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Chair: Ms. King..... (Saint Vincent and the Grenadines)
Chair of the Advisory Committee on Administrative and Budgetary Questions: Mr. Ruiz Massieu

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

Agenda item 134: Programme budget for the biennium 2016-2017 (*continued*)

Construction and property management
([A/71/333](#), [A/71/333/Corr.1](#), [A/71/370](#), [A/71/570](#)
and [A/71/571](#))

1. **Mr. Cutts** (Assistant Secretary-General for Central Support Services), introducing the report of the Secretary-General on the proposal for the seismic mitigation retrofit and life-cycle replacements project at the Economic and Social Commission for Asia and the Pacific (ESCAP) premises in Bangkok ([A/71/333](#) and [A/71/333/Corr.1](#)), recalled that the project had been identified for implementation in the Secretary-General's report on the strategic capital review ([A/69/760](#)), the long-term capital programme recognized by the General Assembly in its resolution [68/247 B](#). The report ([A/69/760](#)) did not include any proposals in respect of the projects identified; rather, it had been agreed that proposals would be presented in due course, in accordance with the established procedures for budgetary proposals and the Financial Regulations and Rules of the United Nations.

2. The Secretary-General's report ([A/71/333](#) and [A/71/333/Corr.1](#)) provided a summary of the progress made since his 2015 report ([A/70/356](#)), in addition to the details of the proposed project, which were aligned with the requirements set out in section XII of General Assembly resolution [70/248 A](#), in which the Secretary-General was requested to submit a revised proposal for the project. The success of the project depended on the establishment of clear objectives to meet requirements and stakeholder expectations; a strong governance structure with accountable project management; and effective risk management to support informed and proactive decision-making.

3. A number of factors contributed to the seismic risk to buildings in Bangkok, including its proximity to seismically active zones as near as 100 kilometres northeast of the city and the particular soil characteristics of the surrounding area. A number of buildings in Bangkok, including the ESCAP secretariat building, had been shaken by the magnitude 6.8 earthquake that had hit Myanmar on 25 August 2016. The ESCAP premises had moreover been designed in the early 1970s, before the introduction of formal

seismic design provisions in Thailand. The objective of the project was therefore to retrofit the premises to mitigate seismic risk, in order to ensure the long-term safety of staff, delegates and visitors. It also provided an opportunity to address, in the most cost-effective way, other issues relating to building performance, energy conservation, space usage efficiency, accessibility for persons with disabilities, and the life-cycle replacement of building systems that had nearly reached the end of their useful lives.

4. Under the proposed project governance structure, the Executive Secretary of the Commission would serve as project owner and would be supported by the Director of the Division of Administration, who would oversee the dedicated project management team responsible for day-to-day management of the project. Given the critical importance of risk management to the project's success, a third-party risk management firm, reporting directly to the Office of Central Support Services, would be hired to undertake qualitative and quantitative risk analyses, which would be linked to contingency funding, and the Office would continue to provide technical guidance and oversight.

5. In line with the guidance provided in General Assembly resolution [70/248 A](#), ESCAP had undertaken studies of the existing conditions of the Commission buildings, which had corroborated the main elements of the earlier studies on seismic risk. It had also developed four single-phase and multiphase implementation options, which provided for the possibility of separating or combining the seismic and life-cycle scopes and varied in scope, implementation methodology and duration, from a minimum of four years for option A to a maximum of 8 years for option D. After performing a cost-benefit analysis, including a qualitative and quantitative risk assessment, for each of the proposed options, the project team had developed a set of costed options, summarized in table 4 of the report. On the basis of that analysis, the Secretary-General had determined that option C, estimated at \$40.02 million, was the most cost-effective and beneficial solution, as it carried the lowest risk and had the added advantages of improving energy and space efficiency and productivity, with an expected increase of more than half a million dollars per annum in rental income for the benefit of Member States.

6. All proposed options provided for adequate contingency funding, in line with section IX, paragraphs 19 and 20, and section X, paragraphs 17 and 18, of General Assembly resolution 70/248 A. Any unused contingency funding would be returned to Member States on conclusion of the project, and contingency funding would not be used for discretionary changes outside of the current project scope or objectives. Such funding must nevertheless be available throughout the duration of the work to ensure the full attainment of the project scope and objectives, in line with standard construction industry practice, which had been endorsed by the Committee in the context of all recent construction projects, including the Strategic Heritage Plan and Africa Hall. The General Assembly was thus requested to approve option C and the related resource requirements for 2016-2017; the establishment of a dedicated project management team, including the six temporary positions requested; and the establishment of a multi-year construction-in-progress account for the project.

7. Introducing the report on the progress in the construction of new office facilities at the Economic Commission for Africa (ECA) in Addis Ababa, and update on the renovation of conference facilities, including Africa Hall (A/71/370), he said that the new office facilities (the Zambezi Building) had been fully functional for more than two years, and the related ancillary works were now in the defects liability period. The outstanding punch-list items were being rectified by the contractor, after the release, in April 2016, of the 5 per cent retention payment that had been withheld following substantial completion, and, together with some minor exterior works, were scheduled to be completed by early 2017.

8. Following the approval of the scope, schedule and maximum overall cost of the Africa Hall renovation project in General Assembly resolution 70/248 A, the project governance structure had been refined; the recruitment of the dedicated project management team had nearly been completed; and a mitigation strategy to make up for lost time in the schedule, without changing the scope or quality objectives, had been developed. The renovation work would entail structural upgrades, essential safety improvements and building work; the renovation of Plenary Hall; external work and landscaping; heritage conservation; and the creation of a visitors' centre.

9. Following the necessary structural and safety upgrades to the building, the visitors' centre would make Africa Hall a desirable tourist destination for those interested in the continent's history. The details of the business case for the visitors' centre were included in the report, in response to the request contained in General Assembly resolution 70/248 A. Planned work in that regard included the construction of a visitors' screening building and parking lot, to be located adjacent to the Commission compound, and consultations with the host country regarding the release of the additional land needed for the parking lot were currently under way. In addition, efforts by the project owner to solicit voluntary contributions for the project had yielded positive results, with Mali having become the first Member State to provide a contribution.

10. The Executive Secretary of the Commission was the project owner and the Chief of Staff was designated to manage overall governance. A stakeholders committee, which drew its membership from various Commission offices and the Office of Central Support Services, had been established, and an advisory board was currently being established, as mandated by General Assembly resolution 70/248 A. The Director of the Division of Administration was the project executive and was responsible for managing the dedicated project team. In line with the Assembly's emphasis on the need to strengthen the Office of Central Support Services' oversight of the project, including risk management, a third-party risk management firm, which would report directly to the Office, would be hired to undertake qualitative and quantitative risk analyses, which would be linked with contingency funding. The Office would rely on modest resources, including part-time staff at Headquarters, to perform those services within the existing budget.

11. The production of tender documentation, planned under the third stage of the project, was currently in progress, following the recruitment in May 2016 of the architectural design consultant responsible for its preparation, and was scheduled for completion by early 2017. The contracting strategy for project execution had been drafted with a view to recovering from the delays in the recruitment of the consultant.

12. The total cost of the project was estimated at \$56.9 million at current rates, as estimated in the

previous report of the Secretary-General ([A/70/363](#) and [A/70/363/Corr.1](#)), for implementation between 2015 and 2021. The project cost plan had been revised in line with the current implementation schedule to take into account the latest contracting strategy and the status of the technical documentation to date. The General Assembly was requested to take note of the progress made, including the details of the project governance structure; to approve the revised cost plan for the renovation of Africa Hall, which remained within approved resources; and to approve the business case for the visitors' centre.

13. **Mr. Ruiz Massieu** (Chair of the Advisory Committee on Administrative and Budgetary Questions), introducing the report of the Advisory Committee relating to the seismic mitigation retrofit and life-cycle replacements project at the ESCAP premises ([A/71/570](#)), said that the Advisory Committee recommended approval of option C, which represented the most cost-effective approach to the simultaneous implementation of the seismic and life-cycle replacement works, subject to its recommendations on the related cost estimates. In that regard, the Advisory Committee recommended that the General Assembly should request the Secretary-General to provide an update of cost estimates for option C, taking into account its observations, including on escalation and contingency provisions, swing space requirements, and energy and space efficiencies. With the exception of the resources related to the proposed consultants for flexible workplace strategies, he recommended approval of the proposed resource requirements for 2017, which would represent a charge against the contingency fund. He also recommended approval of the establishment of the dedicated project management team and project support staff and of a multi-year construction-in-progress account for project expenditures from 2017 until completion. Lastly, he welcomed the positive steps taken toward engaging with the host country.

14. Introducing the report of the Advisory Committee on the construction of new office facilities at ECA and the Africa Hall renovation project ([A/71/571](#)), he noted the completion of the first and second stages, preparation and design, of the Africa Hall renovation project and the commencement of the third stage, pre-construction, in May 2016. However, owing to the delays in the contract negotiations for the lead

consultant for design and supervision, some of the work planned under the third stage, which had initially been scheduled for implementation in 2017, was now postponed until the 2018-2021 period. A construction contractor for the fourth stage, construction, would nevertheless be hired by the end of 2016 and an independent risk management firm would be hired in early 2017. He reiterated the importance of keeping the project on schedule for avoiding any potential cost overruns, and recommended approval of the proposed temporary positions. Lastly, he welcomed the host country's contributions to the project.

15. **Ms. Wairatpanij** (Thailand), speaking on behalf of the Group of 77 and China, said that the Group supported the construction and improvement projects for the United Nations regional commissions proposed under the strategic capital review and emphasized the need for the Organization to continue to address health and safety issues at all of its locations, as well as to ensure more efficient building performance, energy conservation and space utilization.

16. The Group noted that, according to the seismic risk analysis conducted in 2016, the peak ground acceleration for ESCAP had been classified as having a moderate to heavy potential to cause damage to structures and, coupled with the soil and bedrock characteristics of the Bangkok area, could contribute to severe damage or the complete collapse of the secretariat building in the event of an earthquake. That was particularly alarming, given that half of the more than 80 significant earthquakes that had affected Thailand over the previous decade had occurred in the last three years, indicating an increase in frequency, and that several earthquakes with a magnitude greater than 6.0 had occurred less than 200 kilometres from Bangkok. The Committee should therefore act decisively to guarantee the safety of staff and visitors.

17. The Group welcomed the Secretary-General's efforts to identify the most cost-effective and efficient method of implementing the seismic mitigation retrofit and life-cycle replacements project, and to provide a thorough analysis of each of the proposed options, taking into account duration, costing estimates, expected benefits, the nature of the planned work, and the method of implementation. It agreed that option C, to be undertaken over an expeditious timeline of six years, was the most viable and cost-effective option

and, in that regard, was prepared to deliberate and approve the multi-year construction-in-progress account, scope, resources and timeline to ensure the project's successful implementation. It was also prepared to put in place oversight, governance and accountability arrangements to ensure the highest standards of implementation.

18. Given the critical importance of collaboration between the United Nations and the host country in implementing such projects, the Secretariat's strong engagement with the Government of Thailand in preparing its current report was encouraging. The Group appreciated the support provided by the host country, including technical expertise and concrete recommendations aimed at ensuring compliance with national seismic resistance standards, as well as its assistance regarding construction-related technical matters and possible locations for offsite swing space.

19. Noting that several Member States had shown interest in providing support for the project, including through voluntary contributions, she encouraged the Secretary-General to continue to engage with Member States in that regard, in line with relevant mandates and applicable procedures, rules and regulations. In addition, efforts should be made to draw on local knowledge, materials and in-house capacity, as well as lessons learned and best practices from other capital projects, including the successful renovation and seismic retrofit to the Office of the United Nations Educational, Scientific and Cultural Organization in Bangkok. Lastly, close mutual guidance and coordination between the Secretariat, including the Office of Central Support Services, and ESCAP, with clear reporting lines, were essential to ensuring strong project governance and oversight.

20. With regard to the construction work at ECA, the Group noted that an independent assessment firm had concluded that there had been no breach of contract on the part of either the contractor or the consultant design firm and recommended that the Commission should proceed to completion of the contract. The Group also noted the information on the work completed, as well as the outstanding corrective work, which must be completed within the newly established timelines to avoid further delays and cost overruns.

21. With regard to the renovation of Africa Hall, the Group took note of the information relating to the

project schedule, the cost elements for 2016-2017, the use of contingencies and expected escalation costs, governance and oversight, staffing and updates on the visitors' centre. It was disappointed at the delays arising from, inter alia, contract negotiations, and stressed the need for the timely completion of the project, which had been under discussion for nearly a decade. It would seek further details regarding the revised project time frame and measures taken to recover lost time and expedite implementation.

22. The Group noted that planned expenditures for 2016-2017 were lower than originally planned, owing to the delays in contract negotiations. It understood that the remaining financial planning elements would be implemented within approved maximum resources, and that any unspent balance would be retained in the multi-year construction-in-progress account established under section IX of General Assembly resolution 70/248 A. The Group would also seek further updates on the new methodology for estimating contingency provisions.

23. With regard to oversight and governance, the Group stressed the need for the full and timely implementation of the recommendations of the Office of Internal Oversight Services (OIOS), as well as compliance with the Financial Regulations and Rules and procurement policies and procedures, and looked forward to enhanced accountability arrangements in that regard.

24. The Group also took note of the information relating to the visitors' centre, including the expected number of visitors, as well as the related observations and comments of the Advisory Committee, and would seek further clarification on specific issues in that regard. In addition, given the need to ensure the expeditious completion of the renovation of the United Nations Conference Centre at Addis Ababa, the Group would seek specific information on the project scope and timelines. Lastly, it would examine the ways in which local materials, technology and capacity were being incorporated in the project's implementation.

25. **Mr. Abdallah** (Chad), speaking on behalf of the Group of African States, emphasized the need for the finalization of the remaining ancillary work related to the new office facilities at ECA in a timely manner and within approved resources. Taking note of the partially satisfactory audit rating awarded by OIOS for the

management of construction activities in ECA, he stressed the need for the timely implementation of all of the Office's recommendations to ensure proper identification and management of risks and avoid the recurrence of the problems identified.

26. A formal expression of interest had been issued for the fourth stage of the Africa Hall renovation project, with the selection of eligible bidders forecasted by the end of 2016. The Group was nevertheless concerned at the delays in implementation related to contract negotiations and stressed the need to recover lost time without undermining the quality and scope of the project. Noting the revised cost plan for 2016-2017, which reflected the proposed division of the construction phase into two parts, he looked forward to further details on the alignment of the proposed approach with the project's mandate and emphasized that any unspent balance should be retained in the multi-year construction-in-progress account for the project.

27. Welcoming the finalization of the terms of reference for the stakeholders committee and the definition of the draft terms of reference for the advisory board, he stressed the need for the timely establishment of those entities to strengthen project governance. The Group would seek further information on the consideration given, in the context of establishing governance arrangements, to ensuring maximum use of in-house expertise and institutional memory during implementation and guaranteeing the preservation of the historic and architectural elements of Africa Hall.

28. The Group welcomed the voluntary contributions made to the project, including from the Government of Mali, and encouraged continued efforts to raise contributions in line with relevant mandates and applicable policies, procedures, rules and regulations. In that regard, it noted the three-tiered strategy adopted to solicit voluntary contributions, of which the first tier provided the host country, African Member States and the African Union with the first opportunity to demonstrate ownership of the project, and the second and third tiers aimed to mobilize the support of the remaining United Nations Member States and private entities, respectively.

29. He took note of the information provided by the Secretary-General on the visitors' centre and the

projected number of visitors, as well as the related comments of the Advisory Committee, while emphasizing that the visitors' centre should not be used solely for generating profit, as the Organization was a not-for-profit entity. The Group looked forward to further information on the renovation of the Conference Centre and management of ECA facilities in connection with the efforts made to increase capacity utilization.

30. The Group supported proposed option C for the seismic mitigation retrofit and life-cycle replacements project at the ESCAP premises and recommended approval of its scope, time frame, the estimated maximum budget and the establishment of the multi-year construction-in-progress account. Strong oversight, governance and accountability arrangements should also be established at the earliest stage of the project to ensure proper identification and management of risks.

31. **Mr. Fu Daopeng** (China) said that ESCAP had long promoted regional interconnectivity and economic integration with a view to advancing balanced, inclusive and sustainable development in the Asia-Pacific region. He welcomed the related report of the Secretary-General, which was aimed at ensuring the compliance of ESCAP buildings with national seismic resistance standards and optimizing their functioning, and appreciated the strong feasibility of the implementation options proposed.

32. **Ms. Hailu** (Ethiopia) said that her country had spared no effort in ensuring the successful completion of the construction of the Zambezi Building and welcomed the improved convenience of the work environment and the significant cost savings achieved. The one-year defects liability period, during which the contractor had spent significant financial resources to respond to defect claims after occupancy, had yielded benefits for the project owner, and she appreciated the completion of the ancillary projects in time for the Third International Conference on Financing for Development, held at ECA in July 2015. Moreover, no breach of contract had been found by the independent assessment team tasked with evaluating the compliance of the work performed with contract terms and specifications.

33. She trusted that the negotiations relating to the third and fourth stages of the Africa Hall renovation

project would be completed according to schedule and emphasized the need for ECA and United Nations Headquarters to draw on past experience and exercise caution to avoid unnecessary delays. The delay in recruitment was particularly difficult to justify, and similar practices should be avoided in the area of procurement. Given the historical significance of the renovation and the importance of ensuring the facility's compliance with health and safety standards, Member States should provide financial and in-kind support for the project, and ECA should redouble its efforts to mobilize support from African countries, African entities and partners. She reaffirmed her Government's commitment to supporting the project.

34. The business aspect of the visitors' centre should not be viewed in isolation, but rather as part of the entire Africa Hall renovation project aimed at restoring the facility's cultural, historic and symbolic value and making it a must-see landmark uniting tradition and modernity, with a state-of-the art conference venue, a permanent African exhibition and a museum. The historical significance of Africa Hall, together with the symbolic importance of the Commission's location adjacent to Africa Park and the Jubilee Palace of Emperor Haile Selassie, with which it formed a complementary group of prominent landmarks at the centre of Addis Ababa, should be considered before questioning the return on investment and sustainability of the project. Convinced of its high return on investment in the long term, she underscored the need to include the visitors' centre in the project in order to profitably harness the symbolic value of Africa Hall and ensure its status as a prominent destination in Ethiopia and on the African continent.

Other matters

35. **The Chair** drew attention to a letter dated 26 October 2016 from the President of the General Assembly to the Chair of the Fifth Committee concerning agenda item 145, "Administration of justice at the United Nations" ([A/C.5/71/11](#)).

The meeting rose at 11 a.m.