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Chair: Mr. Taalas (Finland)
*Vice-Chair of the Advisory Committee on Administrative
and Budgetary Questions:* Mr. Chernikov

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*Progress towards an accountability system in the United Nations
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Questions deferred for future consideration

Completion of the work of the Fifth Committee at the first part of the resumed sixty -
eighth session of the General Assembly

The meeting was called to order at 7.10 p.m.

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

Study on the long-term accommodation needs at United Nations Headquarters for the period from 2014 to 2034 (A/68/734 and A/68/798)

1. **Mr. Takasu** (Under-Secretary-General for Management), accompanying his statement with a digital slide presentation, introduced the report of the Secretary-General on the study on the long-term accommodation needs at United Nations Headquarters for the period from 2014 to 2034 (A/68/734). The report provided updated information on the population requirements of the Secretariat and other offices, both with and without the staff of funds and programmes; the impact of the implementation of flexible workplace strategies; and the financing alternatives for each option.

2. Since the previous report, several developments had significantly affected the overall population forecast and the resulting space requirements. Firstly, the population figures had been revised to include only the United Nations Development Programme (UNDP), as other funds and programmes had made their own accommodation arrangements. Assuming a no-growth scenario, the total population expected to require accommodation in 2018 was 9,593, of which 850 were from UNDP. Secondly, the target planning figure for the implementation of flexible workplace strategies had been revised, decreasing the office space requirement per person by 20 per cent. Nevertheless, in 2018, even after the capital master plan had been completed and a flexible workplace strategy successfully implemented, 3,278 United Nations staff members at Headquarters would still have to be accommodated off-campus in leased premises, as would 850 UNDP staff.

3. The report therefore examined six new options, in addition to the four previously considered. Of the options considered, only three had been found to be both viable and advantageous for the Organization, namely option 1, a new building on the North Lawn, funded through a special assessment; option 3, a new DC-5 building, through a lease-to-own arrangement with the United

Nations Development Corporation; and option 4, a continuation of the status quo leasing arrangements.

4. Of those three options, in a no-growth population scenario, option 1 was the least costly, at \$3.5 billion, as it would be financed by Member State assessment and would involve no financial expenses such as interest payments. The next least costly was option 3 at \$4 billion. Option 4, at \$4.5 billion, was the most expensive in the long-term as it relied on commercial leases. Those estimates included operational costs over a 50-year period. Unlike option 4, options 1 and 3 would provide the Organization with assets as it would own the buildings. In addition to cost issues, it was important to consider non-quantifiable criteria, such as the intangible benefits of ownership and of consolidating staff in an integrated campus, which would heighten safety and security, allow for greater efficiency in space planning, and improve staff morale and productivity. Options 1 and 3 offered those benefits, while option 4 did not.

5. Another important factor was the own-to-lease ratio at Headquarters, which currently stood at 52:48. Owning just half the office space needed was not financially prudent, and continuing to house over 4,000 staff members in spaces that were subject to rent fluctuations under various lease arrangements was inefficient. The Organization should aim to increase its level of ownership, while retaining flexibility to meet changing needs. A ratio of 80 per cent owned to 20 per cent leased was therefore suggested as a target in a no-growth population scenario. Both options 1 and 3 met that target, while option 4 did not. Moreover, even if the Organization exercised the option to extend the leases for DC-1 and DC-2 beyond 2018, those leases, with their preferential rate, would expire in 2023, when the United Nations Development Corporation intended to either sell or refinance the property.

6. The Organization's accommodation needs beyond 2023 posed a serious challenge and required responsible advance planning. The Secretariat needed clear guidance from Member States as soon as possible on which option it should focus on. Of the three viable options, option 1 could be implemented only after the completion of the strategic heritage plan, foreseen for 2023, in accordance with the General Assembly's decision on

the sequencing of major capital expenditure projects, thus delaying a decision on accommodation needs. Option 4 would also not require an immediate decision by the General Assembly, as the option to extend the lease of DC-1 and DC-2 beyond 2018 through 2023 at a preferential rate could be exercised in 2016. However, option 3 was time-sensitive. If that option were to be pursued, the memorandum of understanding signed between the host city and host State authorities in October 2011 would have to be revised to extend the expiry date beyond the end of 2015 and to remove the obligation of the United Nations to continue leasing DC-1 and DC-2. Unless the General Assembly indicated its agreement to option 3, the United Nations Development Corporation could not begin to work with the relevant authorities to revise the terms of the memorandum of understanding. If no amendments were made before the December 2015 deadline, that option could be lost. Should the General Assembly wish to avail itself of option 3, it should approve that option in principle as soon as possible.

7. **Mr. Chernikov** (Vice-Chair of the Advisory Committee on Administrative and Budgetary Questions), introducing the related report of the Advisory Committee (A/68/798), said that, unfortunately, based on the currently available information, the Advisory Committee was not in a position to recommend any of the options for consideration by the General Assembly. However, no option had been ruled out; the Advisory Committee therefore recommended that the General Assembly should express explicit willingness to allow the Secretary-General to continue to negotiate all options.

8. The matters that required further analysis included the impact of the implementation of a flexible workplace strategy; the rationale for the ratios of owned to leased office space; the need to respect the architectural integrity of the compound and the original design of the Board of Design Consultants; the sequencing of United Nations construction projects; security-related operational costs; and the alternative financing options, including third-party financing. Lastly, the Advisory Committee also recommended that the General Assembly should request the Secretary-General to

submit his report on a global service delivery model as a matter of priority.

9. **Ms. Rios Requena** (Plurinational State of Bolivia), speaking on behalf of the Group of 77 and China, expressed regret that the Committee had not been able to consider the item earlier in the session owing to the delayed issuance of the related reports. As a result, the Group was not in a position to present its views. The delay in presenting reports was unacceptable and undermined the ability of Member States to consider all agenda items fully, which in turn had a negative impact on the Committee's work. The Group reiterated that at future sessions all documents should be issued in a timely manner and in all official languages, in accordance with the Assembly's rules of procedure.

10. **Mr. Van Den Akker** (Observer for the European Union), speaking also on behalf of the candidate countries Montenegro, Serbia, the former Yugoslav Republic of Macedonia and Turkey; the stabilization and association process countries Albania and Bosnia and Herzegovina; and, in addition, Georgia, the Republic of Moldova and Ukraine, said that the Committee needed to scrutinize the intricacies of the viable and non-viable options presented in the Secretary-General's report and the related financial mechanisms and budgetary consequences. The Committee therefore needed sufficient time to study and fully understand the Secretary-General's different proposals and the Advisory Committee's recommendations, as well as to engage constructively with the Secretariat. Regrettably, there was not enough time to give the question the attention it deserved. Nevertheless, the Secretariat should develop the options further and continue to engage with all relevant entities, including the United Nations Development Corporation and the host city authorities, in order to provide further clarity and answers to the questions raised by the Advisory Committee.

11. **Mr. Stojanovski** (Australia), speaking also on behalf of Canada and New Zealand, said that the Organization's long-term accommodation needs at Headquarters warranted careful study, consideration and deliberation. Only through detailed analysis and debate would the Assembly be in a position to provide guidance to the Secretariat. It was therefore regrettable that the Committee must defer its consideration of the question owing to the late

submission of reports. Introducing the matter at the last meeting of the first part of the resumed session was far from ideal and certainly did not allow the Committee enough time to reach consensus.

12. **Mr. Ono** (Japan) said that the late issuance of the documents before the Committee had made it impossible for it to undertake thorough consideration of the question, which was critical to the future of the Organization. The late issuance of the reports on the long-term accommodation options could ultimately have a negative impact, as option 3 was time-bound. The Secretariat and the Chair of the Advisory Committee had previously pointed to structural reasons for the delay in issuing documents; it was therefore high time to explore structural solutions.

13. It was unacceptable that the Committee was unable to consider all the options presented by the Secretary-General owing to the limited time available. The Secretariat should take whatever measures were necessary to keep all options viable until such time as the Committee had considered the item thoroughly. The Secretariat should also hold a briefing on the matter in order to deepen Member States' understanding of each option.

14. **Ms. Norman** (United States of America) said that while the Secretary-General's report answered many of the questions that her delegation had raised in the past and provided strong quantitative and qualitative analysis, she was extremely concerned that such a far-reaching and time-sensitive question had been introduced in the final hours of the first part of the resumed session. The inexplicable delay had left Member States no time to review or discuss the reports, or take a decision, and could result in losing the opportunity to adopt the most cost-effective option. The delay was especially hard to comprehend given that all parties had been aware of the General Assembly's request for a new report for the past year. With the information provided in the Secretary-General's report and the clarification that could have been sought in the Committee's informal meetings, delegations might have been able to reach a decision at the current part of the session. Nevertheless, the Committee should learn from those mistakes and seek to reach agreement as soon as possible.

15. Her delegation had been critical of the Secretary-General's previous proposals to resolve the Organization's long-term accommodation needs, as they had not adequately addressed projected staff levels or considered all feasible alternatives. However, while recognizing that the Advisory Committee had raised a number of questions, her delegation believed that the Secretary-General's current report addressed many of its earlier concerns with regard to the definition of space requirements based on staffing projections; the cost, financing arrangements and risks of various options; and the range of options explored.

16. It was important to ensure adequate workspace commensurate with projected staffing needs. In that connection, her delegation looked forward to the promised benefits of Umoja, and supported the adoption of modern workplace practices, such as flexible workspace planning, to maximize the use of available space. Her delegation was also pleased to see that the Secretary-General's report had considered the concerns raised previously over the linkage between the continued lease of DC-1 and 2 and the proposed DC-5 building, by seeking to separate those two issues.

17. Option 3 would not require any up-front assessment for Member States, the construction risks would be borne by the United Nations Development Corporation, and the United Nations would have the option to purchase the building and the land for \$1 at the end of the lease. While the annual lease costs over the 30-year lease period would be somewhat higher than commercial leasing, the analysis indicated that the savings over the life cycle of the building would more than offset that cost. Although construction on the North Lawn would be the least expensive option, as the Organization already owned that land, the timeline for construction and the means of financing option 1 posed considerable risks. The current report explored a wide range of plausible, if not viable, options. While many other options could be examined, those presented were representative and sufficient for the Committee to make its decision.

18. There was convincing justification for approving option 3, although a number of questions, many of which had been raised by the Advisory Committee, would need to be answered before a decision could be taken. In that connection, she

asked at what staffing level all staff members could be accommodated in United Nations-owned buildings under options 1 and 3, with no excess space in those buildings and no requirement for commercially leased space. The Secretary-General's report demonstrated that option 1 was the least expensive in the long-term, but cautioned that it was high risk in terms of timing and financing. Given those risks, she asked whether that option was considered worthy of further analysis, or if, in reality, only options 3 and 4 were viable. As construction projects were subject to delays and cost overruns, the Secretary-General should assess the risk to Member States of incurring additional expenses and delays if options 1 or 3 were chosen, and the risk of increased costs for those two options if there were further delays in deciding which option to pursue. In that connection, since the Organization wished to change the lease requirements for DC-1 and DC-2, which would mean changing the terms of the memorandum of understanding between the host city and the host State, she asked how the United Nations was working to achieve those changes.

19. Her delegation was keeping an open mind, but in the light of the currently available facts and analysis, option 3 was the most viable and cost-effective option. However, the Secretary-General should ensure that all delegations had the necessary information, including responses to comments and recommendations by the Advisory Committee, well in advance of the Committee's discussions at the sixty-ninth session of the General Assembly. Lastly, the Secretary-General should continue negotiations with the United Nations Development Corporation on key issues, such as the DC-1 and DC-2 leases.

20. **Mr. Takasu** (Under-Secretary-General for Management), concurring with the comments made by delegations with regard to the late submission of documents, said that the Secretariat was taking steps to address the timing and structural issues surrounding the issuing of reports. The Secretariat would also be happy to organize a briefing on the different long-term accommodation options, as requested by the representative of Japan.

21. In response to the questions posed by the representative of the United States, he said that, if there was no growth in the population requiring accommodation outside premises already owned by the Organization, by 2018 office space would be

needed for some 3,200 members of staff, plus 850 UNDP staff members. Under the original design for a possible DC-5 building, over 3,000 people could be accommodated, meaning that 96 per cent of all staff could be accommodated in United Nations-owned buildings. However, in the light of the reduction in the estimated staff population, the design had been revised to accommodate some 2,400 people.

22. It did not make sense for the Organization to own only 50 per cent of the office space it needed. If the opportunity arose, the Organization should try to increase ownership, but the key question was whether Member States were willing to consider another major capital expenditure after the capital master plan and the strategic heritage plan. As the General Assembly had decided that major capital expenditure projects should not be implemented simultaneously, work on a new North Lawn building could not begin until 2023 at the earliest, when the strategic heritage plan of the United Nations Office at Geneva was expected to be completed. The timing and financing of option 1 therefore posed a number of risks, particularly as DC-1 and DC-2 would not be available at the preferential rental rate after 2023. Those factors were not problematic under option 3, as DC-5 would be built under a lease-to-buy agreement with the United Nations Development Corporation.

23. With regard to the risk of increased costs for options 1 and 3 if there were further delays in making a decision about which option to pursue, significant cost escalation was foreseen under option 1, as construction could not begin until after 2023 and construction costs would certainly increase before then. If option 3 were to be approved by the General Assembly, construction specifications and costs could be finalized early on in the process and therefore the risk of any cost escalation or interest rate fluctuations would not be borne by the Organization, but by the United Nations Development Corporation.

24. Lastly, with regard to the memorandum of understanding between the host city and the host State, which would expire if the land was not transferred to the United Nations Development Corporation before the end of 2015, he had been negotiating with the United Nations Development Corporation over the last two years for that

agreement to be extended. A dialogue had also been established with the New York City Mayor's office, which was a strong advocate of the DC-5 option. If the General Assembly were to adopt option 3, negotiations would have to take place between the host city, the host State and the United Nations Development Corporation, which would be the Organization's main interlocutor, but those negotiations could not begin until the Assembly had made a decision.

Agenda item 139: Human resources management *(continued)*

Mobility framework (continued)
(A/C.5/68/L.30)

Draft resolution A/C.5/68/L.30: Mobility framework

25. *Draft resolution A/C.5/68/L.30 was adopted.*

26. **Mr. Khalizov** (Russian Federation) said that the draft resolution was the fruit of complex negotiations and compromises among delegations, which had displayed a constructive approach and willingness to look for mutually acceptable decisions. While his delegation supported the principle of mobility and considered the policy an important instrument in diversifying the work experience of staff members and sharing the burden of service in difficult conditions more fairly, the Committee had raised a number of questions that had not yet been answered. Those questions related, inter alia, to the financial implications of the managed mobility policy; its impact on the selection and hiring of external candidates; how gender balance and the principle of geographical representation would be maintained; the legal implications for existing staff; and the terms of reference and jurisdiction of the job network boards. The Secretary-General should provide detailed answers to all those questions.

27. The Secretariat must use the time before the mobility policy was fully introduced to prepare transitional measures that would allow staff to adapt to the new work system, and to assess and mitigate possible risks associated with the implementation of the policy. Mobility should not become a goal in and of itself; rather, it should yield real results by increasing the effectiveness of the Organization's work. Given the number of outstanding issues and challenges, his delegation considered it highly likely

that the General Assembly would have to take further decisions to improve and clarify the modalities of the policy as the Organization prepared for the transition to mobility and during the initial period of its implementation.

Agenda item 140: Joint Inspection Unit

(continued) (A/C.5/68/L.33)

Draft resolution A/C.5/68/L.33: Joint Inspection Unit

28. *Draft resolution A/C.5/68/L.33 was adopted.*

Agenda item 146: Financing of the International Residual Mechanism for Criminal Tribunals *(continued)*

Construction of a new facility for the International Residual Mechanism for Criminal Tribunals, Arusha branch (continued)
(A/C.5/68/L.29)

Draft resolution A/C.5/68/L.29: Construction of a new facility for the International Residual Mechanism for Criminal Tribunals, Arusha branch

29. *Draft resolution A/C.5/68/L.29 was adopted.*

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

Special subjects relating to the programme budget for the biennium 2014-2015
(A/C.5/68/L.28)

Draft resolution A/C.5/68/L.28: Special subjects relating to the programme budget for the biennium 2014-2015

30. *Draft resolution A/C.5/68/L.28 was adopted.*

31. **Ms. Rios Requena** (Plurinational State of Bolivia), speaking on behalf of the Group of 77 and China, said that, pursuant to section VII, paragraph 11, of draft resolution A/C.5/68/L.28, the Group expected the Office of the Capital Master Plan to provide it as quickly as possible with office space in the Secretariat Building, with at least the same square footage as it had had before the initiation of the capital master plan, and with due regard to its functional needs. The Group would follow up on the matter with the Executive Office of the Secretary-General and the Office of the Capital Master Plan in the context of the twelfth progress report on the

capital master plan, with a view to ensuring a smooth relocation in line with its expectations.

Programme budget implications relating to the programme budget for the biennium 2014-2015 (A/C.5/68/L.34)

Draft decision A/C.5/68/L.34: Programme budget implications relating to the programme budget for the biennium 2014-2015

32. *Draft decision A/C.5/68/L.34 was adopted.*

33. **Mr. Neo** (Singapore), speaking on behalf of the Association of Southeast Asian Nations (ASEAN), said that ASEAN recognized the importance of capacity-building and the technical assistance in the field of human rights provided by the Office of the United Nations High Commissioner for Human Rights in consultation with and with the consent of Member States. ASEAN appreciated the Secretariat's recent clarification regarding the work of human rights capacity-building officers in the regional offices of the Office of the High Commissioner, according to which, should the work of those officers affect any State directly, it would be undertaken only in full consultation with that State, at its request or with its express consent. There could be no imposition of such services without the agreement of the State involved, in accordance with paragraphs 17 (a) and 19 of draft resolution A/68/L.37. ASEAN was of the view that those paragraphs should be considered together and should serve as parameters for the terms of reference of the work of capacity-building officers in the regional offices of the Office of the High Commissioner.

34. In view of the important and sensitive nature of capacity-building work, the Secretary-General should give due and proper consideration to the selection of candidates, in accordance with the principles of equitable geographical representation and gender balance, for appointment to the posts approved by the Committee.

Agenda item 132: Review of the efficiency of the administrative and financial functioning of the United Nations (continued)

Procurement (A/C.5/68/L.31)

Draft resolution A/C.5/68/L.31: Procurement

35. *Draft resolution A/C.5/68/L.31 was adopted.*

Progress towards an accountability system in the United Nations Secretariat (continued) (A/C.5/68/L.32)

Draft resolution A/C.5/68/L.32: Progress towards an accountability system in the United Nations Secretariat

36. *Draft resolution A/C.5/68/L.32 was adopted.*

Questions deferred for future consideration (A/C.5/68/L.35)

Draft decision A/C.5/68/L.35: Questions deferred for future consideration

37. *Draft decision A/C.5/68/L.35 was adopted.*

Completion of the work of the Fifth Committee at the first part of the resumed sixty-eighth session of the General Assembly

38. **Ms. Paik** Ji-ah (Republic of Korea), welcoming the adoption of the draft resolutions, said that Member States had once again united to help the Organization to deliver its mandates more effectively and efficiently. The Committee's deliberations had ended on schedule, with agreement reached on a number of important questions, clearly indicating that that was possible once delegations had set their minds to it. It was therefore regrettable that other, no less important, questions, such as the United Nations Partnerships Facility, had been deferred. She hoped that the Committee would maintain its commitment to the tasks before it and reach a consensus on those issues in the near future.

39. Some of the reports under consideration by the Committee had been issued late in the first part of the resumed session, leaving Member States with insufficient time to consider the related agenda items, and raising questions about the Committee's current working methods and whether enough time was allocated for the Secretariat and the Advisory Committee to produce and issue reports of the highest quality in a timely manner. Those structural aspects should therefore be reviewed.

40. Turning to the issue of mobility, she said that the adoption of the managed mobility system would help to create a more mobile workforce and allow

the strategic placement of staff. By offering staff the opportunity to work in diverse places and roles, the Organization would help to motivate them and prevent complacency. The Secretariat should, therefore, not only keep staff informed about the policy, but also strive to build a strong organizational culture based on the values of the managed mobility policy.

41. **The Chair** declared that the Fifth Committee had completed its work at the first part of the resumed sixty-eighth session of the General Assembly.

The meeting rose at 8.20 p.m.