

Check against delivery

STATEMENT

by Mr. Vladimir A. Iossifov, Representative of the Russian Federation in the Fifth Committee of the 59-th session of the United Nations General Assembly on Agenda item 108 “Program budget for the biennium 2004-2005” on the issue of “Capital Master Plan”

May 20, 2005

Ms. Chair,

We would like to thank Officer-in-Charge for the Capital Master Plan Mr. John Clarkson and the Chairman of the Advisory Committee on Administrative and Budgetary Questions Mr. Vladimir Kuznetsov for presentation of the corresponding reports. We also wish to express our gratitude to the UN Secretariat for the last-week briefing to the Member States on the matter under discussion.

The need for a capital refurbishment of the UN Headquarters in New York has been in focus of the Member States for quite a long time. Unfortunately, one has to admit that we have not made much progress in resolving such fundamental questions relating to the Capital Master Plan as the funding of the project, timeframe for starting its implementation, and construction of the swing-space. Meanwhile, the cost of the project is growing every year.

We took note of the information on the offer of an interest-bearing loan made by the United States to the United Nations to finance the Capital Master Plan (CMP).

We have, therefore, to state that the expectations with regard to an interest-free loan for implementation of the CMP have failed. Acceptance of that loan offer would mean a considerable financial burden for the Member States since the proposed amount of the interest to be repaid during 30-year period would exceed the amount of the loan itself.

In this situation when an interest-free loan is, in fact, no longer an option, we emphasize that the Russian Federation is ready to bear its share of the CMP cost by paying contributions directly assessed on it as the project proceeds. Any funding options involving interest payment are unacceptable to Russia.

At the same time, bearing in mind that among the Member States there probably might be supporters of the idea to utilize, in one way or another, the loan offered by the host country, Russia will be prepared for the discussion of compromise options providing for a mixed funding arrangement for the CMP which would allow the Member States to choose between either paying assessed contributions or participating in the loan agreement with the host country which involves subsequent long-term interest payments. We note with satisfaction that during the last-week briefing the representatives of the UN Secretariat confirmed the practicability of such options.

In light of the above stated the issue of authorizing the Secretary-General to conclude an agreement with the host country to preserve the United Nation's option to take, if necessary, a loan should be considered in conjunction with the final decision on the funding scheme of the Capital Master Plan, and in the context of a clear legal arrangement that the Member States may choose to participate in funding of the project with no interest payment.

We note that it is the understanding of the Secretary-General that the conclusion of such an agreement would not impose any financial and legal obligations on the United Nations. At the same time, without prejudging a decision to be taken by

the General Assembly as to the possibility of concluding the aforementioned agreement, we would stress that this should also clearly confirm the same understanding of the host country.

We are also concerned about the lack of progress in resolving the questions regarding the construction of a swing-space building, including the allocation of a site for it in the vicinity of the United Nations Headquarters. Although we take note of the information contained in the Secretary-General's report on the efforts being undertaken by the Secretariat to find alternative options for the lease of offices and conference space, in our view, we may expect a greater involvement of the host country in the resolution of this problem, especially since the timing of the CMP implementation to a considerable extent depends on it. Bearing in mind that in 60 years of the United Nations presence in New York it has become not only an integral element of the political landscape of the host country but also a major component of the economy of both the city and the state of New York, the continuing uncertainty in this issue is, at the minimum, difficult to understand.

In conclusion, we would like to indicate that the Russian delegation has no objection to the request of the Secretary-General for the appropriation of US\$26 million under previously approved commitment authority for the continuation of the CMP design and pre-construction works.

Thank you.