

\*\*\* CHECK AGAINST DELIVERY \*\*\*



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

**Ninth Annual Progress Report on the Implementation of the Capital Master Plan**

**Proposals for Financing Associated Costs for 2012 from within the Approved Budget  
for the Capital Master Plan**

**FIFTH COMMITTEE**

Statement by

Ms. María Eugenia Casar  
Assistant Secretary-General, Controller  
Friday, 9 December 2011

Mr. Chairman,  
Distinguished delegates,

1. I have the honour of introducing the report of the Secretary-General on proposals for financing the associated costs to the Capital Master Plan for the year 2012, from within the approved budget for the Capital Master Plan. I will also address the financial implications set out in the ninth annual progress report on the implementation of the capital master plan, which Mr Adlerstein has just presented to you.

2. During the construction period of the CMP, temporary increases in staffing and operational costs are required to support the construction activities of the capital master plan. As you are aware, such costs were never included in the budget for the CMP (as was indicated in the third, fourth and fifth annual progress reports) and are needed in respect of DGACM, DPI, OCSS (within DM), OICT and DSS.

3. As you will recall, the Assembly has approved associated costs of: \$30.27 million for 2008-2009; \$42.07 million for 2010; and \$58.87 million for this year, 2011. The total approved for the past three and a half years is now \$131.21 million.

4. Mindful of the constrained fiscal reality faced by many Member States, we have been managing the available resources and cash flow as prudently as possible. A Steering Committee chaired by the Under-Secretary-General for Management and attended by senior representatives of all of the departments and offices concerned meets monthly to jointly scrutinize every requirement.

5. The projected requirements for 2012 are \$46.32 million. Additionally, however, we project there will be a balance of unspent approved resources of \$34.96 million at the end of 2011. This can be offset against the 2012 requirements, so that the net incremental need for 2012 is \$11.37 million.

6. If we consider the duration of the CMP, the estimated total through 2013 for associated costs is \$146.8 million. This is \$15.7 million less than projected last year and some \$25.46 million less than the projected amount from the year previous to that. Estimates for associated costs have reduced by 15% from projections in 2009.

7. Despite all our efforts, and following a detailed review of the financial situation of the CMP against the background of the General Assembly approved scope and schedule, it is evident that the CMP will not be able to absorb: (a) the associated costs; (b) the cost of creating and operating the secondary data centre through to 2011; and (c) the cost of providing for swing space rent after October 2012. These activities are estimated to cost up to \$206 million. The CMP project itself is still facing a shortfall of funding on the renovation works of \$74.28 million. It is now in a situation where there is a diminishing prospect of future cost savings, as much of the scope has already been contracted.

8. In order to absorb all these additional costs without jeopardising the scope and timeline of the CMP itself, the Secretary-General has been looking for additional resources without calling for new cash from Member States at this time, so far as is practically possible. To this end, the Secretary-General is seeking the Assembly's approval to access the identified ring-fenced resources of interest accrued to the Capital Master Plan of \$104.1 million and to the working capital reserve of \$45 million. Should the General Assembly agree, an additional assessment from Member States will not be required until 2013.

9. Although associated costs to the Capital Master Plan are recorded under several budget sections, the majority of projected costs relate to a relatively small number of activities. Approximately 93% of the projected costs to the end of 2012 relate to one-off capital expenditures such as the construction of the new broadcast facility or the large-scale acquisition of furniture. In addition, there are major recurrent expenditures for the duration of the Capital Master Plan, such as security as well as logistical and operational management in relation to occupancy in temporary buildings (the North Lawn Building and swing space).

10. This year's ninth progress report on the implementation of the Capital Master Plan explains changes to the schedule as a consequence of the enhanced security upgrades, which include the delayed renovation of the Conference Building (expected completion late 2012), the General Assembly Building (expected completion mid 2014) and the renovation of the South Annex and Library Buildings (yet to be determined). These delays have impacted associated costs only to the extent that certain activities are taking place later than previously forecast. From a financial perspective, there is no impact upon the quantum of associated costs.

11. Furthermore, it should be recalled that the majority of associated costs relate to the renovation of the Secretariat Building and the Conference Building. Accordingly, although the completion of the Capital Master Plan project is anticipated for 2014, the projected associated costs decline sharply to minimal levels after 2012.

12. In sum, we stand before you to seek an \$11.37 million net incremental requirement for 2012. Unfortunately, despite our best efforts, the Capital Master Plan is not in a position to absorb the associated costs, the costs of the secondary data centre for 2011, and the costs of office space rent beyond October 2012, in addition to its own (diminishing) overrun. We therefore seek the General Assembly's approval to access the interest of \$104.1 million that has accrued in the Capital Master Plan account, as well as the Working Capital Reserve of \$45 million, in order to avoid an additional assessment for 2012.

Thank you Mr Chairman.