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Chair: Mr. Rosenthal (Guatemala)
*Vice-Chairman of the Advisory Committee on Administrative
and Budgetary Questions:* Mr. Kelapile

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The meeting was called to order at 10.15 a.m.

Agenda item 130: Programme planning (*continued*)
(A/C.5/65/L.5)

Draft resolution A/C.5/65/L.5: Programme planning

1. *Draft resolution A/C.5/65/L.5 was adopted.*

Agenda item 129: Programme budget for the biennium 2010-2011 (*continued*)

Overseas property management and construction projects in progress (A/65/518 and A/65/351)

Revised estimates relating to the programme budget for the biennium 2010-2011 under section 20, Economic and social development in Latin America and the Caribbean, related to the relocation of the subregional headquarters in Mexico (A/65/518 and A/65/385)

2. **Mr. Sach** (Assistant Secretary-General for Central Support Services), introducing the report of the Secretary-General on overseas property management and construction projects in progress (A/65/351), said that, in its resolutions 64/243 and 64/245, the General Assembly had endorsed the recommendations of the Advisory Committee on Administrative and Budgetary Questions concerning the management of overseas properties and construction projects, including the Advisory Committee's view that the Office of Central Support Services should take a greater leadership role relating to construction, major maintenance and the overall management of overseas properties.

3. In that connection, the Office had instituted, in 2010, quarterly video conferences with the senior facilities managers of offices away from Headquarters. The 20-year strategic capital review, launched in May 2009, was ongoing and now required additional professional expertise so that it could accurately predict the Organization's long-term overseas facilities needs. Construction project guidelines for all United Nations facilities were being developed, an undertaking that would require the participation of all Secretariat offices. In addition, the Office provided support for the strategic heritage plan at the United Nations Office at Geneva and the proposed new common premises at the Economic and Social Commission for Western Asia (ESCWA).

4. On 1 April 2010, the Organization had entered into a contract for the construction of new office facilities for the Economic Commission for Africa

(ECA). The value engineering noted in the report ensured that construction costs would not exceed \$7.5 million; a contingency of *approximately* \$800,000 had been maintained. The contract provided an option for the construction of a seventh floor, which had been excluded from the original project scope in order to meet the approved budget while still maintaining the project directives. The United Nations Office to the African Union (UNOAU) and the African Union-United Nations Hybrid Operation in Darfur (UNAMID) had expressed an interest in relocating to the new office facilities. As a result, ECA, UNAMID and UNOAU were currently finalizing arrangements to exercise the option of building a seventh floor.

5. Although construction had been progressing well, the reliability of cement delivery was a growing concern. Meeting the construction schedule required the consistent delivery of 90 tons of cement per week. The Ethiopian Ministry of Foreign Affairs and ECA had been working together in order to overcome any difficulties. The project management team had been strengthened in 2010 with the addition of a senior project manager at the P-5 level. The team was also supported by a financial assistant, who monitored all aspects of the contract, and a liaison officer, who dealt with the host Government. The ECA shipping unit was coordinating duty-free privileges for the contractor.

6. The construction of additional office facilities at the United Nations Office at Nairobi was scheduled to be completed by December 2010; it was expected that the new offices would be fully occupied by mid-2011.

7. Introducing the Secretary-General's report on revised estimates relating to the programme budget for the biennium 2010-2011 under section 20 (A/65/385), he said that the Secretary-General proposed to relocate the subregional headquarters of the Economic Commission for Latin America and the Caribbean (ECLAC) to a new location in Mexico that met minimum operating security standards. The related requirements were summarized in the report. The General Assembly was requested to authorize the Secretary-General to enter into commitments up to an amount of \$1,758,800 under the programme budget for the biennium 2010-2011.

8. **Mr. Kelapile** (Vice-Chairman of the Advisory Committee on Administrative and Budgetary Questions), introducing the report of the Advisory Committee (A/65/518) concerning the Secretary-

General's report on overseas property management and construction projects in progress (A/65/351) and the Secretary-General's report on revised estimates relating to the programme budget for the biennium 2010-2011 under section 20, related to the relocation of the ECLAC subregional headquarters in Mexico (A/65/385), said that, with respect to the first-mentioned report, the Advisory Committee had emphasized the importance of better projection of mid-term and longer-term Organization-wide needs, as well as financial requirements for the maintenance of existing facilities and new construction projects. It had also stressed the central leadership and support role of the Office of Central Support Services in ensuring efficient planning and budgeting for United Nations properties and the effective management thereof. The Advisory Committee therefore urged the Secretary-General to conclude the strategic capital review expeditiously and develop a comprehensive approach to facilities management.

9. In his report, the Secretary-General stated that consultancy services might be required in the future to support the data collection efforts of the Office. While the Committee did not object to the use of specific expertise that was not available in-house, it wished to underline the responsibility and role of the Senior Overseas Property Officer (P-5), as well as the importance of drawing upon lessons learned and expertise accumulated in the planning and implementation of the capital master plan at Headquarters. The Advisory Committee expected that any future proposals for external expertise would fully take into account its concerns.

10. With regard to the construction of additional office facilities at the Nairobi Office, the Advisory Committee welcomed the progress made, which should ensure the timely completion of the project. The lessons learned should be utilized in other ongoing and future projects. The Advisory Committee also underlined the importance of avoiding delays and additional construction costs in the completion of the project at ECA.

11. Taking into account the comments in paragraphs 5 to 24 of its report, the Advisory Committee recommended that the General Assembly should take note of the Secretary-General's report (A/65/351).

12. With regard to the Secretary-General's report on the relocation of the ECLAC subregional headquarters in Mexico (A/65/385), the Advisory Committee recommended that the General Assembly should authorize the Secretary-General to enter into commitments in an amount up to \$1,758,800 under section 20 of the programme budget for the biennium 2010-2011. Actual expenditure should be reported in the context of the second performance report for the biennium.

13. **Mr. Al-Shahari** (Yemen), speaking on behalf of the Group of 77 and China, reiterated the Group's strong support for proper mechanisms and sound management structures in the implementation of construction projects. It therefore noted the progress made in enhancing the role of Headquarters in coordinating and supporting overseas property management and construction projects. Forums such as the Inter-Agency Network of Facilities Managers and the annual conference for facilities managers of offices away from Headquarters were vital to the development of strategic policy guidelines, the sharing of best practices and the identification of short- and long-term needs with the aim of facilitating the consideration of office space requirements and property management issues by Member States.

14. Although the Group welcomed the progress in building new office facilities for ECA, cooperation and collaboration with the host country authorities should be further enhanced. The Group strongly believed that the scope of the original design should be maintained. The Secretary-General should spare no effort to ensure that the conference facilities at ECA, including historic Africa Hall, were maintained at a level that was in keeping with the highest international standards and the stature and image of the United Nations.

15. The Group noted with appreciation the progress that had been made in the construction of additional office facilities at the United Nations Office at Nairobi. After long delays, the project was now scheduled to be completed before the end of the year. Experience with the project demonstrated the importance of proactive decision-making oversight by Headquarters and dedicated project management capacity. The important lessons learned should be shared and used to develop best practices for other construction projects.

16. The Group strongly supported the Secretary-General's proposal to relocate the ECLAC subregional

office to another location in Mexico. All appropriate measures must be taken to ensure the security of both United Nations staff and property.

17. **Mr. Coffi** (Côte d'Ivoire), speaking on behalf of the Group of African States, said the Group welcomed the progress that had been made in enhancing the role of Headquarters in coordinating and supporting overseas property management and construction projects. It also welcomed the progress that had been made in the construction of additional office facilities at the Nairobi Office and new office facilities for ECA in Addis Ababa.

18. The Group strongly believed that the ECA project should adhere to the original design, with seven floors and three elevators. It would therefore raise that matter in informal consultations. The conference facilities at ECA must be at a level that was in keeping with the highest international standards and the stature and image of the United Nations.

19. The Group had also taken note of the observations of the Office of Internal Oversight Services (OIOS) concerning the construction projects at UNON and ECA, and would seek clarification in that regard in informal consultations.

20. **Mr. Abay** (Ethiopia) noted with pleasure that significant progress had been made in the construction of new office facilities for ECA. His Government assigned great importance to the project, as had been demonstrated by the presence of the Prime Minister at the official ground-breaking ceremony. The Government had also granted the United Nations exclusive use, free of charge, of some 30,000 square metres of land adjacent to the existing ECA compound.

21. The Ethiopian authorities had granted ECA value added tax-free status in respect of goods and service for the project; continued to collaborate with ECA on the removal of a storm drain system that crossed its compound; and were working closely with it to ensure that needed construction supplies, including cement, were delivered in a timely and predictable manner.

22. His delegation emphasized the need to renovate historic Africa Hall and called on the Organization to ensure that the conference facilities at ECA were maintained at a level that was in keeping with the highest international standards and the stature and image of the United Nations.

23. His Government appreciated the unreserved effort and understanding of ECA and the relevant offices at Headquarters, and reiterated its support for the expeditious completion of the project.

24. **Mr. Sach** (Assistant Secretary-General for Central Support Services), responding to the question concerning the number of floors that the new office building at ECA would have, said that, when the report was being drafted, it had been unclear whether a seventh floor would be needed. However, since both UNOAU and UNAMID had decided to relocate to the new office facilities, the Organization intended to exercise the option to build an additional floor.

After-service health insurance: medical and dental reserve funds (A/65/342 and A/65/507)

25. **Mr. Ramanathan** (Accounts Division), introducing the Secretary-General's report on after-service health insurance: medical and dental reserve funds (A/65/342), said that the report had been prepared in response to the General Assembly's request for information on the composition of \$83.1 million of medical and dental health reserve funds. It had been proposed that those funds should be used to fund a part of the underfunded after-service health insurance liability.

26. In its resolution 64/241, the General Assembly had requested the Secretary-General to submit a report to the sixty-seventh session on managing after-service health insurance liabilities. The Secretary-General had begun to prepare detailed proposals on the matter.

27. The current report dealt only with the composition of the \$83.1 million that the Secretary-General had proposed should be transferred from the medical and dental reserve funds to an after-service health insurance reserve (A/64/366, para. 65 (a) (ii)). Those reserves were an amalgam of contributed funds and related investment income that had accumulated over a period of more than 20 years, based on contributions made by staff and retirees, as well as the United Nations and other participating United Nations entities. The reserves were used to stabilize the premiums payable by plan participants and mitigate premium volatility caused by variations in claim expenses each year.

28. While separate reserves were maintained for each plan, the balance in each reserve was not broken down by funding source. Both health insurance plan income

and claim data were based on participant information. Research had confirmed that the historical composition for each plan was not available because such information was not required for the administration of the plans. In addition, some participants had switched between the available plans or been transferred or loaned between the United Nations and the funds and programmes. Consequently, it was impossible to accurately determine the composition of the existing reserve balances in terms of their funding sources.

29. However, the composition of those balances could be determined by looking at how the reserves were utilized. Reserve balances were typically used to stabilize contributions for current participants, while “premium holidays” were used to distribute excess reserve balances to current participants and contributing United Nations entities. Should reserves fall below minimum requirements, they would be replenished through increased contributions by current participants. Thus, current participants and their current employers would reap the benefit or bear the burden of fluctuations in reserve balances.

30. While it was not possible to accurately allocate reserve balances on the basis of historical contributions and claims-related expenses, the premium holiday approach provided a reasonable method for determining the composition of health insurance reserve accumulations. The composition of the \$83.1 million had therefore been derived using that methodology and was presented in the annex to the report.

31. **Mr. Kelapile** (Vice-Chairman of the Advisory Committee on Administrative and Budgetary Questions), introducing the related report of the Advisory Committee (A/65/507), said that, according to the Secretary-General, the use of a premium holiday was considered the best approach for determining the composition of health insurance reserve accumulations. Using that methodology, the shares from contributions by the staff and retirees and the Organization amounted to \$24.1 million and \$59 million, respectively.

32. The Advisory Committee noted that, in his report on liabilities and proposed funding for after-service health insurance benefits (A/64/366), the Secretary-General had proposed to transfer the \$83.1 million from the health insurance reserves into an independent segregated after-service health insurance reserve fund. The Secretary-General was now proposing that the

premium holiday approach should be used to return a part of the \$83.1 million portion of the health insurance reserve funds to the various funding sources before the end of 2010.

33. The Advisory Committee was informed that, although it was technically possible to return a share of the health insurance reserve accumulations to Member States directly, rather than by means of a premium holiday, the benefit of the latter method was that contributions were returned to staff and Member States concurrently. Should contributions be returned to Member States directly, a modality for the return of the related staff contributions would need to be developed.

34. The Advisory Committee had also noted that there was a considerable discrepancy in the reserve balances of the various United Nations health insurance plans. The discrepancy meant that, for certain plans, in particular the medical insurance plan for locally recruited staff at certain duty stations away from Headquarters, the staff and the organizations concerned had been funding the plan at levels that significantly exceeded its cost and the requirements for a reasonable reserve. The Advisory Committee was of the view that efforts should be made to establish guidelines to ensure greater consistency in that regard.

Revised estimates resulting from resolutions adopted by the Economic and Social Council at its substantive session of 2010 (A/65/505 and A/65/319)

Revised estimates under section 23, Human rights, of the programme budget for the biennium 2010-2011, resulting from the increase in the membership of the Committee on the Rights of Persons with Disabilities (A/65/506 and A/65/400)

35. **Ms. Van Buerle** (Director, Programme Planning and Budget Division), introducing the Secretary-General's report on revised estimates resulting from resolutions adopted by the Economic and Social Council at its substantive session of 2010 (A/65/319), said that additional expenditure requirements estimated at \$34,100 would arise under section 9 of the programme budget for the biennium 2010-2011 for implementation of paragraphs 13 to 18 of Council resolution 2010/28 on the Ad Hoc Advisory Group on Haiti, which, inter alia, extended the mandate of that Group until the Council's substantive session in 2012. The Secretary-General proposed to absorb that

requirement in its entirety. Accordingly, no additional appropriation would be required.

36. Economic and Social Council resolutions 2010/17 and 2010/21 on the realignment of the functions of the United Nations Office on Drugs and Crime (UNODC) and changes to the strategic framework proposed the establishment of an independent evaluation unit under the Office of the Executive Director of UNODC. A P-5 post for Chief of the Unit had been administratively redeployed from subprogramme 2 to executive direction and management at the beginning of 2010. The General Assembly was therefore requested to approve the redeployment of one P-5 post of Chief, Strategic Planning Unit, from subprogramme 2, Policy and trend analysis, to executive direction and management, as Chief, Independent Evaluation Unit, under section 16, International drug control, crime and terrorism prevention and criminal justice.

37. Paragraphs 6, 7 and 13 of the draft resolutions which the Council had recommended for adoption by the General Assembly would not entail additional requirements under section 16 of the programme budget for the biennium 2010-2011. However, it was estimated that voluntary contributions in the amount of \$1,680,000 per biennium would be required in order for the Unit to function effectively. Resource requirements for the biennium 2012-2013 would be considered in the context of the proposed programme budget for that biennium. The action sought from the General Assembly was outlined in paragraphs 15 to 17 of the Secretary-General's report.

38. The Secretary-General's report on revised estimates under section 23 of the programme budget for the biennium 2010-2011 (A/65/400) detailed the additional budgetary requirements resulting from the increase in the membership of the Committee on the Rights of Persons with Disabilities. Article 34, paragraph 2, of the Convention on the Rights of Persons with Disabilities provided that the membership of the Committee was to increase by six members after the Convention had been ratified or acceded to by 80 States parties. As at 29 September 2010, there were 94 States parties to the Convention.

39. The Secretariat estimated that the additional requirements would amount to \$321,500 for 2011 and \$946,600 for the biennium 2012-2013. The estimated amount of \$12,400 would be met from within the approved appropriations under section 23, Human

rights, for the biennium 2010-2011, and the remainder of \$309,100 from the provisions of the contingency fund for the biennium 2010-2011. Resource requirements for the biennium 2012-2013 would be considered in the context of the proposed programme budget for that biennium.

40. The Secretary-General's conclusions and the actions requested of the General Assembly were set out in part VI of the report.

41. **Mr. Kelapile** (Vice-Chairman of the Advisory Committee on Administrative and Budgetary Questions), introducing the report of the Advisory Committee on revised estimates resulting from resolutions adopted by the Economic and Social Council at its substantive session of 2010 (A/65/505), said that the Secretary-General indicated in his report (A/65/319) that he would not seek appropriations over and above the level of funding approved in the programme budget for the biennium 2010-2011 to meet the additional requirement arising from resolutions adopted by the Council at its substantive session of 2010. The Advisory Committee did not object to the course of action proposed by the Secretary-General.

42. The Advisory Committee also recommended the approval of the Secretary-General's proposal to redeploy one regular-budget post from subprogramme 2, Policy and trend analysis, to executive direction and management in connection with the realignment of the functions of UNODC.

43. Introducing the report of the Advisory Committee on revised estimates under section 23 (A/65/506), he said that the additional requirements detailed in the Secretary-General's report (A/65/400) were related to the increase in the membership of the Committee on the Rights of Persons with Disabilities. The Secretary-General proposed to meet the additional requirement, estimated at \$321,500, from within the approved appropriations for the biennium 2010-2011 and from the contingency fund. Resource requirements for the biennium 2012-2013 would be considered in the context of the proposed programme budget for that biennium. The Advisory Committee did not object to the course of action proposed by the Secretary-General.

44. **Mr. Al-Shahari** (Yemen), speaking on behalf of the Group of 77 and China, said that the Group wished to emphasize that all mandates approved by the intergovernmental organs of the United Nations, particularly those related to development activities,

must receive predictable and adequate funding. The Organization must have the requisite resources and capacities to deliver mandates under each of the three main pillars: peace and security, human rights and development.

45. The Group supported the provision of the resources needed to meet the expenditure requirement arising from the extension of the mandate of the Ad Hoc Advisory Group on Haiti and the realignment of the functions of UNODC. The Group also supported the provision of the resources needed to meet the additional expenditure requirements arising from the increase in the membership of the Committee on the Rights of Persons with Disabilities.

The meeting rose at 11.25 a.m.