



# General Assembly

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## Fifth Committee

### Summary record of the 13th meeting

Held at Headquarters, New York, on Thursday, 9 November 2017, at 3 p.m.

*Chair:* Mr. Tommo Monthe . . . . . (Cameroon)  
*Vice-Chair of the Advisory Committee on Administrative  
and Budgetary Questions:* Mr. Sene

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*The meeting was called to order at 3 p.m.*

**Agenda item 136: Proposed programme budget for the biennium 2018–2019 (continued)**

*Construction and property management  
(continued)*

*Proposal for the renovation of the North Building at the Economic Commission for Latin America and the Caribbean in Santiago (A/72/7/Add.8 and A/72/367)*

*Strategic capital review (A/72/7/Add.9 and A/72/393)*

1. **Mr. Dovgopoly** (Office of Central Support Services), introducing the report of the Secretary-General on the proposal for the renovation of the North Building at the Economic Commission for Latin America and the Caribbean in Santiago (ECLAC) (A/72/367), said that, following the magnitude 8.8 earthquake that had struck Chile in February 2010, which had resulted in significant damage to the ECLAC premises, a technical evaluation had revealed the need to undertake seismic mitigation measures for, inter alia, the North Building, in order to ensure compliance with local minimum standards for seismic resistance. As described in the Secretary-General's report on the strategic capital review (A/69/760), several of the main components of the North Building had either reached or were approaching the end of their useful lives, and the current depreciated value of the building was less than 18 per cent of the gross replacement cost.

2. While temporary mitigation measures and partial upgrades had been implemented in recent years, the proposed North Building renovation was designed to address the issues identified in a comprehensive manner. Specifically, efforts would be made to mitigate safety risks, including by replacing ceilings to meet the requirements of current seismic codes; updating electrical wiring and infrastructure; upgrading the building's fire-resistance ratings and fire suppression system; and providing a means of evacuation in line with safety codes. Initiatives would also be undertaken to ensure full accessibility for persons with disabilities, while guaranteeing the well-being of staff, delegates and visitors; to reduce the building's net energy consumption to zero; to lower operational, maintenance and energy costs, including by incorporating innovative, passive insulation features in the building envelope and finishes, as well as more efficient lighting and other sustainable design features; and to provide a more efficient workspace with appropriate indoor environmental quality.

3. As the project owner, the Executive Secretary of ECLAC was fully committed to the success of the project, and the Office of Central Support Services would provide necessary oversight, technical guidance, coordination and advice. Two implementation strategies had been considered, namely, a multiple intervention strategy entailing several discrete renovations and a single capital project involving a one-time renovation of the whole building. On the basis of a cost-benefit analysis and consideration of the pros and cons of on-site and off-site swing space, the Secretary-General recommended a one-time capital renovation strategy using on-site swing space, with an estimated cost of \$14.118 million and a duration of six years (2018–2023). Accordingly, the General Assembly was requested to approve the proposed project scope, cost and implementation strategy; approve the establishment of the proposed project team; appropriate an amount of \$192,000 for management and design in 2018; and approve the establishment of a multi-year construction-in-progress account for the project.

4. Introducing the report of the Secretary-General on the strategic capital review (A/72/393), he said that the review was a 20-year projection of capital requirements across the global premises of the Secretariat under a rolling programme to identify requirements and alert Member States to anticipated project proposals in future budget cycles. The key objectives were to provide safe and healthy working environments for United Nations delegates, visitors and staff over the long term; to comply with the Convention on the Rights of Persons with Disabilities; to maintain property value, maximize efficient use of existing space, modernize building systems and move towards more energy-efficient facilities; and to preserve heritage assets and minimize work disruption during capital improvement projects.

5. The report contained information on the ongoing refinement of the rolling capital programme as well as on the current status of capital projects and of feasibility studies for several proposed projects. It also provided updated cost-benefit comparisons of the four maintenance approaches that had been assessed for the purpose of projecting capital requirements: run-to-failure, which aimed to replace whole buildings or building components only after they failed or reached the end of their useful lives; replacement at end of useful life; incremental capitalization to extend useful life, which entailed the gradual and systematic performance of capital improvements over the life of a building; and business-focused maintenance, which was a combination of the second and third approaches. All of those strategies were aligned with the industry best practices outlined in the 2014 paper prepared by the

Board of Auditors on the lessons learned from the capital master plan. Given the added costs of swing space requirements, additional soft costs for dedicated project management teams and additional remedial works required, the Secretariat estimated that the recommended incremental recapitalization approach could save the Organization between 34 and 54 per cent in total capital requirements over the following 50 years.

6. The Secretary-General's report (A/72/393) included an updated list of ongoing and proposed near-term capital projects at Headquarters and offices away from Headquarters. In line with General Assembly resolution 69/262, the Office of Central Support Services provided technical guidance, advice and support for capital projects undertaken by the Secretariat and, in response to recent Assembly resolutions, was currently strengthening its oversight role by establishing a risk management framework and strategy that would allow for independent risk assessment. The Office had also provided services during the pre-planning phase of the proposed construction and renovation projects at the United Nations Office at Nairobi and ECLAC. The strategic capital review and related projects were coordinated by the Overseas Property Management Unit.

7. The Secretary-General had also provided detailed information on accessibility for persons with disabilities, flexible workplace strategies, and sustainability initiatives aimed at reducing the impact of United Nations operations on the climate. His report (A/72/393) was intended to serve as a planning tool for the General Assembly in considering cross-cutting policy issues that affected capital planning across the Organization, and to enable the Organization to plan for future capital requirements well in advance; it was not intended to serve as a mechanism for seeking approval of specific project proposals. Rather, such proposals would be made either as part of the proposed programme budget or as stand-alone proposals, and the General Assembly would be requested to consider individual proposals on their own merit. The Assembly was requested to take note of the report and to request the Secretary-General to submit an updated report at the main part of its seventy-fourth session.

8. **Mr. Sene** (Vice-Chair of the Advisory Committee on Administrative and Budgetary Questions), introducing the report of the Advisory Committee on the proposed renovation of the North Building at ECLAC (A/72/7/Add.8), said that the Advisory Committee welcomed the proposal and supported the implementation strategy recommended by the Secretary-General. It recommended approval of the proposed project scope but encouraged the General

Assembly to defer its consideration of the proposal to establish a multi-year construction-in-progress account for the project until the Secretary-General submitted his next progress report.

9. The Advisory Committee noted that no basis existed for comparing the earlier cost estimates under the strategic capital review with the current estimates under the two implementation strategies proposed by the Secretary-General and reiterated that the level of resources required for future capital investment or maintenance of the Organization's capital assets should be based on a reliable, consistent and realistic valuation methodology. In that regard, the Advisory Committee looked forward to receiving further details and refined cost estimates in the Secretary-General's next progress report. In particular, it trusted that a more accurate estimation of the contingency level and compounded cost escalation rate for each phase of the project would be established and updated in future progress reports.

10. Introducing the report of the Advisory Committee on the strategic capital review (A/72/7/Add.9), he said that consideration of the Secretary-General's proposal to adopt an incremental capitalization approach for the preventive maintenance of capital assets would be premature until further details on the costs and benefits of such an approach, including on future budgeting, had been provided. The Advisory Committee therefore recommended that the Secretary-General should be requested to conduct the required cost-benefit analysis, the results of which should be used as the basis for all future reports on capital maintenance, and to provide information on the projected financial implications of the proposed approach.

11. **Ms. Pereira Sotomayor** (Ecuador), speaking on behalf of the Group of 77 and China, noted with appreciation the support of the people and Government of Chile for the construction and modernization of facilities at ECLAC and underscored the relevance of the regional commissions to the work of the Organization. In addition to promoting United Nations guidelines at the regional level, ECLAC served as a point of reference for information, ideas and multilateral cooperation in the area of regional development, in line with its historic role as a bastion of support for developing countries in Latin America and the Caribbean.

12. The Group reaffirmed the importance of the renovation of ECLAC facilities in accordance with United Nations and industry standards relating to health and safety and welcomed the Secretary-General's proposal to begin renovation of the North Building, including the related cost estimate. It would seek

clarification on the proposed implementation strategies, in particular on measures to shorten the duration of the project without adversely affecting the scope and quality of the required work. The Group noted the observations and recommendations of the Advisory Committee on the importance of drawing on lessons learned from other capital projects such as the seismic mitigation retrofit and life-cycle replacements project at the Economic and Social Commission for Asia and the Pacific (ESCAP) and the Africa Hall renovation project at the Economic Commission for Africa (ECA), in particular with regard to the use of locally sourced and manufactured materials. Efforts should also be made to adhere to project timelines and cost estimates.

13. The Group attached great importance to the role of the Secretary-General's capital reviews in ensuring proper management of the Organization's property portfolio by addressing issues of safety and security and improving working conditions across all duty stations. The Group took note of the inclusion in the Secretary-General's report (A/72/393) of an updated cost-benefit analysis and information on the non-quantifiable benefits of the proposed capital maintenance approach, as well as an update on the proposed and ongoing capital projects at the United Nations Office at Nairobi, ECA, ESCAP and ECLAC, in response to General Assembly guidance. It also noted the inclusion of information on measures to eliminate barriers for persons with disabilities; implementation of flexible workplace strategies; and sustainability initiatives aimed at reducing energy consumption and greenhouse gas emissions, improving water efficiency and air quality, and removing hazardous materials. The Group looked forward to learning more about the impact of the implementation of Umoja, flexible workplace strategies and the global service delivery model in order to obtain a clearer picture of the Organization's long-term accommodation needs.

14. She welcomed the establishment, within the framework of the strategic capital review, of a controlled risk-management framework that included measures and procedures for determining and managing risk-contingency funding and for accessing the risk-contingency budget, and would seek further information on the proposals relating to risk identification and mitigation. In addition, given the importance of strong governance and oversight in ensuring effective management, accountability and transparency, the Secretary-General should capitalize on lessons learned from related projects with respect to project governance, and should develop in-house capacity for managing properties across all duty stations in order to avoid the use of consultants for that purpose.

15. **Mr. Oussihamou** (Morocco), speaking on behalf of the Group of African States, said that the substantial progress made by the Secretary-General in developing a long-term framework to address the maintenance and construction requirements of United Nations properties could result in significant cost avoidance for Member States and improved working conditions for staff. The Group encouraged the Secretary-General to continue to prevent the substantial depreciation and extend the useful life of buildings, noting with appreciation the priority given to maintaining the buildings at ECA and the United Nations Office at Nairobi.

16. The Secretary-General must remain committed to guaranteeing the safety of United Nations personnel by modernizing and maintaining its properties, including by replacing offices and infrastructure and renovating buildings, in line with industry norms and codes relating to health, safety and accessibility for persons with special needs. In particular, implementation of the proposal to replace office blocks A to J at the United Nations Office at Nairobi would be critical for ensuring compliance with safety standards and improving space utilization. The Secretary-General must continue to ensure that effective measures were in place to implement the proposals set forth in his report (A/72/393), as well as to draw on lessons learned and best practices identified from similar capital projects.

17. **The Chair** said that Committee members must engage in informal consultations in a constructive spirit by requesting information in a purposeful manner, putting forward concrete proposals, and negotiating in a spirit of flexibility. Effective planning and management during the remainder of the main part of the current session would be essential for ensuring the conclusion of deliberations before the holiday season and avoiding negative press.

*The meeting rose at 4 p.m.*