

**Statement to the Fifth Committee
on the capital master plan**

**Mr. Yukio Takasu
Under-Secretary-General for Management**

**Thursday 20 March 2014
10:00 am
Conference Room 4 (NLB)**

Good morning, Mr. Chairman and Distinguished Delegates:

I am pleased to introduce two addendum reports to the Secretary-General's Eleventh Progress Report on the capital master plan.

Addendum 2 to A/68/352 provides an update on the implementation of the capital master plan and Addendum 3 provides updated information on final expenditure for associated costs for the period from 2008 to 2013. Both documents are submitted pursuant to General Assembly resolution 68/247, section IV, paragraphs 7, 12 and 20, respectively.

Progress continues on schedule for our highest priority, which is the completion of the General Assembly Building by September 2014, in order for the renovated building to host the General Debate of this fall.

Although the recent winter weather has caused some construction delays in the outdoor portions of our work, the interior work has proceeded in a timely manner, and we remain confident that we will complete the General Assembly Building on time.

There are **three main areas of construction at present**: 1) the General Assembly Building, 2) the basements that provide all the services to the General Assembly Building, and 3) the security-related work on First Avenue, including the construction of a line of protective bollards and the new screening buildings on First Avenue.

As for **security-related work**, the most visible progress since last fall has been the construction and completion of the new South Screening Building and the construction of the line of bollards, both on First Avenue. However we are still waiting for the permit for the work at the 42nd and 48th Street entrances.

The General Assembly also requested the Secretary-General to continue interacting with the Host City with a view to determine available options for resolving the pending security concerns.

At present, a solution to the security concerns has not been reached. The presence of the FDR Drive off-ramp in close proximity to the two buildings continues to cause concern to the Organization's security experts.

Last month, Under-Secretary-General Kennedy and I wrote a letter to the Permanent Representative of the Host Country, requesting that the Host City take action to protect the United Nations Headquarters by closing the off-ramp at 42nd Street to all but authorized vehicles.

On 24 February 2014, the Secretariat received a reply which acknowledged that the off-ramp could not be closed or relocated. The Secretariat will continue its dialogue with Host City and state authorities to enhance security along the 42nd street perimeter.

Addendum 2 provides **alternative options for the relocation of the functions of**

being applied to ongoing active renovation activities and contracts. Hence, the report refers to the unfunded suspended scope of \$65 million for the Library and South Annex Buildings which is an uncommitted portion of the CMP project scope. It will be recalled that, due to security reasons, it is no longer feasible to renovate the Library and South Annex Buildings.

Table 4 explains that the project cost is being financed by the appropriations from 2004 to 2011, voluntary contributions, interest income, and the CMP Working Capital Reserve Fund, totalling \$2.15 billion.

Outstanding assessments of Member States are \$0.8 million. We would like to thank all Member States for their timely contributions and would appreciate if the remaining balance be paid in full.

If the General Assembly approves the proposal of the Secretary-General to continue to suspend the renovation of the Library and South Annex Buildings, we will be able to complete the project within the projected project cost, without requesting an additional assessment from the Member States.

I would now like to turn to Addendum 3, which concerns the **associated costs**.

From the beginning, it was well recognized that these associated costs would be crucial to implement the capital master plan. However, as delegates are aware, these costs were not included in the original scope of the CMP project as approved by the General Assembly.

The Secretary-General submitted to the General Assembly the expenditure of the associated costs and the cost of the secondary data centre in each of the years from 2008 to 2013.

In each year since 2008, the General Assembly, after careful examination, approved these expenditures, while charging the associated costs to the CMP fund, and requesting the Secretary-General to make every effort to absorb the costs.

In 2011, when the CMP approved budget was no longer able to cover the associated costs, upon the request of the Secretary-General, the General Assembly decided to authorize commitment authority amounting to \$135 million for continued activities of the CMP and associated costs.

In 2012, the General Assembly authorized additional commitment authority in the amount of \$167.8 million. Of the sum of the two commitment authorities, the associated costs and the cost of the secondary data centre utilized \$155.3 million.

Addendum 2 provides the final expenditures of the associated costs at \$140.3 million and the cost of the secondary data centre at \$15.0 million. The total amount is \$155.3 million.

The Secretariat made every effort to contain the associated cost expenditures but it is not possible to absorb such an amount in the CMP fund, particularly at the final stage of completing the project.

Turning to the cash flow situation of the capital master plan, the Office of the Capital Master Plan disbursed \$168.5 million or an average of \$21 million per month over the last eight months. On 19 March 2014, the cash balance stood at \$214 million.

The slower than expected exterior work due to the inclement weather over the last three months lowered the cash outflows in December 2013 and January 2014 compared to expectations.

But now the General Assembly Building renovation work is proceeding at a rapid pace. As the construction work progresses, we expect the much higher monthly cash outflows over the next few months. The cash balance on the capital master plan is not sufficient to meet all the outstanding commitments are invoiced as the construction progresses.

It is projected that the cash balance of the CMP fund will be exhausted by the coming June unless a decision is made now on financing the associated costs to relieve the burden of the CMP fund.

A reasonable level of operating cash needs to be maintained to safely proceed to the completion of renovating the General Assembly Building and completing the rest of the CMP work.

The associated costs and the cost of the secondary data centre can no longer be accommodated from within the approved budget of the capital master plan without endangering the completion of the project itself. The Secretary-General requested, in his report A/68/352, the General Assembly to take measures, such as conversion of utilized commitment authority into an appropriation in the CMP budget, appropriations under program budget, or other definitive funding decision on associated cost by the end of the first resumed session.

It is essential that a decision on the financing of the associated costs and the cost of the secondary data centre be made during this first resumed session. The lack of a decision on this point will imperil the ability of the Secretariat to complete the General Assembly Building. We look to the General Assembly for a decision on this crucial issue.

The action that the General Assembly is requested to take is contained in paragraph 42 of Addendum 2.

I would be pleased to answer your questions at this time.