



STATEMENT ON BEHALF OF THE GROUP OF 77 AND CHINA BY SENATOR ZAFAR IQBAL CHAUDHARY, HONOURABLE MEMBER OF THE SENATE OF THE ISLAMIC REPUBLIC OF PAKISTAN, ON AGENDA ITEM 128: "CAPITAL MASTER PLAN", AT THE FIFTH COMMITTEE OF THE 62ND SESSION OF THE GENERAL ASSEMBLY (New York, 23 October 2007)

Mr. Chairman,

1. I have the honour to speak on behalf of the Group of 77 and China on Agenda Item 128: Capital Master Plan.
2. The Group of 77 and China wishes to thank the Under-Secretary-General for Management, Ms. Alicia Barcena, for introducing the report of the Secretary-General under this item, as contained in document A/62/364, and the Chairman of ACABQ Mr. Rajat Saha for his introduction of the related report of the Advisory Committee (A/62/490). The Group, furthermore, wishes to express its appreciation to the Director of External Audit of the Philippines, Mr. Roland Rey, for introducing the report of the Board of Auditors on the Capital Master Plan for the year ended 31 December 2006 (A/62/5 (Vol. V)).

Mr. Chairman,

3. In June 2000, at the 55th session of the General Assembly, the Secretary-General had presented a proposal on the Capital Master Plan together with the alternative plans on cost. In August 2006, the General Assembly, in its resolution 60/282, decided in favor of Strategy IV recommended by the Secretary-General, namely, phased renovation of the United Nations buildings. In March 2007, seven years after having the original discussion on the Capital Master Plan, the General Assembly, following the advice of the Secretary General finally approved the methods of financing the plan at a total budget of 1,876.7 million US dollars.
4. In its report, the Board of Auditors have identified the main reasons behind the delays in the implementation of the Plan by about a year. These range from procedural difficulties in UN departments, delays in decision making and insufficient importance to the implementation of the project. The Group of 77 & China notes with concern that a number of actions by the Secretariat undermined the General Assembly mandates and decisions. The failure of the Department of Management to adapt its resources to the needs of the project, and series of delays including in finalizing the leases for the Plan swing spaces, in the appointment of an Executive Director, in the establishment of the Advisory Board, in filling critical vacancies, lack of identification of staff members to be moved to swing spaces, all contributed to the current situation.
5. Those delays, Mr. Chairman, explain an increase of 13% in projected costs approved in August 2007 and why the Capital Master Plan still basically remains on paper. The failure to fully implement the mandate of the General Assembly as contained in its landmark resolutions has not only delayed the project but has also harmed the image of the United Nations. Moreover, the safety, health and well-being of the representatives of member states, the Secretariat staff and other people concerned continue to be exposed to the hazards, risks and deficiencies arising from the current conditions of the Headquarters Building.
6. The Group of 77 and China concurs with the recommendations of the Board of Auditors and the

related observations and recommendations of the ACABQ. We would like to stress that the Board's recommendations should be implemented expeditiously. We also emphasize that as recommended by the ACABQ, the Board should validate the implementation of its' own recommendations in its forthcoming report on the CMP. It is imperative to avoid further delays in the implementation of the project and further cost overruns and to ensure compliance with the mandates of the General Assembly. The Group also wishes to reaffirm the General Assembly resolution 61/251 and requests to the Board of Auditors and OIOS to continue to report on the implementation of the CMP.

Mr. Chairman,

7. In its fifth progress report the Secretary-General has proposed an "accelerated Strategy IV", to recapture lost time and to expedite the project. It is based on cost, risk and operational considerations and highlights significant benefits associated with expediting the phasing of renovation of both the Secretariat and Conference Buildings. Such benefits include mitigating the cost escalation experienced over the previous year, reducing the financial risks to the Organization, eliminating the health and safety hazard by vacating the Secretariat Building and renovating the building in three years rather than six. The safety, security and health of the UN staff should also enjoy paramount consideration during the relocation to the hired swing space.

8. The report also indicates that expediting the project involves adjusting a calculation of the balance among available real estate opportunities, construction cost and projected escalation, at a particular time. On the other hand, the ACABQ mentions in its report that it was informed that at this moment, the project manager is not yet required nor is able to provide firm pricing in writing, and that as it acquaints itself in more and more detail with the design documents, the total project estimate will be fine-tuned and adjusted as necessary. This state of affairs raises serious questions about the financial assumptions used for the project costs of the proposed accelerated Strategy and achieving the objectives of keeping the project within the approved budget and the distribution of the assessments over the entire project duration.

9. According to the report of the Secretary-General, the proposed accelerated Strategy would reduce the current increase in the projected costs by only 30 million US dollars, leaving an amount of 190 million US dollars to be identified for savings through what the report referred to by "value engineering". The Group looks forward to receive more clarifications and detailed information on value engineering. We would like to seek concrete assurances that any proposed action shall not compromise the quality, durability and sustainability of the renovated materials and the original design of the Headquarters and that no decision shall be taken on these aspects without the prior approval of the General Assembly.

10. The report of the Secretary-General mentions that associated costs have not been included in the Capital Master Plan budget and will be presented, once fully identified, to the General Assembly for its consideration, probably at its first resumed session. We fully support the recommendation of the ACABQ that such costs should be considered in the context of discussions of the Capital Master Plan, and look forward to receive more information on this issue. We believe that the Secretariat must have prepared an estimate of such costs taking into account that the activities incurring those costs had been genuinely known to the Secretariat since the adoption of the General Assembly resolution A/60/282 by which it approved Strategy IV, effective 1 July 2006.

11. As regards the Sustainability Initiatives, the Group of 77 and China looks forward to further clarifications on the three types of initiatives mentioned in the Secretary-General's report, in particular those that could result in even greater project performance, together with the cost estimates of those initiatives and the justification for the need for such initiatives. The Group is

concerned that the current accelerated strategy and value-engineering concept presented to mitigate costs and to keep the project in the approved budget level could have been presented in 2006. It raises questions about the possibility of the further revision of the accelerated strategy IV at some point in future. In this context, the Group of 77 and China would like to emphasize that the Secretary-General's efforts in the context of the accelerated strategy IV should not be limited only to mitigate the cost escalation of 219 million US dollars but should continue to bring the approved budget of 1.8 billion US dollars to a lower level. It is worth mentioning in this regard that paragraph 48 of the report used the words "the General Assembly's recommendation" rather than the Assembly's mandate or request. The Group of 77 and China believes that this mistake will be rectified and trusts that a corrigendum will be issued in this regard.

Mr. Chairman,

12. The Group of 77 and China has been supportive of the option of vacating the Secretariat Building throughout the renovation process and had always highlighted its concerns for renovation during occupancy, namely, safety and health hazards, extended duration of work and additional cost. However, the Group agreed to the option suggested by the Secretary-General since his first report in 2000 (A/55/117) that the most feasible scenario is the phasing approach, in particular for the renovation of the Secretariat Building, by the isolation of 10 floors at a time, thus resulting in financial, operational, and practical benefits for the Organization.

13. Member States are now faced with an accelerated approach on which an urgent decision needs to be taken. It is only through clarity, transparency and responsibility we will be able to move towards any decision, which will ultimately reestablish the credibility of the project, guarantee the availability of resources and resolve the unacceptable health and safety deficiencies of the UN Headquarters. The Group of 77 and China would like to stress the need for more frequent interaction with Member States on the implementation of the CMP. Such interactions should include regular briefings, more frequent reporting on the project and placing the relevant information on the project implementation and related aspects on the CMP website.

I thank you Mr. Chairman.