



# General Assembly

Seventy-first session

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## Fifth Committee

### Summary record of the 6th meeting

Held at Headquarters, New York, on Tuesday, 18 October 2016, at 10 a.m.

*Chair:* Ms. King . . . . . (Saint Vincent and the Grenadines)  
*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: Programme budget for the biennium 2016-2017** (*continued*)

*Capital master plan (A/71/5 (Vol. V), A/71/309, A/71/331 and A/71/541)*

1. **Mr. Nye** (Facilities and Commercial Services Division), introducing the Secretary-General's fourteenth annual progress report on the capital master plan (A/71/309), said that the report, submitted pursuant to General Assembly resolutions 57/292 and 70/239, contained an update on the implementation of the plan and its financial position. The project had achieved its objectives of providing a modernized and safe environment for delegates, employees and visitors at United Nations Headquarters that met the highest standards of fire safety, security, energy conservation and accessibility, in line with the host city's building, fire and safety codes. In that context, major efforts had been undertaken to remove asbestos; enhance security infrastructure and equipment; install sprinkler and complete fire alarm systems; replace heating, ventilation and air conditioning systems, lighting and ceilings; and upgrade electrical wiring and panels. All construction work undertaken by the construction management company under 24 guaranteed maximum price contracts, including commissioning and punch-list corrective work, had been completed, with the exception of the remaining landscaping on the North Lawn and security-related work at the 42nd and 48th Street entrances.

2. The Secretariat, Conference and General Assembly Buildings, as well as the basements and various complex systems integrated in the buildings, had achieved final completion status and were fully operational, and corresponding certificates had been issued by the architects and engineers of record. The interim arrangements for the relocation of the cafeteria functions from the South Annex Building, the refurbishment of the Dag Hammarskjöld Library Building, the new classrooms in the third basement area of the North Lawn Conference Building and the demolition and removal of the temporary North Lawn Building had also been fully completed, with the landscaping works on the North Lawn expected be completed in full by 31 December 2016. Substantial completion of the remaining security-related work at

the 42nd and 48th Street entrances, which was being undertaken by vendors selected through the standard procurement process and managed directly by the Secretariat, was expected by 31 December 2016, with final completion expected by 1 April 2017. The Office of Central Support Services was working closely with the Office of Legal Affairs and the host Government to expedite the issuance of permits by local city authorities for the works at the 48th Street entrance. In addition, there were a number of outstanding activities related to final payment reconciliation and closure of contracts with the contract management company, architects, engineers and consultants.

3. The financial position of the project remained consistent with the projection presented in the thirteenth annual progress report (A/70/343). As at 30 June 2016, the final cost to complete the capital master plan had been estimated at \$2,150.4 million, equivalent to the approved resource level, which comprised the original budget of \$1,876.7 million and donations of \$114.3 million, plus \$159.4 million from interest income and the working capital reserve fund, and \$100.0 million for security upgrades. The costs of all interim arrangements, post-renovation construction and close-out activities were therefore met within the approved resources for the project.

4. **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 2015 (A/71/5 (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. After nearly 14 years and an investment of \$2.3 billion, all major procurement actions and construction works associated with the capital master plan had been completed, and residual works and the administrative close-out of completed contracts were in progress. The Administration must now focus on managing residual risks and maintaining project management disciplines to ensure the completion of the project within the current time frame and budget. In particular, it should maintain control of consultancy and other costs, give priority to efforts to realize the full benefits of Member States' investments and ensure that credible maintenance plans were in place to preserve the full value of the significant investment in the campus.

5. With respect to the project's financial status, the Board considered that sufficient savings could be released from existing contracts during the closure process to enable the project's completion within existing resources, in line with the request contained in General Assembly resolution 70/239. The main risk to the completion of the remaining project activities within budget related to the delayed closure of contracts, which affected the Administration's ability to control consultancy costs. Indeed, as at March 2016, the programme management consultancy contract had been amended 36 times, resulting in the extension of its end date from December 2011 to December 2016 and an increase in the total not-to-exceed value from \$15.9 million to \$59.0 million. The Administration had moreover breached procurement rules in extending the contract in 2015, a situation that it had since rectified. Given the high dependency on expert consultants, ongoing needs for consultancy support in 2017 were also expected to increase project costs.

6. The main contractor for the project had filed a notice of arbitration against the United Nations seeking indemnification in the event that it was required to settle substantial claims from its subcontractors. While the Administration considered that it had no liability in respect of the contractor's claim and that any action against the Organization would be unsuccessful, it had retained external legal counsel to defend its interests in the related dispute. In the event that the claim was upheld, the final project cost would increase, given the lack of a budgetary provision for such claims.

7. The revised plan to complete the main construction works had proven unrealistic, and the smaller project team and reduced number of expert personnel, compounded by the additional workload that had arisen from the implementation of Umoja, had resulted in weakened project management disciplines and oversight in 2015. In particular, an up-to-date consolidated project plan could not be provided for audit; risk registers had not been updated; and key management reports previously available from the Office of the Capital Master Plan, such as monthly cost reports, were also unavailable. Earlier project management disciplines should therefore be reintroduced.

8. As at March 2016, the General Assembly and Conference Buildings, although fully occupied, had not

obtained final certification, ten guaranteed maximum price contracts had remained open and a significant number of subcontracts had still not been finalized and paid in full, tasks that the Office of the Capital Master Plan had expected to be completed by October 2015. The project was now expected to be closed in 2017, with all residual construction works on target to be completed by December 2016. In addition, the Administration had informed the Board that comprehensive proposals to renovate the Dag Hammarskjöld Library and South Annex Buildings, which had been removed from the scope of the capital master plan in 2015, would be prepared only after the General Assembly had taken a decision on the question of long-term accommodation in New York. The cost of the interim solutions established amounted to \$13 million and would be met within the existing budget.

9. The transition from the construction phase to management of day-to-day operations had taken place and the campus was operating effectively. Most of the approximately 20,000 service requests submitted annually to the Facilities Management Service help desk were routine, and no major complaints, critical incidents or disruptions to operations had been reported. In 2017, the Administration would commission a specialist firm to review its approach to maintaining the renovated campus, particularly with a view to assessing the relative merits of outsourced and in-house provision of maintenance services to ensure the best use of resources. An agreed long-term maintenance plan for the campus had not yet been established.

10. Although an assessment had not yet been undertaken, the renovated campus had likely achieved its energy efficiency targets. As the energy and water supplies to the North Lawn Building had been terminated in January 2016 and the new environmental reporting system would be online in April 2016, the Administration would be in a position to demonstrate energy efficiency benefits on the basis of 12 months of data from utility bills and from the environmental reporting system as of January and April 2017, respectively. To increase the return on Member States' investment, the Administration planned to optimize the use of office space at the renovated campus by implementing flexible workplace, particularly with a view to enabling the accommodation of an extra 800

staff in the Secretariat Building. Notwithstanding recent increases in the projected costs of implementation, there remained a compelling business case for introducing flexible workplace, with estimates indicating a payback period of around five years.

11. Over the previous three bienniums, the Board had made 42 recommendations aimed at improving the management and governance of the project. Of the 11 outstanding recommendations contained in the Board's previous reports, all of which the Administration had accepted, three had been implemented, four were under implementation, three had not been implemented and one had been closed by the Board and superseded by a new recommendation. Lastly, the Board had included five additional recommendations in its current report (A/71/331) to facilitate the project's completion and demonstrate the return on Member States' investment.

12. **Mr. Baez** (Chief, Policy and Oversight Coordination Service), introducing the Secretary-General's report on the implementation of the recommendations of the Board of Auditors contained in its report on the capital master plan for the year ended 31 December 2015 (A/71/331), said that the report, submitted pursuant to General Assembly resolution 70/239, reflected the work undertaken by the Secretariat to address the General Assembly's requests to indicate priorities, time frames, the office holders responsible for the implementation of the Board's recommendations and the reasons for delays in the implementation of recommendations from prior periods. The Administration had accepted all of the Board's recommendations, and, for each recommendation, the report provided the Administration's comments and information on the status of implementation, the department responsible and the estimated completion date. It also contained information on the implementation status of recommendations from prior periods that had not been fully implemented.

13. While all accepted recommendations would be implemented in a timely manner, the most important or "main" recommendations would be given high priority. Of the five new recommendations issued by the Board as of August 2016, two had been implemented and three were in progress, two of which were scheduled for implementation by the end of 2016 and 2018, respectively, and one of which was of an ongoing nature. Noting with appreciation the constructive spirit

in which the Board discharged its oversight function, he was confident that the Secretariat's timely and thorough implementation of its recommendations would improve resource management and efficiency.

14. **Mr. Ruiz Massieu** (Chair of the Advisory Committee on Administrative and Budgetary Questions), introducing the related report of the Advisory Committee (A/71/541), noted with satisfaction the completed demolition of the temporary North Lawn Building and trusted that the remaining landscaping works would be completed by year-end.

15. To ensure that the benefits of the project were realized, the General Assembly should request the Secretary-General to closely monitor and optimize energy usage on the renovated campus, and to report in future progress reports on actual efficiency gains realized. It should also request the Secretary-General to provide, in his next progress report, an update on the campus maintenance arrangements in place and all related costs. Noting that no potential increases in project costs or changes in the volume and scope of the related works were anticipated, he recommended that the General Assembly should request the Secretary-General to provide, in his next progress report, full details regarding the closure of existing contracts, including any savings realized. Lastly, the Secretary-General should provide to the General Assembly, at the time of its consideration of the current agenda item, an update on any developments relating to the arbitration proceedings, as well as further details on the planned construction of a sports facility at Headquarters.

16. **Ms. Wairatpanij** (Thailand), speaking on behalf of the Group of 77 and China, said that the Group strongly supported the modernization of all United Nations facilities and sought to ensure the improvement of the working conditions and safety of delegates and staff. The Group also welcomed the inclusion of the lessons learned from the capital master plan in annex I of the report of the Board of Auditors (A/71/5 (Vol. V)), given their critical importance for ongoing and future capital projects. Moreover, noting that, following the closure of the Office of the Capital Master Plan, responsibility for the remaining activities under the capital master plan had been transferred to the Office of Central Support Services, the Group looked forward to the final completion of those activities by April 2017.

17. The Group noted with satisfaction the demolition of the temporary North Lawn Building, despite the delays in the related works, and trusted that the remaining landscaping on the North Lawn would be completed by 31 December 2016. The Group was nevertheless not fully satisfied with the interim solutions for the relocation of the functions formerly housed at the South Annex Building and the Dag Hammarskjöld Library Building, following the suspension of the renovation of those buildings in the light of security concerns, and would follow up on the matter in informal consultations. The Group would also seek further information on why 42nd Street had been chosen as the main entrance to the Organization, considering that that area had been deemed a high security risk. In particular, many delegates had difficulty gaining access to the 42nd Street parking garage entrance as a result of heavy traffic, narrow entry and unclear road signs for vehicles, and to levels 2B and 3B of the garage, owing to the new changes that had been introduced. In that regard, he emphasized the need to ensure unimpeded entry and exit to and from the campus while guaranteeing the integrity of its original design.

18. The Group was concerned that no proposal relating to the renovation of the Dag Hammarskjöld Library and South Annex Buildings had been submitted to the General Assembly and requested that such a proposal should be presented as soon as possible, in line with the requests contained in Section VIII, paragraph 14 of General Assembly resolution 69/274 A and paragraph 9 of General Assembly resolution 70/239. Noting the Administration's intention to commission a specialist firm to review its maintenance approach, the Group failed to understand why the Secretariat lacked the personnel required to service the newly installed systems and recommended the inclusion of an update on maintenance arrangements and costs in the next progress report of the Secretary-General. Noting also that the anticipated final cost of the project had increased from \$1,876.7 million to \$2,309.3 million, even as the scope of the construction works had been reduced from five buildings to three, the Group requested that full details regarding the closure of existing contracts, including any savings realized, should be included in the Secretary-General's next progress report, in line with the relevant recommendation of the Board of Auditors. Lastly, in

view of the low rate of implementation of the recommendations issued by the Board over the previous three bienniums, the forthcoming reports of the Secretary-General and the Board should include updates on efforts undertaken to ensure the implementation of outstanding recommendations.

19. The proposal for the construction of a recreation facility would require close consideration by the General Assembly. In that regard, the Group would focus on some of the elements highlighted by the Advisory Committee, particularly the need to preserve the architectural integrity and beauty of the complex and gardens at Headquarters and to ensure that the project was in alignment with the Organization's regulations, rules and policies, including its procurement practices. The Group also underscored the need for information on the operating and maintenance costs of the facility, including insurance costs, and on the project's bearing on potential options for addressing long-term accommodation needs.

**Agenda item 144: Report on the activities of the Office of Internal Oversight Services** (*continued*)  
(A/C.5/71/L.4)

**Agenda item 133: Review of the efficiency of the administrative and financial functioning of the United Nations** (*continued*)

*Draft resolution A/C.5/71/L.4: Report on the activities of the Office of Internal Oversight Services*

20. *Draft resolution A/C.5/70/L.4 was adopted.*

*The meeting rose at 10.45 a.m.*