



Finland's EU Presidency

Fifth Committee
UNITED NATIONS
Agenda Item 117: Programme Budget for the Biennium 2006-2007

Statement on behalf of the European Union

Ms. Katja Pehrman
First Secretary
Permanent Mission of Finland to the United Nations

New York, 30 November 2006

(check against delivery)

Mr. Chairman,

I have the honour to speak on behalf of the European Union.

The Acceding Countries Bulgaria and Romania, the Candidate Countries Turkey, Croatia* and the former Yugoslav Republic of Macedonia*, the Countries of the Stabilisation and Association Process and potential candidates Albania, Bosnia and Herzegovina, Montenegro, Serbia, and the EFTA countries Iceland, Liechtenstein and Norway, members of the European Economic Area, as well as Ukraine and Moldova align themselves with this declaration.

At the outset let me thank UN Controller, Mr. Warren Sach for introducing the fourth annual progress report of the Secretary-General on implementation of the Capital Master Plan (A/61/549). We also thank the Board of Auditors and the ACABQ for their related reports.

Mr. Chairman,

The European Union wishes to stress again the great importance it attaches to the Capital Master Plan. We continue to believe that we must take an early decision to enable this project to move forward quickly. The state of the building, which was completed in 1952, is well below New York City safety standards, and only continues to deteriorate. The issue of the Capital Master Plan has been under discussion in the Fifth Committee since 2000. The negotiations have taken a considerable amount of time as we have been dealing with a major capital investment project. Last June the Fifth Committee finally took a decision on a CMP strategy and we must now build on that progress and put the financing in place so that construction can begin according to schedule.

This time the SG's report updates the total projected costs and provides information on various scope options, including security-related requirements. The report also provides financing options and recommends a five-year assessment plan and the use of a letter of credit as the most appropriate financing mechanism.

Mr. Chairman,

We have carefully considered the Secretary-General's proposals on financing the project. We note that the budget of the capital master plan project has increased from \$1,6 to nearly \$1,9 billion. According to the report the changes have occurred in construction cost, contingencies, professional fees and management costs, forward pricing escalation and swing space. The EU will explore further in informal consultations the rationale for the rise in costs and on the scope of options which the SG considers to be necessary.

*) Croatia and the former Yugoslav Republic of Macedonia continue to be part of the Stabilisation and Association Process.

On financing, the European Union wishes to reiterate its preference for multi-year direct assessments as the simplest method of financing the project. The EU is interested in exploring the possibility of making the assessments broadly proportional to the amount needed in different phases in order to avoid unnecessary payments in advance. We are ready to discuss the financing options in more detail during the informals.

The EU believes it makes sense to have a mechanism in place to cover contractual obligations. Thus we understand the need for a letter of credit to demonstrate the full financial capability of the project. Like the ACABQ, the EU is of the view that the envisaged working capital reserve is an integral part of financing arrangements for the CMP.

We believe that assessments for CMP should be considered due and payable in full within 30 days of the issuance date. Furthermore, the EU supports the mechanism proposed by the Secretary General whereby charges resulting from a draw down on the credit facility should be apportioned between MS who have not paid in full and on time. We are interested in hearing MS views on the matter, taking into account that as of 31 October 2006, \$66 million of CMP total payments are outstanding.

In conclusion, the EU wishes to reiterate that we are ready to proceed with the CMP without any further delays. More than 38 million visitors have toured the UN building since its opening in the early 1950s. Countless thousands have called it their workplace. Now we must finally decide on the financing of the CMP so that the refurbishment can take place. We need to renovate and reinvigorate the building and to bring it in line with proper safety regulations, for the security of all those who work and pass within, and ultimately for the effective functioning of the work of the United Nations itself.

Thank you, Mr. Chairman.