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Summary record of the 26th meeting

Held at Headquarters, New York, on Monday, 4 December 2006, at 10 a.m.

Chairman: Mr. Yousfi (Algeria)
*Chairman of the Advisory Committee on Administrative
and Budgetary Questions:* Mr. Saha

Contents

Agenda item 117: Programme budget for the biennium 2006-2007 (*continued*)

Capital master plan (continued)

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The meeting was called to order at 10.05 a.m.

Agenda item 117: Programme budget for the biennium 2006-2007 (*continued*)

Capital master plan (continued) (A/61/5 (vol. V), A/61/549 and A/61/595)

1. **Mr. Golovinov** (Russian Federation) said that his delegation, which attached great importance to the speedy implementation of the capital master plan, noted the substantial cost increases outlined in the Secretary-General's fourth annual report on the implementation of the capital master plan (A/61/549). It also noted that, over the past few years, the New York State and City authorities had shown reluctance to cooperate with the United Nations, especially with regard to the construction of a swing space building by the United Nations Development Corporation (UNDC), to be called UNDC-5, despite the fact that the United Nations presence in New York had become not only an integral part of the city's life but also a crucial component of its economy, and that the construction work involved in the capital master plan would bring the city even greater economic benefits. Nor did the United Nations receive interest-free credit from the host country. On the contrary, while Member States had lost several years waiting for the host country to come up with an appropriate contribution, the cost of the plan had increased by hundreds of millions of dollars. The United Nations was entitled to greater involvement by the host country in the financing of the plan and every possible assistance from the City and State authorities in resolving any practical problems that might arise.

2. As stated in paragraph 35 of the report, the United Nations would need to obtain bank guarantees in the form of letter of credit facilities. His delegation noted that the need for such facilities, for which Member States would have to pay somewhere between \$3 million and \$21 million, was due solely to the requirements of the United States construction industry, although according to the information provided by the Secretariat at the sixtieth session, such requirements had never before been imposed on the United Nations system. In that connection, his delegation welcomed the Secretary-General's proposal, in accordance with General Assembly resolution 60/282, for a mechanism to ensure that Member States that paid their assessed contributions for the capital master plan in full and on time would not bear

additional financial liabilities as a result of the use of credit facilities arising from arrears of payment by other Member States.

3. Previous statements by the Secretariat made it clear that the approved strategy of phased reconstruction of the Headquarters building had been based on the current staff schedules and organizational structure and did not imply any change in the methods of work, location or scheduling of any services or departments. In other words, after their temporary relocation to swing space buildings, all staff members must return to their refurbished premises.

4. Given the scale of the project and the proposed delegation of wide powers to the construction management company, it was crucial that the Organization's rules and procedures, and the relevant General Assembly resolutions, should be complied with to the letter. His delegation hoped that, in selecting a construction management company and in processing the subsequent numerous competitive tenders for subcontractors, the Office of Internal Oversight Services and the Board of Auditors would exercise the closest possible control.

5. Since the speedy and timely implementation of the capital master plan depended heavily on steady financing, his delegation would consider favourably the Secretary-General's proposals on allocating the essential financing for works planned for 2007. It also recognized the need to establish a working capital reserve. Since, however, a one-time assessment or a mix of one-time assessments and multi-year assessments, would theoretically make it possible either to do without credit facilities altogether or significantly to lower their cost, his delegation would be ready to consider the possibility of providing incentives for Member States that might wish to make a lump-sum payment to meet their commitments under the plan in full.

6. As for the overall level of the capital master plan budget proposed by the Secretary-General, he noted that Member States were faced with a difficult decision, in view of the Organization's unstable financial position, on the practical advantages of the proposed scope options, the cost of which would amount to \$230.4 million. His delegation would be asking the Secretariat a number of questions about such issues during the informal consultations. It looked

forward to constructive cooperation with all delegations in the Fifth Committee.

7. **Mr. Al-Ajmi** (Kuwait) said that, in view of the critical importance of the capital master plan in ensuring that United Nations Headquarters was improved and renovated, thus enabling the Organization to accomplish its mission, the Committee should adopt a draft resolution in order to ensure that works were completed on time and within budget. His delegation trusted that a solution to determining the scale of assessments would be shortly found to the satisfaction of all parties. Kuwait, which was fully committed to the United Nations, intended to pay its assessed contribution on time and in full, without any conditions, and hoped that other Member States would show a similar level of commitment. Much had been achieved, but there should be closer coordination and cooperation among delegations and the Secretariat.

The meeting rose at 10.20 a.m.