



## **Report on the Strategic Capital Review**

### **Introductory statement to the Fifth Committee of the General Assembly**

by

Mr. Stephen Cutts, Assistant Secretary-General for Central Support Services

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Mr. Chairman, distinguished delegates,

I am pleased to introduce the Secretary-General's report A/70/697 on the Strategic Capital Review. The report is the third in as many years on the initial development of a 20-year projection of capital requirements across the global secretariat, referred to as the Strategic Capital Review, which is intended to be a rolling programme used by the Secretariat in identifying capital requirements, and to alert member states about anticipated project proposals going forward in future budget cycles. The report provides an update on the initial capital maintenance programme presented in last year's report, and responds to the guidance received from the General Assembly in its 69<sup>th</sup> session. The report also provides up-to-date information on the status of capital projects as at the conclusion of the main 70<sup>th</sup> Session of the GA.

The key objectives of the review have remained consistent in the last three reports; these are: to provide safe and healthy working environments for United Nations delegates, visitors and staff over the long-term, and to ensure they comply with the Convention of the Rights of Persons with Disabilities; to maintain property value, maximize space usage efficiency in existing spaces, modernize building systems and move towards more energy efficient facilities; and to preserve heritage assets and minimize work disruption during capital improvement projects.

The scope of the review covers eight locations (New York, Geneva, Vienna, Nairobi, Addis Ababa, Bangkok, Beirut, and Santiago), as well as 20 sub-regional offices of the economic and social commissions locations, and the Mechanism for International Criminal Tribunals, Arusha Branch.

The purpose of the present report is to provide updated information on the ongoing development and refinement of the 20-year rolling capital programme, as well as the current status of detailed feasibility studies for several proposed projects. In particular, the report provides updated information on the cost-benefit comparison of the incremental re-capitalization (or proactive) approach to maintaining property compared to the run-to-fail (or reactive) approach. Because of the added costs of swing space requirements, additional soft costs for dedicated project management teams, and additional remedial works required, the Secretariat estimates that the recommended incremental recapitalisation approach could save the Organization roughly 32 per cent in total capital requirements over the next 50 years. This benefit alone is compelling, and it is *in addition* to an estimated savings of 12 per cent in ongoing operational costs and avoiding unnecessary risks inherent in large-scale projects by undertaking the works gradually over time.

The report includes an updated list of the proposed near-term capital projects at the United Nations Office for Nairobi, the Economic Commission for Africa in Addis Ababa, the Economic and Social Commission for Asia and the Pacific in Bangkok, and the Economic Commission for Latin America and the Caribbean in Santiago. These projects are organized according to priority needs, in terms of life safety, modernization and programmatic objectives. The list has also been updated to include the resource requirements as approved by the General Assembly in the context of the 2016-17 Programme Budget, which comprise the pre-planning activities for these projects.

In its resolution 69/262, the General Assembly entrusted the Office of Central Support Services to ensure that best practices and lessons learned from the strategic capital review are disseminated among duty stations. To this effect, the present report provides an update on the Global Guidelines for the Management of Construction Projects, which were issued in January 2016. The Guidelines set global policy on the roles and responsibilities of various actors through the phases of the construction process, with emphasis on project controls, including on risk management and the establishment and use of contingency funding, among other matters.

OCSS continues to provide technical guidance, advice and support for capital projects undertaken by the Secretariat, and, in response to recent resolutions from the General Assembly, is currently considering how to strengthen the oversight role provided by OCSS and ensure a greater emphasis on risk management going forward.

The strategic capital review and projects emanating from the review continue to be coordinated by the Overseas Properties Management Unit under the overall leadership of the Assistant Secretary-General for Central Support Services. Due to the significant age, number and value of the buildings and infrastructure assets owned by the Organization and included in the scope of the Strategic Capital Review, and immediate work required in order to improve the assets, the workload of the Overseas Properties Management Unit has seen significant increase since 2010, when the total value of ongoing construction projects was only \$48 million. Today, in 2016, the total value of ongoing construction projects is more than \$900 million, with additional projects in planning valued at over \$100 million. In this context, the Secretary-General intends to review the capacity of the Overseas Properties Management Unit and make proposals in his next proposed programme budget for the biennium 2018-2019.

The present report also includes detailed information on other considerations, including accessibility for persons with disabilities, long term accommodation needs at Offices Away from Headquarters, and flexible workplace strategies. The report also touches on budget and funding mechanisms.

The present report, as well as all future reports on the Strategic Capital Review, is intended to serve as a planning tool for the General Assembly to consider cross-cutting policy issues that affect capital planning across the Organization, and to begin to plan for future capital requirements well in advance. The report is not intended to serve as a mechanism for seeking approval for specific project proposals. Rather, in line with General Assembly resolution 69/274 and related resolutions, such proposals will be made either as part of the proposed programme budget (typically under Section 33) or as stand-alone proposals, and the General Assembly would be requested to consider individual proposals on their own merit.

The General Assembly is requested to take note of the report, and to request the Secretary-General to report in the main part of the seventy-second session of the General Assembly.

Thank you, Mr. Chairman and distinguished delegates. My colleagues and I will be pleased to answer any questions that you may have in the informal sessions.