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Chair: Mr. Mavroyiannis. . . . . (Cyprus)

Chair of the Advisory Committee on Administrative and Budgetary Questions: Mr. Terzi

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19-20679 (E)

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

Agenda item 135: Proposed programme budget for 2020 (*continued*)

Administrative expenses of the United Nations Joint Staff Pension Fund (A/74/5/Add.16, A/74/7/Add.14, A/74/329, A/74/331 and A/74/331/Corr.1)

Administrative and financial implications arising from the report of the United Nations Joint Staff Pension Board (A/C.5/74/3)

1. **Mr. Owade** (Chair of the United Nations Joint Staff Pension Board), introducing the report of the United Nations Joint Staff Pension Board on the administrative expenses of the United Nations Joint Staff Pension Fund and on the work of the Pension Board's sixty-sixth session (A/74/331 and A/74/331/Corr.1), said that, following the change to an annual budget cycle, the report outlined the work of the Board's sixty-sixth session and the proposed budget for the Fund for 2020. Various studies had confirmed the long-term financial sustainability of the Pension Fund. In 2017 and 2018, the Fund had met its benchmark for benefits processing and there had been no backlog of entitlement cases. The Fund was currently processing more than 90 per cent of claims within the prescribed 15-day time frame, far exceeding the benchmark.

2. The Pension Board had taken appropriate action in response to the recommendations made by the General Assembly in its resolution 73/274. First, with regard to timely succession planning for the post of Chief Executive Officer, the Pension Board had, following a competitive process, recommended the appointment of Rosemarie McClean as Chief Executive Officer/ Pension Benefits Administrator, effective 1 January 2020. Second, with regard to the decision to replace the dual role of the Chief Executive Officer with two distinct and independent posts, namely, those of Pension Benefits Administrator and Secretary of the Pension Board, the Board had agreed on the job description, recruitment procedure and reporting lines for the Secretary of the Pension Board, and on the staffing of the Board secretariat.

3. Third, the Pension Board had examined the governance issues identified by the General Assembly, including the complex and long-standing matter of its size and composition. The Pension Board had recommended that the total number of Board seats with voting rights remain at 33, with an adjustment to allocate a seat to the International Organization for Migration. The Pension Board was committed to continuing the discussions on its size and composition until an outcome desirable to all, including the General Assembly, was reached. The Pension Board had renewed the mandate of its Governance Working Group to that end.

4. Fourth, the Pension Board had reviewed additional information on the impact of its proposed amendment to article 48 of the Pension Fund's Regulations, Rules and Pension Adjustment System to clarify the scope of the jurisdiction of the United Nations Appeals Tribunal in relation to the Fund's review and appeals procedure. The matter that the amendment was designed to address was primarily a governance issue rather than a legal issue. The Pension Board and the General Assembly had the prerogative to oversee and govern the Fund, while the administrative decisions of the Chief Executive Officer and the staff pension committees concerning the pension rights of individual participants and beneficiaries were subject to judicial review by the United Nations Appeals Tribunal. The General Assembly was requested to reaffirm its authority as the highest legislative and governing body of the Pension Fund by approving the proposed amendment.

5. In line with its usual practice, the Pension Board had established a Budget Working Group to consider the 2020 budget proposal; the Working Group had made recommendations for the Board's approval. The Pension Fund met all its own administrative expenses and, outside its core mandate, had a cost-sharing arrangement with the Organization for reciprocal services. In response to a request from the Advisory Committee on Administrative and Budgetary Questions, the Pension Fund and the Secretariat had agreed on a new cost-sharing methodology that better reflected reality and had resulted in a significant decrease in the net contribution to the Fund from the United Nations regular budget.

6. The 2020 budget proposal largely reflected the decisions taken by the General Assembly in its resolution 73/274. Specifically, the Pension Board proposed to establish an independent secretariat of the Board which would be responsible for the overall planning and delivery of a full range of services to the Board and its subsidiary bodies. In addition, the implementation of functional reporting across the Pension Fund had enabled the Pension Board to propose the redeployment of existing posts rather than the establishment of new posts. The proposal also reflected the long-term strategic objective of agility, providing for the use of general temporary assistance rather than the establishment of new posts in order to ensure the flexibility required to address changing processing demands resulting from the downsizing of peacekeeping missions. Moreover, the proposal provided for the

continuation of Fund call centres and the establishment of two client services liaison offices in Nairobi and Bangkok in order to enhance service delivery to beneficiaries in remote areas of Africa and Asia.

7. Electronic interfaces with member organizations and related processes would be improved to accommodate monthly reporting and reconciliation of contributions. In addition, initiatives to automate signature verification for certificates of entitlement and to establish a digital certificate of entitlement were in the pilot phase. Other priority areas highlighted by the Pension Board, including communication and administrative services, would also be strengthened.

8. The administrative expenses of the Pension Fund secretariat and the Office of Investment Management were paid out of the Fund's assets rather than the United Nations regular budget. There had been no increase in posts in the Office of Investment Management in six years, during which time the assets managed by the Office had grown by 36 per cent. The Pension Board was proposing an increase in the posts for the Office for 2020, which would be fully paid for by savings already realized by the Office. In fact, the proposed budget for the Office for 2020 was lower in dollar terms than that for 2019. The Fifth Committee was therefore encouraged to approve the proposed budget in order to enable the Office to meet its investment targets.

9. **Mr. Ramanathan** (Controller), introducing the report of the Secretary-General on the administrative and financial implications arising from the report of the United Nations Joint Staff Pension Board (A/C.5/74/3), said that it reflected the revised measurement methodology used for the cost-sharing arrangement between the Pension Fund and the United Nations, as requested by the General Assembly in its resolution 72/262 A.

10. The overall financial implications for the Organization arising from the report of the Pension Board, amounting to $7.8 million, represented the estimated cost of services related to the United Nations Staff Pension Committee provided by the Pension Fund to the United Nations, and were based on the revised measurement methodology. According to the latest information on the number of participants in the Pension Fund, $4.9 million of that amount was attributable to the regular budget and $2.9 million to the funds and programmes.

11. The proposed programme budget for 2020 had been prepared before the proposed budget for the Pension Fund had been finalized. Pending the finalization of the proposed budget for the Pension Fund and the recommendations of the Pension Board thereon, a provision of $7.2 million, after recosting, had been included under section l, Overall policymaking, direction and coordination, of the proposed programme budget for 2020, representing the share of the expenses of the Fund's central secretariat to be reimbursed by the United Nations which were attributable to the regular budget. Accordingly, should the General Assembly approve the proposals and recommendations of the Pension Board, a reduction of $2.3 million would be required under section 1.

12. **The Chair** drew attention to the statement by the Chair of the Audit Operations Committee of the Board of Auditors introducing the report of the Board on the financial report and audited financial statements of the United Nations Joint Staff Pension Fund for the year ended 31 December 2018 (A/74/5/Add.16). He also drew attention to the joint statement by the Secretary of the United Nations Joint Staff Pension Board and the Representative of the Secretary-General for the investment of the assets of the United Nations Joint Staff Pension Fund, introducing their report on the implementation of the recommendations of the Board of Auditors contained in its report for the year ended 31 December 2018 on the Pension Fund (A/74/329). The statements would be posted on the Fifth Committee website.

13. **Mr. Terzi** (Chair of the Advisory Committee on Administrative and Budgetary Questions), introducing the related report of the Advisory Committee (A/74/7/Add.14), said that the Advisory Committee noted the progress achieved in processing pension benefits in a timely manner and recommended that all efforts be made, including through enhanced cooperation between the Fund and member organizations, to eliminate the backlog by addressing the causes of delays in the payment of benefits. While welcoming the progress made in implementing General Assembly resolution 73/274, the Advisory Committee trusted that the Pension Board would provide further information on the independence of the Secretary of the Pension Board, including the draft terms of reference for the Secretary and the Pension Benefits Administrator, and on the related reporting lines.

14. With regard to the additional staffing requirements for the pension-administration component for 2020, the Advisory Committee recommended against the proposed establishment of one post of Human Resources Officer (P-3), one post of Information Systems Assistant (General Service (Other level)) and three general temporary assistance positions of Benefit Assistant (General Service (Other level)). In addition, the Advisory Committee noted that, in the peer benchmarking study used to justify the increased

staffing requirements for the Office of Investments Management, the optimum staffing level for the Fund had not been determined. The Advisory Committee recommended that the study and further justification for the requested posts be provided to the General Assembly at the time of its consideration of the Pension Board's report (A/74/331).

15. **Ms. Tarbush** (Observer for the State of Palestine), speaking on behalf of the Group of 77 and China, said that the Pension Board, which reported to the General Assembly, was the main oversight, policymaking and decision-making body of the Pension Fund, and had ultimate responsibility for the administration of the Fund and for the protection of the best interests of the Fund participants, retirees and other beneficiaries.

16. The Group noted the proposal to establish an independent secretariat of the Board, separate from the benefits-administration system, in accordance with General Assembly resolution 73/274. The Group would also examine the merits of the estimated budget for the Fund for 2020, which comprised costs of $1,781,800 relating to the secretariat of the Pension Board, $53,821,700 relating to the pension-administration component, $44,923,300 relating to the Office of Investment Management, and $1,608,000 relating to audit activities. The total estimate amounted to $102,134,800, representing an increase of $9,676,400 compared with the revised appropriation for 2019. The Group would analyse the factors that had contributed to the reduction in the budget estimates for the biennium 2018–2019, compared with the appropriation for the same period. It would also seek further information on the needs assessment that had informed the staffing proposals for member entities of the Pension Fund for 2020. In addition, while recognizing the work of the Governance Working Group on the issues of participation, rotation and equitable representation on the Pension Board, the Group noted that the composition of that Working Group ran counter to General Assembly resolution 73/274.

17. In 2018, the Pension Fund had processed 79.7 per cent of initial separations within 15 business days, exceeding the benchmark of 75 per cent and reducing the caseload inventory to manageable levels. The Group would nevertheless seek to understand how that benchmark and other related parameters were operationalized and applied in the processing of cases, particularly given the significant delays in the receipt of payments and the existence of a case backlog in the recent past. It would also seek information on the progress made in improving the functioning of the Integrated Pension Administration System, given that the issues that had arisen during the launch of the System had been resolved.

18. To prevent the recurrence of legacy issues related to benefits processing, the Pension Fund had increased its efforts to inform separating staff and member-organization focal points in the areas of human resources and finance, through pension briefings, pre-retirement seminars, pension clinics and workshops, of the separation process and the Fund's specific requirements for processing benefits, particularly for offices facing downsizing or closure. Those efforts should be strengthened. Noting that the ongoing growth in transactional volume related to active participants, combined with increasing numbers of individuals reaching retirement age and further increases in life expectancy, contributed to heavier workloads for the Pension Fund, the Group welcomed the Fund's commitment to enhancing its client-servicing capabilities and noted its plans to separate client services from operations. The Group also acknowledged the restructuring and renaming of the client services work units of the New York and Geneva offices as the Client Services and Outreach Section, and welcomed the establishment of two client services liaison offices in Nairobi and Bangkok.

19. As at 31 December 2018, the net assets available for benefits had been $60.7 billion, reflecting a decrease of about $3.5 billion from 31 December 2017. Despite that decrease, the Pension Board had noted that the Pension Fund was financially sound and that the Office of Investment Management had achieved the Fund's long-term objective to meet or exceed a real rate of return of 3.5 per cent over periods of 2, 3, 10, 15, 25 and 50 years. Financial markets were likely to be volatile over the near term as they tried to gauge and adjust to the future direction of fiscal and monetary policy and to geopolitical risks around the world. In that regard, the long-term sustainability of the Pension Fund was critical for participants, beneficiaries and Member States, all of whom would be affected by the financial implications and liabilities resulting from the loss of such sustainability. Investments must therefore meet the criteria of security, profitability, liquidity and convertibility.

20. As at 31 December 2018, the Pension Fund had investments in 102 countries and regions, including both developed and developing countries. The Fund's Investments Committee was encouraged to identify further opportunities for investment in developing countries, which continued to lag. The Group looked forward to receiving information on progress made in the geographical diversification of investments in the Pension Board's next report, as such diversification was

a reliable strategy for improving the risk-return profile of the Pension Fund over the long term.

21. The Group welcomed the report of the Board of Auditors on the financial report and audited financial statements of the United Nations Joint Staff Pension Fund for the year ended31 December 2018 (A/74/5/Add.16). The Board of Auditors had noted that, of the 38 outstanding recommendations as at 31 December 2017, 32 per cent had been fully implemented, 58 per cent were under implementation and 10 per cent had been overtaken by events. The Pension Fund should implement all the Board's recommendations in a timely manner and continue to provide detailed annual updates to explain any delays.

22. The Office of Internal Oversight Services (OIOS) had issued four audit reports to the management of the Pension Fund, including 18 important audit recommendations and 1 critical recommendation that had been accepted by the Fund's management. Those recommendations should be implemented expeditiously. OIOS had also carried out a fraud risk assessment in the Office of Investment Management.

23. **Ms. Norman-Chalet** (United States of America) said that the Pension Fund, valued at over $60 billion, provided vital resources to over 128,000 active participants and beneficiaries. Her delegation recognized the initiatives under way to provide new channels of communication to beneficiaries, including improvements to web-based services and client-service hubs. The implementation of the new client-grievance redressal mechanism was also encouraging. Despite the increase in the number of cases processed within the established 15-day benchmark, her delegation was concerned at the significant backlog of open workflows and called for enhanced efforts to address the causes of delays. Her delegation would take such efforts into account in addressing the budget proposal for the Pension Fund for 2020, and looked forward to discussing the application of the new cost-sharing methodology and its impact on the United Nations regular budget.

24. Although the Pension Board had done noteworthy work in the area of governance, much remained to be done to fully implement General Assembly resolution 73/274. The United States acknowledged the efforts of the Office of Investment Management to minimize the impact of market volatility on the sustainability of the Pension Fund and to achieve its target real rate of return. The Office's operational risk control framework should also continue to be strengthened.

25. **Mr. Chumakov** (Russian Federation) said that his delegation welcomed the progress made in ensuring the timely processing of pension benefits and the continuing ability of the Pension Fund to meet its annualized real rate of return target of 3.5 per cent. It noted with satisfaction the increase in the market value of the Pension Fund's assets to $67 billion. The measures taken to improve transparency and further diversify investments in terms of both geographical and asset class distribution while maintaining the four criteria of safety, profitability, liquidity and convertibility were appreciated.

26. His delegation fully supported the Pension Board's decisions on the work of the Governance Working Group, in particular its recommendation that the total number of Board seats with voting rights should remain at 33. While it believed that there was not currently sufficient justification for changing the Pension Board's size and composition, it did not object to adjustments to the representation of member organizations on the Board and it welcomed the Board's agreement to implement a review and rotation scheme for the adjustment of its membership on a regular basis.

27. His delegation endorsed the Pension Board's decisions concerning the focus of the work of the Standing Committee and the frequency of its meetings. Lastly, it supported the extension of the mandate and membership of the Governance Working Group until the Pension Board's next session.

Enterprise resource planning project (A/74/7/Add.17, A/74/153 and A/74/478)

28. **Ms. Pollard** (Under-Secretary-General for Management Strategy, Policy and Compliance), introducing the eleventh progress report of the Secretary-General on the enterprise resource planning project (A/74/478), said that the Umoja enterprise resource planning project, one of the most important reforms mandated by the General Assembly, was a major priority for the Department of Management Strategy, Policy and Compliance, as it was a key enabler of the Secretary-General's reforms.

29. During the reporting period, a broad range of projects involving new software solutions had been carried out under Umoja Extension 2. Umoja had been harnessed to support the implementation of reforms relating to management, peace and security, and the development system; the ageing hardware infrastructure of Umoja had been replaced; many functionalities had been enhanced; and a new platform had been rolled out to enable the use of Umoja on mobile devices and to improve user adoption. Concurrently, the project team had become self-sufficient in developing and

maintaining the system, eliminating the need for a systems integrator.

30. In its 2017 report on Umoja (A/72/7/Add.31), the Advisory Committee had noted that Umoja Extension 2 comprised some of the more strategic functions of the system, including planning and programming, budget formulation and supply chain management, and that the poor coverage of such functions under the previous systems had been one of the main factors leading to the decision to shift to an enterprise resource planning system. There were no standard solutions for some Umoja Extension 2 processes. Moreover, the United Nations was the first customer of SAP, the software vendor for the project, to use certain combinations of its products, and the functional and technical breadth and depth of Umoja had made it one of the most complex projects ever implemented by an SAP customer. Umoja Extension 2 deployments must therefore be planned cautiously and carried out judiciously.

31. Progress had been made in implementing a number of Umoja Extension 2 projects. For example, the strategic planning, budgeting and performance management solution now covered the entire cycle of programme planning, budgeting, implementation, performance monitoring and reporting, supporting the Secretary-General's focus on institutional results and improvement of transparency and accountability through results-based management. The uniformed capabilities management project represented a non-traditional enterprise resource planning solution designed to cover most of the processes involved in reimbursement to troop- and police-contributing countries for troops and contingent-owned equipment. The transportation management solution, the second release of which had recently gone live, supported the planning, execution and monitoring of the movement of goods from vendors to United Nations warehouses, transfers between and within missions, and the deployment, rotation and repatriation of contingent-owned equipment and personnel. That solution also included robust "track-and-trace" capabilities for real-time monitoring of the movement of goods, with alerts for unforeseen events.

32. The finalization of the software contract for the demand planning and supply network planning components of the Umoja Extension 2 supply chain management functionality had been delayed until September 2019, owing to challenges in negotiating the legal terms for the use of the SAP cloud-based software that had been identified for those components. They were now expected to be deployed in 2020. While the back-end information technology infrastructure of Umoja had already been mainstreamed into the Office of Information and Communications Technology, a number of business-facing functions, such as business demand management, requirements analysis, process improvement and standardization, testing and training, and deployment and post-deployment support, were required to sustain a "steady state" of operations within the enterprise resource planning environment. In his report (A/74/478), the Secretary-General described how those functions were being mainstreamed and the remaining challenges in that regard.

33. Resource requirements of $22.6 million were being requested for Umoja for 2020, after the application of an unused balance of $12.7 million carried forward from 2019. Project cost estimates had remained stable since the Secretary-General's eighth progress report (A/71/390), attesting to the continued financial discipline being exercised. The resource proposal also reflected a continuing reduction in the requirements for general temporary assistance and contractual services as part of the downsizing of project resources. The deployment of Umoja Extension 2 would require strong business engagement and the support of senior management in all business areas. At the same time, the Organization's operations depended on the smooth functioning of Umoja, which had also facilitated the management of the financial liquidity challenges facing the Organization. The continued support of the Fifth Committee was required to ensure that the project fulfilled its potential.

34. **The Chair** drew attention to the statement by the Chair of the Audit Operations Committee of the Board of Auditors introducing the note by the Secretary-General transmitting the eighth annual progress report of the Board on the implementation of the United Nations enterprise resource planning system (A/74/153).

35. **Mr. Terzi** (Chair of the Advisory Committee on Administrative and Budgetary Questions), introducing the related report of the Advisory Committee (A/74/7/Add.17), said that the Advisory Committee was concerned that Umoja had not been fully implemented within the approved timeline and budget, and that another extension of the project timeline, with further escalation of project costs, was required. The Advisory Committee requested that the Secretary-General provide to the General Assembly, at the time of its consideration of the eleventh progress report (A/74/478), a road map for the completion of the overall Umoja project and of each Umoja Extension 2 subproject by the end of 2020.

36. The Advisory Committee recommended that the General Assembly decide that the Umoja project would be closed on 31 December 2020 and request the

Secretary-General to take all necessary measures to ensure the full implementation of Umoja by that date. It was necessary to give priority to the completion of Umoja Extension 2 subprojects and to avoid expanding the project scope beyond elements that were essential to the proper functioning of the system and would not affect the timeline or costs of the project. The Advisory Committee also recommended that the General Assembly request the Secretary-General to submit the final report on Umoja for its consideration at the main part of the seventy-fifth session.

37. In addition, the Advisory Committee recommended that the General Assembly request the Secretary-General to include, in the proposed programme budget for 2021, a proposal on the methodology to be applied for the estimation of project costs in the maintenance period following the closure of the project. In order to reduce dependency on outside contractors and consultants, the Advisory Committee encouraged the Secretary-General to continue his efforts to organize specialized training for project staff aimed at ensuring institutional capacity to support Umoja. In view of the underexpenditure incurred in 2019, the Advisory Committee recommended that the General Assembly reduce the proposed resource requirements for 2020 by 3 per cent.

38. **Ms. Tarbush** (Observer for the State of Palestine), speaking on behalf of the Group of 77 and China, said that oversight of the Umoja project was essential and that the recommendations of the Board of Auditors should be implemented in full and without delay. The General Assembly had been informed that Umoja would provide essential support for the Secretary-General's reforms; enable more efficient and effective mandate implementation; and ensure accountability across the United Nations system, especially in the stewardship of resources.

39. The Secretary-General should closely monitor the implementation of Umoja Extension 2 and ensure that lessons learned from the implementation of Umoja Foundation and Umoja Extension 1 were proactively applied. The Group was dismayed that the project had not been fully implemented within the approved timeline and budget and that, despite repeated delays and ballooning costs, a further extension of the project timeline, to end-2020, had been requested, representing an additional cost to the Organization and Member States. The persistence of weaknesses in project planning and monitoring at the current, advanced stage of implementation was also a matter of concern.

40. Despite the significant financial resources spent on Umoja, the Secretary-General had not responded to the Assembly's requests for a final update on the total cost of ownership of the system and on the full extent of benefits realization, as well as a mainstreaming plan for the project. Corrective action must be taken to fully implement the project by end-2020, carry out mitigation measures to avoid further delays, and establish a clear and transparent record of the qualitative and quantitative benefits realized. In addition, the governing committees for Umoja should exercise stronger oversight over its deployment.

41. Given the environment of fiscal austerity and uncertainty throughout the Organization, a consistent standard of fiscal discipline should be applied to Umoja. The Group looked forward to receiving detailed updates on the deployment of Umoja Extension 2 and on its impact on supply chain management and reimbursements to troop- and police-contributing countries. The Group also wished to receive further information on measures taken to address the gaps in Umoja application controls and in the maintenance of master data identified by the Advisory Committee and the Board of Auditors.

42. **Ms. Norman-Chalet** (United States of America) said that, despite initial challenges related to governance and project management, Umoja remained one of the most important and transformational projects carried out by the Secretariat to date. A key enabler of the modernization and reform of the Organization's administration, Umoja was essential to enhancing transparency and improving the management of United Nations resources. Given the project's complexity, high value and importance to the efficient and effective management of the Organization, robust project management, as well as risk-assessment and mitigation measures, were required. Her delegation concurred with the recommendations of the Board of Auditors. While commending the efforts made to reduce the operational costs of the project and to achieve the quantitative and qualitative benefits outlined in the Secretary-General's eleventh progress report (A/74/478), the United States was concerned that the project's full implementation would be further delayed and generate additional costs. Member States had consistently provided funding, guidance and encouragement for the Umoja project; its full implementation should therefore not be further delayed.

43. **Mr. Tan** (Singapore) said that his delegation had supported the implementation of Umoja since its inception. There was merit in using digital solutions to improve efficiency, harmonize processes and increase transparency. Singapore therefore supported the Secretary-General's vision of an enterprise resource planning system that would streamline the

Organization's operations through process-re-engineering, data-sharing and the application of best practices, while ensuring accountability. His delegation also found it encouraging that the Umoja user base had expanded to over 43,000 users in 420 locations and that the majority of users found the project to be beneficial.

44. His delegation was concerned at the repeated extensions of the timeline and significant escalation of the costs of the Umoja project. It was baffling that a project whose purported benefits included increased savings and efficiency was expected to take three times as long to complete and cost twice as much as originally estimated, at $1.43 billion. The Secretary-General must take urgent measures to ensure that Umoja was fully implemented and that the related benefits realization plan was completed, without further delay or cost increases. His delegation would examine the request for additional resources but stressed the need to avoid extensions of the timeline beyond 2020.

45. The recommendations of the Board of Auditors should be implemented in a timely manner. His delegation was particularly concerned about two issues that had been highlighted by the Board and the Advisory Committee. First, there was a persistent risk of fraud owing to gaps in application controls for the processing of vendor payments, and in the maintenance of master data. To mitigate that risk, the Secretary-General should ensure that the execution of daily payment proposals was automated; that the exceptions for which the execution of ad-hoc payment proposals was required were minimized; and that the master data for banking details were reviewed in order to address cases in which multiple vendors were associated with the same bank account. Second, it was necessary to develop a mainstreaming plan for Umoja, given the importance of ensuring the capacity required to maintain the system and enhance its resilience against shocks, with minimal dependency on external expertise. He looked forward to the Secretary-General's update on that issue in his final report, including on measures taken to strengthen in-house training and capacity-building. Singapore continued to support initiatives that improved the Organization's effectiveness, accountability and transparency, and would work to ensure that the promises of Umoja were fulfilled.

46. **Mr. Chumakov** (Russian Federation) said that, while Member States frequently expressed concern about the progress of the Umoja project, they should also acknowledge the tremendous efforts of the current Umoja Project Director and his team, who had inherited a difficult task. While a sum of $248 million had initially been earmarked for the project, costs had exceeded $1 billion and project implementation had been severely delayed. Furthermore, the promised hundreds of millions of dollars of savings had yet to materialize, and Member States had still not received a benefits realization plan despite repeated requests to that effect in General Assembly resolutions.

47. His delegation was deeply concerned that the Secretary-General did not intend to complete the deployment of Umoja within the established timeline and budget and had not provided a plan for the full implementation of the Umoja system, as requested by the General Assembly. It was disappointed that the Secretary-General's report (A/74/478) did not contain transparent information on progress towards project finalization and that no expected completion date was given. In that connection, the Umoja Project Director should provide a road map, including timelines, for the full deployment of Umoja and all six subprojects of Umoja Extension Module 2.

Construction and property management (*continued*) (A/74/7/Add.15 and A/74/343)

48. **Mr. Ramanathan** (Controller), introducing the report of the Secretary General on progress on the replacement of office blocks A–J at the United Nations Office at Nairobi (A/74/343), said that, according to the updated project schedule, the project was expected to be completed in 2023, with closeout activities continuing into 2024. Despite a minor redistribution of costs between 2020 and 2021, the total projected cost of $66.26 million remained unchanged.

49. During the reporting period, significant progress had been made in the design phase of the early-works component of the project, and a request for proposals to solicit the services of a professional design firm for the implementation of flexible workplace strategies had been issued in May 2019. The new-building component included the construction of a right-sized building or buildings to address space needs after the demolition of the ageing office blocks A–J and the introduction of flexible workplace strategies. Project management had also been strengthened owing to the appointment of a project manager at the P-5 level, and to successful recruitment for other key positions in the project team, which had been filled in late 2018 and early 2019.

50. The General Assembly was requested to approve the establishment of a multi-year construction-in-progress account for the project, approve the rollover of the unspent balance from 2019 to 2020, and appropriate an amount of $10,490,100 for project activities in 2020. The project would ensure safe, accessible and modern office accommodation and operational facilities for all United Nations entities requiring secure office space in

Nairobi, without any need for significant further investment in office space for a minimum of 20 years.

51. **Mr. Terzi** (Chair of the Advisory Committee on Administrative and Budgetary Questions), introducing the related report of the Advisory Committee (A/74/7/Add.15), said that the Secretary-General had not provided an updated project proposal, including refined information on scope, maximum overall costs and implementation strategy, as requested by the General Assembly in its resolution 73/279. The Advisory Committee was particularly concerned that the scope of the project might not be finalized before the end of 2020, and recommended that the General Assembly request the Secretary-General to present, in his next progress report, the full scope of the project, including details on actual space requirements and the number and specifications of the new buildings, for the Assembly's approval. The Advisory Committee was further concerned at the six-month slippage in the project schedule and trusted that the Secretary-General would closely monitor and mitigate risks in order to ensure the project's completion within the scope, budget and timeline to be approved by the General Assembly.

52. Before proceeding further with the introduction of flexible workplace strategies, the Secretary-General should provide a status update and information on any feedback received from tenants on the related pilot projects, as well as on agreements from tenants regarding their intentions to implement flexible workplace strategies and to provide the related financial resources. The Advisory Committee recommended that the General Assembly request the Secretary-General to establish a multi-year construction-in-progress account for the United Nations Office at Nairobi.

53. **Mr. Katkhuda** (Observer for the State of Palestine), speaking on behalf of the Group of 77 and China, said that the Group was grateful to the Government of Kenya for its continued support for the work of the United Nations Office at Nairobi, in particular the ongoing construction project. In addition to its donation of 140 acres of prime land, the Government had made significant investments in the Gigiri area where the Office was located. The host country agreement also provided for privileges and immunities that would help minimize project costs, including duty exemptions covering contracts, construction materials, equipment and infrastructure. However, the Secretary-General should continue to engage with Member States to seek voluntary contributions and other forms of support for the project.

54. The Group welcomed the establishment of a host country liaison subcommittee on infrastructure and development, which was working closely with the project management team to expeditiously implement host country-led infrastructure improvement projects in the Gigiri area. Close cooperation between the United Nations Office at Nairobi and the Government of Kenya should continue throughout the project implementation period.

55. The Group attached great importance to the promotion of an effective work environment. The replacement of office blocks A–J would contribute to the proper management of the Organization's property by ensuring workplace safety and security, as well as general improvements in working conditions, and by addressing issues related to compliance with seismic mitigation codes and to the optimization of efficiency and space utilization. The project was one of the main components of the 20-year strategic capital review of the United Nations Office at Nairobi, the aim of which was not only to construct a new office block but also to ensure that the Office had sufficient office space to accommodate all foreseeable United Nations-related requirements, and that both new and existing office space was utilized in the best possible manner, taking into account flexible workplace strategies. The project must be completed within the approved timeline and budget, and the Secretary-General must continue to conduct regular studies in order to increase potential rental income.

56. It was essential to establish a sound governance and oversight structure for the project, including by implementing effective management and accountability measures. The Group noted that the governance structure proposed in the Secretary-General's 2017 report (A/72/375) remained unchanged, ensuring consistency and continuity as the critical construction phases of the flexible-workplace-strategies and new-building components began. Coordination and oversight by the Global Asset Management Policy Service were also essential to ensuring the seamless implementation of project activities. The Group trusted that, in carrying out the project, the Secretary-General would continue to build on lessons learned and best practices identified in the area of project governance. Further, in refining the scope of works and the cost estimate for the flexible-workplace-strategies component, the Secretary-General should apply the lessons learned from the related pilot projects.

57. Risk management was essential to the implementation of any project. In his report (A/74/343), the Secretary-General had noted that there had been a relatively low but increasing level of confidence that the project would be completed within the approved budget, and had identified the main risks to implementation. The

Group trusted that he would closely monitor and mitigate those risks in order to avoid unnecessary delays and ensure the timely completion of the project.

58. **Mr. Mmalane** (Botswana), speaking on behalf of the Group of African States, said that the Group was grateful to the Government of Kenya for supporting the United Nations Office at Nairobi, including the construction project, and acknowledged the Government's coordination with the host country liaison subcommittee on infrastructure and development on projects to develop infrastructure in the Gigiri area.

59. In its assessment of office blocks A–J, conducted in 2014, the United Nations Office at Nairobi had identified issues such as sagging roofs, fire hazards, problematic floorplate geometry, and building inaccessibility. Those findings had established that the blocks, which had originally been designed to be temporary, had long reached the end of their useful lives. The Secretary-General was to be commended for bringing the buildings into line with current codes by addressing such matters as compliance with industrial health and safety standards and seismic codes, the presence of hazardous materials, accessibility and the optimization of energy efficiency.

60. During the reporting period, the focus of the project had been mainly on the implementation of early works to repurpose the publishing services building as swing space during construction, and on the introduction of flexible workplace strategies across the Gigiri complex. The implementation of the project in such a phased manner was effective and could lead to cost efficiencies. One of the challenges to the introduction of flexible workplace strategies was the lack of consensus among tenants to adopt such strategies owing to, inter alia, the required investment, by non-Secretariat tenants in particular, in information technology equipment and furniture. The Group noted that information on measures taken to address that issue had not been included in the Secretary-General's current report (A/74/343), and looked forward to receiving such information in his next report.

61. The Group noted that recruitment for most of the positions approved for the project team and support staff had been concluded and would seek updates on the status of those positions for which recruitment was still in progress. The Group supported the staffing proposals for the project for 2020. In addition, it welcomed the establishment of a risk management strategy and a risk register for the project, and called for the continued implementation of risk mitigation strategies to ensure that costs and timelines were not unduly affected. It was also imperative to establish appropriate governance and oversight mechanisms for the project. In that regard, coordination and oversight by the Global Asset Management Policy Service was essential to the achievement of synergies and the application of best practices identified and lessons learned from other capital projects.

62. The Group looked forward to discussing the proposal to establish a multi-year construction-in-progress account for the project with a view to achieving a positive outcome. The Group also trusted that measures were being taken to use local capacity, including local materials, as called for by the General Assembly in previous resolutions relating to construction projects.

63. **Mr. Amayo** (Kenya) said that, as the host of the United Nations Office at Nairobi, Kenya attached great importance to the Office and had invested significantly in ensuring that the environment therein was conducive to the effective and efficient fulfilment of the Organization's mandates. His Government was committed to honouring its obligations and responsibilities in conformity with the headquarters agreement.

64. By its resolutions 72/262 A and 73/279 B, the General Assembly had appropriated a total of approximately $7 million for the project for the period 2018–2019. Kenya welcomed the projected expenditure of approximately $13 million for 2020. It noted the six-month slippage in the early-works phase owing to delays in the design and tendering processes, and encouraged the establishment of adequate mitigation measures to avoid further delays.

65. Over the years, his Government had invested in the improvement of infrastructure in the Gigiri area, in particular road expansion and dualling, signalling at major intersections and the construction of link roads. The expansion of utility services to support the area was also under consideration. The replacement of office blocks A–J would enable improvements to the existing buildings, in particular to electrical, mechanical and plumbing services, fire safety, accessibility, energy efficiency and sustainability. The project would thus extend the buildings' useful life and minimize major capital investment requirements for the next 20 years, while enhancing space utilization. His delegation supported the establishment of a multi-year construction-in-progress account for the project in order to ensure project continuity. The presence of the United Nations Office at Nairobi in Africa demonstrated the commitment of that continent to multilateralism and a rules-based world order. That legacy should be

consolidated, and more opportunities to support the needs of the Organization from Africa should be found.

Request for a subvention to the Extraordinary Chambers in the Courts of Cambodia (A/74/7/Add.16, A/74/281 and A/74/359)

66. **Mr. Ramanathan** (Controller), introducing the report of the Secretary-General on the request for a subvention to the Extraordinary Chambers in the Courts of Cambodia (A/74/359), said that the report outlined the substantive progress made by the Chambers on each judicial case, presented information on the continuing financial challenges facing them and set out the revised resource requirements for the national and international components for 2020.

67. Despite the extensive fundraising efforts made by the Secretariat in coordination with the Chambers steering committee, voluntary contributions to the international component, combined with the commitment authority approved by the General Assembly in its resolution 73/279 A, had been insufficient to cover the 2019 budget. The Chambers had therefore avoided and deferred expenses so that they could perform their essential functions within the available resources, including by freezing recruitment against vacant posts, except in cases where hiring was required for the uninterrupted continuation of judicial proceedings, and by curtailing expenses in areas such as travel, operating costs and contractual services. Those measures were projected to result in a cost reduction of $2.5 million, or 15.6 per cent of the approved budget for the international component for 2019, and were expected to continue in 2020.

68. The commitment authorities approved by the General Assembly had enabled the United Nations to support the Chambers in ensuring accountability for crimes committed by the Khmer Rouge between 17 April 1975 and 6 January 1979. In that regard, he appreciated the observations made by OIOS in its report on an audit of the international component (A/74/281), in which the Office had recognized that the support provided to the Chambers had enabled them to uphold due process and the rule of law through their demanding work. Although aggressive outreach and fundraising efforts would continue, given the aforementioned considerations, the General Assembly was requested to approve an appropriation for a subvention for the international component in the amount of $8.5 million for 2020, taking into account the projected voluntary contributions of approximately $5.5 million.

69. **Ms. Ndiaye** (Under-Secretary-General for Internal Oversight Services), introducing the report of the Office of Internal Oversight Services (OIOS) on an audit of the international component of the Extraordinary Chambers in the Courts of Cambodia (A/74/281), said that OIOS had carried out the audit pursuant to General Assembly resolution 73/279 A. Conducted in New York and Phnom Penh between February and May 2019, the audit had been aimed at assessing whether the operations of the international component of the Chambers were effective and efficient in supporting the fulfilment of the component's mandate.

70. As at 13 March 2019, the Chambers had completed three cases, while four cases had been ongoing and at various stages of completion. The United Nations Assistance to the Khmer Rouge Trials, the administrative mechanism supporting the Chambers, had been preparing quarterly completion plans in collaboration with the judicial chambers and offices, which had been providing projections for case timelines. Several factors had prevented the attainment of the milestones indicated in the completion plans, including the unpredictable nature of trials and judicial processes, funding challenges and the need to review and revise a large number of previously-transcribed documents. The United Nations Assistance to the Khmer Rouge Trials had established efficiency-enhancing measures and streamlined processes to address the funding challenges and respond to dynamic operational requirements. For example, to ensure that staff turnover did not affect judicial activities, the United Nations Assistance to the Khmer Rouge Trials had filled all critical posts, including with short-term staff, contractors and consultants, and had implemented adequate controls over general operating expenditure.

71. OIOS had recommended that the United Nations Assistance to the Khmer Rouge Trials liaise with the judicial chambers and offices to ensure that translation requirements were duly communicated and considered in the projection of completion timelines for the remaining cases. The Office had also recommended the establishment of mechanisms to monitor compliance by foreign lawyers serving as members of the defence teams of the Chambers with the requirement, established by the Bar Association of Cambodia, that such lawyers maintain their registration with the bar association of their country of origin. In addition, the Office had recommended the review and renegotiation of the memorandum of understanding between the United Nations Assistance to the Khmer Rouge Trials and the Economic and Social Commission for Asia and the Pacific (ESCAP) for the provision of select administrative support services to the former. Lastly, the Office had recommended that the United Nations Assistance to the Khmer Rouge Trials ensure that staff

completed mandatory training and performance appraisals in a timely manner. The United Nations Assistance to the Khmer Rouge Trials had fulfilled all those recommendations except for the recommendation to review the memorandum of understanding with ESCAP, which was under implementation. An update on the status of implementation of that recommendation would be provided to the General Assembly at its seventy-fifth session.

72. **Mr. Terzi** (Chair of the Advisory Committee on Administrative and Budgetary Questions), introducing the related report of the Advisory Committee (A/74/7/Add.16), said that, while the Advisory Committee noted the completion of investigations and the issuance of closing orders in specific outstanding cases, it encouraged the Chambers to take all necessary measures to expedite case completion, including more effective planning, while respecting the requirements of the judicial process. The Advisory Committee also recommended that the General Assembly request the Secretary-General to expedite the finalization of the framework for the completion of the work of the Chambers, pursuant to General Assembly resolution 73/279 A, and the identification of possible residual functions.

73. The Advisory Committee appreciated the sustained contributions by the Government of Cambodia to the national component of the Chambers. It also trusted that the impact of the cost-saving measures taken to address the funding challenges faced by the international component would be kept under review in order to avoid detrimental effects on the expeditious completion of cases. In view of the projected funding shortfall in the international component for 2020, the Advisory Committee recommended that the General Assembly authorize the Secretary-General to enter into commitments in an amount not to exceed $7 million, in order to supplement the voluntary financial resources of the international component for 2020 as a bridging financing mechanism.

74. **Mr. Katkhuda** (Observer for the State of Palestine), speaking on behalf of the Group of 77 and China, said that the Group commended the judicial officials and staff of the Chambers on their dedication in fulfilling the Chambers' mandate under challenging circumstances. The Chambers should expedite the completion of cases through more effective planning, while fully respecting the requirements of the judicial process.

75. The Group attached great importance to the efficient and effective operation of the Chambers. In that regard, it was pleased that OIOS had found the controls over the Chambers' general operating expenditure to be sufficient. The Group also gave priority to ensuring adequate and sustainable financing for the Chambers in order to facilitate the smooth and efficient dispensation of justice.

76. The Group commended the provision by Cambodia of most of the funding for the national component for the previous five years, and the provision of extrabudgetary resources by Member States. It was nevertheless concerned at the persistent financial challenges facing the Chambers, with voluntary contributions having decreased from $17.7 million in 2015 to $6.3 million in 2019. The Group welcomed the cost-saving measures taken by the Secretary-General to address the shortfall in contributions; the Secretary-General should continue his efforts to mobilize funds for the Chambers through voluntary contributions from Member States.

77. The international community must ensure that the Chambers had the necessary financial means to guarantee accountability for the crimes perpetrated during the Khmer Rouge regime, as a failure to do so would constitute a major setback in the quest for justice for the people of Cambodia and in the fight against impunity. The Group thus supported the Secretary-General's request for a subvention to supplement the extrabudgetary resources for the Chambers for 2020.

78. **Mr. Ke** (Cambodia) said that Cambodia welcomed the Secretary-General's report (A/74/359) and supported his request for a subvention for the international component for 2020, which would enable it to carry out its work smoothly and effectively. His Government would provide a direct contribution of $3.8 million to the Chambers, of which $1.6 million would be applied to general operational costs and $2.2 million would be applied to staff salary payments for the first six months of 2020. The Government looked forward to receiving support from the Organization for its efforts to raise funds to cover the remaining shortfall of $1.24 million for 2020. He thanked the Chambers steering committee, the principal donors group and the group of interested States for their support for the cause of justice in Cambodia.

The meeting rose at 11.55 a.m.