



**STATEMENT ON BEHALF OF THE GROUP OF 77 AND CHINA
BY H.E AMBASSADOR MOURAD BENMEHIDI, PERMANENT REPRESENTATIVE
OF ALGERIA TO THE UNITED NATIONS, ON AGENDA ITEM 130: PROGRAMME
BUDGET FOR THE BIENNIUM 2012-2013, CAPITAL MASTER PLAN, AT THE
FIFTH COMMITTEE DURING THE MAIN PART OF SIXTY-SIEVENTH SESSION OF
THE UNITED NATIONS GENERAL ASSEMBLY
New York, 5 November 2012**

Mr. Chairman,

1. I have the honour to speak on behalf of the Group of 77 and China on agenda item 130: Programme Budget for the biennium 2012 - 2013: Capital Master Plan (CMP).

2. The Group of 77 and China would like to thank Mr. Yukio Takasu, Under-Secretary-General for Management, for introducing the report of the Secretary-General on CMP progress report as contained in document A/67/350, as well as the Vice Chairman of Advisory Committee on Administrative and Budgetary Questions (ACABQ), Mr. Carlos Ruiz Massieu, for introducing the report of the Advisory Committee as contained in document A/67/548. We also express our appreciation to Mr. Yu Liu, Director of External Audit of China and Chairman of the Audit Operations Committee of the Board of Auditors for his introduction of the reports of the Board as contained in document A/67/5 (Vol. V), and the Assistant-Secretary-General for Internal Oversight Services, Mr. David Kanja, for introducing the report on technical audit of the CMP, as contained in document A/67/330.

Mr. Chairman,

3. At the outset, the Group wishes to express its condolences and sympathies to all countries which have suffered fatalities and destruction including the host country following the devastation caused by Hurricane Sandy and hope for the speedy recovery for those affected. We also wish to thank the Secretariat and particularly, staff of the Office of Capital Master Plan who had to work hard, during the past week, to cope with the unfortunate consequences of this natural disaster on the Project and we would certainly hope that such effects can be kept at minimum.

4. The Group would like to thank the Secretariat for the briefing just made on the impact of the hurricane on the United Nations compound and requests that, during the informal meetings, the Secretariat provides to Member States additional information on the details of the damage caused to the United Nations Headquarters by Hurricane Sandy, including the level of risks related to identified damages, the short-term, mid-term and long-term plan of action to repair these damages and the estimated costs of all these damages and related repairs.

5. The Group of 77 and China notes the progress made in the implementation of the Capital Master Plan as indicated in the Tenth Progress Report, which has just been presented to the Committee for its consideration. Over the past few years of implementation of the Project, the Group has become extremely concerned over aspects of the Project that remain the source of

serious and fundamental problems. The Group has consistently maintained that the CMP must be completed in time and within the approved budget, without affecting the original scope nor compromising on the quality of the final product. The management's handling of the CMP budget and the unresolved issue of the associated costs are but some of these major areas of concern. The failure to accurately predict and timely inform the General Assembly on both the associated costs and any projected budget increase resulting from issues such as change orders, security enhancements and the swing space requirements need to be further scrutinized.

6. In this regard, we note with interest the Board of Auditors' observation that pressures and risks identified by the Office of the Capital Master Plan were not included in a timely manner in the cost forecasting. The Group strongly urges for transparent and timely reporting on all aspects of the implementation of the CMP to enable the General Assembly to take appropriate action promptly to facilitate the process accordingly. Failure to do so could be equated to a management fault.

7. The findings of both the Board of Auditors and the ACABQ on the project governance enlighten the Group on the main causes of the current situation. The Board notes that Capital Master Plan has no steering committee since its inception to provide both support and independent challenge to the project team, the main governance control being only through the annual report cycle to the General Assembly. The ACABQ notes also that the existing oversight committees of the Capital Master Plan do not fulfill the function of monitoring cost, schedule and scope. The Group will request further information on the internal control framework of this major project which is creating every year more and more additional financial requirements on Member States without being in line with the mandate provided for the final result.

8. The Group is of the firm belief that, in a complex project like the Capital Master Plan, transparency and accountability should be of essence. In that context, we call on the Secretariat to make available to Member States the original report prepared by the consultants that performed the recent in-depth technical audit on behalf of OIOS, as well as the opinion of the Advisory Board of the CMP concerning the proposals made by the Secretary-General for the future of the Project. The Group still needs to be convinced that the failure referred to in the audit can be overlooked.

9. The Group has taken note of the suggestions by the Secretary-General in his 10th annual report to deal with the financial situation of the Project. The Group is, however, disappointed with the fact that none of the proposals presented in the report seems to answer the requests by the General-Assembly in the resolution 66/258, which asked for practical options to reduce or offset the overall project costs while remaining within the approved budget and scope of the project.

10. The Group is particularly concerned about the suggestion to de-scope parts of the Project, including the proposal to continue the suspension of the renovation of the Library and the South Annex buildings under the pretext of security rearrangements and the proposal to defer the demolition of the Temporary North Lawn Building.

Mr. Chairman,

11. On the South Annex and the Library buildings, the Group urges the Secretariat to find an agreeable solution to this problem with the authorities of the host government as soon as possible. The Group is very concerned that the Secretary-General did not present viable alternatives to complete the project in its entirety. The proposal to continue the suspension of the construction work alongside with the use of the \$65M to cover cost overruns, are tantamount to a de facto de-scoping of the project. The Group will not accept leaving a part of project unfinished nor will it consider the work of the CMP completed until an agreeable solution to this situation is reached.

12. The Group of 77 and China reaffirms its long-standing position that the architectural integrity of the United Nations complex must be preserved. We therefore firmly reject the proposal to defer the demolishing of the Temporary North Lawn Building. This proposal does not make economic sense and has negative impact on the architectural integrity of the UN Headquarters complex. The Group further recalls that in its resolution 65/269, the General Assembly approved mandate for the timely demolishing and removal of the Temporary North Lawn Building upon the completion of the Headquarters renovation work.

Mr. Chairman,

13. The Capital Master Plan was conceived as a project to refurbish, modernize and preserve the architecture of the landmark Headquarters of the United Nations. The Group finds it extremely important that every effort is made to achieve these objectives in their entirety, as approved by the General Assembly.

14. The Group looks forward to discussing these and other issues of concern during the informal sessions and pledges its full commitment to finding solutions to the current problems the Project is facing while preserving its original scope.

I thank you Mr. Chairman.