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

Contents

Agenda item 134: Programme budget for the biennium 2014-2015 (*continued*)
Strategic capital review

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

Agenda item 134: Programme budget for the biennium 2014-2015 (*continued*)

Strategic capital review ([A/68/733](#) and [A/68/796](#))

1. **Mr. Cutts** (Assistant Secretary-General for Central Support Services), introducing the report of the Secretary General on the strategic capital review ([A/68/733](#)), said that the report, submitted pursuant to General Assembly resolution [65/259](#), described the progress in the development of a long-term capital programme and prioritization strategy for Secretariat premises since the issuance of the Secretary-General's report on overseas property management and construction projects in progress ([A/65/351](#)). The scope of the strategic capital review extended to all properties in respect of which the Secretariat incurred capital expenditure costs under the programme budget; consequently, it excluded peacekeeping operations.

2. The report provided information on the first phase of the review and its findings and on the progress of the second phase, which comprised a conditions and operational assessment being conducted at offices away from Headquarters. It described a prioritization strategy that would define the requirements and sequencing for major maintenance, alterations and improvements and for new construction projects over a long-term horizon; in addition, it defined the next steps required to conclude the analysis and develop a strategy and funding methodology to maintain Secretariat facilities over the long term. The report also addressed administrative issues, especially the role of the Office of Central Support Services in providing technical guidance and advice to offices away from Headquarters on the management of capital projects; developing and promulgating a construction project manual; and serving as a repository for lessons learned from major capital projects undertaken by the Organization.

3. The issuance of the report coincided with other transformative initiatives, including the implementation of the International Public Sector Accounting Standards and the Umoja enterprise resource planning project. Umoja would enhance the Secretariat's ability to record and report on property value and the effect of capital improvements on that value. Maintaining and increasing property value would become a more central objective of capital planning and budgeting for capital

improvements would therefore be more closely linked to asset management. Accordingly, the report recommended the adoption of a life-cycle replacement approach to capital planning, in which building components — such as roofs and electromechanical systems — were replaced systematically according to a schedule rather than in a reactive manner. The report also recommended increasing the level of capital investment and introduced the possibility of establishing a capital fund for that purpose.

4. At the sixty-ninth session of the General Assembly, the Secretariat would submit for its consideration a long-term facilities capital investment programme and a prioritization and sequencing programme. The ultimate goal of the programmes would be, through targeted ongoing investment, to avoid major capital projects and the risks they posed to the Organization while maximizing the use and maintaining the value of building and infrastructure assets in a cost-effective manner.

5. **Mr. Ruiz Massieu** (Chair of the Advisory Committee on Administrative and Budgetary Questions), introducing the related report of the Advisory Committee ([A/68/796](#)), said that the Advisory Committee noted that greater precision was required in the use of terms, including those relating to the properties to be incorporated into a long-term capital programme. Given the technical nature of the subject and the need for a shared understanding of it, future reports should provide agreed definitions so that the scope, content and nature of the review was clear.

6. Concerning the scope of the review, the Advisory Committee was of the view that it should be broadened to include all locations where the Organization owned and/or managed premises that might have long-term capital requirements, irrespective of the source of funding for those operations. The Advisory Committee recommended that the Assembly should request the Secretary-General to ensure that the technical guidance and oversight functions were conducted in a coordinated and coherent manner for the effective and efficient management of United Nations premises. The current division of labour should be assessed in order to improve internal coherence and oversight.

7. The Advisory Committee generally supported the objectives of the strategic capital review set out in paragraph 12 of the Secretary-General's report ([A/68/733](#)). However, the next report should include

analysis of the implications of alternative workplace strategies, if approved by the Assembly, along with additional detail on the different industry standards and norms to be applied and justifications for their applicability to the United Nations. The long-term capital programme should be flexible enough to adapt to different organizational initiatives, such as a possible new global service delivery model.

8. With respect to the methodology for determining the level of resources required for future capital investment or maintenance, the Advisory Committee noted that a reliable, consistent and realistic valuation methodology was needed, as well as details on the applicability of comparable industry standards and explanations of any significant variations over time. The Advisory Committee was not yet in a position to recommend any related course of action to the Assembly based on the initial results of the review and recommended that the Secretary-General should be requested to provide detailed information on those aspects of the review in his next report.

9. **Ms. Rios Requena** (Bolivia), speaking on behalf of the Group of 77 and China, said that the Group supported the measures to ensure conservation of United Nations properties and the establishment of proper mechanisms and management structures to oversee the implementation of construction projects. It therefore welcomed the strategic capital review and looked forward to its completion, which would enable Member States to approve a strategy that would address the identified needs, ensure that all properties met health, safety and accessibility standards, and make future maintenance requirements and capital investments more predictable.

10. The Group noted the information on future capital projects, including those at the Economic and Social Commission for Asia and the Pacific, the Economic Commission for Africa and the United Nations Office at Nairobi, and expected to receive proposals as soon as possible to address the problems identified.

11. She stressed the need for the commitment and accountability of senior managers both at Headquarters and in the field in respect of capital projects. Lessons learned from recent projects emphasized the critical need for close and regular oversight.

The meeting rose at 10.25 a.m.