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Chairman: Mr. Bródi . . . . (Hungary)

Chairman of the Advisory Committee on Administrative and Budgetary Questions: Ms. McLurg

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09-25493 (E)

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

Agenda item 118: Programme budget for the biennium 2008-2009 (*continued*)

Capital master plan (A/63/5 (Vol. V), A/63/266, A/63/477, A/63/582 and A/63/736)

1. **Mr. Adlerstein** (Assistant Secretary-General for the Capital Master Plan), introducing the Secretary-General's sixth annual progress report on the implementation of the capital master plan (A/63/477), with an accompanying computerized slide presentation, said that the capital master plan was on schedule and would be completed by mid-2013, which was consistent with the dates reported in the fifth annual progress report. The renovation of the Secretariat, Conference and General Assembly Buildings would require the temporary relocation of many departments and offices to on-site or off-site swing space. Following a groundbreaking ceremony held in May 2008, the construction of the temporary North Lawn Building — the primary on-site swing space — was well under way, with the steel structure completed, concrete foundations being laid and the metal skin soon to be installed, after which interior work would commence. Once completed, in the autumn of 2009, the temporary building would initially house conference facilities and subsequently the functions of the General Assembly Building, as well as providing office space for the Secretary-General and other important functions. Its first floor would house the large conference chambers, some small conference rooms, the Delegate's Lounge and the press area; the second floor would contain medium and small conference rooms, the Advisory Committee's offices and conference room, the offices of the President of the General Assembly, the temporary Café Austria, lounge areas, office space for security, and other functions required to remain in the compound; while the third floor would house the Secretary-General and his Executive Office. The Secretary-General, his closest staff and the Conference Building functions would move into the temporary building after the general debate at the sixty-fourth session of the General Assembly.

2. During the renovation of the Secretariat and Conference Buildings, the First Avenue vehicle entrance would be split to separate Member States' access from construction activity. The South Annex, including the staff cafeteria, would remain in operation, with the dining area divided to create separate areas for staff and delegates. In addition to the temporary North Lawn Building, existing space in the basements of the complex would be used to provide swing space for offices and other functions, including temporary storage. The primary data centre would migrate out of the Secretariat into the second basement level under the North Lawn, starting in late autumn 2009; while some demolition work on the Secretariat would occur in 2009, it would mostly be carried out after the data migration was completed.

3. With regard to off-site swing space, most staff members relocated from the Secretariat would be moved to newly leased or existing leased space in the vicinity. In addition to the two new leases — for the Albano building on East 46th Street and the United Nations Federal Credit Union (UNFCU) building in Long Island City — discussed in the fifth annual progress report (A/62/364), a third lease, for 14 floors of the 380 Madison Avenue building, had been signed after approval of the accelerated strategy. The relocation plan identifying the appropriate locations for all departments during the renovation period had been finalized after negotiation and had guided the design of the swing space, which was currently being fitted out. The additional space required by some departments as a result of continued growth in the 14 months since approval of the accelerated strategy was funded through the Facilities Management Service, which was working closely with the capital master plan team to ensure the most efficient use of space in meeting the Organization's complex leasing needs. A total of 1,871 staff members would relocate to 380 Madison Avenue, 667 to the Albano building and 223 to the UNFCU building, on three floors. Possible uses for the fourth leased floor of the UNFCU building, originally intended for a secondary data centre, were being explored. Staff and delegate services, including club rooms, classrooms and the Medical Service, would also be moved to appropriate locations in the swing space buildings.

4. As the conference function was gradually migrated from the Conference Building to the temporary North Lawn Building, beginning in November 2009, the renovation of Conference Rooms 4, 5 and 6, intended to temporarily house the Security Council, would be under way. Once all the conference functions had been migrated, by early 2010, the wholesale renovation of the Conference Building

would begin. Upon its completion in late 2011, the Conference Building functions would return to their home, the temporary North Lawn Building would be reconfigured to host the General Assembly functions and the renovation of the General Assembly Building would begin.

5. While some Secretariat staff had already been relocated, including library staff to the Daily News building and the staff of the Office of the Capital Master Plan from the Daily News building to the Dag Hammarskjöld Library Building, most moves — of staff, files, commercial services, the press and other functions — would occur between June and August 2009, when they would be least disruptive to the Organization's work. According to the move schedule, distributed to all departments and offices in January 2009, most offices would be relocated at the weekend, again to limit disruption, with about 400 to 500 workstations expected to be moved each weekend.

6. The level of sustainable design that had been incorporated into the project, contributing to the aim of "greening the United Nations", was a source of pride. The environmental performance of the Headquarters complex would be significantly improved upon the completion of the capital master plan project. In particular, energy consumption would be reduced by a projected 44 per cent compared with existing conditions, an improvement over the 40 per cent figure reported previously, through the implementation of design initiatives in several key areas. Firstly, with the goal of reducing energy leakage, the building envelope would be improved by replacing the existing single-glazed curtain wall with a new high-performance double-glazed curtain wall and automated interior shades to control heat gain and maximize the use of natural light, as well as by installing new insulation and other energy-conserving measures on roofs and exterior walls to reduce heat transfer in both summer and winter. With the rigorous process of selecting a curtain wall manufacturer, through the construction manager, Skanska, soon to be completed, the signs were good for a purchase within budget. Secondly, an improved heating, ventilation and air-conditioning system, involving the replacement of the existing distribution system with a new air-water mixed distribution system; the installation of a new automated building management system using centralized computer technology; and the replacement of low-efficiency steam-driven chillers with higher-efficiency electric chillers to obtain a very efficient hybrid steam-electric chiller plant, would save operating costs and lower the Organization's carbon footprint for decades. Thirdly, the lighting systems would be improved by replacing all light fixtures with high-efficiency lamps; installing occupancy sensors to turn off lights automatically when a space was unoccupied; and employing a daylight harvesting system to automatically control artificial light levels in response to natural light levels.

7. If the budget permitted, at least two demonstration projects were being considered. Alongside plans to install photovoltaic cells on the Library roof, a far more comprehensive building-integrated photovoltaic installation for the Secretariat tower curtain wall was being designed. The complete installation, which complemented the solar roof panels already budgeted within the project, and would require a donor under the donation policy, would make a very visible and strong statement regarding the United Nations commitment to alternative power generation. A possible wind energy demonstration project and other sustainable measures were also being studied.

8. Since a critical goal of the capital master plan was to improve security conditions within the compound, all security and safety systems and infrastructure would be significantly upgraded. The Office of the Capital Master Plan worked very closely with the Department of Safety and Security, which was in regular communication with the host country on all aspects of building security. The United Nations and the host country were in full agreement on the security standards that applied to the capital master plan. Security improvements would, inter alia, include hardening buildings and altering vehicle travel patterns in the basements. The capital master plan would also result in changes to the use of the Service Drive by delivery trucks, the goal being to remove all trucks from under the occupied portions of the compound, mainly because of security concerns. To meet that goal, discussions were being held with the host country and city on plans to construct a new loading dock at the north end of the Service Drive.

9. Owing to the security requirement to eliminate parking under the General Assembly Building, about 350 parking spaces would be taken out of parking use. Reuse of the space would be optimized for mechanical systems, storage and other administrative purposes. The capital master plan would also require some

parking space closures over the next five years; the exact areas would vary according to construction requirements but activities would be coordinated to minimize the impact. Member States had been contacted about the long-term strategy for the parking areas and asked for their cooperation; staff had also been contacted and their usage of the parking garage was being limited as much as possible. The Office of the Capital Master Plan would continue to work with all parties to find optimal solutions that balanced the needs of Member States and staff as far as possible.

10. The construction manager, Skanska, was responsible for awarding all subcontracts, in a process overseen by the Procurement Division and the Office of the Capital Master Plan. Specifically, the United Nations had approved the process for Skanska's pre-qualification of subcontractors, approved all bid lists, was present during all bid openings and approved all subcontract awards. In order to increase procurement opportunities for vendors from developing countries and those with economies in transition, procurement opportunities were widely communicated by all appropriate means, including through advertisement on the Skanska website; regional and trade show outreach; and courtesy notification of significant opportunities to all Permanent Missions.

11. Over the past year, all Permanent Missions had been contacted by the Department of Management with regard to the gifts received by the Organization from Member States in past years. Since the capital master plan would require the relocation of most of those gifts, and the Secretariat had no funds available for the restoration or conservation of artwork, some Member States had agreed to temporarily assume custody of gifts donated by them. The remaining gifts would be displayed in the temporary North Lawn Building, where feasible, with the goal of avoiding the risk and expense of sending artwork out of the compound into temporary storage. It was to be stressed that all the artwork would be properly cared for during the renovation. Exterior artwork on the North Lawn had already been relocated.

12. Many Member States had contacted the Office of the Capital Master Plan regarding the prospects for making special donations. Pursuant to previous General Assembly resolutions encouraging the Secretary-General to seek donations for the capital master plan, a donation policy had been developed and circulated to Member States in a note verbale. Under its terms, Member States were invited to make cash donations towards renovating certain specific spaces in the complex. Such contributions would be publicly acknowledged and the donor would have design input for the space in question. Many Member States had already expressed an interest in making donations and another note verbale establishing a deadline for such expressions of interest would shortly be sent out so that a list of possible donations could be finalized.

13. Whereas the estimated cost of the project reported in the fifth annual progress report was about $219 million above the approved budget of $1,876.7 million, the sixth progress report reflected a reduction of about $120 million in the projected cost, owing to the adoption of the accelerated strategy in December 2007 and the conducting of additional design and value engineering exercises. The gap between the projected cost-to-complete and the approved budget had therefore been halved, to $97.5 million. Noting that the Office of the Capital Master Plan would continue to seek opportunities to align the project with the budget, he expressed confidence that the project would be completed within the approved budget.

14. Based on the value of all expenditures and commitments such as construction contracts and rental agreements as at 31 January 2009, commitments entered into amounted to about $679 million, or more than 35 per cent of the total budget, indicating that the level of budget risk was diminishing. The Office of the Capital Master Plan was therefore increasingly confident that it would be able to reduce the overrun further, particularly given that the global economic crisis would likely have a positive impact on future capital master plan bids, although it also raised risks of business failures.

15. The estimated construction cost of the building renovations, excluding United Nations-specific requirements, compared favourably with that of similar buildings in New York City, at $343 per square foot versus $385-$750 per square foot. Similarly, the estimated construction cost of the temporary North Lawn Building, excluding United Nations-specific requirements, was $584 per square foot, compared with $615 per square foot for a typical conference facility. Given the outstanding financial support received from Member States, the project's financial position was strong and the need for additional funds for the project itself was not foreseen. At present, however, there seemed little likelihood of absorbing the associated

costs within the budget. Those costs, requested by various departments as described in the Secretary-General's related report (A/63/582), were crucial to the success of the capital master plan and their timing must be aligned with the overall project timetable so as to avoid delays.

16. Lastly, the Office of the Capital Master Plan endorsed the findings of all reports on the capital master plan by the Office of Internal Oversight Services and the Board of Auditors, including those issued in the past year, and welcomed their recommendations.

17. **Mr. Yamazaki** (Controller), introducing the Secretary-General's report on the associated costs related to the capital master plan (A/63/582), which replaced the Secretary-General's earlier report (A/62/799), said that, based on the latest information, the total estimated resource requirements for associated costs for the period 2008-2013 had been reduced by $7,754,300 from $193,751,700 to $185,997,400 gross ($176,569,000 net). While it had been understood for several years that during the construction period of the capital master plan, temporary increases in staffing and operational costs would be required in certain parts of the Secretariat that would support the construction activities of the capital master plan, those costs had not been included in the capital master plan budget adopted by the General Assembly, though they had been discussed in prior annual progress reports. Specifically, additional costs for furniture and equipment had first been addressed in the third annual progress report and staffing and additional operational costs had been raised in the fourth annual progress report, while the fifth annual progress report had reiterated that the associated costs had not been included in the capital master plan budget but would be presented to the General Assembly in parallel with the capital master plan budget and schedule.

18. The capital master plan would be delayed and its success jeopardized if the provision of resources for the associated departmental activities was not aligned with the project timetable. For example, the capital master plan could not proceed unless sufficient Department of Safety and Security staff members were in place to inspect all trucks and deliveries to the construction site. Additional security officers were also needed to provide a secure perimeter for the swing spaces. In that connection, it should be noted that since the cost of delaying the implementation of the capital master plan project was currently estimated at about $14 million per month, comprising the monthly swing space rent, together with the projected cost escalation for the entire project each month, the absence of available funding to meet the associated costs would pose a serious risk to the capital master plan.

19. As requested by the General Assembly in its resolution 62/87, the Secretary-General had made every effort to absorb associated costs within the approved budget of the capital master plan and in fact had drawn upon the available cash balance in the capital master plan account for the limited commitments he had entered into. However, with most of the project not yet contracted, it would be unrealistic to expect that the associated costs could be fully absorbed within the approved project budget. With regard to the commitments already entered into, the Committee was reminded that, in order to maintain momentum for the capital master plan, which depended on the support of other Secretariat departments, the Secretary-General had advised the President of the General Assembly, in a letter dated 5 June 2008, that it was his intention to enter into limited commitments for the balance of 2008, pending consideration of the full proposals by the Advisory Committee and the Committee. Commitments in the amount of $4.2 million had been recorded against that commitment authority. It was further recalled that, in the absence of secure funding for associated costs for 2009 and pending General Assembly consideration of the Secretary-General's report (A/63/582), the Committee had been advised, on 24 December 2008, of the need to enter into limited commitments for 2009, so as not to affect the progress of the capital master plan project. A further commitment authority in the amount of $9.8 million had therefore been established.

20. With regard to the funding arrangements for the associated costs related to the capital master plan, the Committee's attention was drawn to chapter V of the report (A/63/582) on actions to be taken by the General Assembly. Among other proposals, the Secretary-General requested that, for the biennium 2008-2009, in order to meet the associated costs (including commitments), the provisions for the application of credits under regulations 3.2 (d), 5.3 and 5.4 of the Financial Regulations and Rules of the United Nations should be suspended in respect of the amount of $38,191,200 gross ($35,816,700 net), which otherwise would have to be surrendered pursuant to those

provisions. The remaining estimated requirements of $147,806,200 ($140,752,300 net) for the period 2010-2013 would be considered in the context of the proposed programme budgets for the relevant bienniums, taking into account at that time any available balances within the approved budget for the capital master plan.

21. **Mr. Vanker** (Chairman of the Audit Operations Committee of the Board of Auditors), introducing the report of the Board of Auditors on the capital master plan for the year ended 31 December 2007 (A/63/5 (Vol. V)), recalled that the Committee had previously considered all of the 19 reports recently issued by the Board, except for its report on the capital master plan, now being introduced. The Board performed an annual audit of the capital master plan that took into account both financial and management aspects. At the time of the previous report (A/62/5 (Vol. 5)), which had brought a number of significant issues to light, the General Assembly had been considering a change in strategy for the project. The Board's main recommendations in the current report, for the period from 1 January to 31 December 2007, focused on management issues, as noted in the Advisory Committee's report (A/63/736). In particular, the Board indicated that the new cost and design studies required following the change in strategy still needed to be completed, so as to enable the General Assembly to verify that the schedule and the global cost estimate were in line with those that it had approved. The Board welcomed the decisions taken by the General Assembly and the Administration since its last report and noted the practical progress in the project.

22. Although the Board had finalized its report some months previously, its recommendation regarding the need to monitor the impact of changes in economic assumptions was now more important than ever, given recent major changes in the economic climate. The Board noted that 5 of the 11 recommendations made in its previous report had been implemented, though its important recommendation regarding the creation of an advisory board had not been put into place at the time of the audit.

23. **The Chairman** recalled that, at the Committee's 7th meeting, the Director of the Office of the Under-Secretary-General for Management had introduced the report of the Secretary-General on the implementation of the recommendations of the Board of Auditors contained in its reports on the United Nations for the financial period ended 31 December 2007 (A/63/327), which included a chapter on the capital master plan.

24. **Ms. McLurg** (Chairman of the Advisory Committee on Administrative and Budgetary Questions) said that the report of the Advisory Committee (A/63/736) related to the sixth annual progress report of the Secretary-General on the implementation of the capital master plan (A/63/477); the report of the Secretary-General on associated costs related to the capital master plan (A/63/582); the report of the Board of Auditors on the capital master plan for the year ended 31 December 2007 (A/63/5 (Vol. V)); and the report of the Secretary-General on the implementation of the recommendations of the Board of Auditors contained in its reports on the United Nations for the biennium ended 31 December 2007 and on the capital master plan for the year ended 31 December 2007 (A/63/327).

25. Turning first to the Secretary-General's sixth progress report on the implementation of the capital master plan (A/63/477), she indicated that, while the project remained on schedule, renovation of the Secretariat and Conference Buildings could not begin until staff had been relocated to office swing space. Given that the relocation of some departments and offices had already been postponed, the Advisory Committee urged the Secretary-General to take all necessary steps to avoid any further delays, which would be costly and could disrupt the work of the General Assembly at the main part of its sixty-fourth session.

26. The Advisory Committee continued to see merit in, and encouraged continuation of, the value engineering exercise announced by the Secretary-General in his fifth annual progress report on the capital master plan (A/62/364). The exercise, which aimed to restore expenditure to within the originally approved budget of $1.876 billion, had so far resulted in approximately $100 million in potential cost savings. However, the Committee recommended that the Secretary-General should clarify the definition of value engineering to reflect the intention to pursue cost reductions through design modifications, more efficient and/or less expensive alternatives and benefits from changed economic circumstances. In accordance with the relevant recommendation of the Board of Auditors, the fees associated with the value engineering programme should be disclosed to the General

Assembly. A cautious approach should be taken to further value engineering initiatives, in order to ensure that the quality and functionality of the project were not undermined.

27. The Advisory Committee had made observations and recommendations on a number of other issues including current and planned sustainability initiatives; compliance with local building, fire and safety codes; parking; the donation policy; and procurement. Particular attention should be paid to compliance with General Assembly resolutions 61/251 and 62/87 with regard to increasing procurement opportunities for vendors from developing countries and countries with economies in transition. Information on efforts in that regard should be presented in the seventh annual progress report on the capital master plan.

28. The Advisory Committee recommended that the General Assembly should take note of the progress made since the issuance of the fifth annual progress report (A/62/364) and requested the Secretary-General, in his next progress report, to provide continued updates on the status of the capital master plan project, its schedule, its projected completion cost, the status of contributions, the working capital reserve, the status of the advisory board and the letter of credit, as well as on the other issues highlighted by the Advisory Committee. It also emphasized the need for close cooperation among the key departments involved in the capital master plan at every stage of the project, and encouraged the Secretary-General to continue monitoring its implementation.

29. The Advisory Committee encouraged the Administration to implement rapidly all of the Board of Auditors' recommendations. In particular, Member States should receive the most accurate estimate possible of the overall cost of the project. The Secretary-General's seventh annual progress report should contain a new global cost estimate prepared on the basis of the most up-to-date information, as well as details of the potential effects of the current economic downturn.

30. The Advisory Committee had noted that the request made by the General Assembly in its resolution 57/292 for the establishment of an advisory board, as recommended by the Board of Auditors, had yet to be followed up. Upon enquiry, it had learned that all potential candidates for the board had declined to serve because of liability-related concerns and that the Secretary-General was suggesting that, at the current stage in the renovation, an appropriate role for an advisory board would be to examine and offer views on addressing long-term space needs at United Nations Headquarters. The Advisory Committee considered that the Secretary-General should proceed with the establishment of an advisory board as initially intended, and that the General Assembly should consider and decide on any proposed changes to the mandate of the board.

31. Turning to the report of the Secretary-General on associated costs related to the capital master plan (A/63/582), she said that, with almost four years remaining until the projected completion date of the project, the Advisory Committee thought it too early to conclude that it would be impossible to absorb part or all of the associated costs within the approved project budget. Favourable future market conditions might lead to significant cost reductions. Also of concern was the way in which the request for additional resources to meet associated costs had been presented. In particular, a number of the requirements listed in the report were not directly related to the capital master plan, but rather to ongoing capital improvements. Without prejudice to the relative merits of the requests themselves, they should not be regarded as associated costs.

32. In the view of the Advisory Committee, it was also too early to take any decision on the estimated resource requirements for the bienniums 2010-2011 and 2012-2013. It had therefore confined its specific recommendations to the resources requested for 2008-2009, recommending that the General Assembly should approve the request submitted by the Department for General Assembly and Conference Management for the current biennium, as it appeared reasonable. However, approval should be given on the understanding that every effort would be made to absorb additional requirements. It also recommended approval of the request submitted by the Department of Public Information, in view of the importance of the broadcast facility and the historical significance of the Organization's audio-visual archives, although, as the need to upgrade the broadcast facility had existed long before the capital master plan, some doubt remained about whether the resources requested could genuinely be regarded as associated costs.

33. With regard to the estimated resource requirements for the Office of Central Support Services

and the Office of Information and Communications Technology, the Advisory Committee recommended a 40-per-cent reduction in the amount requested for general temporary assistance, as well as a corresponding reduction in related non-post resources. Some of the temporary positions requested by the Secretary-General appeared to be mission-critical and should therefore already have been provided for in the budget of the capital master plan, while others seemed related to functions that could be performed by existing staff.

34. Similarly, the Advisory Committee recommended a 40-per-cent reduction in the resources requested for temporary assistance for the Department of Safety and Security, as well as a corresponding reduction in related non-post resources. While aware of the additional demands that the Security and Safety Service would face as a result of the relocation of Secretariat staff to multiple locations away from the Secretariat compound for the duration of the project, the Advisory Committee considered that, without a fully justified proposal, and given that security requirements in the Secretariat and Conference Buildings would be lower during the renovation, some existing staff could be redeployed and the overall associated costs for the Department could be reduced by recruiting fewer security officers. That in turn would bring proportionally lower requirements for contractual services, general operating expenses, supplies and materials and furniture and equipment.

35. In the section of its report relating to action to be taken by the General Assembly, the Advisory Committee indicated that, in the light of its observations and recommendations, it did not currently recommend approval of the overall level of associated costs. However, it recommended approval for the biennium 2008-2009 of a total of $30,272,400 net ($31,768,700 gross), while pointing out that it was for the General Assembly to decide whether or not to suspend in respect of that amount the provisions for the application of credits under regulations 3.2 (d), 5.3 and 5.4 of the Financial Regulations and Rules. Lastly, the Advisory Committee saw no reason to note in advance a preliminary estimate for coming bienniums, and therefore recommended that the requirements for associated costs related to the capital master plan for the bienniums 2010-2011 and 2012-2013 should be submitted in the proposed programme budgets for those bienniums.

36. **Ms. Ahlenius** (Under-Secretary-General for Internal Oversight Services), introducing the report of the Office of Internal Oversight Services (OIOS) on the comprehensive audit of the capital master plan (A/63/266), said that the scope of the audit included the structure of the Office of the Capital Master Plan; compliance with the Organization’s procurement and contracting regulations and rules; the internal controls and processes in place to properly manage the project; and other high-risk issues. It identified the main risks to the capital master plan as being possible delays caused by inflexibility in procedures, cost increases caused by changes in strategy and scope, and inadequate budgetary provision for associated costs. In chapter III of the report, OIOS outlined its strategy to provide effective auditing of the capital master plan.

37. While finding that many of the activities of the Office of the Capital Master Plan were adequately controlled, in that it had the necessary staff resources and skills to perform its diverse functions, and that it had made substantial efforts to develop and apply suitable project management procedures, OIOS had also identified some areas in which controls could be improved and had made recommendations to strengthen procedures and efficiency. The most important of the OIOS recommendations was to streamline procurement procedures for contract amendments, giving the Executive Director the authority to spend up to a pre-approved contingency sum for each guaranteed maximum price contract. Recognizing that there must be adequate controls for such a procedure, OIOS recommended the establishment of a committee to carry out an ex-post-facto review of contractual amendments and change orders exceeding $200,000.

38. Associated costs, namely those not budgeted or managed by the Office of the Capital Master Plan, should be identified and monitored to ensure that adequate funding continued to be available for the duration of the capital master plan project. It should also be determined which associated costs should be attributed to that project and which, in contrast, should be funded from regular departmental budgets.

39. **Mr. Abdelmannan** (Sudan), speaking on behalf of the Group of 77 and China, welcomed the long-awaited visible progress in the construction component of the capital master plan. In the view of the Group, the plan’s Executive Director should be able to focus on the current project, without being called upon to

manage unrelated construction work elsewhere in the world.

40. According to the sixth annual progress report, the gap between the actual cost of the plan and the budget originally approved for it was smaller than at the time of the fifth annual progress report. However, the Group was concerned that delays in the fit-out and renovation schedules could significantly increase expenditure and called for avoidance of further delays in implementation, and for compliance with the mandates of the General Assembly. Recalling that the general Assembly, in its resolution 62/87, had requested regular briefings and progress reports on all aspects of the capital master plan, it agreed with the Advisory Committee and the Board of Auditors that Member States should receive the most accurate estimate possible of the overall cost of the project.

41. The Group looked forward to detailed information on the problems experienced in establishing the advisory board which the General Assembly had called for in its resolutions 57/292, 61/251 and 62/87. It believed that the Secretariat and Member States could benefit from its creation, as it would, in particular, provide greater oversight over a complex and expensive project. The Group disagreed with the idea of modifying the mandate of the advisory board to address the long-term space needs of the Organization. In addition, the construction of a permanent building on the North Lawn, which the Group opposed, would compromise the architectural integrity of the United Nations complex.

42. The Group would like more information on the value engineering exercise. The Secretariat should draw a distinction between the savings achieved through value engineering and those resulting from external market factors. Moreover, value engineering involved costs, which should be duly disclosed in order to allow for a proper cost-benefit analysis. While the uncertain economic environment could reduce construction prices, those reductions should not be regarded as part of the value engineering exercise. The Group also wished to seek concrete assurances that the $100 million of potential cost savings would not compromise the quality, durability or sustainability of the renovation, nor compromise the original design of the Headquarters complex. More importantly, the cost savings should not be allowed to alter the capital master plan's commitment to the highest standards of health, safety and well-being of staff and delegations. The Group noted with deep concern the proposal to consider encapsulating rather than abating asbestos.

43. The Group would like clarification regarding procurement activities related to the capital master plan, concurring with the view of the Advisory Committee that the sixth annual progress report contained little information on the concrete measures taken to increase procurement opportunities for vendors from developing countries and economies in transition. It was not enough for that report to indicate that information on procurement opportunities was being "widely communicated by all appropriate means"; it was important to know what specific measures had been taken, and whether they had been successful. The Group regretted that the construction manager, Skanska, had failed to use subcontractors from developing countries, and also that the progress report had failed to respond adequately to the requests regarding subcontracting made by the General Assembly in its resolution 62/87.

44. In connection with procurement, the Group would also like more information on the application in the capital master plan of the concept of environmentally friendly procurement. As the General Assembly, in paragraph 33 of its resolution 62/269, had indicated that it had not considered for approval the concept of environmentally friendly and sustainable procurement, and had requested a report on the subject at its sixty-fourth session, the Group believed that applying such a concept to procurement relating to the capital master plan at the current time was a violation of United Nations rules and procedures and General Assembly resolutions governing procurement.

45. Having noted from the sixth annual progress report the understanding reached with the authorities of the host city and country regarding voluntary application, without prejudice to the Organization's privileges and immunities, of local building, fire and safety codes, the Group expressed concern that the installation of doors as part of a compartmentalization project adopted by the Secretary-General and carried out by the Facilities Management Service at a cost of $2.7 million did not comply with the pertinent General Assembly resolutions, especially in connection with accessibility for staff, delegations, visitors and tourists, and, above all, with the accessibility provisions of the Convention on the Rights of Persons with Disabilities.

46. In connection with the relocation of its office suite on the 39th floor of the Secretariat, the Group wished to seek assurances that it would be provided with adequate and suitable office space during and following implementation of the capital master plan. It would also like to examine the current policy for donations to the plan, as the entire membership should have the opportunity to make contributions in order to preserve the universal character of the Organization. The Group supported the recommendation of the Advisory Committee that donations in kind should be accepted and would like clarification regarding the choice of a $1 million minimum for donations, feeling that that decision undermined the principles of the Charter. It strongly recommended that the donation policy should follow the practice for other voluntary contributions to funds and programmes, and that it should be left to Member States to decide the amount to be contributed to the capital master plan, taking account of the financing of the plan through assessed contributions.

47. The Group was concerned at the proposal to eliminate 350 parking spaces permanently, recalling that the General Assembly, in its resolution 57/292, had requested the Secretary-General to study options to ensure a sufficient number of parking spaces at United Nations Headquarters so as to meet the existing and future needs of diplomatic missions and Secretariat staff. The elimination of parking spaces clearly contradicted the wishes of the Member States. The Group also stressed that, pursuant to paragraph 28 of its resolution 62/87, the General Assembly had the sole prerogative of deciding on any major change to the capital master plan project, budget and implementation.

48. The Group concurred with the recommendations of the Board of Auditors, which should be implemented fully and rapidly, especially in the case of the recommendations for a constant review of the economic assumptions on which cost estimates were based and for development of a summary scoreboard to track the implementation of the project and its costs at any given time. The Group agreed that the Accounts Division and the Office of the Capital Master Plan should coordinate their actions, in order to improve financial information relating to the project.

49. With regard to associated costs, the Group recalled that the Secretary-General, in his fifth annual progress report (A/62/364), had indicated that such costs were not included in the capital master plan budget and that, once fully identified, they would be presented to the General Assembly for its consideration. The Group further recalled that the General Assembly, in its resolution 62/87, had expressed concern at the lack of specific information on such costs, and had requested the Secretary-General to include such information in his sixth annual progress report and to make every effort to absorb such costs within the approved budget of the capital master plan. The Member States had been surprised when the Secretary-General, almost three months after the adoption of the resolution in question, had written to the President of the General Assembly to inform him that failure to proceed with elements of the associated costs would delay the core capital master plan project.

50. As a result, and pending consideration by the General Assembly of the Secretary-General’s report on associated costs, a financial commitment authority had been granted, and funding had twice been made available through that channel. Such action could have been avoided, given that the Secretariat had doubtless estimated those costs, having been aware of the activities incurring them ever since the adoption by the General Assembly of its resolution 60/282 approving capital master plan strategy IV, with effect from 1 July 2006. The Secretariat must also have taken into account that the adoption of accelerated strategy IV had little or no impact on the associated costs.

51. The Group concurred with the observation of the Advisory Committee that some of the requirements included in the sixth annual progress report did not relate directly to the capital master plan, but rather to ongoing capital improvements, and thus should not be considered as associated costs. It also agreed that, with almost four years remaining until the projected completion date of the capital master plan, it was premature to conclude that some or all of the associated costs could not be absorbed within the approved project budget.

52. The Group also took the view that the Advisory Committee’s recommendation that the Secretary-General should submit the estimated resource requirements for associated costs related to the project for the bienniums 2010-2011 and 2012-2013 in the context of their respective budget proposals should only apply to costs relating to ongoing capital improvements. Costs directly related to the implementation of the capital master plan should be

considered in the context of discussions of the capital master plan itself, in accordance with the recommendations of the Advisory Committee and with paragraph 43 of General Assembly resolution 62/87, with a view to absorbing them within the approved budget for the project.

53. The Group underlined its firm position against the suspension of the provisions for the application of credits under regulations 3.2 (d), 5.3 and 5.4 of the Financial Regulations and Rules to finance additional resource requirements. The Secretariat should follow the existing financial rules and regulations in all its budgetary proposals, and should make every effort to absorb within the approved budget for the plan the resources requested in the sixth annual progress report.

54. Finally, the Group called on the Secretariat to consider practical measures to make the new premises smoke-free, in accordance with General Assembly resolution 63/8, for example, by creating special smoking areas to respect the rights of smokers and non-smokers alike.

55. **Ms. Krahulcová** (Czech Republic), speaking on behalf of the European Union; the candidate countries Croatia, the former Yugoslav Republic of Macedonia and Turkey; the stabilization and association process countries Albania, Bosnia and Herzegovina, Montenegro and Serbia; and, in addition, Armenia, Georgia, the Republic of Moldova and Ukraine, said that the European Union strongly supported the capital master plan project and that it was pleased that the construction of the temporary North Lawn Building had been initiated. It welcomed the opportunity to finally consider in detail the reports before the Fifth Committee, in particular the sixth annual progress report on the implementation of the capital master plan (A/63/477) and the report on associated costs related to the capital master plan (A/63/582).

56. The European Union was encouraged by the ongoing success of the Secretary-General's value engineering initiatives and the capital master plan's healthy cash balance. Given the present economic climate, it trusted that the Secretary-General would continue to pursue ways to reduce the cost of contracts and operations. It would seek further details in that regard in informal consultations.

57. The European Union shared the Advisory Committee's concerns regarding the delays in the construction of the North Lawn Building and slippages in the schedule for relocating Secretariat officials to the swing space. It would appreciate a full update on the current schedule and the steps being taken to avoid further delays.

58. It was regrettable that the associated costs related to the capital master plan had not been built into the original budget proposals. The European Union stood ready to move forward so as to avoid compromising the success of the project; however, it was not convinced that those costs could not be absorbed within the approved capital master plan budget, particularly given current market conditions.

59. **Mr. Taula** (New Zealand), speaking also on behalf of Australia and Canada, noted that the capital master plan was largely on track, despite certain delays in the relocation of staff and the fit-out of the swing space. The three delegations welcomed the cost savings achieved through the value engineering initiatives and expected that the current economic situation would lead to further savings, without undermining quality and functionality.

60. Australia, Canada and New Zealand shared the concerns of other States regarding the associated costs relating to the capital master plan and regretted that they had not been addressed and presented to Member States appropriately. Some of the associated costs should have been foreseen years earlier and considered in the context of the biennial budget, in accordance with normal budget processes.

61. Realizing that further delays could prove costly, the three delegations supported early consideration of any associated costs that needed to be addressed immediately in order to avoid such delays. The Advisory Committee had provided helpful guidance in that regard. The three delegations also remained open to discussion of funding options in respect of such costs.

62. **Mr. Ruiz Massieu** (Mexico), speaking on behalf of the Rio Group, said that the capital master plan was the most important renovation project in the history of the United Nations. Bearing in mind that the General Assembly, in its resolution 61/251, had approved the capital master plan at a total project budget that was not to exceed $1,876.7 million, the Group was concerned about the existence of associated costs estimated at $185,997,400 gross, almost 10 per cent of the project's total cost. It was also concerned that some of the requirements listed under associated costs should

not in fact be considered under that heading; their inclusion as associated costs could significantly increase the cost of the project, which would be unacceptable. In that connection, the Advisory Committee had already indicated in its report (A/63/736) that the current economic downturn was potentially advantageous for the capital master plan insofar as it had led to lower costs for labour and materials, while inflation was no longer a significant risk to the project. Such factors should not be included in or confused with the value engineering exercise. Furthermore, the donations received from Member States for the capital master plan could be set against the associated costs and the project budget as a whole. Bearing in mind that, according to the Secretary-General's report (A/63/477), the value engineering exercise had resulted in about $100 million in potential cost savings, the Group was convinced that the capital master plan could be kept within the approved budget framework throughout the project. It was also important to adhere to the relocation schedule, so as to avoid slippages resulting in additional costs.

63. While it recognized that new requirements for the renovation of United Nations Headquarters had been identified, as mentioned in the Secretary-General's report (A/63/582), the Group, without calling into question the urgency of those requirements, was not in a position to contribute additional resources to meeting costs that could not even be regarded as associated costs related to the capital master plan, such as the Department of Public Information broadcast facility, which should be considered at a future date under the relevant agenda item. With regard to the Office of Central Support Services, the Group, concurring with the Advisory Committee's comments, considered that the required furniture should not be purchased until the capital master plan was nearing completion and that the 13 temporary positions requested by the Office should only be approved if truly necessary. The same principle applied to the Department of Safety and Security, which lacked a fully justified proposal, since some existing staff could be redeployed, making it possible to lower the overall associated costs for the Department by recruiting fewer security officers.

64. Considering that the capital master plan should comply with the Convention on the Rights of Persons with Disabilities at all stages of the process, the Group regretted the decision taken, without prior consultation of Member States, to install fire doors, which clearly hindered access by persons with disabilities, in the Headquarters buildings. Reiterating that the Group had never received a satisfactory response from the Secretariat in that regard, he expressed the hope that, in future discussions on the capital master plan, Member States would receive detailed information on the implementation of standards and guidelines for the accessibility of facilities and services open to the public.

65. The Group wished to know why an advisory board had still not been created, as provided for in General Assembly resolutions 57/292, 61/251 and 62/87. Considering that the proposed board's original mandate was useful, it had reservations about the idea of changing its functions, particularly in order to promote ideas that went beyond what Member States had approved. Specifically, the Group was concerned about the idea of constructing a permanent building on the North Lawn. It was important to find a balance between making the best use of resources and maintaining the architectural integrity of the complex, as already mentioned by other delegations.

66. Lastly, he recalled that the report of the Office of Internal Oversight Services on its comprehensive audit of the capital master plan (A/63/266) presented the status of its recommendations to the Department of Management. The Group was, however, concerned that the Department of Management did not have an up-to-date public record of the works of art received by the Organization as gifts from Member States. Since there was still time to monitor the relocation of works of art and other gifts at the current stage of the capital master plan, it urged the Secretary-General to take the necessary measures to that end.

67. **Mr. Rashkow** (United States of America) said that his delegation continued to support the capital master plan project and that it appreciated the efforts of the Office of the Capital Master Plan and its Executive Director to bring the undertaking on track. It agreed with the Advisory Committee that a revised global cost estimate that took into account changes resulting from the adoption of the accelerated strategy and the value engineering process should be provided to Member States as soon as possible. It also urged the Office to make every effort to avoid further slippage in the relocation schedule.

68. Not all costs associated with the capital master plan had been included in the approved budget. And

while some included costs were legitimately associated with the project, others were more questionable. For example, the proposed new broadcast facility, which represented $33.8 million of the $176.5 million net requested in respect of associated costs, was a capital cost that should be addressed separately from the capital master plan. His delegation agreed with the Advisory Committee that expenses related to temporary relocation should be limited by using existing resources to the maximum extent possible and avoiding duplication. It also joined the Advisory Committee in urging the Secretary-General to present Member States with a viable solution that would ensure that the migration of data did not result in delays to the project. His delegation further agreed that, with the construction phase just beginning, it was not possible to know whether the associated costs could in fact be absorbed within the approved project budget, as urged by the General Assembly.

69. The Secretary-General had requested approval to suspend regulations 3.2 (d), 5.3 and 5.4 of the Financial Regulations and Rules of the United Nations and use up to $30,272,400 in surplus funds from the approved programme budget to cover associated costs; however, those funds had already been identified for return to Member States. While his delegation agreed that the matter of associated costs must be addressed, it believed that other solutions could be found. In its resolution 62/87, the General Assembly called on the Secretary-General to make every effort to absorb associated costs within the approved capital master plan budget. Although additional funds might be needed at some point, the capital master plan had sufficient funds to cover associated costs for the current biennium. Member States would have to consider approving additional funds for associated costs as part of a future biennium budget but there was no need to do so at the present time. His delegation was concerned that that would set a precedent for using regular budget funds which would otherwise be refunded to Member States.

70. **Mr. Loy** Hui Chien (Singapore) said that the successful completion of the capital master plan under accelerated strategy IV required close coordination between all relevant Secretariat departments and offices, as well as strict adherence to the relocation schedule. His delegation appreciated the frequent briefings by the Office of the Capital Master Plan and strongly encouraged the Secretariat to keep Member States updated on the progress of the project.

71. While recognizing that the capital master plan's complicated nature and wide-ranging scope might give rise to additional associated costs that had been unforeseen when the $1,876.7 million budget had been approved in 2006, his delegation concurred with the Advisory Committee that a distinction must be drawn between ongoing capital improvements and costs directly related to the capital master plan. That said, failure to provide immediate funding for crucial elements might end up costing Member States more in the long run. His delegation would seek further clarification on associated costs in informal consultations.

72. In its resolution 63/8, the General Assembly had decided to implement a complete ban on smoking at United Nations Headquarters. In order to protect the rights of non-smokers, the Secretariat should explore the possibility of building enclosed smoking areas within the renovated Headquarters complex.

73. **Mr. Mukai** (Japan) said that he welcomed the progress on the construction of the temporary North Lawn Conference Building. While he understood that moving the entire Secretariat staff into office swing space was a daunting task, he agreed with the Advisory Committee that all necessary steps should be taken to avoid any further slippage in the fit-out and relocation schedules.

74. Noting that the projected cost overrun for the capital master plan in March 2008 was $190 million and that the Office of the Capital Master Plan aimed to realize an additional $100 million in savings through further value engineering efforts, he urged the Secretary-General to continue utilizing value engineering as a tool to recover the projected cost overruns. However, he agreed with the Advisory Committee that there was a need to clarify the definition of value engineering and that every effort should be made to derive maximum benefit from prevailing favourable market conditions.

75. Although Japan welcomed sustainability initiatives to "green the United Nations", such measures must be pursued within existing resources. His delegation therefore requested the Secretary-General to submit a cost-benefit analysis of all additional sustainability initiatives.

76. The Secretary-General had determined that approximately $185 million gross in associated costs would be required for the period 2008-2015, including some $38 million for the biennium 2008-2009. Member States should continue to scrutinize those costs, with a view to effecting further reduction and absorption. Stressing the necessity of distinguishing costs relating to the capital master plan from costs that should be funded from regular departmental budgets, Japan reiterated its request that the Secretary-General should strive to absorb true associated costs within the approved capital master plan budget, in accordance with paragraph 43 of General Assembly resolution 62/87, particularly in the light of the present global financial crisis and the capital master plan's healthy cash balance. The broadcasting equipment requested by the Department of Public Information did not relate directly to the capital master plan but rather to ongoing capital improvements and thus should not be considered an associated cost. The costs relating to a consultant for the broadcast facility and to audio-visual archivists should be absorbed within the current departmental budget. Long-term investment costs should be requested in the context of the regular budget cycle. Lastly, the information and communications technology support services requested by the Department for General Assembly and Conference Management should be absorbed within existing budgets.

77. Disposing of furniture at the present time was premature and harmful to the environment; existing furniture should therefore be utilized in the temporary facilities and office swing space.

78. With respect to temporary assistance, capital master plan and Office of Central Support Services tasks could be performed by existing staff members in the Office of the Capital Master Plan, the Office of Central Support Services and the Office for Information and Communications Technology.

79. Most of the resource requirements for the Department of Safety and Security were not justified. Japan wondered whether existing posts and equipment could be redeployed to off-campus locations, given that security requirements for Headquarters conference buildings would likely be reduced during the renovations. The Secretary-General was requested to submit a Department of Safety and Security redeployment plan of personnel and equipment at the second part of the resumed sixty-third session or the main part of the sixty-fourth session of the General Assembly, so that additional security and safety demands could be assessed.

80. Japan was not in a position to approve the overall level of associated costs; moreover, the associated costs for the biennium 2008-2009 should be absorbed under the capital master plan budget or the regular budget. Its delegation did not favour the proposed suspension of regulations 3.2 (d), 5.3 and 5.4 of the Financial Regulations and Rules of the United Nations. The Secretariat should comply with the established regulations and rules, which stated that the remaining balance of any appropriations retained would be surrendered and credited back to Member States. Lastly, it saw no reason to take note of a preliminary estimate for upcoming bienniums. The requirements for the bienniums 2010-2011 and 2012-2013 should be submitted in the proposed programme budgets for those bienniums.

81. **Ms. Yu** Hong (China), noting the large budget, long execution period and complicated composition of the capital master plan, said that the budget and schedule approved by the General Assembly for the project should be adhered to, avoiding delays that might lead to overexpenditure. In that connection, the Committee should bear in mind the risk highlighted by the Board of Auditors in its report that construction delays would drive up costs and the Secretariat should provide timely reports on the status of the project and exercise diligent management and control of construction in order to keep expenditure within the levels approved.

82. Recalling that the value engineering exercise undertaken by the Secretariat had resulted in potential cost savings of approximately $100 million, further reducing the current cost overrun, her delegation concurred with the view of the Advisory Committee that the concept of value engineering should be further clarified. The value engineering exercise should not jeopardize construction quality. Also recalling that the General Assembly, in its resolution 62/87, had requested the Secretary-General to avoid budget increases through sound project management and to make efforts to absorb associated costs within the approved budget, her delegation wished to know what steps had been taken to absorb such costs. In the light of the likely effect of the current global financial crisis on the cost of labour and materials, it shared the view of the Advisory Committee that it was still too early to

conclude that the prospects of such absorption were limited.

83. As the General Assembly, in the same resolution, had requested the Secretary-General to report on efforts and results connected with increasing procurement opportunities for vendors from developing countries and countries with economies in transition, and as no detailed information in that regard was available in the sixth annual progress report on the implementation of the capital master plan, her delegation would like further information on the matter.

84. **Mr. Chumakov** (Russian Federation) said that keeping to the schedule of the capital master plan was extremely important, particularly to prevent further increases in costs, which had already exceeded the budget originally approved by the General Assembly. The Secretariat's efforts to bring expenditure back within the limits of that original budget through value engineering were particularly appropriate in the current climate of global economic crisis. However, his delegation had been surprised by, and would pay close attention to, the level of associated costs. It would carefully examine the reasons for them, using as a basis the recommendations of the Advisory Committee.

85. His delegation urged rapid implementation of the recommendations of the Board of Auditors, particularly its recommendation that an advisory board should be established to serve as an additional oversight body, given the sizeable financial transactions for construction and fitting-out, and the involvement of a variety of subcontractors. In the light of the scale of the capital master plan project and the substantial delegation of authority given to the company managing the construction, it was important that there should be scrupulous compliance with the rules, procedures and General Assembly resolutions regarding budgetary, financial, administrative and procurement-related matters.

86. His delegation was interested by the Secretariat's proposals regarding donations, and pointed out that the Secretariat's desire to use environmentally friendly technology should be motivated by clear selection criteria and a cost-benefit analysis, rather than simply by a pursuit of an environmentally popular approach. It would also like further information on the efforts to minimize the effect of the construction on the activities of Member State representatives and Secretariat officials, particularly in connection with resolving parking space and asbestos-handling issues.

87. **Mr. Safaei** (Islamic Republic of Iran) echoed the concerns expressed by the representative of the Sudan on behalf of the Group of 77 and China in respect of the delays in the fit-out and relocation schedules; the capital master plan donation policy; the failure by Skanska to award subcontracts to developing countries and economies in transition; and the elimination of 350 parking spaces against the wishes of Member States.

Agenda item 124: Joint Inspection Unit (*continued*) (A/63/34 and Corr.1 and A/63/731)

88. **The Chairman** drew the Committee's attention to the decision of the General Assembly contained in its resolution 61/260 to consider jointly the annual report and programme of work of the Joint Inspection Unit (JIU) at the first part of its resumed session and invited the Chairman of the Unit to introduce its report.

89. **Mr. Fontaine Ortiz** (Chairman, Joint Inspection Unit) introduced the report of the Joint Inspection Unit for 2008 and the programme of work for 2009 (A/63/34 and Corr.1).

90. The first issue requiring the Committee's attention was results-based management. Pursuant to article 5 of its statute, the Joint Inspection Unit should satisfy itself that all activities undertaken by participating organizations were carried out in the most economical manner and that the optimum use was made of resources. Periodic and systematic reviews of the management and administration of those organizations were undertaken on a five-yearly basis, and constituted an important component of the long- and medium-term planning of the Unit. Article 5 also called upon the Inspectors to provide an independent view through inspection and evaluation aimed at improving management and methods and at achieving greater coordination between organizations. In that regard General Assembly resolutions 62/226 and 62/246 requested the Unit to focus on system-wide issues of interest and relevance to the participating organizations, and to provide advice on ways to ensure more efficient and effective use of resources in implementing their mandates. The Unit thus proposed to increase its number of system-wide reviews to eight per year.

91. The statute provided for three main documents to be used as vehicles for results-based management: the

programme of work, the annual report and the budget. The Unit submitted the programme of work and the annual report directly to the General Assembly. Although its budget was included in the regular budget of the United Nations, its consideration followed a separate procedure, notably because the expenditures of the Unit were shared by the participating organizations. While the Secretariat submitted its programme and related budget in a single document, expected results and associated indicators for the Unit were contained in its programme of work, with the required resources set out in the proposed budget. The introduction of results-based management in the Unit should therefore be treated as a special case. In order to better serve its stakeholders and to maintain consistency with its own recommendations on results-based management, the Unit should pioneer its own results-based management benchmarking framework to apply to its own activities.

92. In order to implement its proposed long- and medium-term strategy, the Unit would need commensurate human and financial resources. Given that the United Nations allocated resources biennially, the Unit assumed that the necessary resources would be made available in due time. In particular, any budgeting decisions should correspond to specific programme decisions.

93. The United Nations Evaluation Group had proposed establishing a new United Nations system-wide evaluation unit. The Joint Inspection Unit believed, however, that it would lead to unnecessary duplication. The Unit had the mandate, independence and experience to meet system-wide needs, and only lacked sufficient resources to do so. It has therefore requested an increase in resources in its proposed programme budget for the biennium 2010-2011, in an amount sufficient to exercise its system-wide evaluation responsibilities at a cost lower than that foreseen by the Evaluation Group.

94. The second issue requiring consideration was the appointment of the Executive Secretary of the Unit. That post was still vacant, although it had been advertised in December 2007. In July 2008, the Unit had submitted to the Secretary-General a detailed comparative evaluation of the six shortlisted candidates, together with its recommendation for appointment of the most qualified and experienced candidate. In so doing, it had strictly followed statutory procedures; in accordance with article 19 of the statute, the Executive Secretary was appointed by the Secretary-General after consultation with the Unit and the Administrative Committee on Coordination, now the United Nations System Chief Executives Board for Coordination (CEB). The Secretary-General was responsible for ensuring that the process took place in full transparency and fairness.

95. The Unit had conducted the recruitment process entirely in accordance with administrative instruction ST/AI/2006/3, which applied mutatis mutandis to the Unit. That document stated unambiguously in section 2, paragraph 2.3, that selection decisions were made by the head of department/office when the central review body was satisfied that the evaluation criteria had been properly applied and that the applicable procedures were being followed. It further provided that if a list of qualified candidates had been approved, the head of department/office could select any one of them for the advertised vacancy, subject to the provisions contained in section 9, paragraph 9.2. The Unit had submitted a list of candidates to the Senior Review Group, and had addressed all of the latter’s questions, observations and requests for clarification. The Senior Review Group had contested neither the Unit’s methodology and evaluation criteria, nor the substantive comparative evaluation which the Unit had carried out in accordance with provision 9.2.

96. However, the Unit had subsequently learned through an internal memorandum that the Secretary-General had modified provisions 2.3 and 9.1 for the selection of appointees at the D-2 level, in order to request that at least three candidates be put forward, including at least one female candidate. The Unit questioned the fairness of applying that new procedure without consultation and after the submission had been made. Moreover, it was questionable whether the procedure for such a fundamental question could be changed without the General Assembly and staff being informed.

97. In violation of established procedures, the Senior Review Group had decided to re-interview the six shortlisted candidates, in order to submit a different list to the Secretary-General on the strength of its own members’ impression of the candidates’ “vision”. Yet the Senior Review Group was no more competent or better qualified than the Unit to determine the most appropriate candidate.

98. The Unit deeply regretted that the Secretary-General, as chief administrative officer of the United Nations, had not yet taken action to remedy the situation. Article 17 of the statute of the Unit provided that the Secretary-General would provide such office and related facilities and administrative support as the Unit might require. Moreover, the importance of the independence of oversight mechanisms had been recognized by Member States. General Assembly resolution 48/218 B, for example, had stated that the Office of Internal Oversight Services should exercise operational independence. In its note on the strengthening of external oversight mechanisms of 13 November 1996 (A/51/674), the Unit had elaborated on the issue, and had expressed its belief that similar operational independence was required for all oversight mechanisms. The Secretary-General's position could have a negative impact on the independence of oversight and expert bodies. The Unit strongly urged the General Assembly to pronounce itself on the issue and, in particular, to request the Secretary-General to comply with the provisions of the statute.

99. After the Unit's programme of work for 2009 had been issued, the Advisory Committee had recommended that the Secretary-General should review the administrative arrangements for the United Nations Truce Supervision Organization, the United Nations Disengagement Observer Force and the United Nations Interim Force in Lebanon, and reflect the outcome in his 2010-2011 programme budget submission. The General Assembly had taken note of that request in its resolutions 62/264 and 62/265. In order to avoid any duplication, the Unit had therefore decided to delete the pertinent item from its programme of work and had issued a corrigendum to that effect (A/63/34/Corr.1).

100. By its resolution 62/246, the General Assembly had encouraged the Unit to keep it informed of any difficulty or delay in obtaining visas for the official travel of Inspectors, as well as members of its secretariat. One such incident had not been included in the report because the delay had not directly affected the Inspector concerned in the exercise of his duties. However, the Unit had subsequently faced another difficulty: its Officer-in-Charge had not yet received a visa, requested on 21 January 2009. The delay had prevented her from travelling to New York on official business on 19 February 2009 as planned. She had not been able to attend the presentation of the Unit's annual report and programme of work.

101. **Mr. Amin** (United Nations System Chief Executives Board for Coordination), introducing the note by the Secretary-General on the report of the Joint Inspection Unit for 2008 (A/63/731), said that the note had been prepared pursuant to General Assembly resolution 62/246, paragraph 8, which requested the Secretary-General to expedite the implementation of that resolution, including by providing support to the Unit. The Chief Executives Board was therefore prepared to support the Unit in its critical function.

102. The programme of work of the Unit had increasingly included issues with a system-wide impact. The result had been closer collaboration between CEB and the Unit, notably in the preparation of the latter's programme of work. Although organizations in the United Nations system had always contributed to that process, a more comprehensive exercise led by CEB had in the previous year helped identify topics that the Unit might consider adding to its programme of work. During 2008, CEB had worked closely with the Unit in preparing several reports, both as an expert adviser on subject matter and with the aim of facilitating input from other organizations. Such cooperation had helped to maximize the Unit's value.

103. CEB had sought to produce its companion reports to the Unit's system-wide reports more rapidly. The statute of the Unit required CEB to complete such reports within six months. In the past, the need for extensive consultation had occasionally made it impossible to meet that deadline. CEB had taken steps to ensure that it received the Unit's reports shortly after their issuance, and had urged organizations to provide their comments in a more timely manner. The High-level Committee on Management of CEB had called on organizations to ensure information flow between organizations and coordinate action on the Unit's recommendations and programme of work. Such actions, in addition to increased informal contacts, had markedly improved cooperation between the Unit and CEB.

104. **Mr. Kisob** (Office of Human Resources Management), noted, in connection with the appointment of the Executive Secretary, that as chief administrative officer of the United Nations, the Secretary-General appointed United Nations staff in accordance with Article 101 of the Charter and under the regulations established by the General Assembly.

105. General Assembly resolution 31/192 had established the Unit as a standing subsidiary organ, and had approved its statute. Article 19 of the statute incorporated Article 101 of the Charter and governed the appointment of the Executive Secretary of the Unit. Consequently, the Unit and its Inspectors had operational independence. They were not subject to the Staff Rules and Regulations of the United Nations or other administrative instructions of the Secretary-General.

106. Nevertheless, as stated in article 19 of the statute, the Executive Secretary was a staff member of the Secretariat. His or her appointment should therefore follow all applicable rules for senior staff appointments, including the review and recommendation of the Senior Review Group, where authority had not been delegated by the Secretary-General. There was an obligation to ensure that the appointment of the Executive Secretary met the criteria set forth in the Charter, in accordance with the regulations established by the General Assembly and in keeping with the statute of the Unit. The consultation process set forth in article 19 of the statute did not abrogate the Secretary-General's obligation to make the final decision on the appointment.

107. In accordance with the established procedure, the Unit had submitted its recommendation for the post to the Senior Review Group. The latter had long played a substantive role in advising the Secretary-General on candidacies for the part of Executive Secretary. The Unit had submitted only one name, whereas it was the Secretary-General's policy that at least three candidates, including at least one qualified female, should be recommended for any appointment at the D-2 level. The Senior Review Group had therefore decided to gather additional information on the other candidates shortlisted by the Unit. On the basis of its independent assessment, the Senior Review Group had recommended three candidates, and had also included the candidate put forward by the Unit. The Senior Review Group had carefully considered the Unit's recommendation, and had regularly communicated with the Unit throughout the process, in full compliance with the Charter, the statute and the relevant General Assembly resolutions with regard to gender and geographical distribution.

108. **Mr. Abdelmannan** (Sudan), speaking on behalf of the Group of 77 and China, said that the Group highly valued the work of the Joint Inspection Unit as the sole independent external oversight body of the United Nations system. The Unit had rightly prioritized management and efficiency issues, and its long-term strategic perspectives were valuable. The Committee should continue to benefit from that work. During 2008, the Unit had made 119 substantive action-orientated recommendations, implementation of which should result in tangible improvements. The Group of 77 and China therefore appreciated the steps taken by the Unit to strengthen the follow-up system, and urged all participating organizations to provide information on their implementation of those recommendations.

109. The Group of 77 and China welcomed the Unit's commitment to internal reform; its efforts aimed at conducting a self-evaluation; its decision to move towards a results-based management approach; the measures taken to improve collaboration with participating organizations and other oversight and coordinating bodies, and particularly CEB; and the adoption of principles and procedures for conducting investigations. Such actions all reflected the Unit's determination to encourage coherence and cost-effectiveness. The Group had a positive view of the Unit's description of the resources it would need for the forthcoming biennium.

110. The Group of 77 and China was, however, concerned about the circumstances surrounding the appointment of the Executive Secretary of the Unit. The problem ought to have been resolved in a timely manner in accordance with the statute of the Unit, the relevant administrative instructions and General Assembly resolutions. All parties should have shown a fundamental sense of constructive cooperation, building on the practice that had been in place since the establishment of the Unit. The Group would therefore seek clarification in informal consultations, and urged all parties to promptly find a solution. Lastly, the Group welcomed the programme of work, looked forward to endorsing the Unit's strategic framework for 2010-2019, and reiterated its support for the Unit, whose mandate continued to be relevant.

111. **Mr. Yamada** (Japan) said that his delegation welcomed the work of the Unit. The latter should fully exercise its functions, powers and responsibilities in accordance with its statute and the mandate conferred on it by the General Assembly. It should present recommendations to assist the United Nations and other relevant organizations in improving management, coordination, efficiency and effectiveness.

112. He welcomed the Unit's efforts to streamline its working methods and human resource management. Such efforts should be ongoing, yet the programme of work for 2009 did not touch upon the matter. He hoped to hear the views of the Chairman of the Unit on action taken to that end.

113. His delegation noted that in discussing results-based management, the Unit referred to the proposal of the United Nations Evaluation Group to create a system-wide evaluation unit. However, the report did not fully explain or evaluate the context and content of the proposal of the Evaluation Group. He hoped that further details would be provided in informal consultations.

114. The Unit had also put forward a strategic framework for 2010-2019 as a way to implement a results-based management benchmarking framework. The strategic framework proposed a systemic review of the administration and management of each participating organization. During the informal consultations, he hoped to hear how the Unit envisioned enhancing its efficiency and effectiveness in the face of such an increase in workload.

115. The issue of the appointment of the Executive Secretary should be resolved through discussions between the Secretary-General and the Unit. He hoped that both parties would endeavour to resolve the question in a timely manner in accordance with the statute of the Unit, which clearly stated that the secretariat of the Unit should comprise United Nations staff members; the managerial independence of the Unit was distinct from its operational independence.

116. **Mr. Spirin** (Russian Federation) said that his delegation welcomed the successful efforts of the Joint Inspection Unit to increase efficiency and effectiveness by restructuring its operations around a subject-based cluster approach for evaluation, inspection, investigation and programme support. It welcomed the further development of the system to monitor the way in which United Nations system organizations implemented the Unit's recommendations, and, in the light of the investigation capability being established, would like more detailed information on the related principles and policies adopted in 2008.

117. Expressing satisfaction with the work performed in 2008, his delegation expected the Unit to take active, even aggressive, steps to reveal the weak spots in the administration of the United Nations system organizations. It was relieved that the Joint Inspection Unit had had no problems obtaining travel visas for its secretariat staff or Inspectors during the previous year.

118. **Mr. Rashkow** (United States of America) said that despite the Unit's high level of staff turnover, its output during 2008 had been substantial, resulting in 119 recommendations to improve effectiveness and efficiency. The Unit had worked to enhance its follow-up system and include more information about the status of its recommendations in its annual reports. It was a matter of concern that some agencies still had not provided information on the status of recommendations, and that, in the case of a few organizations, the rate of implementation was low. In that regard, the General Assembly had requested the Unit to study the feasibility of using a Web-based system to monitor the status of recommendations and receive updates from individual organizations. His country was disappointed that the Unit's annual report did not directly respond to that request. He hoped that the Chairman of the Unit would comment further on the matter in informal consultations.

119. His Government welcomed the Unit's decision to implement results-based management, its efforts to improve collaboration with participating organizations and with other oversight bodies including CEB, and the introduction of a strategic framework for 2010-2019. With regard to the review of management and administration in the Universal Postal Union (JIU/REP/2008/1), his delegation appreciated the Unit's efforts to maintain a common standard of accountability and oversight, and hoped that the Universal Postal Union would implement the relevant recommendations without delay. The Unit's report on corporate consultancies in United Nations system organizations (JIU/NOTE/2008/4) had pointed to a lack of accountability in the use of consultancy throughout the system. His delegation had long been concerned about that issue, and hoped that the report would strengthen systems for monitoring and evaluating consultants. All organizations should make a concerted effort to enhance controls on the awarding of consultancy contracts. His delegation was grateful that the Unit's review of the World Meteorological Organization (JIU/ML/2008/1) had followed up on several areas of concern, and hoped that the Unit would, when appropriate, apply the same proactive approach to other organizations.

120. His delegation was concerned at reports regarding the selection of the Executive Secretary of the Unit. Although not closely acquainted with the established procedures and precedents for the appointments, the delegation understood that the Secretary-General had usually appointed the individual recommended by the Unit, after consulting with it and with CEB. It would give cause for concern if the procedure for selecting D-2 staff within the Unit had been changed and applied after the fact to a recruitment process already under way. The Unit was a subsidiary body of the General Assembly that served the entire United Nations system, not only the Secretariat. If the circumstances were as he understood, such action risked undermining the operational independence of the Unit.

The meeting rose at 1.10 p.m.