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Summary record of the 21st meeting
Held at Headquarters, New York, on Friday, 9 December 2011, at 10 a.m.

Chair: Mr. Tommo Monthe . . . . (Cameroon)
Chairman of the Advisory Committee on Administrative and Budgetary Questions: Mr. Kelapile

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11-63090 (E)

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

Agenda item 134: Proposed programme budget for the biennium 2012-2013 (*continued*)

Estimates in respect of special political missions, good offices and other political initiatives authorized by the General Assembly and/or the Security Council (A/66/7/Add.12 and A/66/354 and Corr.1 and Add.1 and Add.1/Corr.1 and 2 and Add.2 and Add.2/Corr.1 and Add.3 and 4 and Add.5 and Add.5/Corr.1)

1. **Ms. Casar** (Controller), introducing the report of the Secretary-General on estimates in respect of special political missions, good offices and other political initiatives authorized by the General Assembly and/or the Security Council (A/66/354 and Corr.1 and Add.1 and Add.1/Corr.1 and 2 and Add.2 and Add.2/Corr.1 and Add.3 and 4 and Add.5 and Add.5/Corr.1), said that, as in the past, the budget proposals for special political missions for 2012 had been grouped into three thematic clusters (cluster I: special and personal envoys and special advisers of the Secretary-General (A/66/354/Add.1 and Add.1/Corr.1 and 2); cluster II: sanctions monitoring teams, groups and panels (A/66/354/Add.2 and Add.2/Corr.1); and cluster III: United Nations offices, peacebuilding support offices, integrated offices and commissions (A/66/354/Add.3)). The budget proposals for the United Nations Assistance Mission in Afghanistan (UNAMA) and the United Nations Assistance Mission for Iraq (UNAMI) had been presented separately (A/66/354/Add.4 and A/66/354/Add.5 and Add.5/Corr.1 respectively). As far as possible, the format and presentation of the budget proposals for special political missions mirrored those for peacekeeping operations. For the first time, however, information on extrabudgetary resources had been included in annex I to the main report (A/66/354 and Corr.1). The status of the extension, renewal, completion or discontinuation of mandates was set out in chapter I of that report.

2. The total requirements for special political missions amounted to $617,620,600 net, a decrease of $22 million from the 2011 requirements. The Secretary-General's report and its addenda provided mission-by-mission details of existing resources, estimated expenditure by the end of December 2011 and requirements for 2012. Requirements for UNAMA and UNAMI, the two largest missions, accounted for $414 million, or 67 per cent of the total.

3. A total of 4,815 positions were proposed for 2012, reflecting a net decrease of 21 positions compared to 2011. UNAMA and UNAMI accounted for 3,648 positions, or 76 per cent of the total.

4. The action required of the General Assembly was set out in chapter III of the report.

5. **Mr. Kelapile** (Chairman of the Advisory Committee on Administrative and Budgetary Questions), introducing the related report of the Advisory Committee (A/66/7/Add.12), noted that provision of $617.6 million was sought for 2012 for the requirements of 30 special political missions. The current estimates validated the view expressed by the Advisory Committee in its first report on the proposed programme budget (A/66/7) that the estimate for the biennium 2012-2013 of some $1.08 billion for special political missions might prove optimistic.

6. Chapter III of the report (A/66/7/Add.12) contained comments and recommendations on the resources requested for special political missions in the three thematic clusters and for UNAMA and UNAMI. With regard to cluster I, the Advisory Committee recommended approval of the Secretary-General's proposals, with the exception of the proposal for a new General Service position in the Office of the Special Adviser to the Secretary-General on the Prevention of Genocide.

7. The overall increase of $844,000 in the provision for cluster II compared to 2011 was primarily due to the fact that the funding for the Panel of Experts on Libya was for 12 months, whereas the 2011 budget had been for 7 months. The Advisory Committee recommended approval of two of the three new positions requested for the cluster but did not recommend the establishment of the proposed position in the Counter-Terrorism Committee Executive Directorate. Adjustments were also recommended to the non-post resources proposed for the Panel of Experts on the Democratic People's Republic of Korea, the Group of Experts on Côte d'Ivoire and the support to the Security Council Committee established pursuant to resolution 1540 (2004).

8. With respect to cluster III, a reduction of $3.75 million in the provision for 2012 compared to the approved budget for 2011 was mainly due to the combined effect of the closure of the United Nations Mission in Nepal (UNMIN) and reduced requirements for the United Nations Office in Burundi (BNUB),

partly offset by increases in a number of other missions. The Advisory Committee recommended reductions in the resources proposed for the United Nations Office for West Africa (UNOWA), the United Nations Political Office for Somalia (UNPOS), the Cameroon-Nigeria Mixed Commission (CNMC), the United Nations Regional Centre for Preventive Diplomacy for Central Asia (UNRCCA) and the United Nations Regional Office for Central Africa (UNOCA). It did not recommend approval of the two additional Political Affairs Officers requested for UNOWA or the additional National Professional Officer position requested for UNOCA. The Advisory Committee had no objection to the reclassification of the position of Chief of Staff in UNPOS to the D-1 level, but recommended that it should be implemented only after the Deputy Special Representative of the Secretary-General was redeployed to Mogadishu as planned.

9. With respect to UNAMA, the Advisory Committee recommended approval of the estimates for 2012, which were approximately $16 million lower than the 2011 requirements, and of the proposal to abolish 26 positions. The proposed budget reflected reductions under operational costs, mainly owing to the completion of one-time infrastructure projects in 2011, offset by increases in salary costs owing to higher entitlements and lower vacancy rates. Several unforeseen security projects had been implemented in 2011 to meet new security requirements at the Mission's premises in Kabul and field offices.

10. For UNAMI, the Advisory Committee recommended approval of the proposed resource requirements of $172.8 million for 2012, which represented a decrease of $27.3 million compared to the approved budget for 2011. A total of 41 new positions were proposed, together with the phased abolition of 136 positions in 2012. In view of the high vacancy rate at UNAMI, with 238 positions vacant as at 31 October 2011, the Advisory Committee considered that the Mission should further review its staffing requirements and reflect the results of that review in the next budget submission. With respect to operational costs, $23.5 million was proposed under facilities and infrastructure for 2012, an increase of $1.5 million compared to 2011, mainly for maintenance, utilities, alterations and renovation in Kirkuk, Basra and Baghdad. The Advisory Committee noted that the construction and renovation planned for 2011 in Kirkuk and Basra had been changed to rented accommodation for 2012; because no explanation had been provided in the budget document, the factors contributing to the proposed requirements for 2012 were unclear.

11. The architectural firm selected for the construction project for an integrated compound in Baghdad lacked in-house expertise and had failed to complete the design phase. The Mission had therefore decided, as an alternative, to consolidate an adjacent facility and the existing compound into a single integrated compound. However, the budget for 2012 did not provide a clear and comprehensive plan with respect to the short- and long-term requirements for the envisaged consolidation and the renovation work involved. Close monitoring and oversight of all construction and renovation projects was needed. The Advisory Committee recommended that detailed information on the Mission's plan for its premises in Iraq should be provided directly to the Assembly when it considered the estimates in respect of special political missions.

12. With respect to the format of the presentation of budgetary estimates for special political missions, the Advisory Committee was of the view that the Assembly should request the Secretary-General to assess whether the system of thematic clusters, which had been in use for five years, required adjustment. Moreover, future budget proposals for special political missions would benefit from the inclusion of information on cross-cutting issues that had an impact on budgetary requirements.

13. **Mr. Coffi** (Côte d'Ivoire), speaking on behalf of the Group of African States, expressed deep concern that the item under consideration had been introduced very late in the session. As called for by Member States in the past, specific measures should be taken to halt the pattern of late issuance of reports, which impeded proper decision-making on budgetary and administrative matters.

14. Given the need for adequate financing of special political missions to ensure the implementation of their mandates, the Group would scrutinize the Secretary-General's proposals and reject any arbitrary cuts. UNAMA and UNAMI, which together accounted for some 70 per cent of the total requirements, had contributed to the exponential growth in the resources for such missions over the previous decade, creating

the erroneous impression that other parts of the regular budget had grown significantly during that period.

15. The level of extrabudgetary resources provided to special political missions should be disclosed to enable transparent analysis of resources and needs. He welcomed the action taken to lower the vacancy rates for international and national staff. In view of the unique characteristics of special political missions, including the procedures for initiating and planning them and the difficulty of predicting resource requirements, their financing should be separated from the other parts of the regular budget and dealt with in a manner similar to that of peacekeeping missions. Such a change would also yield a more accurate picture of the Organization's budgetary situation.

16. **Mr. Chapdelaine** (Canada), speaking also on behalf of Australia and New Zealand, said that the reduction in the proposed budgets for special political missions compared to the provision approved for the biennium 2012-2013 in General Assembly resolution 65/262 was attributable in larger part to a decrease in the operations of some missions than to the implementation of efficiency measures. The Secretariat should identify a greater level of systemic and sustainable efficiencies in future budget proposals.

17. He welcomed the improvement in vacancy rates, which would enhance the effectiveness of special political missions. The background information on cross-cutting issues was also welcome; however, greater clarity was needed on the impact of those issues. In addition, specific, measurable, realistic and time-bound performance indicators should be provided for all special political missions to facilitate budgetary analysis and provide a holistic view of progress achieved.

18. The three delegations welcomed the extension of the mandate of UNAMA, which played a central role in coordinating international action in support of the Government of Afghanistan to reinforce its stewardship of the country's security and its political and economic development. The Secretary-General had set out appropriate priorities in the areas of peace and reconciliation, human rights promotion and protection, and support for the Kabul Process.

19. The budgets of special political missions fluctuated considerably, complicating analysis of the regular budget as a whole. He therefore looked forward to having the Secretary-General's proposals on the funding of such missions and the related report of the Advisory Committee. He reiterated his concern at the late introduction of documentation on important issues: for several years, the Committee had been required to consider complex proposals for some 30 special political missions just days before the end of the session, which prevented it from properly discharging its oversight role. The budgets of such missions, which accounted for approximately 20 per cent of the regular budget, warranted more careful review.

20. **Mr. Yamamoto** (Japan) welcomed the $120 million decrease in the proposed resources for special political missions compared to the previous biennium. It was important to seek the most efficient and effective ways of allocating limited resources. Nevertheless, he was concerned that the proposed allocation of $617 million for 2012 was $78 million more than half the total amount proposed for the biennium 2012-2013. Efforts should be made to ensure that the budgetary request for 2013 fell within the original limits of the proposed programme budget. The Advisory Committee's recommendations, derived from careful and balanced technical scrutiny of the proposed budget, would be the best starting point for the Committee's deliberations.

21. His delegation wished to highlight the important work done by the sanctions monitoring panels.

22. He shared the concern expressed by others that the Committee would have insufficient time to properly discuss the reports on the funding and backstopping of special political missions, which had yet to be included in the programme of work.

23. **Ms. Goicochea** (Cuba) said that the resources allocated to special political missions accounted for approximately 25 per cent of the regular budget, which distorted the priorities set by the Assembly. The procedure for approving and monitoring such missions made it impossible for the Assembly to exercise oversight, unlike the procedure for peacekeeping missions, which included oversight by the Special Committee on Peacekeeping Operations. In some cases, special political missions had no specific mandate but were established through an exchange of letters between the Secretary-General and the Security Council, even though they involved sensitive matters that were of interest to all Member States. Where they dealt with issues that were not covered by an explicit mandate from the Assembly, their establishment constituted a breach of the Assembly's prerogatives by

the Security Council. In responding to the interests of only a few Member States, the Secretariat was in violation of the intergovernmental process.

24. Her delegation concurred with the Advisory Committee that many of the reductions in the proposed budgets did not reflect real efficiency measures but resulted from the ending of the mandates of some missions. She also concurred that the criteria for the thematic clusters should be reviewed. The pattern of introducing the reports on special political missions near the end of the session was unacceptable; she wondered whether the intent was to hinder analysis of the budget estimates in the interests of some Member States that used the United Nations to pursue bellicose and interventionist aims.

25. With respect to the resources for the Special Adviser on the Prevention of Genocide, she supported the functions performed by the Special Adviser under his mandate, which derived solely from the intergovernmental decisions referred to in paragraph 67 of the related report (A/66/354/Add.1 and Corr.1 and 2). The inclusion of the responsibility to protect, which had no basis in a General Assembly resolution, reflected a lack of respect for Member States' decision-making.

26. The report lacked transparency and deliberately mingled proposals on the mandates and activities of the Special Adviser on the Responsibility to Protect and the Special Adviser on the Prevention of Genocide with the obvious aim of impeding analysis of the resources proposed for the latter; she requested a breakdown of the human and financial resources requested for each mandate holder. The statement in paragraph 71 that the Special Adviser who focused on the responsibility to protect was "charged with the further development and refinement of the concept" was unacceptable, as that function was strictly within the purview of the General Assembly. Moreover, the reports of both Special Advisers were submitted solely to the Security Council, even though there was extensive intergovernmental policy on genocide, as indicated in paragraph 67 of the report. There was, however, no legal basis for implementing mandates relating to the responsibility to protect. She wished to know the basis for selection of the regional organizations with which the Office of the Special Adviser collaborated, as mentioned in paragraph 77. Paragraph 78 indicated a clear intention on the part of the Secretariat to legitimize the concept of the responsibility to protect, despite the lack of an intergovernmental mandate, by encouraging debate in the Assembly. Lastly, there was evident bias in the Secretariat's and Special Adviser's information-gathering activities. For example, she wondered why no information had been included on the instability caused in many countries by the financial crisis.

27. **Ms. Azmee** (Malaysia) said that further information on the efficiency measures adopted in the operations of special political missions should have been included in the Secretary-General's report (A/66/354 and Corr.1). She expressed concern that the reports on special political missions were being introduced just before the end of the session. More time should be allowed to address the matter, which involved complex proposals and estimates totalling hundreds of millions of dollars.

28. She welcomed the improvement in the procedures and working methods of the sanctions monitoring teams, groups and panels in cluster II. While her delegation respected the primacy of Security Council resolutions, it was of the view that third States inadvertently affected by the application of sanctions should receive assistance. Transparency and accountability were thus paramount in implementing the related mandates.

29. Construction work at UNAMA should be monitored to ensure its completion on schedule and within the allocated resources. Human capacity-building was vital to nation-building and should be given priority in order to achieve long-term stability and sustainable development in Afghanistan.

30. **Mr. Ayzouki** (Syrian Arab Republic) said that the budget of the Special Envoy of the Secretary-General for the implementation of Security Council resolution 1559 (2004) grossly violated General Assembly resolutions 55/231 and 63/261 because it included activities that exceeded and distorted the Special Envoy's mandate. The reference to the Syrian Arab Republic in the Secretary-General's report (A/66/354/Add.1 and Corr.1 and 2) was unacceptable, as his Government had withdrawn its forces and security apparatus from Lebanon, as confirmed in a statement by the President of the Security Council (S/PRST/2005/17) and acknowledged by the Secretary-General, most recently in the report currently before the Committee.

31. The provisions of Security Council resolution 1680 (2006), which pertained to issues between two

sovereign States, were not within the mandate of the Special Envoy. The Security Council had encouraged his Government to respond positively to requests by the Government of Lebanon to establish diplomatic relations and delineate their common border. It had not, however, given the Secretariat a mandate to follow up on those issues; their inclusion in the mandate of the Special Envoy was a breach of Article 2, paragraph 7, of the Charter, which prohibited interference in the internal affairs of Member States. His delegation therefore called for the deletion of expected accomplishment (c) from the programme budget for the biennium 2012-2013.

32. The Special Envoy's focus on bilateral issues was intended to deflect attention from the real problem: Israel's violation of Security Council resolution 1559 (2004) through its continued occupation of Arab territories and its violation of Lebanese sovereignty by air, land and sea. To implement the resolution, the Security Council should bring pressure to bear on Israel to compel it to withdraw from Lebanese territory, including the Shab'a Farms, Kafr Shuba and the northern part of the village of Ghajar and cease its repeated violations of Lebanese sovereignty. He was perplexed that the Secretary-General's proposal did not include an indicator of achievement calling for the withdrawal of foreign forces from Lebanon, despite his delegation's having raised the matter repeatedly in the past.

33. The Special Envoy's mandate should be terminated because he had used the provisions of Security Council resolution 1559 (2004) to infringe on the sovereignty of Lebanon by focusing on bilateral issues between the Syrian Arab Republic and Lebanon while ignoring Israel's continued occupation of Lebanese territories and its hostile activities against Lebanon, and because he had overstepped his mandate and used the resources at his disposal to pursue a personal agenda that was unrelated to his mandate and ran counter to its objectives.

34. **Mr. Fernández Elwes** (Mexico) recalled that, when the proposed programme budget for the biennium 2012-2013 was introduced in September 2011, his delegation had expressed concern that it would be difficult to follow through on many of the proposed reductions in requirements. That was particularly true of special political missions, the requirements for which were difficult to estimate on a biennial basis. He drew attention to the Advisory Committee's comment, in paragraph 11 of its report (A/66/7/Add.12), that the Secretary-General had miscalculated the potential for savings in the operating costs of special political missions and that a higher sustainable level of efficiencies should have been identified. He also noted its recommendation that the Secretary-General should exercise greater prudence in presenting additional requirements for such missions.

35. While his delegation commended the Advisory Committee on its professionalism and hard work, it was disappointed that its report on the backstopping of special political missions had not been ready in time for the current meeting, given that the Secretary-General's report on the item (A/66/340) contained important options to be considered by the Fifth Committee. The Advisory Committee should do its utmost to complete its report quickly.

36. **Mr. Bayat Mokhtari** (Islamic Republic of Iran) said, referring to the estimates in respect of special political missions in cluster I (A/66/354/Add.1 and Corr.1 and 2), that his Government, while reiterating its commitment to the internationally recognized laws aimed at the prevention of genocide, stressed that the concept of the responsibility to protect had not yet been endorsed by the General Assembly. Changing the logical framework to create artificial mandates and posts in respect of an unapproved concept was counterproductive and a serious breach of the rules and regulations of the Assembly.

37. With respect to the sanctions monitoring teams, groups and panels in cluster II, he reiterated that the sanctions against the Islamic Republic of Iran were unlawful sanctions that targeted the civilian population and were based on unfounded allegations. His Government rejected those sanctions, which it considered to be politically motivated measures aimed at depriving the Iranian nation of its inalienable right of access to nuclear energy for peaceful purposes. His delegation therefore opposed the proposed funding for the Panel of Experts on the Islamic Republic of Iran and deemed it unlawful.

38. **Mr. Brant** (Brazil) said that his delegation endorsed the statement made by the representative of Côte d'Ivoire on behalf of the Group of African States. He was very concerned at the late introduction of the budgets of special political missions, which prevented the Committee from properly scrutinizing resource proposals that amounted to 20 per cent of the regular

budget. The situation was unsustainable: urgent action should be taken to change the manner in which those budgets were considered.

39. He also wished to know the status of the Advisory Committee's report on the backstopping of special political missions; given that the Secretary-General's report had been issued in October 2011 in response to a request of the Assembly in its resolution 65/259, the related report of the Advisory Committee should be issued expeditiously to comply with the Assembly's mandate.

40. **Ms. Casar** (Controller) said that she had taken note of Member States' concerns regarding the late issuance of documentation and would make every effort to resolve the issue in conjunction with the Advisory Committee.

41. **Mr. Kelapile** (Chairman of the Advisory Committee on Administrative and Budgetary Questions) said that he shared Member States' frustration at the late issuance of documentation. The Advisory Committee had consulted with the Secretariat repeatedly on the issue but they did not appear to be any closer to resolving it. He agreed that a permanent solution should be found urgently.

42. The issuance of the Secretary-General's report on the backstopping of political missions after its slotted date had caused considerable delay in the work of the Advisory Committee, which had involved extensive technical analysis of complex proposals; its report was currently being finalized and would be issued shortly.

43. **Ms. Goicochea** (Cuba) said that the Assembly could not take decisions on crucial issues without adequate time to deliberate. Consequently, it might be impossible to reach a decision on the backstopping of political missions at the current part of the sixty-sixth session.

Agenda item 133: Programme budget for the biennium 2010-2011 (*continued*)

Agenda item 134: Proposed programme budget for the biennium 2012-2013 (*continued*)

Capital master plan (A/66/5 (Vol. V), A/66/7/Add.11, A/66/179, A/66/324 and A/66/527 and Add.1)

44. **Mr. Adlerstein** (Assistant Secretary-General for the Capital Master Plan), accompanying his statement with a digital slide presentation, introduced the ninth annual progress report on the implementation of the capital master plan (A/66/527). A significant accomplishment in the previous year had been the replacement of the glass curtain wall on the Secretariat Building; many delegations had noted with appreciation that the new glass faithfully replicated the crispness of the original installation from the 1950s. New equipment and walls were now being installed in the Secretariat Building and the elevator systems were being renovated. The reoccupation of the Secretariat Building would begin in July 2012 and would be completed by December 2012.

45. Renovation work in the Conference Building had begun in March 2010 with the removal of old materials and asbestos. Once the new mechanical, electrical and plumbing infrastructure was installed, most of the main conference rooms would be restored to their historic appearance, but they would be more efficient and safer. Work was under way in the basement to renovate the technical support systems and create space for mail, documentation, security and facilities management functions while also maintaining heating and air conditioning for the General Assembly Building. Between December 2012 and January 2013, the conference functions would be relocated from the temporary North Lawn Building to the Conference Building and the Security Council would return to its renovated Chamber. The North Lawn Building would then be reconfigured to house the functions of the General Assembly Building so that construction could begin in that Building in early 2013.

46. The Secretariat would continue its efforts to communicate international procurement opportunities on as wide a basis as possible for the remainder of the project. To date, 15 per cent of the value of trade contracts had been awarded to subcontractors from outside the host country.

47. As reported previously, 350 parking spaces would be eliminated permanently from the garage to restrict parking beneath the General Assembly Building for security reasons. Every effort was being made to ensure that the minimum guaranteed number of spaces were available to Member States during the project.

48. The Governments of Austria, China, Denmark, the Netherlands, New Zealand, Norway, Qatar, the Russian Federation, Spain, Sweden, Switzerland and Turkey had expressed interest in participating in the

donations programme to assist in the decoration of a specific room or space. Discussions were under way with other Member States regarding potential donations. Architects selected by the Member States were collaborating with the Office of the Capital Master Plan to provide design input for the respective spaces. The project's architects were supervising the preservation of the character-defining aspects of the Headquarters buildings to ensure that major spaces reflected their historical appearance.

49. The project remained on track to meet or exceed sustainability goals for energy and water consumption and the applicable "green building rating" standards used in various Member States. Ninety-five per cent of the debris removed from the compound had been recycled; 98 per cent of the glass, steel and aluminium from the original curtain wall had also been recycled. A state-of-the-art building management system would be installed with "smart" controls to enhance building performance through automatic adjustment of heating, air conditioning and lighting levels. A rainwater harvesting demonstration project had been designed to collect rainwater from the Conference Building roof and store it in collection tanks in the basement for use in flushing toilets and urinals.

50. The Advisory Board of the Capital Master Plan, which had provided highly constructive feedback, had held two meetings in 2010 and three meetings in 2011. In June 2011, the Secretariat had been saddened to learn that Board member Stefan Kuryłowicz, a prominent Polish architect, had perished in an aircraft accident.

51. Over the previous year, the United Nations and the host country had maintained a constructive dialogue on matters pertaining to the capital master plan, while the host city had assisted in the review of design documents. The host country had provided funding for enhanced security upgrades to the Conference Building and along First Avenue. Discussions were under way concerning the protection requirements for the Dag Hammarskjöld Library Building and the South Annex Building, both of which were located on the southern perimeter of the Headquarters compound. Owing to concerns about blast threats from vehicles on the off-ramp from Franklin Delano Roosevelt (FDR) Drive, design and renovation work on those buildings had been suspended pending resolution of the security issue.

52. To ensure the safety of occupants and visitors, all asbestos-containing materials were being removed from the Headquarters complex. The safety record for the capital master plan remained exemplary, with a lost-time injury rate that was one third the industry average. With over 3 million person-hours of work completed, there had been only a few minor injuries to construction workers.

53. The entire capital master plan would be completed by the end of 2014; completion of work on the Conference and General Assembly Buildings had been delayed due to the enhanced security upgrade. However, the projected completion date for the most complex phase of the project — the renovation of the Secretariat Building — was within three months of the original schedule set out in the sixth annual progress report (A/63/477).

54. A total of $1,626.4 million, representing 86.7 per cent of the original budget, had been committed as at 7 December 2011, significantly reducing the risk of adverse surprises for the remainder of the project and, accordingly, the contingency and escalation provision. Careful management of the project, value engineering initiatives and the implementation of efficiency measures had reduced the projected construction budget deficit to $74.3 million by the end of May 2011 from a deficit of $80.1 million in September 2010. Given the current project schedule, an additional provision for swing space leases in the amount of $42.6 million had been added to the projected cost-to-complete. In addition, the estimated associated costs and costs related to the secondary data centre totalling $167.5 million had been included. Total resource requirements for the capital master plan, including the associated costs, would increase the projected budget shortfall to $284.3 million.

55. To reduce the funding gap, it was proposed to allocate $104.1 million in accrued interest income and $45 million from the working capital reserve to the financing of the project in order to cover all but $131.9 million of the potential project shortfall. Additional financial resources would be needed in 2013 to cover the remaining associated costs; he hoped that prudent management of the project would further reduce the financial requirements.

56. To meet its benchmarks, the Office of the Capital Master Plan would have to enter into obligations in the next three months of $268.6 million for the project and

$18.6 million for associated costs, resulting in a shortfall of $146.2 million in uncommitted funds. In order to avoid delays, the Office would require authorization to use the $149.1 million of interest income and working capital reserve funds for that purpose.

57. **Ms. Casar** (Controller), introducing the Secretary-General's report on proposals for financing associated costs for 2012 from within the approved budget for the capital master plan (A/66/527/Add.1), said that she would also address the financial implications of the proposal set out in the ninth progress report (A/66/527). As noted in previous progress reports, the budget of the capital master plan did not include the costs of temporary increases in staffing and operational costs that were required in respect of the Department for General Assembly and Conference Management, the Department of Public Information, the Office of Central Support Services, the Office of Information and Communications Technology and the Department of Safety and Security to support the construction activities during the project. To date, the Assembly had approved a total of $131.21 million for those costs. The projected associated costs for 2012 of $46.32 million could be partially offset by the balance of $34.96 million in unspent approved resources as at the end of 2011, leaving net requirements of $11.37 million.

58. Total associated costs for the project from the period 2008 to 2013 were estimated at $146.8 million. Despite the Secretariat's efforts to achieve reductions, the capital master plan would be unable to absorb the associated costs, the cost of establishing and operating the secondary data centre and the cost of swing space rental after October 2012, which were estimated to total $206 million. In addition, the project itself faced a funding shortfall of $74.28 million. In order to absorb those costs without jeopardizing the scope and timeline of the capital master plan, the Secretary-General sought the Assembly's approval to access the accrued interest of $104.1 million and the working capital reserve of $45 million. Should it agree, an additional assessment from Member States would not be required until 2013.

59. Although associated costs were recorded under several budget sections, approximately 93 per cent related to one-time capital expenditures such as the construction of the new broadcast facility and the acquisition of furniture. There were also major recurrent expenditures for security and for logistical and operational management relating to the occupation of temporary buildings. The delay in the renovation of the Conference Building to implement security upgrades would not affect the total amount of associated costs. Moreover, since most such costs were related to the renovation of the Secretariat and Conference Buildings, they would decline to minimal levels after 2012.

60. The General Assembly was requested to approve the net additional requirements of $11.37 for associated costs in 2012 and the use of the accrued interest of $104.1 million and the working capital reserve of $45 million.

61. **Mr. O'Farrell** (Director of External Audit of the United Nations Board of Auditors), introducing the report of the Board of Auditors on the capital master plan for the year ended 31 December 2010 (A/66/5 (Vol. V)), said that the Board had seen evidence of good practice within the capital master plan, for example, in the integrated team working with the Office of the Capital Master Plan, its professional advisers and the main contractor. Despite the progress achieved, major challenges lay ahead as the project entered a critical phase in which the flexibility to manage unexpected problems and costs was greatly reduced. Overexpenditure of $79 million, or 4 per cent, against the approved budget had been projected as at 31 March 2011. The cost forecast was incomplete as it did not include a provision for the most likely costs of identified risks; a robust and auditable estimate of the cost of all change orders until project completion; and all projected swing space rental costs. That caused uncertainty as to whether the remaining contingency allowance would suffice or whether the overrun would increase further. The Board was of the view that, given the cost and time pressures, the situation was more likely to worsen than to improve but that further overexpenditure could be minimized by quick action to address the Board's concerns. It was also clear that the associated costs could not be absorbed by the project unless there was a reduction in project scope or a budget increase; the issue should be resolved so that the project could go forward with greater certainty. At the time of reporting, there was no viable design solution for security requirements for the Dag Hammarskjöld Library and South Annex Buildings. Those elements of the project, which were estimated to require $65 million, were therefore on hold.

62. The project had a history of overoptimistic forecasting and faced delays: the overall completion date had slipped from mid-2013 to mid-2014. The first migration of staff back to the Secretariat Building was projected to begin three months after the date projected in September 2007; any further delays to that critical element of the project would be costly and disruptive. The schedule for renovation of the Conference and General Assembly Buildings had slipped by one year owing to the additional work needed for the enhanced security upgrade, at a cost of $100 million to be funded by the host country. The Board had also identified other factors that placed pressure on the project schedule and would require careful management, including reliance on third parties outside the control of the Administration to deliver critical work.

63. Other important issues highlighted by the Board included the risk that the Facilities Management Service would not be ready at the time of handover to manage the state-of-the-art building control systems being installed. That risk had been recognized and lessons were being drawn from the problematic handover of the North Lawn Building. Owing to delays, however, the buildings would be completed within a compressed time frame, which increased the probability of problems; consequently, the risk would require careful management. In addition, the Administration sought to improve communication and teamwork by co-locating senior management in the Secretariat Building and adopting open-plan rather than cellular office space. However, it was not taking full advantage of the potential for improved office solutions such as flexible desk-use policies, which could yield savings by allowing more staff to be housed in the Secretariat. Such benefits remained achievable, but a rigorous and supportive change management approach would be required to handle the inevitable cultural changes in staff working practices.

64. **Mr. Baez** (Chief, Policy and Oversight Coordination Service), introducing the Secretary-General's report on the implementation of the recommendations of the Board of Auditors contained in its report on the capital master plan for the year ended 31 December 2010 (A/66/324), said that the Board had made 15 recommendations in 2010, a decrease of 25 per cent compared to 2009. As at 22 August 2011, 3 of those recommendations had been implemented, 11 were in progress and 1 had not been accepted by the Administration. Of the 20 recommendations made in 2009, 17 had been implemented, 2 were in progress and 1 had been overtaken by events. The Administration was committed to the full and timely implementation of the Board's recommendations and to incorporating them into the management process.

65. **Mr. Kelapile** (Chairman of the Advisory Committee on Administrative and Budgetary Questions), introducing the report of the Advisory Committee on the capital master plan (A/66/7/Add.11), said that the Advisory Committee welcomed the progress made in a number of areas, particularly in donations by Member States, and emphasized the importance of identifying and documenting lessons learned during the implementation of the capital master plan to inform future capital improvement projects. The estimated completion date was now 2014, or approximately one year behind the original schedule, mainly owing to the implementation of enhanced security measures. In addition, work on the Dag Hammarskjöld Library and South Annex Buildings had been suspended and discussions were under way with the host country on the security requirements for those structures; the Secretary-General should conclude those discussions as soon as possible and inform the Assembly of the outcome at the earliest opportunity.

66. Information on the financial situation of the capital master plan was contained in paragraphs 27 to 32 of the Advisory Committee's report. As at 31 May 2011, the total estimated cost to complete the project had been $1.951 billion, for a net budget deficit of $74.3 million, or around 4 per cent of the approved budget. However, further requirements of $210.1 million for "worst-case scenario" lease costs, associated costs and the costs of the secondary data centre had been included in the overall budget, bringing the total cost to complete to $2.161 billion, for a deficit of $284.3 million, or 15.2 per cent of the approved budget. The Secretary-General proposed to use the working capital reserve and earned interest, a total of $149.1 million, to cover some of those costs. The Advisory Committee's report contained a table showing the potential impact of those funds on the project's cash balance between October 2011 and May 2013. Mindful that a cash shortfall could further delay the project, the Advisory Committee recommended that the Assembly should endorse the Secretary-General's proposal, which would obviate the need for a further assessment on Member States in 2012. The additional resources should, however, be made available in a phased manner,

starting with the working capital reserve and moving on, if necessary, to the interest income. The Secretary-General should also continue to explore all opportunities to reduce the total cost through value engineering and other cost-efficiency measures. The Advisory Committee's overall recommendation on the action to be taken by the Assembly in respect of the ninth progress report (A/66/527) was set out in paragraph 56 of its report (A/66/7/Add.11).

67. On the financing of the associated costs for 2012, he said that the main drivers of those costs, which were estimated to total $146.8 million for the period from 2008 to 2013 barring any further delays, were the purchase of furniture, the acquisition and implementation of the permanent broadcast facility and media asset management system and the provision of security. In its report, the Advisory Committee provided information on actual and projected expenditure since the biennium 2008-2009. For 2011, total available funding was $99.2 million; an unencumbered balance of $35 million was expected at the end of the year owing to the phased procurement of office furniture and installation of the broadcast facility and asset management system. The Advisory Committee had understood from the Secretary-General's report (A/66/527/Add.1) that he proposed to carry forward to 2012 savings of $5.1 million and use them to acquire additional items that had not been included in the original scope. While it recognized the importance of incorporating state-of-the-art technology into the new audio-visual and broadcast system, the Advisory Committee regretted that the savings identified from value engineering had not been utilized to lower the associated costs. It also reiterated its recommendation that every effort should be made to re-use furniture in good condition.

68. While the Secretary-General's proposal to use the working capital reserve and the accrued interest would help to address the concern expressed by the Board of Auditors that the capital master plan was unlikely to be able to absorb the associated costs without either a reduction in scope or a budget increase, the Advisory Board considered that those additional resources might be insufficient to cover the full amount of those costs. The General Assembly should therefore request the Secretary-General to clarify how the remaining requirements would be met. The Advisory Committee's overall recommendation on the action to be taken was set out in paragraph 57 of its report (A/66/7/Add.11).

69. Lastly, in chapter II of its report, the Advisory Committee commented on the issues raised by the Board of Auditors, including change control and succession planning. Management should make every effort to implement the Board's recommendations by the agreed target dates.

70. **Ms. Lapointe** (Under-Secretary-General for Internal Oversight Services), introducing the report of the Office of Internal Oversight Services (OIOS) on the audit of capital master plan procurement and contract management, including change orders (A/66/179), said that the Office had assessed the key controls over procurement and contract management activities conducted between 2008 and 2010. In particular, it had audited guaranteed maximum price contracts for the Secretariat Building valued at $335 million and change orders resulting in a significant increase or decrease in the guaranteed maximum price.

71. The Office had found that the contractual framework was adequately designed and had been operating effectively. An appropriate internal control structure had been established to attain best value in reviewing guaranteed maximum price contracts. While trade contracts had been subject to competition by pre-qualified bidders, the controls could be improved. Concerted efforts were being made to bring in international vendors for bulk purchases. Controls relating to change orders and contract amendments should be strengthened. Allowances were correctly processed and contingency usage complied with established procedures. Lastly, risk management, monitoring and quality control processes were generally adequate.

72. OIOS had issued eight recommendations — including two critical recommendations — to the Office of the Capital Master Plan and the Office of Central Support Services to strengthen procedures for trade contracts. All eight recommendations had been accepted and had either been implemented or were in progress. The first critical recommendation, which called for the Procurement Division to improve oversight of the procurement of trade contracts by the construction manager, Skanska, had recently been closed as appropriate action had been taken. The second critical recommendation required the Office of the Capital Master Plan to ensure that change orders were justified and their origins were identified before approval. In addition, delays in establishing the Post-Award Review Committee and the slow review process

had led to a large backlog of cases, indicating a need to consider the Committee's working arrangements. Furthermore, reasons for initiating change orders were not adequately explained by the Committee. Implementation of the recommendation was in progress; the Office would follow up in 2012.

73. **Mr. van den Akker** (Observer for the European Union), speaking also on behalf of the acceding country Croatia; the candidate countries Iceland, Montenegro and the former Yugoslav Republic of Macedonia; the stabilization and association process countries Albania, Bosnia and Herzegovina, and Serbia; and, in addition, Georgia, the Republic of Moldova and Ukraine, said that he welcomed the progress in the renovation of the Secretariat and Conference Buildings and the elements of sustainability incorporated into the capital master plan. The European Union was concerned, however, at the delay in the project completion date and its budgetary implications. Given the risks outlined in the report of the Board of Auditors (A/66/5 (Vol. V)), there might be further delays and costs that would strain the budget even further.

74. Considering the cost overrun for the project and the General Assembly's decision that associated costs should be financed from within the approved budget for the project, he wished to know how the remaining requirements would be met. The European Union was also concerned at the lack of control over changes to the project, which led to delays and increased costs. The Administration should have an effective governance system in place to minimize the volume of changes and address the budgetary consequences. The Secretariat should seize opportunities presented by the current economic climate to reduce contract and operational costs in order to bring the project back within the agreed budget while ensuring its quality and functionality. Lastly, lessons learned should be applied to the remaining stages of the capital master plan and should inform future capital improvement projects such as the strategic heritage plan of the United Nations Office at Geneva and long-term accommodation in New York.

75. As the issues raised merited thorough discussion, it was regrettable that the reports on the capital master plan had been submitted late. He saw no other option than to defer the Committee's deliberations on the topic to the first part of the resumed session.

76. **Ms. White** (Australia), speaking also on behalf of Canada and New Zealand, said that the three delegations were encouraged by the tangible progress made during the reporting period but were also concerned at the delays and cost overruns. She urged the Secretariat to continue reviewing lessons learned and identifying efficiency gains and would welcome details on the progress made in that respect. The three delegations would look closely at the Secretary-General's proposals on how to address the associated costs, which were also a matter of concern.

77. **Mr. Abu Bakar** (Malaysia) said that, despite the significant progress made on the capital master plan, his delegation was concerned by the slippage in the completion date and the cost overrun. He endorsed the Advisory Committee's recommendation that procurement activities should be transparent and that the associated costs should be addressed in a timely manner. The Secretary-General should keep the Member States informed of the overall status of the project and should explore every opportunity for cost-efficiency measures. In particular, conducting more procurement outreach to companies from the developing world would help decrease costs.

78. Continued efforts should be made to reduce the associated costs and absorb them within the approved budget. Furthermore, it was crucial that the capital master plan should be implemented within the projected time frame without further delays or cost increases; he hoped that enhanced transparency and accountability within the Secretariat would help achieve that end.

79. **Mr. Chumakov** (Russian Federation) inquired as to the nature of the critical expenditures that would arise in early 2012.

80. **Mr. Adlerstein** (Assistant Secretary-General for the Capital Master Plan), providing clarification on the issue of change orders, said that the number of such orders at the beginning of the project had been excessive owing to the fast-track construction strategy adopted to save time and money. However, the number of change orders had been reduced as the project progressed.

81. Responding to the question from the representative of the Russian Federation, he said that the funding needs in the first quarter of 2012 were related to a series of major contracts, including contracts for furniture and the broadcast system, that

were required to complete work in the Conference and Secretariat Buildings on schedule.

The meeting rose at 1 p.m.