned**

16. With regard to the issue of capturing and applying the lessons learned from the capital master plan, the Board notes a related exercise undertaken by the Secretary-General as required by the General Assembly and reported on in the eleventh annual progress report (A/68/352). The Board nonetheless points out that there is currently no mechanism for embedding those lessons in the management of future major projects because, unlike most other organizations, the United Nations has no established approach to managing the delivery of major projects (A/69/5 (Vol. V), para. 64). The Board has prepared a detailed paper on lessons learned from the capital master plan, which it will publish on its website (ibid., summary, para. 21). **The Advisory Committee welcomes the efforts by the Board of Auditors in this regard and reiterates the importance of identifying, documenting and applying lessons learned in future large-scale capital projects (A/68/551, para. 24).**

17. According to the Board, the Administration is applying learning from the capital master plan to the strategic heritage plan (A/69/5 (Vol. V), paras. 66 and 67). The Board has informally engaged with representatives of the strategic heritage plan to discuss lessons learned from the capital master plan. The Advisory Committee will discuss the matter in its related report on the strategic heritage plan. In addition, in its recent report on the construction of additional office facilities at the Economic Commission for Africa in Addis Ababa (A/69/415), the Committee made comments and recommendations relating to the application of the lessons learned from the capital master plan to the construction of the additional office facilities, including

best practices for managing contingency budgets in capital projects, which had been raised and discussed by the Board (see [A/68/5 \(Vol. V\)](#)).

### III. Project schedule and scope

18. The Advisory Committee recalls that accelerated strategy IV, which remains the current strategy of the capital master plan project, included the renovation of five buildings (the Secretariat Building, the Conference Building and basements, the General Assembly Building and the Library and South Annex Buildings), the demolition of the temporary North Lawn Building and the completion of final landscaping by mid-2013 ([A/62/364](#), table 2). As reported by the Secretary-General in the ninth annual progress report, the capital master plan was projected to be concluded by the end of 2014, one year behind schedule, owing mainly to the implementation of the enhanced security upgrades (see [A/66/7/Add.11](#), para. 25). In the update to the eleventh annual progress report, the Secretary-General indicated that the completion date might be delayed for one more year to late 2015, owing to continued delays in the issuance of permits for the work at the service drive at 42nd and 48th Streets, while the demolition of the temporary North Lawn Building was scheduled to be completed by June 2015 (see [A/68/797](#), paras. 4 and 5 and table 1). The Committee also recalls that, in its consideration of accelerated strategy IV, the General Assembly affirmed that it had the sole prerogative of deciding on any changes to the capital master plan project, budget and implementation strategy as approved in its resolutions (resolution 62/87, para. 28).

19. The Board reports that, as at March 2014, the capital master plan is expected to end in June 2015 ([A/69/5 \(Vol. V\)](#), summary, para. 14). With the renovation of Headquarters substantially completed upon the reoccupancy of the General Assembly Building in September 2014, the remaining scope includes:

- (a) Completion of the basements (October 2014);
- (b) Disassembly and removal of the temporary North Lawn Building (January 2015) and final landscaping (April 2015);
- (c) Financial and administrative close-out of the project and the closure of the Office of the Capital Master Plan by June 2015.

20. According to the Secretary-General, following the completion of the renovation phase of the capital master plan, in 2014, the remaining work will be to complete post-renovation activities (reflecting some 1 per cent of the budget) and to close out the project ([A/69/360](#), summary). He describes the remaining post-renovation tasks as follows:

- (a) Demolition of the temporary North Lawn Building, to be completed by late 2015;
- (b) Site landscape work, which can be completed only following the completion of task (a) above;
- (c) Security-related work at 42nd and 48th Streets, including reconfiguration of the north and south entrances of the service drive to accommodate a loading dock at 48th Street, and revised traffic patterns at 42nd Street. The work can begin only after the issuance of necessary permits by the host city. It will require up to

18 months of construction time and is scheduled to conclude in late 2016. This will be the conclusion of the capital master plan project (ibid., paras. 26 (a)-(c)).

#### **Conclusion of the capital master plan project and financial completion and closure of the books of records**

21. The Secretary-General indicates that, since the issuance of the update to the eleventh annual progress report in February 2014 (A/68/352/Add.2 and 3), renovation work on the remaining portions of the project has proceeded on schedule, including the substantial completion of the General Assembly Building (A/69/360, para. 3). Upon enquiry, the Advisory Committee was informed that “substantial completion” referred to the state when a building was ready for occupancy (safe and available for use for the functions for which it was intended) and that it was projected that the General Assembly Building would be handed over to the Office of Central Support Services in December 2014. As described in paragraph 20 (c) above, the Secretary-General indicates that the completion of the security-related work at 42nd and 48th Streets in late 2016 will mark the conclusion of the capital master plan project.<sup>4</sup>

22. The Advisory Committee was informed, upon enquiry, that financial completion and closure of the books of records of the capital master plan project would take place after 2016. Furthermore, given the accounting reconciliations that would need to be performed, the earliest possible reporting would be in the financial statements of the United Nations for the year ended 31 December 2017. **The Advisory Committee points out that, even with no further delay in the conclusion of the project beyond 2016 as proposed by the Secretary-General, the final project costs would be available only in the first quarter of 2018, with the submission of the financial statements of the United Nations for the year ended 31 December 2017 to the Board of Auditors. The Committee stresses that the conclusion of the capital master plan project by late 2016 as currently proposed by the Secretary-General is not in line with the project schedule approved by the General Assembly (see para. 36 below) and does not include all the scope of the project approved by the Assembly (see sect. VII below).**

23. Moreover, the Advisory Committee is of the view that the information provided by the Secretary-General lacks clarity with regard to potential increases in project costs, changes in the volume and scope of the works and the final date for the completion of the project, which could have an impact on other projects such as the strategic heritage plan (see paras. 33-36 below). The Committee therefore recommends that the Secretary-General provide all the related information to the General Assembly for approval in the thirteenth annual progress report.

#### **Managing of the remaining project activities by the Office of Central Support Services**

24. The Secretary-General indicates that post-renovation and close-out activities will continue under the management of the Office of the Capital Master Plan until the closure of the Office in June 2015 and thereafter be completed by the Office of

<sup>4</sup> For the Advisory Committee, “completion” and/or “conclusion” of the capital master plan project mean that the entire works of the scope of the project approved by the General Assembly are fully carried out (see sect. VII below).



Central Support Services ([A/69/360](#), summary). Plans for the close-out of the Office of the Capital Master Plan and the administration of the remaining scope of the project are contained in paragraphs 22 to 32 of the twelfth annual progress report, in response to the request of the General Assembly in its resolution 68/247 B (sect. VII, para. 7).

25. With regard to the post-renovation activities specified in paragraphs 26 (a) to (c) of the twelfth annual progress report (see para. 20 above), the Advisory Committee enquired whether the proposed transfer of responsibilities to the Office of Central Support Services was within the original planning of the project, but was not provided with a proper response. The Committee was instead informed that each of those tasks fell within the original scope of the capital master plan. **The Advisory Committee requests that the Secretary-General provide the response to the General Assembly in the context of the review of the twelfth annual progress report.**

26. As to the staffing requirement after the closure of the Office of the Capital Master Plan, the Advisory Committee was informed, upon enquiry, that it was envisaged that only one staff member, or two at most, would be required for the remaining activities described in paragraphs 26 (a) to (c) of the twelfth annual progress report. In such an event, the intention is that one project management staff member and a portion of capital master plan funds would be retained at the time of the closure of the Office to cover the cost of one or two project team staff continuing to work in those areas for a limited period. The reporting line would be within the Office of Central Support Services.

#### **Demolition of the temporary North Lawn Building**

27. The Secretary-General indicates that the demolition of the temporary North Lawn Building is likely to be completed by the end of 2015 ([A/69/360](#), para. 21). Upon enquiry, the Advisory Committee was informed that the demolition schedule was being maintained relative to the schedule provided in the eleventh annual progress report and that it was possible that the removal process would not be fully completed by 30 June 2015 (based on the latest information received by the Committee on 3 November 2014, removal, including final landscaping, would be completed by 30 September 2015), in which case responsibility for completion would be handed over to the Office of Central Support Services. Furthermore, the Committee was informed that the contracting for the related works would be done during the operation of the Office of the Capital Master Plan and that any work that would extend beyond June 2015 would be managed by the Office of Central Support Services. The Secretariat indicated that it anticipated that there would be separate solicitation processes for the demolition and landscaping work in compliance with the established procurement process and procedures. It was indicated that uncertainty regarding the demolition schedule stemmed from the fact that the procurement process for the activity was under way.

28. The Advisory Committee recalls that it was informed in March 2014 that the demolition of the temporary North Lawn Building was scheduled to be completed by June 2015 (see [A/68/797](#), para. 4 and table 1), which is also reported by the Board (see para. 19 above). **The Advisory Committee points out that the current schedule presented by the Secretary-General for the completion of the demolition of the temporary North Lawn Building by late 2015 and the site**



**landscaping thereafter would represent a further delay (see paras. 20 (a) and (b) above) compared with the schedule reported in the update to the eleventh annual progress report (A/68/352/Add.2).**

29. In his report on the budget estimates for 2015 in respect of special political missions, the Secretary-General indicates that the Counter-Terrorism Committee Executive Directorate will, at the end of November 2014, be temporarily relocated from its current office in the Chrysler Building to a swing space in the North Lawn Building. The new office space identified for it, located on the 23rd floor of the Daily News Building, is currently occupied by the United Nations Development Programme, which is expected to hand over the office space in November 2014. Following construction work, the Executive Directorate is expected to be at this location in the second quarter of 2015 (A/69/363/Add.2, para. 233). In his report on the budget estimates for 2014 in respect of special political missions, approximately \$2 million was provided for the relocation of the Executive Directorate (A/68/327/Add.2, paras. 205 and 207).

30. Upon enquiry, the Advisory Committee was informed that the move of the Executive Directorate into and out of the temporary North Lawn Building was scheduled for 21 November 2014 and the last week of March 2015, respectively. As to the planned construction work on the 23rd floor of the Daily News Building for the offices of the Executive Directorate, the Committee was informed that the design was in progress and would be submitted for building approval by the end of November 2014, that the permit for the construction work was expected to be received in the first week of February 2015, at the latest, and that the construction works were expected to last eight weeks and were scheduled to begin in mid-January 2015. The Committee notes that, if the permit for the construction work were to be received in the first week of February 2015, at the latest, the eight-week-long construction would not begin in mid-January 2015 as currently scheduled. It would follow that the construction work would not be finished by March 2015 and that the move of the Executive Directorate out of the temporary North Lawn Building would not be conducted in the last week of March 2015 as scheduled.

**31. The Advisory Committee points out that the relocation of the Counter-Terrorism Committee Executive Directorate is not an activity associated with the capital master plan project. The Committee is therefore concerned that the Secretariat's plan for the Executive Directorate to use the office space in the temporary North Lawn Building as a swing space could cause further delay in the planned demolition of that building.**

**32. The Advisory Committee recalls that the General Assembly reaffirmed its support for the timely deconstruction and removal of the temporary North Lawn Building upon the completion of the Headquarters renovation work (resolution 65/269, para. 19). The Committee reiterates its view that the matter relating to the future of the temporary North Lawn Building is to be decided by the Assembly (A/68/551, para. 53).**

#### **Security-related work at 42nd and 48th Streets**

33. The Secretary-General is now projecting that the security-related work at 42nd and 48th Streets will begin early in 2015 and be completed in late 2016 (A/69/360, table 2). The Advisory Committee recalls that the Secretary-General indicated in March 2014 that the completion date of the work would be November 2015

(postponed from 2014) and that the Office of the Capital Master Plan was expecting, at that time, to receive the necessary permits from the host city in a few months (A/68/797, para. 5 and table 1).

34. The Advisory Committee enquired as to the likelihood of further delays in the completion of the work concerned beyond 2016 owing to delays in permit issuance by the host city. The Committee was informed on 30 September 2014 that the Secretariat expected the issue of the permits to be resolved promptly, which would allow it to proceed with the necessary construction. The Secretariat had requested the host city to expedite the process for issuing the permits in a recent exchange of letters and therefore believed that there was a very low risk that the final completion date would extend beyond 2016. On 8 October 2014, however, the Committee was informed that, given that discussions between the Secretariat and the host city authorities were continuing, it was not yet known when the permits would be issued and when the works could begin. Working on the assumption that the permits will be issued before the closure of the Office of the Capital Master Plan in June 2015, the intention of the Secretariat is that one project management staff member of the capital master plan will be retained beyond June 2015 to manage the project until its conclusion. **The Advisory Committee considers that the information provided by the Secretary-General regarding the timeline for the issuance of the permits by the host city is neither clear nor consistent. Given the delays already experienced, the Committee is of the view that the assumption of the Secretariat that the permits will be issued before the closure of the Office of the Capital Master Plan may not prove to be accurate.**

35. The Advisory Committee notes from the report of the Board that the cost of the work at 42nd and 48th Streets would range from \$15 million to \$20 million (included in the budget of the capital master plan project) (A/69/5 (Vol. V), summary, para. 16). The Committee requested clarification on any additional costs being incurred by the Organization as a result of the delays. The Committee was informed that the Secretariat was maintaining existing security and operations practices regarding the screening of vehicles and the handling of deliveries and shipments, meaning that there were no cost impacts in that regard. The Committee was also informed that, because the new configuration at the two entrances would result in similar functions being required, it had been estimated as cost-neutral and that the delayed issuance of permits resulted in no additional costs. **The Advisory Committee points out that the costs referred to by the Secretariat relate to those for the daily operations and that the delays could lead to construction cost escalations.**

36. The Advisory Committee notes with concern that the latest change in the projected completion of the work at 42nd and 48th Streets from late 2015 to late 2016 proposed by the Secretary-General would represent a delay of an additional year. The Committee recommends that the General Assembly request the Secretary-General to provide clear information and justification on the completion of the work relating to 42nd and 48th Streets in the thirteenth annual progress report. The Committee expresses concern over the further delay in the conclusion of the capital master plan project proposed by the Secretary-General. The Committee is of the view that the Secretary-General should make every effort to reduce the delay in the schedule for the completion of the project, as requested by the Assembly in its resolution 68/247 B (sect. VII, para. 7).

### **Future reporting on the capital master plan**

37. The annual reports of the Board and the Secretary-General on the implementation of the capital master plan are submitted in accordance with General Assembly resolution 57/292 (paras. 22 and 34). As at 31 March 2014, the Board was proposing, given the forecast completion of the capital master plan in June 2015 (see para. 19 above), that its report scheduled to be submitted to the Assembly at the seventieth session be its final report on the project ([A/69/5 \(Vol. V\)](#), summary, para. 5).

38. With regard to the anticipated future reporting by the Secretary-General on the capital master plan (including a final report on the project) in the light of the proposed delay in the conclusion of the project, the Advisory Committee was informed, upon enquiry, that the Secretariat expected that there would be at least two additional annual reports: the thirteenth and fourteenth annual progress reports, to be submitted in 2015 and 2016, respectively. The Committee was also informed that a post-completion review, including the determination of the final implementation costs of the project, would be undertaken and submitted to the Assembly, following reporting procedures for major construction projects pursuant to Assembly resolution 66/247, in which the Assembly endorsed the recommendation of the Committee relating to the completion of the construction of additional office facilities at the United Nations Office at Nairobi ([A/66/7/Add.3](#)).<sup>5</sup>

**39. Should the General Assembly approve the proposed delay in the conclusion of the capital master plan project from late 2015 to late 2016, thus requiring the Secretary-General to submit additional annual progress reports to the Assembly, the Advisory Committee is of the view that the Board of Auditors should continue its annual audit on the project until the final report is submitted by the Secretary-General, including the post-completion review of the project.**

## **IV. Project costs**

40. Table 3 in the twelfth annual progress report provides a comparison, as at 30 June 2014, between the total approved funding (\$2,150 million) for the capital master plan project and the estimated costs (\$2,215 million) to complete the project. According to the Secretary-General, the project requirements for the active construction works amount to \$2,150 million, excluding the original estimated costs (\$65 million) for the now-suspended renovation of the Dag Hammarskjöld Library and South Annex Buildings ([A/69/360](#), para. 100; see also para. 53 below). The total approved funding comprises the following:

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<sup>5</sup> In paragraph 5 of document [A/66/7/Add.3](#), the Advisory Committee considered, among other things, that the Secretary-General should carry out a post-completion review to assess the implementation of the project. The review should include a comparison between actual and forecasted costs and benefits, an analysis of planned versus actual space utilization of the additional office facilities, a review of the assumptions formulated at the start of the project and the adaptations made over the implementation period and an assessment of the procedures used to ensure the successful completion of the project.

(a) Appropriations of \$1,876.7 million<sup>6</sup> (under General Assembly resolutions 57/292, 59/295, 60/248, 60/256, 60/282, 61/251, 62/87 and 64/228); <sup>7,8</sup>

(b) Donations of \$13.9 million (received under the donations programme);

(c) Interest income and the capital master plan working capital reserve amounting to \$159.4 million (resolutions 66/258, 67/246 and 68/247 A);

(d) Funding for the enhanced security upgrades of \$100 million (contribution by the host country).

41. The Secretary-General reports that all the funding available in the amount of \$2,150 million has been applied and continues to be applied to ongoing active renovation activities so as to meet contractual obligations as they fall due for payment (A/69/360, para. 95). As at 30 June 2014, cumulative expenditure incurred amounted to \$2,131.8 million, which means that 99.2 per cent of the estimated cost to completion has been expended and committed (ibid., para. 100). Table 4 in the report of the Secretary-General provides the project expenditure and requirements until completion, as at 30 June 2014.

42. Upon enquiry, the Advisory Committee was informed that the amount of \$2,214.97 million to complete the capital master plan, as presented in table 4 of the twelfth annual progress report, was the estimated cost to complete the project. In the view of the Secretariat, the potential cost variance is considered limited, given that 99.2 per cent of the estimated cost to completion has been expended and/or committed and the remaining scope to be completed is a relatively small proportion of the overall project and less complex than the renovation work. Accordingly, the Office of the Capital Master Plan expects that the estimated cost to complete the project will be maintained at \$2,214.97 million. A post-completion review, including the determination of the final implementation costs of the capital master plan, will be submitted to the General Assembly.

43. The Advisory Committee also sought assurances that, with the transfer of responsibilities to the Office of Central Support Services following the closure of the Office of the Capital Master Plan by the end of June 2015, costs relating to the capital master plan would not be borne by the Office of Central Support Services under the regular budget. The Committee was informed that, as indicated in table 6

<sup>6</sup> When the budget of \$1,877 million was approved in 2006 (resolution 61/251), it provided for project costs of \$1,381 million and \$496 million for contingency and construction price inflation. The Board observed that, when the Administration, in 2008, increased the forecast of required project costs by \$358 million over the approved budget (owing to the delay in commencing the project and the adoption of the accelerated strategy), it reduced, at the same time, its estimate of required contingency and price escalation provisions from \$496 million to \$235 million (owing largely to hard economic conditions resulting in inflation levels being lower than originally forecast). The difference of \$261 million was used to offset some of the budget deficit under the accelerated strategy and, as a result, a cost overrun of \$97 million was reported (A/67/548, para. 22).

<sup>7</sup> The General Assembly decided to implement the capital master plan with a projected construction budget of \$1,049 million, with a variance of plus or minus 10 per cent, i.e., a range estimated at \$944.1 million to \$1,153.9 million (resolution 57/292).

<sup>8</sup> Pursuant to resolution 66/258, the Office of Internal Oversight Services conducted an in-depth technical construction audit in 2012, the emphasis of which was on the circumstances that had led to the projected cost overrun of \$433 million of the project (see A/67/330 and A/67/548, sect. III).

in the twelfth annual progress report, funds had been reserved within the capital master plan budget for the post-renovation construction and close-out activities (see para. 20 above). While the Office of Central Support Services would be responsible for the execution of the remaining post-renovation activities (after June 2015), it was currently envisaged that contracts for the construction works would be entered into (committed) before the closure of the Office of the Capital Master Plan and using approved resources that had been allocated to them within the project budget.

44. The Secretary-General indicates in the twelfth annual progress report that, as at 30 June 2014, an amount of \$0.7 million in assessments remained unpaid to the capital master plan for 2011 and prior periods. Voluntary contributions had been received in full as pledged (*ibid.*, para. 97). The amount of interest to be accrued on the balance of capital master plan funds is expected to be \$113.7 million by 31 December 2014. As at 30 June 2014, the working capital reserve remained at \$45 million and the cash balance amounted to \$150 million (*ibid.*, para. 98). The cash flow projection for the remaining project activities is provided in annex I to the twelfth annual progress report.

45. According to the Secretary-General, in response to the request of the General Assembly for him to make every effort to solicit additional voluntary contributions to help finance the budget shortfall (resolution 68/247 B, sect. VI, para. 17), the Secretariat sent a note verbale dated 28 April 2014 to all permanent missions to the United Nations for additional financial contributions. Discussions are continuing ([A/69/360](#), paras. 53 and 99). The Advisory Committee requested an update on the progress and was informed that the issuance of the note verbale had resulted in several enquiries, but no additional financial contributions. **The Advisory Committee recommends that the General Assembly encourage the Secretary-General to continue to seek additional voluntary contributions to help to finance the capital master plan budget shortfall.**

## V. Associated costs

46. The Secretary-General has revised the projected final expenditure for the associated costs (*ibid.*, paras. 113-116), which are currently estimated at \$139,812,000, compared with \$140,253,300 as at 10 February 2014 ([A/68/352/Add.3](#)) and \$141,408,600 as reported to the General Assembly at the main part of its sixty-eighth session ([A/68/352/Add.1](#)). The current estimates of \$139,812,000 reflect the projected total expenditure (\$143,077,200), less the prior-period obligations released (\$3,265,200). Summaries of the requirements, by department and office, and by amounts approved and expenditure reported from 2008 to 2015, are provided in tables 7 and 8, respectively, in the twelfth annual progress report. A summary of the evolution of the associated costs of the capital master plan is provided in paragraph 15 of the earlier report of the Advisory Committee ([A/68/797](#)).

47. The Secretary-General indicates that, as previously reported, all departments and offices have ceased activities relating to the associated costs, with the exception of the Office of Central Support Services as a result of delays in the project schedule owing largely to storm Sandy ([A/69/360](#), para. 114). The Board notes, however, that a certain amount of the associated costs may be met from other budgets. On the total of \$140 million in associated costs reported to the General Assembly in March 2014

by the Administration (reflecting a decrease of 28 per cent compared with the Administration's original estimate), the Board is of the view that the figure may understate actual expenditure incurred, given that the Administration assumes no further expenditure after the biennium 2012-2013, even though renovation activities for the capital master plan are scheduled to continue into 2015. For example, the Department of Safety and Security estimates that it will spend at least \$1.8 million from its regular budget in 2014 alone on providing security for capital master plan activity (A/69/5 (Vol. V), para. 25 and figure VI). **The Advisory Committee is of the view that the Secretary-General should provide, in the context of the relevant performance reports, information on and explanations for any associated costs expenditure incurred on the regular budget by any department of the Secretariat.**

48. The Secretary-General indicates that the handover activities in the Office of Central Support Services planned for completion in 2014 have now been rescheduled for the period from July 2014 to March 2015, owing to delays in onboarding the staff (a general temporary assistance position at the P-4 level for nine months) (A/69/360, para. 114). The Advisory Committee recalls that those handover activities were initially planned for 2013 and postponed to 2014 and that the Secretary-General indicated that, because the costs had been included in the estimates for 2013, it did not represent an increase in the overall costs, but a deferral of the activities (A/68/352/Add.3, para. 3).

49. The Secretary-General recommends that the General Assembly decide on the financing of the cumulative associated costs and the cost of the secondary data centre at the main part of its sixty-ninth session (A/69/360, para. 120 (e)). Information relating to the cost of the centre (\$15 million) is provided in paragraph 111 of and annex II to the twelfth annual progress report.

50. **The Advisory Committee has recognized that the expenditure in respect of the associated costs would need to be funded (A/68/551, para. 62, and A/68/797, para. 21). The Committee reiterates its recommendation that the General Assembly decide to appropriate an amount, based on the most up-to-date information to be provided by the Secretary-General, to finance the cumulative associated costs and the cost of the secondary data centre. In this connection, the Committee recalls that the Assembly has authorized the Secretary-General, on an exceptional basis, to make use of the Working Capital Fund and the Special Account as a bridging mechanism to address possible cash flow challenges of the project, and decided, in that context, that the bridging mechanism will be replenished at the main part of the sixty-ninth session of the General Assembly through the established budget assessment in order to maintain the robust liquidity of the Organization (see para. 5 above).**

## VI. Artwork and gifts

51. In response to resolution 68/247 A (sect. IV, para. 14), the Secretary-General reports on the current conditions of maintenance of the art, crafts and gifts in paragraphs 55 to 58 of the twelfth annual progress report. He indicates that the renovation of the General Assembly Building required the removal of artwork that had been donated to the Organization over the years. In cases in which a change of location of a gift was required, he sought and took into account the views of the



donating parties on all available options before such changes, as encouraged by the General Assembly (resolution 67/246, sect. V, para. 22). Following the consultations, an art placement plan and schedule was developed by the Department of Management. Upon enquiry, the Advisory Committee was informed that the arrangements pertaining to specific artwork, including locations and dates, were the subject of consultations with the permanent missions of the Member States involved. **The Advisory Committee encourages the Secretary-General to continue to ensure proper arrangements for the artwork and gifts in close consultation with the respective Member States.**

## VII. Project scope and the Dag Hammarskjöld Library and South Annex Buildings

52. The Secretary-General has reported to the General Assembly on the suspension of the renovation of the Dag Hammarskjöld Library and South Annex Buildings since his ninth annual progress report. In his most recent report, he recalls that the earlier studies<sup>9</sup> undertaken had determined that neither building could be successfully renovated to achieve safe occupancy within reasonable costs and that the small footprint of the buildings and their proximity to the FDR Drive off-ramp at 42nd Street offered a highly inefficient site for a replacement building ([A/69/360](#), paras. 66-68).

53. On the scope of the project, the Board notes that the capital master plan project will end without the renovation of the Library and South Annex Buildings. Given the planned closure of the Office of the Capital Master Plan in June 2015, any solution will require additional financing, a project plan and a team to deliver it ([A/69/5 \(Vol. V\)](#), summary, para. 15). The Board also notes that the General Assembly has not authorized the removal of the Library and South Annex Buildings from the project, nor has it decided whether the \$65 million budget for the work can be redirected to finance the project's cost overrun. The Board recalls its earlier view that any decision on the proposed use of the \$65 million should be linked to an understanding of any options and associated costs for the rehousing of the functions carried out in the Library and South Annex Buildings (*ibid.*, paras. 38 and 39). The Board recommends that the Administration clarify to the Assembly during the main part of its sixty-ninth session which elements of the scope of the project will not be delivered as part of the capital master plan and define plans for delivery and any budgetary implications and which elements of the capital master plan are currently scheduled for delivery after the Office of the Capital Master Plan closes (*ibid.*, summary, para. 25 (a)). **The Advisory Committee concurs with the recommendation of the Board of Auditors (see para. 58 below). The Committee is of the view that the twelfth annual progress report does not address the concerns of the Board.**

54. The Advisory Committee enquired as to whether there were other parts of the project that had been de-scoped and was informed by the Secretariat that the only part of the original scope that would not be completed was the renovation of the

<sup>9</sup> According to the Secretary-General, the Office of the Capital Master Plan, in consultation with the Department of Safety and Security, undertook a series of studies to examine the effect on the designs of potential vehicle-borne explosive devices both within the compound and on the host country roadways adjacent to Headquarters ([A/65/511](#), para. 76).



Library and South Annex Buildings, the budget for which was \$65 million. **The Advisory Committee again regrets that the capital master plan project is unlikely to deliver the original scope, either within the budget for the renovation of the Library and the South Annex Buildings or within the project timeline approved by the General Assembly (A/68/797, para. 33). Furthermore, the Committee is concerned that the Secretary-General does not present plans for the future of the Library and the South Annex Buildings and related costs. The Committee notes that additional financing by Member States for the same functionality would be required when acceptable options are identified.**

55. On a related issue, the Advisory Committee recalls that the General Assembly has requested the Secretary-General to ensure that the commemorative value of the Dag Hammarskjöld Library is respected (resolution 67/254 A, sect. III, para. 13).

#### **Interim options of the Secretary-General**

56. The Advisory Committee recalls that the General Assembly endorsed the recommendation of the Committee that the Secretary-General be requested to submit feasible alternative options for the locations of the functions currently housed in the Library and South Annex Buildings that are independent of the long-term Headquarters accommodation requirement, thus allowing for a final completion of the capital master plan project (resolution 68/247 A, sect. IV, para. 7; A/68/551, para. 50; and resolution 68/247 B, sect. VII, para. 8).

57. In the twelfth annual progress report, the Secretary-General indicates that he remains of the view that, pending resolution of the security situation, the interests of the Organization would be best served through the incorporation of the library and cafeteria programmes into the future decision of the General Assembly regarding long-term accommodation at Headquarters (A/69/360, para. 76). However, taking into account the need to mitigate security and safety concerns, it is his intention to seek interim measures for the relocation of functions in the most cost-efficient manner that would preserve the minimal functionality in order to safeguard and protect the Organization's staff and ensure continuity of functions in the two buildings (ibid., para. 77). The Secretary-General presents, as an interim measure, the following options in paragraphs 75 (a) to (e) of his progress report:

(a) The functions could remain in place (if the security situation changes) (A/67/720, para. 76);

(b) The functions could be provided in the temporary North Lawn Building (if the General Assembly decided to delay the demolition) (A/68/352, para. 71, medium-term option A);

(c) The functions could be relocated to newly leased off-site rental space (with the exception of the cafeteria, which would occupy space in the third basement) (ibid., para. 72, medium-term option B);

(d) The functions could be relocated to other buildings on-site (assuming that the North Lawn Building would have been demolished) (ibid., para. 73, medium-term option C). Specifically, the cafeteria functions could be relocated to spaces in the Conference Building and the Secretariat Building; the interpreters' space and classrooms could be relocated to the third basement; the library and

library-related office functions could be relocated to the second basement (this would require relocation of the engineering shops);

(e) Alternatively, the library functions could be relocated to the lower floors of the Secretariat Building, requiring relocation of the present functions.

58. Concerning the costs relating to those interim options, the Secretary-General indicates that the costs involved could vary significantly depending on the decision taken and will entail an additional appropriation and assessment upon Member States, the amount of which will depend upon the nature and scope of work (A/69/360, paras. 106 and 107). The Advisory Committee notes that the Secretary-General continues to indicate that the remaining portion of the project, with a budget of \$65 million, remains “unfunded”<sup>10</sup> (ibid., para. 96; see also para. 53 above). **The Advisory Committee recalls that the General Assembly decided that the need for liquidity of the project should not be linked to the completion of the renovation of the buildings under the current scope (resolution 68/247 A, sect. IV, para. 6).**

59. The Advisory Committee requested an updated analysis of all the above-mentioned options in terms of cost, timescale, feasibility and disruption to services. The Committee was provided with the table below, containing information on options (a) to (d).

#### Analysis of the options presented in paragraphs 75 (a) to (d) of the twelfth annual progress report

<i>Option as summarized in paragraph 75 of document A/69/360</i>	<i>Cost estimates</i>	<i>Timescale</i>	<i>Feasibility</i>	<i>Disruption to services</i>
(a) Remain in place	—	—	Not feasible given the current security situation	—
(b) Temporarily relocate to the temporary North Lawn Building	<p>\$50 million: some \$20 million for a new full-service cafeteria and \$30 million for other alterations</p> <hr/> <p>If the moderate cafeteria option were substituted, as with option (d), the cost would be reduced by some \$16 million.</p>	<p>If managed as an emergency: 10 months</p> <p>If the moderate cafeteria option is substituted: eight months</p> <p>If not managed as an emergency: an additional six months</p>	<p>Physically feasible</p> <p>Not aligned with resolution 65/269 regarding the timely deconstruction and removal of the temporary North Lawn Building upon the completion of the Headquarters renovation work</p> <p>No budget provision</p>	<p>Minimal: would have weekend downtime during moves of each service. If the moderate version of the cafeteria were selected, there could be short-term disruption during work on the 4th floor of the Conference Building.</p>

<sup>10</sup> The Secretary-General indicated that the project shortfall had been eliminated, taking into account the fact that the Library and South Annex Buildings could not be renovated owing to security considerations. He referred to the project funding shortfall as an unfunded portion of the project scope (A/68/797, para. 9).

Option as summarized  
in paragraph 75 of  
document A/69/360

Cost estimates

Timescale

Feasibility

Disruption to services

If the stacks did not have to relocate, the cost could be further reduced by some \$11 million.

The remaining cost would be \$23 million.

(c) Relocate to newly leased space, except the cafeteria (to be located in the third basement)

\$110 million: \$70 million for alterations (\$20 million for a new full-service cafeteria on campus and \$50 million to fit out the newly leased off-site space) and \$40 million for four years of leasing

One year to find and lease space, six months to fit it out, lease for four years

The rental market is becoming more competitive and short-term tenants are unattractive to landlords. Significant funding would be required, meaning that it may not be feasible. There is no budget provision.

Minimal: would have weekend downtime during moves of each service. If the moderate version of the cafeteria were selected, there could be short-term disruption during work on the 4th floor of the Conference Building.

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If the moderate cafeteria option were substituted, as with option (d), the cost would be reduced by some \$16 million.

The total cost would then be \$94 million.

(d) Relocate to other buildings on-site

See [A/68/352](#), para. 73, for this option: \$160 million: \$70 million for alterations on-site, \$50 million to fit out newly leased off-site space to accommodate the functions that need to relocate to accommodate the new use and \$40 million for leasing for four years

Option as summarized  
in paragraph 75 of  
document A/69/360

Cost estimates

Timescale

Feasibility

Disruption to services

See [A/68/352/Add.2](#), paras. 20-26, for a more moderate version: \$24.9 million (\$4 million for the 4th floor cafeteria, \$11.9 million for the relocation of stacks and \$9 million for the relocation of other library functions)

Some \$11.9 million of this cost could be avoided if the stacks did not have to move.

The cost of the moderate version would then be revised to \$13 million.

If managed as an emergency: the timescale for the option in [A/68/352/Add.2](#) would be approximately 10 months.

If the stacks were not relocated, construction would take three months less, for a total of seven months.

If not managed as an emergency, an additional six months would be required.

Feasible

No budget provision

Under the concept in [A/68/352/Add.2](#), there would be weekend downtime during moves of each service and some disruption owing to construction adjacent to operating areas in basements.

If the moderate version of the cafeteria were selected, there could be short-term disruption during work on the 4th floor of the Conference Building.

60. As to the option presented in paragraph 75 (e) of the twelfth annual progress report, which is not included in the table above, the Advisory Committee was informed, upon enquiry, that the Secretariat had examined the option to relocate the Library, including a reading room and a reference desk, to the first five floors of the Secretariat Building, but did not deem such a relocation viable, owing to the fact that the 3rd, 4th and part of the 5th floors of the Secretariat Building were currently occupied by press offices, Department of Public Information offices, the Protocol and Liaison Service and the medical facilities and that many of the offices had been custom-fitted to accommodate the specialized requirements of the occupants, including additional ventilation, lighting and broadcast functions. If the currently programmed office space were to be relocated, space would be available only in the second and third basements, involving further relocation of the plant engineering shops. Consequently, significant demolition and new library construction would be required, including new furniture, floor reinforcing and new ceilings, machinery and finishes. The costs were estimated to amount to \$44 million.

61. The Advisory Committee enquired as to whether the moderate version of \$13 million under option (d) in the table above included the additional costs to be incurred with the relocation of the existing functions currently performed in the basements. The Committee was informed that the revised moderate version would cost \$13 million and would not entail the relocation of stacks to the second basement, nor the entire displacement of the Plant Engineering Section. It would, however, require the relocation of the office and signage shop of that section and the Threat and Risk Unit and the Emergency Response Unit to the third basement. The

Committee was informed that, as with the option presented in paragraphs 20 to 26 of document [A/68/352/Add.2](#), the costs of those secondary relocations had been included in the estimates provided and there were no additional costs.

#### **Medium-term option C as presented in paragraph 75 (d)**

62. The Advisory Committee sought clarification as to which of the above-mentioned “interim” solutions was most compatible with the preferred long-term solution of the Secretary-General. The Committee was informed of the following, *inter alia*:

(a) The proposed long-term solution was the incorporation of the functions performed in the Library and South Annex Buildings into the programme for future consolidation in the context of the long-term accommodation requirements of the Organization;

(b) The option described in paragraph 75 (d) of relocating the functions to other buildings on-site was the most compatible with any of the proposed long-term solutions. Under medium-term option C, as presented in paragraph 20 of document [A/68/352/Add.2](#), the cafeteria function could be relocated, as an interim solution, to the 4th floor of the south-east corner of the Conference Building, which had been used as a staff café before the capital master plan. That arrangement would have some 50 per cent of the seating available in the existing cafeteria. The location had the distinct advantage of being adjacent to the kitchen serving the Delegates’ Dining Room. An adjacent servery could be created by converting a storage room and part of another adjoining area. In addition, a location could be identified for a “grab and go” function to supplement the smaller cafeteria in another part of the campus. The estimated cost would be \$4 million.

63. The Advisory Committee further enquired as to which of the “interim” solutions would also provide a longer-term solution, should the General Assembly defer action on the long-term accommodation options. It was indicated that the option described in paragraph 75 (d) of the twelfth annual progress report, entailing relocation of the functions to other buildings on-site, would be unaffected, whether by the selection of a long-term accommodation option or by the continuation of the status quo.

**64. The Advisory Committee notes that, according to the Secretary-General, the interim option contained in paragraph 75 (d) of the twelfth annual progress report is an option that could provide a longer-term solution and would be unaffected by a long-term accommodation option and/or the continuation of the status quo. The Committee believes, however, that the interim options contained in paragraph 75 of the twelfth annual progress report are not adequate responses to the request of the General Assembly for the Secretary-General to present feasible alternative options that are independent of the long-term accommodation needs at Headquarters (see para. 72 below).**

#### **Security and latest assessment**

65. The Advisory Committee recalls that the United States Mission to the United Nations stated in a letter in February 2014 that it would not be feasible to close or relocate the FDR Drive off-ramp ([A/68/797](#), para. 30). It is indicated in the twelfth annual progress report, however, that it remains the intention of the Secretariat to

continue to make every effort to reach an understanding on measures with the host country and the host city, with a view to mitigating security concerns along 42nd Street. No progress had been made on the matter at the time of submission of the twelfth annual progress report (A/69/360, para. 73).

66. Noting the continuing efforts by the Secretariat, the Advisory Committee requested information on what was being proposed to the host city and was informed that, after the receipt of the aforementioned letter, the Secretariat had continued to recommend, in meetings and correspondence with both the host country and the host city, that the off-ramp be either relocated or closed to all but authorized vehicles. According to the Secretary-General, an agreement was reached with the host city in recent weeks to strengthen the presence of law enforcement authorities at the southern perimeter of the United Nations campus, in particular on the off-ramp. The New York City Police Department has agreed to additional measures to safeguard the off-ramp by assigning a police patrol vehicle there, which, in the opinion of the Secretariat, contributes to decreasing the likelihood and consequently the risk level, although not the impact, of an explosion.<sup>11</sup>

67. The Advisory Committee was also informed, upon enquiry, that, upon the completion of the enhanced security upgrades project at Headquarters funded by the contribution of the host country, western and eastern perimeter protection would be significantly improved. The improvements include the installation of a bollard line along First Avenue, structural hardening of the Conference Building and its columns over and astride FDR Drive, increased setback for the General Assembly Building and hardening of its western columns and curtain wall. However, no similar hardening is possible for the southern perimeter (the Dag Hammarskjöld Library Building and South Annex Building complex), meaning that, without the closure of the off-ramp to vehicle traffic, the southern perimeter will thus become the “point of least resistance” in an otherwise reinforced perimeter. According to the Secretariat, the level of risk to the southern perimeter will be mitigated to some extent by the increased presence of law enforcement authorities on the off-ramp, but will not be on par with the protection of the remaining campus perimeter.

68. The Advisory Committee was also informed that the Department of Safety and Security had recently recommended that there should be only limited occupancy of the Library and South Annex Buildings following the completion of the enhanced security upgrades project. Limited occupancy could include irregular and small staff footprints in locations on the north side of the two buildings and storage of equipment and library materials. It would not include the current use of the cafeteria space and large gatherings of people in the penthouse of the Library Building. However, during periods of heightened security, such as the high-level segment of the General Assembly when host country law enforcement closes the ramp to vehicle traffic, use of the penthouse and larger social gatherings in the two buildings would be acceptable.

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<sup>11</sup> Based on the information provided by the Secretariat, security risk is analysed in terms of impact and likelihood. This particular scenario is rated as having a critical impact, but as unlikely to occur, resulting in a medium security risk level, according to the United Nations security risk management model. Given that mitigation of the impact of an explosion at the mentioned location is not feasible owing to structural or architectural constraints, efforts have to be made to maintain or decrease even further the likelihood that such an attack will occur.

69. The Secretariat is currently seeking to identify the most cost-efficient way to implement the recommendation on an interim basis (alternative arrangements for the functions could be put in place early in 2015), taking into account the following key parameters:

(a) A security catchment system would be installed to separate the office space from the southern-facing facade along 42nd Street;

(b) Revised occupancy could be limited to some 120 to 140 staff;

(c) The northern side of the building could continue to be used to house library functions and office space, while the southern side could be used for storage and library stacks, among other things;

(d) The cafeteria, interpreters' lounge and some offices and functions would be relocated elsewhere on campus.

**70. The Advisory Committee is of the view that the Secretary-General has yet to indicate clearly what would need to be adjusted with regard to the options presented in paragraph 75 of the twelfth annual progress report so as to reflect the latest recommendation by the Department of Safety and Security for limited occupancy of the Dag Hammarskjöld Library and South Annex Buildings.**

71. In the twelfth annual progress report, the Secretary-General recommends that the General Assembly note his intention to seek interim measures for the relocation of functions currently housed in the Library and South Annex Buildings in the most cost-efficient manner and take a decision on the relocation of the functions performed in both buildings, taking into account the perimeter security concerns and the need for a long-term solution for those functions (*ibid.*, paras. 120 (c) and (d)).

**72. The Advisory Committee is concerned that the Secretary-General has once more not fulfilled the request of the General Assembly for him to present feasible alternative options that are independent of the long-term accommodation needs at Headquarters (resolutions 68/247 A and B).**

**73. The Advisory Committee is therefore not in a position to recommend to the General Assembly a most preferable option relating to the functions currently housed in the Library and South Annex Buildings.**

**74. The Advisory Committee reiterates its recommendation that the General Assembly request the Secretary-General to submit new proposals (A/68/797, para. 32), as requested by the Assembly in its resolutions 68/247 A and B.**

## **VIII. Conclusion and recommendations**

75. The actions requested of the General Assembly in connection with the twelfth annual progress report on the capital master plan (A/69/360), including the associated costs, are set out in paragraphs 120 (a) to (e) of that report. **The Advisory Committee recommends that the General Assembly take note of the twelfth annual progress report of the Secretary-General, subject to the comments and recommendations of the Committee herein.**