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Sixth annual progress report on the strategic heritage plan of the United Nations Office at Geneva

Report of the Secretary-General

Summary

The sixth annual progress report on the strategic heritage plan of the United Nations Office at Geneva is submitted pursuant to section X of General Assembly resolution [70/248 A](#), in which the Assembly approved the overall scope, schedule and estimated cost of the project, section XVIII of resolution [71/272 A](#), section XVI of resolution [72/262 A](#) and section XIII of resolution [73/279 A](#). It covers the period from 1 September 2018 to 31 August 2019 and provides an update on the activities undertaken since the fifth annual progress report of the Secretary-General ([A/73/395](#)). It contains the further information requested by the Assembly in its resolutions [70/248 A](#), [71/272 A](#), [72/262 A](#) and [73/279 A](#) and provides updated information on project progress, flexible workplace strategies, cost estimates, possible schemes of assessment and alternative funding mechanisms.

The strategic heritage plan project continues to proceed in accordance with the approved maximum overall cost of CHF 836.5 million and within the approved scope and quality targets described in the previous annual progress reports of the Secretary-General. During the reporting period, the scheduled project completion date slipped by six months. The change is the result of a necessary adaptation to the contracting strategy for the renovation of the 1930s historic buildings to avoid significant risks that emerged during the procurement of the construction contract. Although the scheduled start of construction has been delayed, the change has reduced execution risk during the renovation works. Further mitigation measures will be applied to minimize the impact of the schedule change, although the full renovation works are now projected to be completed in the middle of 2024.

The General Assembly is requested to take note of the present report and the progress made since the issuance of the fifth annual progress report of the Secretary-General ([A/73/395](#)); take note of the expectation that a later project will be required to introduce ventilation and cooling after the completion of the strategic heritage plan,



which will be reflected in future reports on the strategic capital review; decide on the scheme of appropriation and assessment for the strategic heritage plan, including for repayment of the host country loan starting in 2020, and on the currency of appropriation and assessment; approve the establishment of a multi-year special account for the project and take note of the intention of the Secretary-General to include the annual repayments of the loans under the special account for the duration of the project, and under the regular budget for the relevant periods thereafter; and endorse the implementation of the valorization strategy outlined in the present report, authorize the expenditure on the preparatory works necessary to realize the maximum possible long-term revenue stream under income section 2 of the programme budget and note that future progress on valorization of United Nations land in Geneva will be reported under income section 2 of the programme budget.

I. Introduction

1. The sixth annual progress report on the strategic heritage plan project of the United Nations Office at Geneva is submitted pursuant to section V of General Assembly resolution [68/247 A](#), section III of Assembly resolution [69/262 A](#), section X of Assembly resolution [70/248 A](#), section XVIII of Assembly resolution [71/272 A](#), section XVI of Assembly resolution [72/262 A](#) and section XIII of Assembly resolution [73/279 A](#).

2. The present report summarizes the planning and construction-related actions accomplished since 1 September 2018. The financial information contained herein is based on the available data as at 31 July 2019.

II. Update on project governance

A. Advisory Board

3. The Advisory Board held three meetings during the reporting period, in September 2018 and March and August 2019. The Advisory Board also visited the construction site of the new permanent building H in August 2019 to see the construction works being undertaken. Among the key issues considered by the Advisory Board since the most recent report were the importance of ventilation and cooling in the historic Palais des Nations buildings, including flexible workplace strategies in the context of rising temperatures, project progress, financing and options for schemes of appropriation and assessment, voluntary contributions and change management strategies.

B. Steering Committee

4. The Steering Committee held two full meetings during the reporting period, in February and June 2019. The Committee also mandated subcommittees of its members to meet and advise on specific matters, including the decision to implement a temporary conference infrastructure to ensure business continuity with regard to conferences. The Under-Secretary-General for Management Strategy, Policy and Compliance (Co-Chair of the Committee), the Controller and the Assistant Secretary-General for Supply Chain Management all visited Geneva during the reporting period, receiving more in-depth briefings and holding further discussions on the progress and key issues of the project.

5. The Steering Committee continues to ensure the monitoring and assurance of project progress against the established timelines and budget and reinforces the requirement for close management of project scope and controls. Key issues taken up by the Committee during the reporting period included business continuity in respect of conferencing, changes to the strategic heritage plan schedule, programme changes, including the removal from the project scope of the planned subdivision of room XII, and the continuing actions being taken to manage and mitigate emerging risks and budget pressures.

C. Project assurance

1. Independent and integrated risk management

6. As noted in the fifth annual progress report of the Secretary-General ([A/73/395](#)), the risk management services contract provides two distinctly separate functions:

independent quarterly risk management reporting, which is provided to the governance levels independent of the project team; and integrated monthly risk management reviews that are carried out as an integral part of the work of the project management team. Further to the findings of the most recent report of the Board of Auditors on the strategic heritage plan ([A/73/157](#)), the risk management strategy for the project has been updated to align more closely with the United Nations global guidelines for the management of construction projects.

2. Board of Auditors

7. Since the previous reporting period, the Board of Auditors has conducted further extensive audit visits of the strategic heritage plan at the United Nations Office at Geneva during the periods from 12 to 30 November 2018, from 14 January to 1 February 2019 and from 22 to 31 July 2019. The latest recommendations resulting from the visits during the reporting period have been transmitted to the project owner by means of a management letter.

8. The latest observations and recommendations by the Board of Auditors on the strategic heritage plan, together with those contained in the most recent report of the Board on the strategic heritage plan, and the status of their implementation, are summarized in annex III to the present report. As confirmed by the Board in its management letter, all of the recommendations contained in the first report of the Board on the strategic heritage plan ([A/70/569](#)), all but one of the recommendations included in each of its previous reports ([A/72/5 \(Vol. I\)](#) and [A/72/5 \(Vol. I\)/Corr.1](#), chap. II, and [A/74/5 \(Vol. I\)](#), chap. II) and over two thirds of the recommendations in the most recent report of the Board on the strategic heritage plan ([A/73/157](#)) have been fully implemented or overtaken by events.

9. The next full audit visit to be undertaken by the Board of Auditors specialist external audit team is planned to be conducted from 28 October to 15 November 2019.

D. Management of the strategic heritage plan

10. The project owner is the Director-General of the United Nations Office at Geneva, who is supported by the project executive. Support for the strategic heritage plan continues to be provided by both the Department of Management Strategy, Policy and Compliance through the Under-Secretary-General for Management Strategy, Policy and Compliance, who co-chairs the strategic heritage plan Steering Committee, and the Department of Operational Support, through the Assistant Secretary-General for Supply Chain Management, with respect to procurement matters.

11. In line with lessons learned from other ongoing capital projects undertaken by the Organization, in particular the capital master plan in New York, and in accordance with section XVIII, paragraph 29, of General Assembly resolution [71/272 A](#), the Secretary-General continues to ensure that resource requirements at each stage of the project are based on a thorough review of actual and up-to-date needs on the ground and adjusts them as appropriate.

III. Progress

A. Status of activities

12. During the reporting period, significant progress was made towards achieving the key project milestones for design, procurement and construction activities, including:

(a) The successful resolution of soil issues and the completion of foundations and structural work on the new permanent building, in addition to the complete revision of the design of interior layouts to support flexible workplace strategies, all within the overall budget allocation for the new construction and the overall project programme;

(b) The finalization of the variation instruction to the contractor for the new permanent building, within the approved budget, to fully incorporate flexible workplace strategies;

(c) The completion of technical design work and the launch of the tender for the renovation of the 1930s historic buildings, drawing on best practice methodologies of the construction industry regarding collaboration with prospective bidders, in full compliance with the regulations, rules and relevant provisions of General Assembly resolutions governing procurement in the United Nations;

(d) The execution of procurement actions towards the selection of a general contractor for the renovation of the historic buildings, which will result in the commencement of the pre-construction services phase, forecast for October 2019;

(e) The refinement of business continuity plans, including the tendering of temporary infrastructure to ensure the continuity of conferencing activities throughout the renovation works;

(f) The completion of the detailed design for building E;

(g) The definition of furniture requirements for all buildings, both those with and those without flexible workplace strategies, and the tender for furniture items in excess of the existing furniture that is available for reuse;

(h) The further refinement of the phasing strategy when undertaking the works, and the creation of the logistical plans required for staff moves to and from the swing space created within the new building H and between the existing buildings at each stage of the renovation;

(i) The enhancement of transition planning, change management activities and communications, including the establishment of a dedicated intranet site, related to the implementation of new workplace strategies, as appropriate, for each building and client;

(j) Progress towards the development of a detailed handover procedure for all completed sections of work, beginning with the new building in 2020, and the preparation of a building manual for ongoing operations by the facility management teams that will take over the buildings upon completion of the project.

13. Despite the substantial progress achieved in the past year, most visibly on the new permanent building H, slippage in the programme has arisen as a result of risk mitigation actions taken owing to the market response during the procurement of the renovation contract for the historic buildings. With support from the project owner, the project executive and the procurement function in the Secretariat, the strategic heritage plan adapted the contracting strategy to retain interest by highly qualified bidders and to limit cost and schedule risks that might otherwise have been incurred by the Organization during the construction phase.

14. The above-mentioned approach has enabled the United Nations to secure competitive bids for the renovation, which is perceived as high-risk because of the age of the building, the heritage features, the scale of the works and the fact that the United Nations Office at Geneva will remain operational throughout the work. As it is, construction will begin in spring 2020, which represents a six-month slippage compared to the schedule presented in the previous report of the Secretary-General, albeit with a reduction in execution risk owing to the greater level of knowledge that the successful bidder will have gained through the tender and pre-construction phases under the revised contracting strategy. As a result, it is no longer realistic to expect that all construction work will be finished in 2023, and the overall planned schedule of the project now foresees the completion of construction activities by the middle of 2024. As noted in the previous report of the Secretary-General, some administrative project closeout activities will extend beyond that, for example post-occupancy evaluations, the closure of contracts, the settlement of final accounts and release of retention.

15. Some schedule slippage with regard to the construction of the new permanent building H was incurred as a result of the previously foreseen variation for the implementation of flexible workplace strategies. However, the time delays for those works are not anticipated to have an impact on the start of the renovation or affect the overall project schedule. The costs of this variation are contained within the overall budget allocation for the new building work.

16. An architectural rendering of the finished building H as viewed from the direction of building E is shown in figure I. Progress photographs of the new building H construction site from the same angle, dated 29 August 2018 and 31 August 2019, are provided in figures II and III to demonstrate project progress during the reporting period.

17. Projected cost estimates continue to be reviewed monthly, and value engineering is undertaken and the cost plan is fully updated at all key deliverable milestones. Project risks continue to be extensively reviewed and analysed, and appropriate mitigation strategies are developed and implemented in line with section XVI, paragraph 12, of General Assembly resolution [72/262 A](#). Reallocations of the project contingency provisions continue to be based on the continual assessment of the risks associated with the phases of the project as they progress, in line with section X, paragraph 18, of Assembly resolution [70/248 A](#).

Figure I

Architectural rendering of completed new building H (expected to be completed in 2020)



Figure II
Progress photograph of new building H site, 29 August 2018



Figure III
Progress photograph of new building H site, 31 August 2019



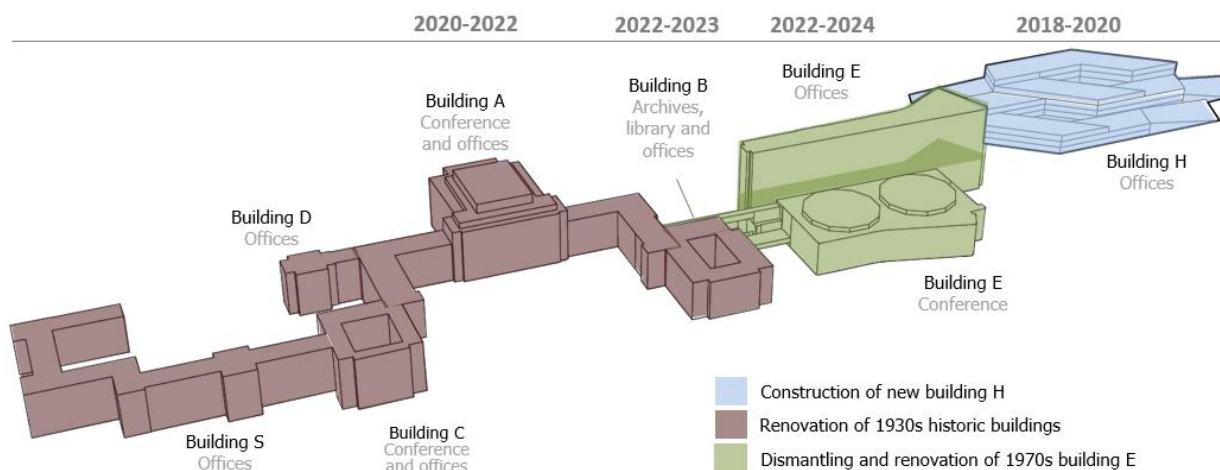
B. Design progress

18. The construction phase design services for the new permanent building H are progressing in accordance with the requirements of the construction programme. In line with the revised implementation strategy described in the fourth annual progress report ([A/72/521](#)), the technical design and tender documentation for the 1930s historic buildings (buildings A, B1 (library archives), C, D and S) were completed,

7,200 technical drawings and documents were reviewed by the strategic heritage plan team and the tender was launched in the first quarter of 2019. A schematic overview of the Palais des Nations buildings and the currently planned phases of the contracting strategy is shown in figure IV.

Figure IV

Schematic overview of Palais des Nations building complex and contracting strategy



19. The detailed design for building E was also completed in early 2019. The contract tendering and the technical design work for its renovation will begin upon completion of the procurement of the general contract for the renovation of the 1930s historic buildings and will be carried out in time to commence building E renovation works upon completion of the renovation of the conference rooms in buildings A and C in 2022.

C. Flexible workplace strategies and space efficiency

20. In its resolution [73/279 A](#), the General Assembly decided not to approve the installation of ventilation and cooling at the Palais des Nations in the strategic heritage plan project. In its resolution [72/262 A](#), the Assembly endorsed the recommendations of the Advisory Committee on Administrative and Budgetary Questions, in its fourth annual progress report on the strategic heritage plan ([A/72/7/Add.25](#)), to proceed with the construction of the new building with the full implementation of flexible workplace strategies, and requested the Secretary-General to ensure that the application of flexible workplace strategies at the Palais des Nations took into account staff welfare and productivity, the physical characteristics and the specific heritage preservation needs, as well as ongoing business transformation initiatives, in a cost-effective manner.

21. In the light of this, the project team has proceeded with the full implementation of flexible workplace strategies in the new permanent building only. In the historic Palais buildings, the fact that ventilation and cooling will not be installed limits the degree to which flexible workplace strategies can be applied without affecting the welfare and productivity of staff and other occupants, as described in paragraph 24 of the previous report of the Secretary-General. Although limited features of flexible workplace strategies will be applied, such as the addition of small meeting areas and pantries, the typical office environment will be housed within fully enclosed areas.

New office building H

22. The interior layout of the new office building H was designed from the outset to accommodate predominantly open workspaces, incorporating the built-in flexible infrastructure, including ventilation and cooling, necessary to accommodate various groups of occupants both during the initial utilization of the building as a swing space and in its final occupancy configuration. The further implementation of flexible workplace strategies increases the number of occupants that can be accommodated in the new building towards an average ratio of 1:1.25 (five staff allocated to every four workstations), as previously reported. It has also entailed a revision of the planned allocation of office space to the various organizational units and a redesign of the floor layouts.

23. During the reporting period, planning meetings were intensified with the entities that will occupy the building at the end of the strategic heritage plan to optimize the layout and maximize staff welfare and productivity. The final designs have been agreed and a variation to the contract executed within the approved budget. Furniture requirements have been defined and a tender process launched, and an evaluation of furniture prototypes will be carried out with staff engagement to ensure suitability. A revised methodology for the provision of active information and communications technology equipment throughout the replacement cycle has been defined and communicated to client offices. Furthermore, since the new building will be a flexible workplace environment during the swing-space period as well as during its final occupancy, the majority of offices in the United Nations Office at Geneva will experience the new ways of working at some point during the project.

Existing Palais des Nations buildings

24. Pursuant to the decision of the General Assembly in its resolution [73/279 A](#) not to approve the installation of ventilation and cooling at the Palais des Nations in the strategic heritage plan project, the Secretary-General did not proceed further with the proposal to install ventilation and cooling in the historic Palais des Nations buildings. The design and procurement of the renovation works have been completed without a provision for ventilation and cooling in the office areas.

25. As noted in the previous report of the Secretary-General, it is considered essential for cooling to be introduced to the existing office and related meeting spaces to avoid disruption to operations during the more frequent and more extended hot periods. Accordingly, a separate project for this exercise will be incorporated in the strategic capital review, with an implementation time frame commencing after completion of the strategic heritage plan. This will result in higher costs for the required works, owing to construction escalation, remobilization costs and business continuity requirements.

Attracting additional United Nations entities to the Palais des Nations

26. During the reporting period, the United Nations Children's Fund (UNICEF) decided not to relocate part of its Geneva-based staff to the main Palais des Nations campus, since it was able to find an alternative location that could accommodate the whole team. The space planned for UNICEF will be used during the swing-space stage and will be available to accommodate other entities at the end of the project.

27. The Secretary-General continues to engage actively with other United Nations entities with a presence in Geneva to encourage them to move to the Palais des Nations, where they would benefit from a central location, shared amenities, greater security and other operational efficiencies and mandate synergies. The United Nations Joint Staff Pension Fund, the United Nations Office for Disaster Risk Reduction, the

United Nations Institute for Training and Research, the United Nations Development Programme, the United Nations Environment Programme, the United Nations Office for Project Services, the United Nations International Computing Centre, the World Bank and the World Food Programme have all expressed interest in being accommodated within the Palais des Nations campus. Where further space is available, entities would be expected to apply the same flexible workplace strategies implemented in the building(s) that they would occupy. According to the Secretariat's current and projected office space requirements, there is a high probability that, even with the introduction of flexible workplace strategies in the new permanent building and the impact of other efficiency measures, the demand for office space at the Palais des Nations will continue to significantly exceed supply.

D. Update on measures to eliminate physical, communications and technical barriers to persons with disabilities

28. In section X, paragraph 30, of resolution [70/248](#) A, section XVIII, paragraph 13, of resolution [71/272](#) A and section XVI, paragraph 10, of resolution [72/262](#) A, the General Assembly requested the Secretary-General to ensure that the implementation of the strategic heritage plan took into account measures to eliminate physical, communications and technical barriers to persons with disabilities, in particular regarding the improvement of the conference facilities, while ensuring compliance with the Convention on the Rights of Persons with Disabilities. In line with that requirement, as described in the previous report of the Secretary-General, a full and comprehensive accessibility master plan was provided by a specialist consultancy firm, and accessibility audits have been and continue to be implemented throughout the various design stages for both the new and existing buildings.

29. During the reporting period, the design solutions that had been proposed to the disability working group were fully incorporated into the technical design documentation and included in the tender for the renovation works in the 1930s historic buildings and in the completed detailed design for building E. Furthermore, the requirements for new furniture, primarily in the new permanent building, have been defined to at least the norms of the host country and in some cases beyond. The designs of the strategic heritage plan remain pragmatic and solution-oriented, putting emphasis on delivering a reasonable accommodation to provide the greatest accessibility for persons with disabilities while balancing that with other project objectives, including the preservation of the heritage of the Palais.

30. Examples of the planned interventions include increased space available for wheelchair users in conference rooms; improvements in audiovisual technology in conference rooms, including Braille indications on the function of buttons on the panels; accessible pathways from public transport connections to the main Palais des Nations gates and from there to accessible entrance doors and between buildings, with enhanced signage in key areas to ensure that it is easy to see or read by Braille; and adaptation of office and amenity layout, furniture and fixtures to facilitate easy access and use by persons with disabilities.

E. Sustainability and reduction of energy consumption

31. The environmental impact of the new permanent building is being monitored to guarantee a performance level equivalent to that of the internationally recognized Leadership in Energy and Environmental Design Gold certification standard. Wooden beams from sustainably managed forests less than 350 km from the site and low-emission materials are used throughout the entire construction process. Seventy-five

per cent of the construction waste will be salvaged and recycled. A green roof will reduce the temperature normally generated by a traditional glass and concrete building, and water from Lake Geneva will be used for cooling. Sanitary hot water will come from a renewable source and an overall reduction of water consumption of 40 per cent compared to baseline levels is planned. Furthermore, the building automation system will monitor, control and adjust the lighting levels, internal temperature and solar shading elements to optimize energy usage.

32. The renovation of the Palais will also bring important sustainability benefits, including an increase in electricity generation from solar panels, the utilization of sustainably sourced furniture and an increase in the use of lake water thermal management systems as an alternative to fossil fuels. Monitoring systems to control energy usage will be enhanced. Facilities for sustainable transport and accessibility to, from and around the site will also be addressed.

33. One of the core objectives of the strategic heritage plan is to lower the energy consumption of the Palais des Nations by at least 25 per cent, compared with the 2010 baseline, as stated in the report of the Secretary-General dated 8 August 2011 (see [A/66/279](#), para. 11 (c) (iv)). Several different components of work have contributed to the achievement of that objective, chiefly the replacement of most of the windows with more modern and efficient versions prior to the commencement of the strategic heritage plan construction and renovation works. Noting the impact of the window replacement, the Board of Auditors recommended that the baseline be updated to the date of approval of the strategic heritage plan scope by the General Assembly in December 2015. During the reporting period, an alternative calculation methodology was developed to determine the remaining improvement required to achieve the original 25 per cent increase on the 2010 baseline during the period between approval and completion of the strategic heritage plan scope. This will be reviewed with the Board during its next visit and subsequently finalized.

34. As noted in the fourth and fifth annual progress reports of the Secretary-General, the new permanent building and renovation of the Palais des Nations have already been granted a provisional Minergie certificate, a Swiss environmental certification programme for low-energy-consumption buildings, the achievement of which is an indicator that the project is progressing well towards reaching the overall energy consumption reduction target.

F. Information communications technology, broadcast and congress systems

35. Coordination efforts with local and global stakeholders have continued during the reporting period. In addition, the procurement and contracting strategy has been developed to ensure interoperability of the existing equipment to ensure that all conference rooms are able to provide an equally elevated level of service. Interventions have been coordinated with all stakeholders and users to ensure that the heritage issues of individual rooms and other specific requirements are considered in the renovation strategy.

36. A similarly holistic approach continues to be taken with existing active equipment, and a full inventory has been undertaken to facilitate decisions regarding which equipment to keep and which to replace. Pieces of information technology equipment are already being replaced in accordance with normal replacement schedules in line with what will be needed after the strategic heritage plan is completed.

G. Fire and life safety

37. As previously reported, the existing historic buildings will be renovated to comply with the host country fire regulations and building codes while ensuring that the heritage aspects of the Palais des Nations are also considered in order to find the optimal balance between the two sometimes competing objectives. The fire safety requirements are far greater than originally anticipated, significantly exceeding the initial planning assumptions in both magnitude and complexity. During the reporting period, the host country authorities confirmed their agreement to the measures being proposed and have issued the relevant permits for the renovation portion of the works.

H. Business continuity

38. During the reporting period, the scope of stakeholder requirements and business constraints affecting the planning of the renovation works have been defined in further detail and incorporated into the tender documents for the renovation of the 1930s historic Palais buildings and the detailed design of building E. During the reporting period, more than 126 meetings were held with various stakeholders regarding business continuity, the largest proportion of which were related to conference planning. Combined with the collaborative process of the revision of interior layouts to incorporate flexible workplace strategies, the process has further sensitized the various entities located in the Palais, particularly those being moved as part of the first renovation phase, to the need to plan for the coming business impacts.

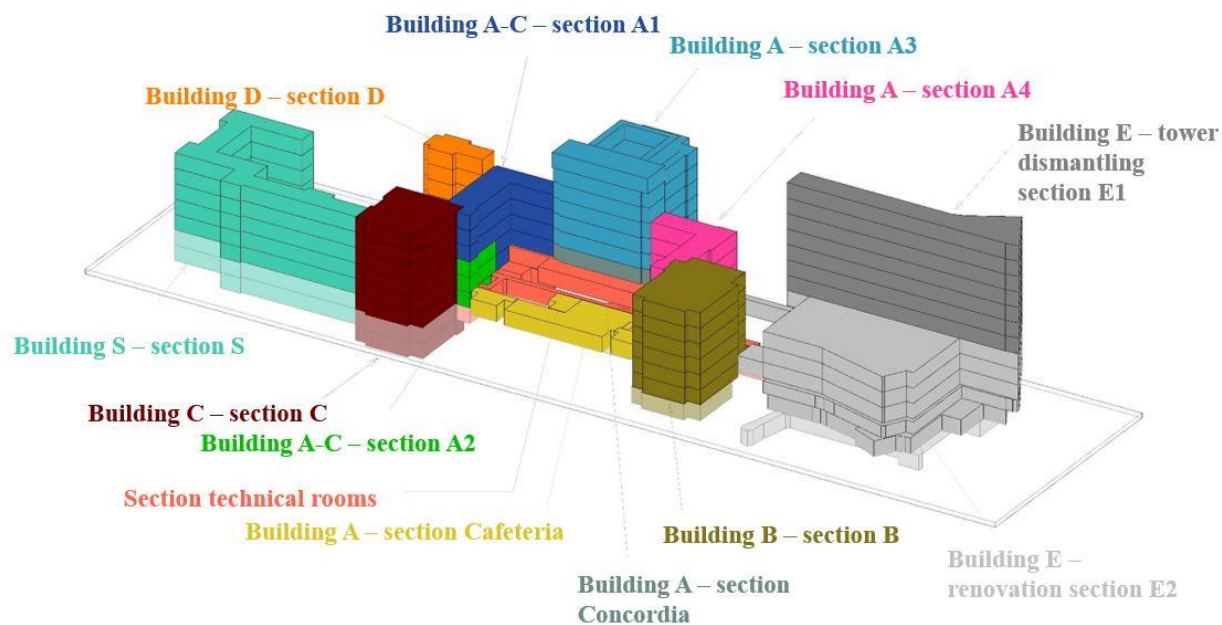
39. Key elements of the planning at the present stage are as follows:

(a) The allocation of the works in the design and contract documents has been incorporated into the renovation tender documents (see figure V). The contractor is required to plan the work by sections in order to reduce the interface between the renovation works and the building occupants and visitors, in turn reducing disruption and health and safety risks, ensuring the efficient relocation of staff and reducing disturbance to the operational parts of the buildings;

(b) Mitigation actions to ensure the business continuity of all essential systems, technical rooms, amenities and support activities associated with daily operations during the renovation works have been identified, and the expected time frames and cost estimates have been further refined;

(c) Business disruptions will be mitigated as far as is economically practicable during the construction phase of the renovation works through the institution of temporary measures. Entities currently occupying the Palais des Nations have mobilized focal points to participate in change management workshops and to develop fully coordinated action plans. Communications have been launched through a range of media, including a dedicated intranet site, regular newsletters and social media, to ensure that all stakeholders understand what will be required of them in advance of the relevant works and swing space moves to ensure sufficient time to prepare.

Figure V

Three-dimensional representation of sections of work for historic building renovation

40. In paragraph 54 (b) of the previous report of the Secretary-General, it was noted that one of the highest risks on the project was the possible need for temporary facilities for specific United Nations services, including conferencing. That risk had become elevated subsequent to the discovery in 2017 (see [A/72/521](#), paras. 58 and 67) that the level of effort required to make building E code-compliant and the higher than expected presence of asbestos was such that the most cost-effective and safest option for staff and delegates would be to close the entire building for a period of approximately two-and-a-half years between 2021 and 2023. The situation was not foreseeable with the information available at the time of planning the strategic heritage plan.

41. As described in paragraph 51 of the previous report of the Secretary-General, options have been explored, costed and assessed for the continuity of conferencing activities in the light of the above. The number of meetings (such as side events, informal panel discussions and consultations) that are not included in the official calendar approved by the General Assembly will be reduced where practicable. For meetings on the calendar, options were considered that ranged from using alternative conference facilities to creating temporary conferencing spaces or converting portions of the existing buildings for temporary conference use. The United Nations Office at Geneva initially considered securing suitable alternative conferencing venues in Geneva, if so required, during the renovation of the Palais. However, given the substantially increased requirements, it became clear that offsite facilities did not meet the conference scheduling requirements of the Office.

42. It was therefore concluded that a temporary conference facility would be the most cost-effective solution to ensure that the United Nations Office at Geneva maintains sufficient conferencing space to ensure business continuity during the renovation works and to meet the approved scope of the strategic heritage plan. The temporary facility will consist of three conference rooms with full audiovisual capabilities, each with the capacity to host up to 200 participants for the duration of the historic building renovation. The facility will then be converted into one large conference room capable of hosting 600 participants for the period of the building E

renovation. The temporary facility will be removed at the end of the strategic heritage plan. The complete closure of building E for two years has also had an impact on business continuity planning for amenities and operations other than conferencing, and mitigation measures are being taken to ensure that the cost remains within the approved budget.

I. Risk management

43. Risk management has been firmly mainstreamed into the overall management approach to the project. The project team is continuously identifying the risks to achieving the required time and cost performance and actively managing their impacts. That focus has mitigated major risks, for example by changing the contracting strategy for the renovation construction contract in order to keep competition and through value engineering initiatives. The independent risk management firm has full access to the project staff and documentation system and produces independent risk analyses of the project performance that pre-emptively identify the potential for overspend and delay. In this way, the project team is demonstrating the ability to identify risk, assess and anticipate its occurrence and manage its impact effectively through action. Accordingly, the strategic heritage plan has been able to maintain a consistent profile of risk over the past year and mitigate some challenging events. While risks to the project remain, the assessment of the risk management firm is that the management of risk is mature and working effectively for a project of this nature in this environment.

44. In addition to its work with the project team, the independent risk management firm has continued to report independently and directly to the project owner. To date, more than 370 risks have been identified on the project risk register, and on average 10 risks were added or removed from the risk register every month between January 2015 and August 2019. New risks are captured monthly in conjunction with the integrated risk management strategy; it is expected that the average rate may accelerate when work begins on the renovation of the historic buildings. Mitigation actions are undertaken by the project team against each identified risk as it arises and the progress of mitigation actions is regularly monitored and reviewed.

45. Through the application of that professional risk management approach, risks are mitigated throughout the year until they have been accepted, avoided, removed, closed or retired following the completion of design definition stages.

46. The team has identified the following risks that currently rank the highest in the combination of likelihood and impact among the risks being tracked for the project:

- (a) Changes in business requirements over the course of the project;
- (b) The possible need for further temporary business continuity measures for specific United Nations services;
- (c) The possibility that value engineering implemented to date may not achieve sufficient savings, requiring additional measures;
- (d) Design errors and omissions in contracted works;
- (e) The potential for the guaranteed maximum price of the renovation contract, which will be determined at the end of the pre-construction services phase, to vary significantly from the estimated cost;
- (f) Potential claims by the contractor for the new permanent building for additional costs above the agreed contract price.

The team continues to closely monitor and implement mitigation actions to control those and all other project risks.

47. United Nations construction projects are assigned an established “P80” benchmark target for measuring risk on a given project, which means that the project team would ideally strive to have an 80 per cent confidence level that the project will be completed within budget. The risk contingency forecasts provided by the independent risk management firm use an assessment of the probability of individual risks, together with the likely range of costs and schedule impact of each of the identified risks, to calculate the probabilistic recommended level of contingency provision required at the P80 confidence level to complete the full scope of the project and achieve all the identified project benefits and objectives.

48. Since the third annual progress report of the Secretary-General ([A/71/403](#) and [A/71/403/Corr.1](#)), the approach taken to calculate contingency provision has remained consistent. To ensure full accountability and transparency, it has been applied in such a way as to identify the level of risk exposure within each of the buildings and across each specific phase of the project, and corresponding contingency amounts have then been assigned. Where the combined total of the core costs (construction, design and consultancy, associated costs and project management) and the contingency required at the P80 confidence level would exceed the budget of CHF 836.5 million approved by the General Assembly, additional mitigation actions are taken in order that the project remains within the approved budget envelope. The process is described in more detail in section IV.C of the present report.

49. While cost pressures continue to exist, the project team has developed dashboards to track programme and contract changes to enable emerging cost pressures to be recorded, monitored and resolved.

J. Project schedule

50. The latest programme schedule has been updated to reflect both the progress of work achieved during the most recent reporting period and developments with regard to the procurement action for the renovation contract. Figure IV above illustrates the current programme schedule.

51. The latest programme schedule indicates the next key project milestones as follows:

- (a) Finalization of pre-construction services, determination of final guaranteed maximum price and commencement of renovation works for the 1930s historic Palais buildings in spring 2020;

- (b) Phased occupation of completed floors of the new building H beginning in spring 2020;

- (c) Substantial completion of all sections of the new building H construction works in summer 2020;

- (d) Preparation of tender documentation and procurement of contract for phase 2.2, renovation of building E works, from the end of 2020;

- (e) Appointment of contractor for phase 2.2, renovation of building E works, and commencement of pre-construction services during 2021;

- (f) Completion of the major subphase of the 1930s historic buildings (buildings A, C, D and S) and commencement of final subphase (building B) during 2022;

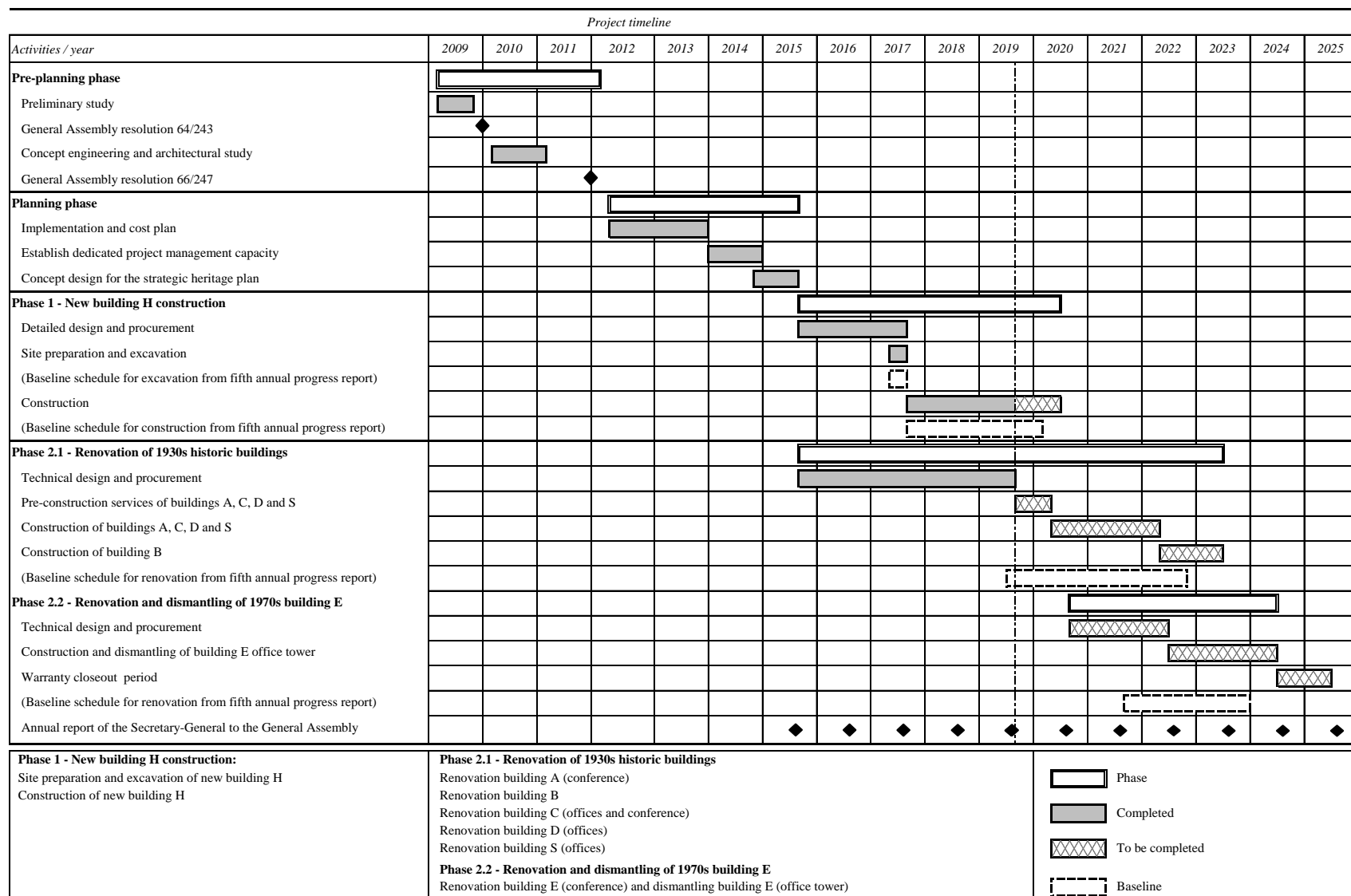
(g) Completion of the renovation and dismantling of the office tower of building E during 2024;

(h) Warranty closeout period following completion of works to reflect activities of post-completion assessments and post-occupancy evaluations, release of retention, seasonal commissioning of building services and other quality and financial related closeout activities during 2025.

52. Figure VI indicates the updated project schedule of works. The delivery date originally envisaged for the first floors of the new building H has been contractually extended by 10 weeks over the course of the reporting period, primarily as a result of the change of interior layouts to support the full implementation of flexible workplace strategies. The consequent design change led both to an extension of time to the contractor's programme schedule to cover the extra works necessary and to an increase in costs, the total of which was within the approved budget allocation for building H. Additional time extensions were given for the middle and upper floors as a result of the finalization of the variation for the soil issues noted in the fifth annual progress report of the Secretary-General (see [A/73/395](#), para. 60). However, the time extension on building H does not have an impact on other activities that would affect the overall programme schedule.

53. The renovation works are now shown as starting later than originally planned at the outset of the strategic heritage plan, as a result both of the resequencing of the design process associated with the refined implementation strategy, as described in the fourth annual progress report of the Secretary-General (see [A/72/521](#), sect. III.K), and of the adaptation to the contracting strategy. That adaptation has enabled the United Nations to secure high-quality competitive bids, despite market concerns over the risk of the contract owing to the age of the building, the heritage features, the scale of the works and the fact that the United Nations Office at Geneva will remain operational throughout the work. The addition of a pre-construction services phase has added six months to the project schedule, which, despite the slippage, has resulted in a reduction in execution risk during the renovation works. Further mitigation measures will be applied to try to complete the next stages more quickly, but it is unlikely that the full renovation works can now be completed before the end of 2023.

Figure VI
Project schedule



K. Costs

54. As provided in previous progress reports of the Secretary-General, table 1 shows the latest revised cost plan, reflecting the current project progress.

Table 1

Projected summary cost plan for strategic heritage plan project, 2014–2025

(Thousands of Swiss francs)

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	Total
Construction of new building	–	–	–	10 599	27 612	32 807	47 473	–	–	–	–	–	118 490
Renovation works	–	–	–	–	75	7 202	46 552	139 151	94 345	110 587	11 867	–	409 778
Dismantling seven floors of building E	–	–	–	–	–	–	–	–	9 852	8 513	–	–	18 365
Associated costs	–	–	–	316	1 005	425	5 683	14 455	11 541	9 476	5 053	–	47 956
Consultancy services	1 705	23 685	36 857	9 096	16 073	8 664	7 032	17 793	12 169	7 160	2 908	719	143 861
Project management	1 268	2 890	3 981	4 002	3 688	3 974	4 612	4 600	4 082	4 004	2 653	630	40 384
Escalation	–	–	–	–	–	–	619	4 262	5 268	7 813	1 533	89	19 584
Subtotal	2 973	26 575	40 838	24 013	48 453	53 072	111 971	180 261	137 256	147 553	24 014	1 439	798 417
Contingencies	–	–	–	–	–	2 575	5 356	10 504	8 497	8 796	1 117	73	36 917
Escalation on contingencies	–	–	–	–	–	–	26	239	333	491	72	5	1 166
Total	2 973	26 575	40 838	24 013	48 453	55 646	117 353	191 005	146 086	156 839	25 203	1 516	836 500

55. The updated cost estimate for the construction of the new permanent building H is CHF 4.9 million higher than in the previous reporting period, which is due to variations agreed for the cost of works and design refinement in response to conditions encountered on site. It remains within the funding value of CHF 125.1 million that was forecast to be assigned from the Swiss loan at the time of the fourth annual progress report of the Secretary-General ([A/72/521](#)).

56. The total estimated costs for the renovation works of the existing Palais buildings, including the dismantling of the seven floors of building E, have increased by CHF 31.2 million: CHF 8.6 million relates to the business continuity measures described in section III.H above, primarily for the temporary conference facility; CHF 3.0 million relates to anticipated contractor costs for the added six-month pre-construction services phase of the historic Palais buildings contract described in section III.J above; and CHF 19.6 million is a result of refinements to the cost estimate during the technical design and preparation of tender documentation described in section III.B above.

57. The associated costs estimates have decreased by approximately CHF 2.1 million, owing primarily to optimization of the design for the historic Palais buildings resulting in a reduction of the allowances for partitions, fixtures and fittings, particularly in building A.

58. Forecast consultancy services costs have increased by CHF 6.7 million, owing mostly to additional construction administration costs during the pre-construction services phase resulting from the extension to the overall project timeline. Costs reflected in 2025 under consultancy services relate to project closure activities that will take place after the completion of construction and renovation works in 2024, as described in section III.J above.

59. The forecast project management costs have increased by CHF 1.5 million, owing primarily to the extension of the project schedule through the addition of a pre-construction services phase for the renovation of the 1930s historic buildings.

60. The amount of projected contingency has been revised downward compared with the fifth annual progress report in accordance with the overall contingency management strategy contained in section IV.C below.

61. The estimated escalation rates calculated for the project, following a review with the professional construction cost advisers, have been considered at 1.4 per cent for 2020 and 1.6 per cent per year from 2021 onward. Those updated escalation rates (down from previous estimates) are applied to the planned monthly expenditures of each project cost element. They are not calculated for project costs that have already been contracted and committed at the time of reporting. The total forecast escalation requirements for the remaining project duration are CHF 4.5 million lower than in the previous annual progress report.

62. Actual cumulative project expenditures for the period from 2014 to 31 July 2019 amount to CHF 167.2 million, and the projected expenditures for the remainder of 2019 are estimated at CHF 31.3 million, as shown in tables 2 and 3. Further breakdowns of costs by type for each funding source are presented in tables A.1, A.2 and A.3 in annex I.

Table 2

Approved total funding and projected expenditures for 2014–2019

(Thousands of Swiss francs)

	(A)	(B)	(C)	(D = B+C)	(E)	(F = D/E)
<i>Funding source</i>	<i>Funding 2014–2019</i>	<i>Expenditures as at 31 July 2019</i>	<i>Projected expenditures August–December 2019</i>	<i>Total projected expenditures 2014–2019</i>	<i>Approved budget in 2015^a</i>	<i>Budget completion rate (percentage)</i>
Cumulative approved						
Member State funding	139 552.7	104 837.7	11 748.8	116 586.5	436 500.0	26.7
Cumulative projected						
Swiss loan funding	81 701.4	62 107.8	19 593.6	81 701.4	400 000.0	20.4
Cumulative other funding	210.5	210.5	–	210.5	–	–
Total	221 464.5	167 155.9	31 342.4	198 498.3	836 500.0	23.7

^a See General Assembly resolution [70/248 A](#).

Table 3

Approved total funding, projected expenditures and contingencies for 2014–2019

(Thousands of Swiss francs)

	(A)	(B)	(C)	(D = B+C)	(E)	(F = D/E)
<i>Cost category</i>	<i>Total cumulative projected funding 2014–2019</i>	<i>Expenditures as at 31 July 2019</i>	<i>Projected expenditures August–December 2019</i>	<i>Total projected expenditures 2014–2019</i>	<i>Approved budget in 2015^a</i>	<i>Budget completion rate (percentage)</i>
Construction and refurbishment	106 533.5	52 177.3	27 814.6	79 992.0	609 651.9	13.1
Design, consultancy and contracted external expertise	89 750.0	95 646.2	1 310.3	96 956.5	127 307.7	76.1
Associated costs	2 963.1	1 341.0	405.8	1 746.9	58 366.7	3.0

	(A)	(B)	(C)	(D = B+C)	(E)	(F = D/E)
<i>Cost category</i>	<i>Total cumulative projected funding 2014–2019</i>	<i>Expenditures as at 31 July 2019</i>	<i>Projected expenditures August– December 2019</i>	<i>Total projected expenditures 2014–2019</i>	<i>Approved budget in 2015^a</i>	<i>Budget completion rate (percentage)</i>
Project management team and operational expert team	21 788.9	17 621.2	1 802.9	19 424.1	40 373.9	48.1
Travel	429.0	370.1	8.7	378.9	799.8	47.4
Total	221 464.5	167 155.9	31 342.4	198 498.3	836 500.0	23.7

^a See General Assembly resolution [70/248 A](#).

63. Cumulative expenditures against assessments on Member States amount to CHF 104.8 million as at 31 July 2019 and projected expenditures until the 2019 year-end are currently forecast at CHF 11.7 million against that funding source, as indicated in table A.1 in annex I. That would yield an expected year-end balance from assessments on Member States of approximately CHF 23.0 million, reflecting the delay to the commencement of the renovation works noted in section III.J above. The actual year-end balance may vary depending on whether the contingency allowance will be further used by year-end 2019.

64. In his previous progress report, the Secretary-General indicated that the cumulative approved funding expected to be drawn from the Swiss loan by the end of 2019 amounted to CHF 103.5 million. Owing to the slower progress of the construction of the new permanent building, as described in section III.J above, the expected cumulative expenditures at the end of 2019 against the Swiss loan amount have been reduced to CHF 81.7 million, as indicated in table A.2 in annex I.

65. Cumulative expenditures against other funding sources relate to the funding from voluntary donations from Andorra, China, Monaco and Montenegro, as indicated in table A.3 in annex I. Projected cumulative expenditures of CHF 0.2 million at the end of 2019 relate to design activities funded by those donations.

IV. Financing

A. Host country loan agreement

66. In the fourth annual progress report of the Secretary-General ([A/72/521](#)), the host country interest-free loan package of CHF 400 million was forecast to be assigned to the new building and renovation works at the estimated amounts of CHF 125.1 million and CHF 274.9 million, respectively. While the projected cumulative annual loan amounts apportioned to the new building and the renovation works might vary throughout the project's progression, the final assignment values of the loan can only be determined once the actual costs for the new building are known, upon project completion. Any remaining balance from the new building loan portion will be applied to the renovation of the existing buildings at that stage, if applicable, in accordance with the loan agreement.

B. Detailed host country loan repayment plan

67. According to the latest project schedule, the 50-year loan repayment for the loan portion applied to the new permanent building H will begin at the end of 2020, the year of occupancy of the new building. That estimate remains unchanged from the

previous estimate contained in the fifth annual progress report of the Secretary-General. The repayment of the renovation portion of the loan will start upon completion of the renovation works. As stated in its second report on the strategic heritage plan (A/73/157), the Board of Auditors recommends that special attention be given to the importance of the decision on the modalities for appropriation and assessment of the funds required for the repayment of the Swiss loan. In his fifth annual progress report, the Secretary-General highlighted his intention to include the annual repayments of the loans under a multi-year special account for the duration of the project, and under the regular budget for the relevant periods thereafter.

68. The General Assembly, in its resolution 73/279 A, emphasized the commitment of Member States that the annual repayments of the loans to the host country would be effected in a full and timely manner. In that context, those repayments are included in the funding requirements presented in annex II to be assessed on Member States beginning in the forthcoming year, 2020.

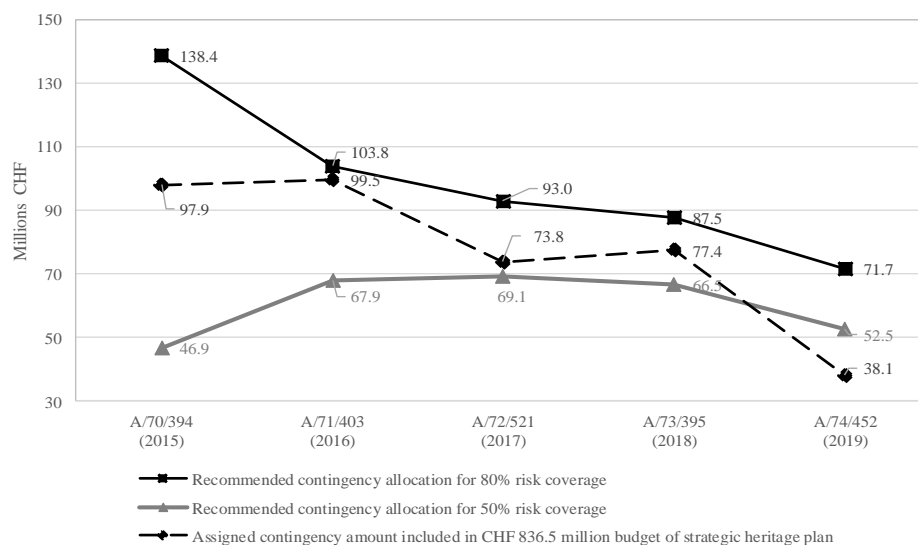
C. Contingency management

69. As stated in the previous progress reports, the contingency management for the project continues to be based on the risk-based contingency forecasts provided by the independent risk management firm as described in section III.I above, and in accordance with resolution 70/248 A. That risk-based approach is in line with industry best practice and was also recommended in the document entitled “Lessons from the United Nations Capital Master Plan”, a paper by the Board of Auditors dated December 2014.

70. The model used by the project therefore recalculates the required contingency each quarter according to a sophisticated risk modelling technique using the Monte Carlo method and specialized software, based on an extensive list of risks together with a range of cost possibilities and a probability of occurrence. The list is reviewed and updated quarterly, and the model runs thousands of simulations of possible combinations of outcomes to provide an estimate of the contingency required at different confidence levels. The chosen industry benchmark level for the project is to allow for a contingency allocation sufficient to cover all the possible risk and uncertainty combinations at a confidence level of 80 per cent.

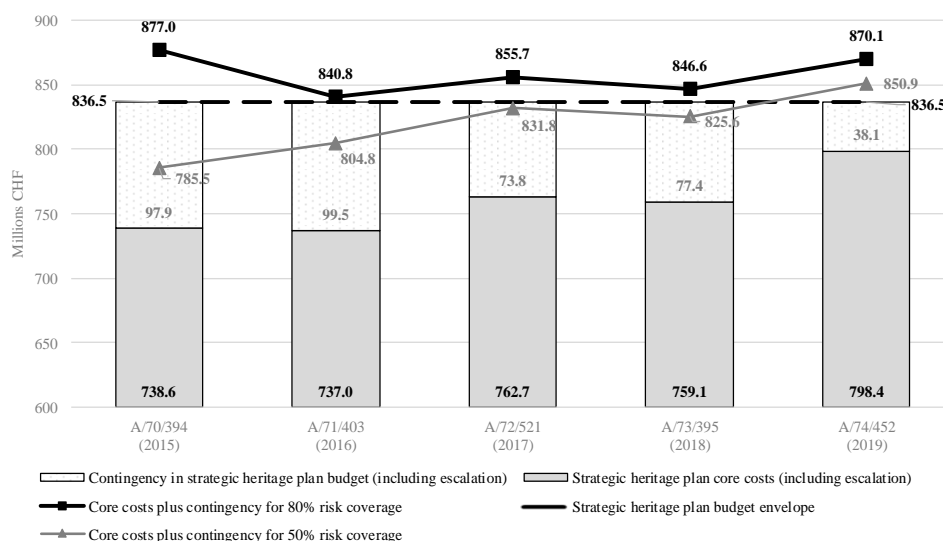
71. The most recent quarterly risk model projects a risk exposure at the P80 probability level of CHF 69.5 million (CHF 71.7 million, including escalation), a reduction of CHF 15.0 million compared with the fifth annual progress report, owing primarily to the closure of the risk associated with the redesign of interior layouts in the new permanent building for the implementation of flexible workplace strategies upon agreement of a variation with the main contractor, and the adjustment or removal of other design risks upon completion of the technical design phase for the renovation. The available contingency included in the current cost plan is the difference between the CHF 836.5 million project envelope and the latest forecast of project core costs, including escalation. For the period 2019–2025, that amounts to CHF 38.1 million, as depicted in figure VII, which means a 30 per cent probability of being sufficient, according to the risk model, in the absence of any further mitigation actions.

Figure VII
Trend of available and probabilistic contingency



72. The Board of Auditors recommended in its most recent report ([A/73/157](#)) that the contingency should be calculated and reported at the P80 level of confidence in the cost plan included each year in the annual progress report of the Secretary-General, even if that means that the cost plan would exceed the project envelope of CHF 836.5 million. Figure VIII presents, by year, the forecast core costs (including escalation), the contingency available within the budget envelope of CHF 836.5 million and the total project costs if the contingency were set at the level required to achieve a P80 level of confidence. With current cost projections, the total budget required to achieve a P80 level of confidence would be CHF 870.1 million, CHF 33.6 million (4.0 per cent) higher than the approved budget. This is a cause for concern and mitigation actions are being undertaken, which will be accelerated once a general contractor for the renovation of the historic buildings is appointed.

Figure VIII
Trend of forecast project core costs and of available and probabilistic contingency



73. The Board of Auditors further recommended that additional mitigation measures be taken if the available contingency in the strategic heritage plan budget dropped below the risk-based calculation of contingency at a P50 level of confidence. Figure VIII therefore also shows the total project costs if the contingency were to be set at the level required to achieve a P50 level of confidence. During the reporting period, the available contingency dropped below the P50 level for the first time. Following the appointment of a general contractor for the renovation of the historic Palais buildings, packages of work will be tendered to potential subcontractors as part of the pre-construction services phase of the renovation contract. That phase allows management to gain accurate market information on the cost of each area of the work and to utilize the experience and market position of the contractor to identify further value engineering opportunities. At the completion of the pre-construction services phase, the strategic heritage plan will have a complete picture of the market cost of the renovation work for those buildings, allowing management to take decisions on value engineering and cost optimization opportunities.

74. In total, CHF 2.0 million of contingency has been used in 2019. In figure VIII, the forecast of the final project core costs (including escalation) rose from the approved project baseline of CHF 738.6 million to CHF 798.4 million, which represents an increase of CHF 59.8 million. Of the contingency amount included in the estimated project cost that was contained in the second annual progress report of the Secretary-General ([A/70/394](#) and [A/70/394/Corr.1](#)) and approved by the General Assembly in its resolution [70/248 A](#), the total actually committed and used to date is CHF 9.0 million. That represents the sum of CHF 2.0 million for 2019 and the total of CHF 7.0 million reported for 2016, 2017 and 2018 in the fifth annual progress report of the Secretary-General (see [A/73/395](#), para. 85). The remaining CHF 50.8 million increase in forecasted final project core costs has not yet been committed as expenditure and has therefore not yet required usage of contingency.

75. Usage of the remaining contingency forecast for 2019 could still arise before the calendar year-end, after submission of the present report, should any further activities be required. The General Assembly, in its resolution [70/248 A](#), decided that unused contingency funds may be carried over to subsequent years and reallocated as new risks emerge and older risks are retired, consistent with industry best practice, and that all remaining unused contingency funds are to be returned to Member States at the end of the project.

D. Scheme of appropriation and assessment

76. The General Assembly, in section X of its resolution [70/248 A](#), approved the project scope, schedule and estimated cost of the strategic heritage plan in the maximum amount of CHF 836.5 million for the period 2014–2023. At that time, the Assembly also decided to revert to the establishment of an assessment scheme and currency of appropriation and assessment for the strategic heritage plan at the main part of the seventy-first session. The Assembly has deferred that decision at each subsequent session.

77. In the context of the recommendation contained in the report of the Board of Auditors (see [A/73/157](#), para. 82), and the Advisory Committee on Administrative and Budgetary Questions having noted in its fifth annual progress report that the project has reached a stage at which there is a need to secure the financing of the project (see [A/73/576](#), para. 35), the Secretary-General would like to highlight the fact that the project will be reaching its midpoint at the end of 2019 and is about to enter into significant high-value multi-year construction contracts, which extend beyond one budget year.

78. The General Assembly, in its resolution [73/279 A](#), decided to revert to the questions of the establishment of an assessment scheme and the currency of appropriation and assessment for the strategic heritage plan at the main part of its seventy-fourth session. Three possible schemes of appropriation and assessment for the project (a one-time upfront appropriation and assessment, multi-year appropriations and assessments, or a one-time upfront appropriation with a mix of one-time and multi-year assessments), as well as two options for the currency of appropriation and assessment (United States dollars or Swiss francs), which were presented by the Secretary-General in his previous progress reports ([A/70/394](#) and [A/70/394/Corr.1](#), [A/71/403](#) and [A/71/403/Corr.1](#), [A/72/521](#) and [A/73/395](#)) remain valid. As requested by the Assembly, updated charts of those options are presented in figures IX, X and XI, and detailed information is provided in annex I to the present report.

79. The General Assembly, by its resolutions [68/247 A](#), [69/262 A](#), [70/248 A](#), [71/272 A](#), [72/262 A](#) and [73/279 A](#), has to date appropriated a total amount of CHF 139.6 million for the period from 2014 to 2019. Moreover, voluntary contributions have been received and will be used to offset assessments on Member States in the amount of CHF 1.9 million in the years when the costs funded by those contributions are incurred. Consequently, the anticipated cost of the project that remains to be financed by Member States amounts to CHF 295.0 million (excluding the utilization and repayment of the host State loan). The Assembly's decision in its resolution [73/279 A](#) that all income from valorization would be reflected under income section 2 means that the anticipated income of CHF 25.6 million from the long-term lease of the land plots of the Villa Feuillantines will not reduce Member States' contributions to the strategic heritage plan.

80. In addition to the funding from donations, the two main elements of funding (the host country loan and contributions from Member States) will be utilized each year. The host country loan will be treated as follows:

(a) The Swiss loan portion for the new permanent building H commenced utilization during 2017 and will be used to fund all eligible costs for the new building, that is, the costs of construction and consultancy services. The drawdown profile is currently forecast to be CHF 15.0 million in 2017, CHF 22.0 million in 2018, CHF 44.7 million in 2019 and the remainder of CHF 43.4 million in 2020. In line with industry practice, a retention is withheld from the contractor's payments and will be released (in the absence of any outstanding defects) two years after completion of the works (i.e., in 2022);

(b) The Swiss loan portion for the renovation works will be used to fund part of the eligible costs for the renovation works of the existing buildings, the related consultancy services and the dismantling of the building E office tower, for which the current forecast includes an estimated total amount of CHF 274.9 million. As described in previous reports, any remaining costs of construction and consultancy services for the renovation of the existing buildings would be covered by Member States' appropriations and/or donations, the latter depending on the respective level of their earmarking, the timeliness of their receipt and the point at which the actual works are undertaken.

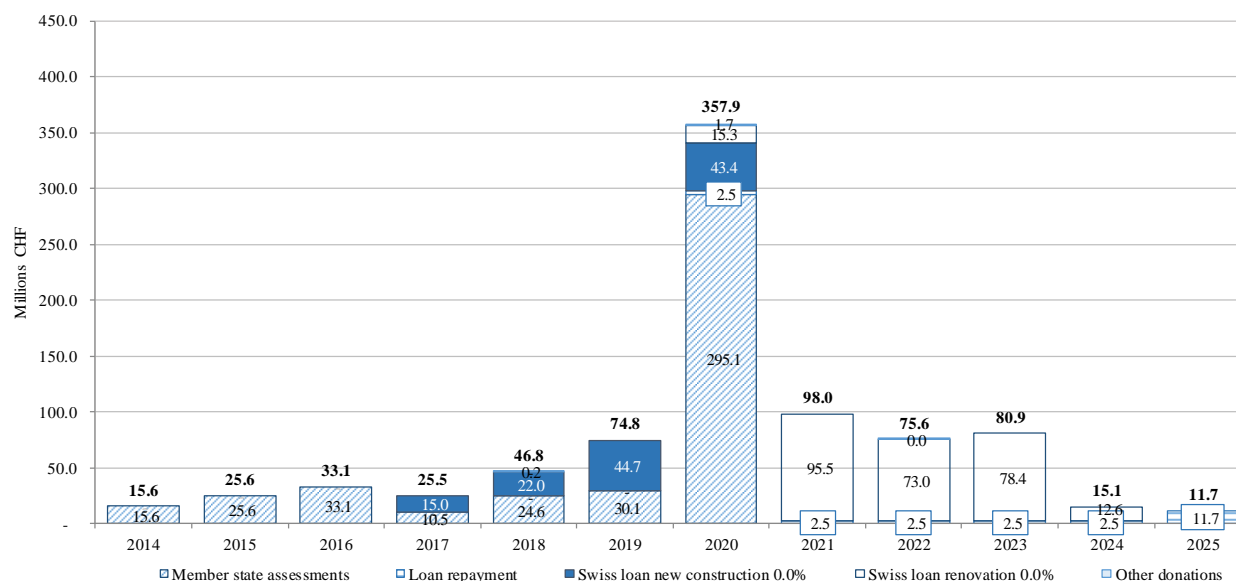
81. As indicated in the previous progress reports, assessed contributions received from Member States will be used each year to fund costs not eligible to be covered by the loan and not to be financed by voluntary contributions. In this context, the Secretary-General recommends that the General Assembly note that repayments for the loan included in the funding requirements presented in annex II will be assessed on Member States beginning in the forthcoming year, 2020. The following options for appropriation and assessment are proposed for decision by the General Assembly and are described below.

Option 1: One-time upfront appropriation and assessment

82. The remaining cost of the project to be financed by Member States from 2019 onward (CHF 295.0 million, excluding repayments of the loan) would be appropriated in its entirety in 2020, together with a one-time upfront assessment for each Member State's related share, based on the regular budget scale of assessment applicable to 2020. The detailed financing scheme of that option is reflected in table B.1 in annex II and in figure IX.

Figure IX

Overall financing overview: upfront appropriation in 2019 and annual use of loans



Option 2: Multi-year appropriations and assessments

83. Multi-year appropriations and their related annual assessments on Member States could be based on the estimated expenditures for each financial period, or on the average annual projected expenditures, as explained in paragraphs 84 and 85 below. For both options, the regular scales of assessment applicable to each financial period for which the assessments are made would be used. Also for both options, the amount of any future confirmed income generated through voluntary contributions received that cover elements within the scope of the project would be credited towards the future yearly appropriation and assessment on Member States in their respective year of applicability to the project costs.

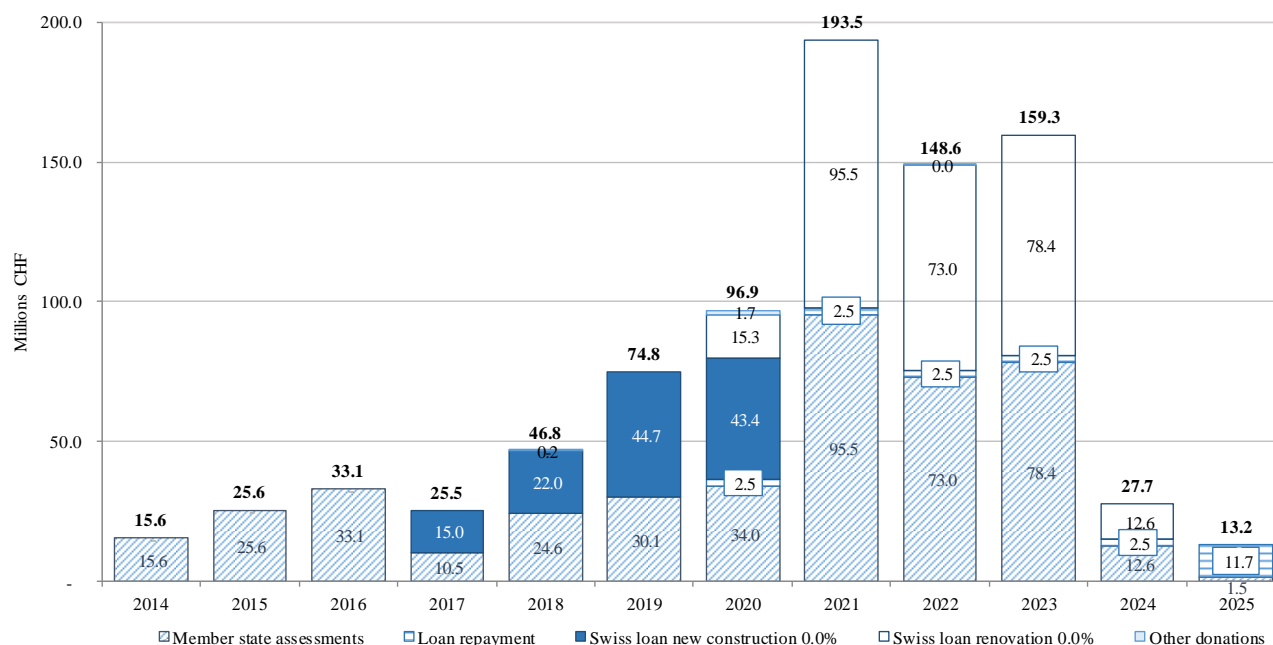
Based on the estimated expenditures for each financial period

84. Figure X depicts the overall financing scheme based on the estimated expenditures for each financial period (see also table B.2.a in annex II for the detailed financing scheme). The yearly use of the renovation loan and of assessed contributions would be determined annually from 2021 onward as 50 per cent of the total required funding from the loan and 50 per cent from assessed contributions (less any income received from voluntary donations). Depending on the timeliness of the assessment payments received from Member States, there could be some cash flow risks to the project under that option. Should Member States decide, as in previous years, to appropriate the annual amount for the next forthcoming year only, the amount for 2020 would be CHF 34.0 million, after allowing for the carrying over of

funds already assessed that were not used in 2019 as a result of the extension of the renovation tender process.¹

Figure X

Overall financing overview: appropriation and loans based on annual projected expenditures

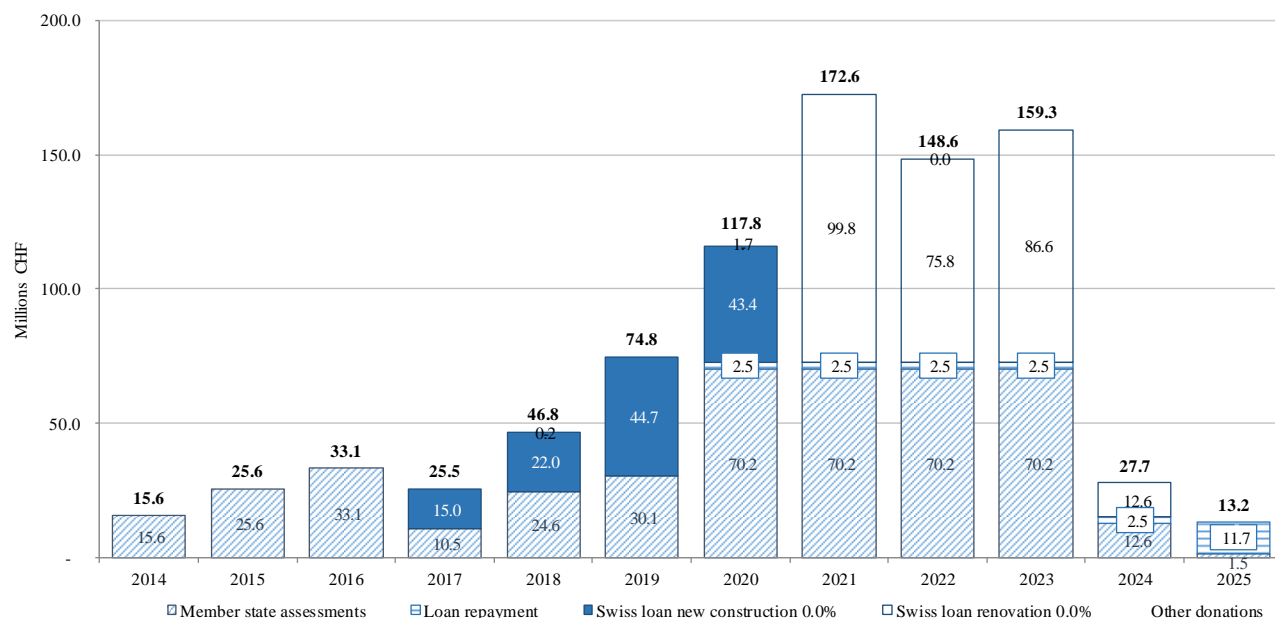


Based on the average annual projected expenditures

85. This option would result in equal amounts to be appropriated and assessed at annual intervals. Figure XI depicts the overall financing scheme with equal annual assessments on Member States, based on the average of the total project resource requirements (see table B.2.b in annex II for the detailed financing scheme). Under that option, the amount to be financed by Member States from 2020 to 2023 would be averaged equally over the four-year period in annual amounts of CHF 70.2 million and the financing of the last two project years, with their lower expected expenditures, would be based on their respective annual requirements. The use of the renovation loan would be adjusted accordingly, as also indicated in figure XI.

¹ Current projections indicate that the 2019 year-end balance from available Member State assessments to be carried over for use in 2020 amounts to CHF 23.0 million.

Figure XI

Overall financing overview: equal annual appropriation and annual use of loans**Option 3: One-time upfront appropriation, with mix of one-time and multi-year assessments**

86. Under this option, the remainder of the cost of the project to be financed by Member States would be appropriated in its entirety at the beginning of 2020, but individual Member States would then each be able to decide whether their assessment would be in the form of a one-time upfront payment or assessed over a multi-year period. The scheduling of the multi-year assessment could be based on either the estimated expenditures for each financial period or on the average annual projected expenditures for the project. Member States would have to make their selection (upfront or annual payment) upon receipt of the assessment letter in January 2020, which would include the amounts corresponding to the two options. Once a Member State made a decision, it would be irrevocable. As the scale of assessment usually changes every three years, gains and losses might occur as the scale of assessment changes between Member States that select a one-time assessment and those that select a multi-year assessment. Taking that into account, the General Assembly, under this option, would need to decide which scale of assessment to apply for the life of the strategic heritage plan.

87. The Advisory Committee on Administrative and Budgetary Questions noted in its report that the project had reached a stage at which there was a need to secure its financing and highlighted the importance of a decision by the General Assembly (see [A/73/576](#), para. 35). That option would be favourable to the project as it would bring added certainty to its financing and possibly lead to upfront payments from some Member States that would create additional cash flow to mitigate any risk in that regard. The Board of Auditors also noted in its most recent report that this option would be advantageous to the strategic heritage plan owing to the increase in the cash position that would result if the General Assembly chose it, and would therefore provide the most flexibility for the project owner to respond to unforeseen needs and any cash flow risks that might arise during the implementation of the project (see [A/73/157](#), para. 76). The Secretary-General therefore reiterates his recommendation

that the Assembly decide that the scheme of appropriation for the project would be a one-time upfront appropriation, with a mix of one-time and multi-year assessments.

88. It should also be noted that under this option, the amount of future voluntary contributions received that cover elements within the scope of the project would be either returned to those Member States that have selected the one-time upfront payment option or credited against future yearly assessments of those Member States that have selected the option.

E. Currency of assessment

89. United Nations financial regulation 3.10 provides that annual contributions and advances to the working capital fund shall be assessed and paid in United States dollars. Financial regulation 4.14 also provides that, unless otherwise provided by the General Assembly, special accounts shall be administered in accordance with the Financial Regulations of the United Nations.

90. However, since it is expected that the contracts and related expenditures for the project will be denominated primarily in Swiss francs, and since the loan from the host country will also be in Swiss francs, the General Assembly may wish to decide that the appropriation and assessment for the strategic heritage plan will be in Swiss francs, rather than United States dollars, to match the predominant expenditures. As requested by the Assembly in its resolution [72/262 A](#), the risks associated with both options (appropriation and assessment in United States dollars or in Swiss francs), as well as possible and planned mitigating measures, were presented in the fifth annual progress report of the Secretary-General. For ease of reference, those risks are restated and the revised appropriation rate of exchange is presented in section IV.F below.

F. Currency risk management

Option 1: Appropriation and assessment in United States dollars

91. Assessments would be issued in United States dollars to Member States in accordance with the scheme of appropriation that the General Assembly would have decided on (see section IV.D above), and Member States would make contributions in United States dollars into a United States dollar bank account. Since the contracts and related expenditures for the strategic heritage plan would be denominated primarily in Swiss francs, receiving contributions from Member States in United States dollars would expose the Organization to a currency risk vis-à-vis the Swiss franc at the time of appropriation if such appropriation takes place on a yearly basis rather than up front. Therefore, the amounts proposed for appropriation for each financial period would be the equivalent in United States dollars of the Swiss franc funding requirements of the project (either projected yearly expenditure or average yearly expenditure), converted at the forward exchange rate at the time of appropriation. As reflected in section XIII, paragraph 22, of Assembly resolution [73/279 A](#), the amount proposed for appropriation for 2019 was the equivalent in United States dollars of the Swiss franc funding requirements of the project, converted at the revised appropriation rate of exchange of 0.947 Swiss francs/United States dollars.

92. In addition, after appropriation, as the expenditure would occur during the year, there would be an additional exchange rate risk during the annual financial period. To mitigate the exchange rate risk after appropriation, and as authorized by the General Assembly in its resolution [67/246](#), the Secretariat continued to purchase Swiss franc forward contracts at the same rate of 0.947 Swiss francs/United States dollars to cover

the funding requirements of the project for 2019. The Secretariat intends to continue using that risk-mitigating measure for the duration of the project, should the Assembly decide on appropriation and assessment in United States dollars.

Option 2: Appropriation and assessment in Swiss francs

93. To minimize currency-risk exposure resulting from differing currency denominations between the incoming funds from Member States' contributions and the outgoing funds of the project disbursements, Member States may wish to decide that the appropriation and assessment for the strategic heritage plan be in Swiss francs. That decision would minimize the currency-risk exposure. However, amounts assessed and contributed in Swiss francs, to the extent that resulting balances would exceed certain thresholds, may be subject to negative interest rates, as explained in section IV.G below.

94. Under this option, the General Assembly would decide on appropriations and assessments in Swiss francs, and Member States would make contributions in Swiss francs into a Swiss franc bank account.

G. Negative interest rates

95. A dedicated Swiss franc bank account has been created for the strategic heritage plan to receive the disbursed loan amounts. The risks related to negative interest rates are being managed and mitigated through a combination of cash-flow management and a negotiated flexibility in the threshold level with the bank, although that may not be sufficient to entirely avoid negative interest, depending on the scheme and currency of appropriation selected. The funds drawn from the Swiss loan will continue to be disbursed in varying instalments throughout each year to match the specific cash flow requirements of the project, with a view to mitigating the risk of negative interest rates. To date, no negative interest charges have been incurred by the project since the previous annual progress report of the Secretary-General ([A/73/395](#)).

H. Multi-year special account

96. In the second, third, fourth and fifth annual progress reports on the strategic heritage plan ([A/70/394](#) and [A/70/394/Corr.1](#), [A/71/403](#) and [A/71/403/Corr.1](#), [A/72/521](#) and [A/73/395](#)), the Secretary-General proposed that the accounting of the project be undertaken through a multi-year special account, funded through appropriations and assessments separate from the regular budget. It was explained that the establishment of a special account would enable the segregation of the cost of the strategic heritage plan from the programme budget of the Secretariat. That remains the recommendation of the Secretary-General.

97. Although the special account is desirable regardless of the currency of assessment for the reasons outlined above, it should be noted that it would be essential if Swiss francs were chosen as the currency of assessment, as the multi-year construction-in-progress account established within the regular budget of the United Nations, which is denominated in United States dollars, would not be able to accommodate appropriations and assessments in Swiss francs.

98. It should be noted that, in order to avoid keeping a multi-year special account open over an extended period, the yearly repayments of the loans would be funded under the special account for the duration of the project but would thereafter be included in the regular budget for the relevant periods. The multi-year special account

would be closed after the financial and administrative closeout of the project, once assessments have been paid in full by all Member States.

I. Cash-flow risk

99. The Secretary-General considers that of the three appropriation and assessment options, the first (a one-time upfront appropriation and assessment) and probably also the third (a one-time upfront appropriation, with a mix of one-time and multi-year assessments) would increase the cash position at the start of the project, providing the capacity to respond to any cash flow requirement that may arise. The second option (multi-year appropriations and assessments) would present some cash-flow risks. The Secretary-General therefore emphasizes the need for Member States to pay the amounts assessed for the project on time and in full.

J. Update on alternative funding opportunities

1. Donations

Secured donations related to the objectives of the strategic heritage plan

100. The United Nations Office at Geneva remains proactive in its efforts to solicit donors to contribute towards the financing of the construction and renovation work at the Palais des Nations.

101. During the reporting period, cash donations were gratefully received from Andorra and from Montenegro.

Other contributions from Member States to the strategic heritage plan

102. As reported in the previous report of the Secretary-General ([A/73/395](#)), Germany sponsored a position of Junior Professional Officer (at the P-2 level) within the programme management team of the strategic heritage plan, through the Junior Professional Officers programme. Funding was anticipated for three years at that time, on the condition that a fourth year was to be sponsored by the strategic heritage plan. During the reporting period, the donor funding was confirmed for the first two years and half of the third year, rather than the full three years. The position is primarily supporting the financial administration, contracts and programme management functions of the project and is anticipated to be needed for at least four years.

Donations to the United Nations Office at Geneva

103. It was noted in the previous report that a private not-for-profit foundation had approached the Organization with a potential donation for the financing and construction of a new visitors' centre at the Palais des Nations. During the reporting period, the United Nations Office at Geneva signed a framework agreement, under which the donor would construct a dedicated building of just over 3,000 m², including a state-of-the art exhibition on the work of the United Nations and the importance of multilateralism.

104. The framework agreement allows for the proposed project to move into the architectural development phase and, in 2019 and early 2020, the prospective donor will fund and work on the design of the building, with no obligation on the United Nations. A draft business case has also been prepared by the donor and is currently being reviewed thoroughly by affected offices and stakeholders. A key element of the review is to assess the implications on the operating model for visitors' services. At the end of the development phase, the framework agreement provides the opportunity

for the United Nations to review whether to continue with the project. Prior to such a decision, the full details of the project will be subject to consideration by the General Assembly.

105. The centre would increase the capacity of the Palais to host visitors to 300,000 per year, compared to 100,000 currently, with a corresponding augmentation of outreach capacity and visibility of the work of the United Nations and of progress towards the Sustainable Development Goals. The project would also move the entrance for visitors to the more central location of the Place des Nations and improve the security of all users of the compound by segregating visitors from staff and delegates.

106. The donor has secured 27 million Swiss francs for the project and is ready to take on all risks of construction and fit-out. The centre could be operational as early as 2023. Furthermore, the project would not have an impact on the strategic heritage plan works, since the new centre would be built on land that is currently used for parking.

107. Further donations, while offered in the context of the strategic heritage plan, may consist of elements that are not within the scope of the plan and therefore would not offset its overall costs, for example, works to the various villas located in the grounds of the Palais, the preservation of certain heritage elements or the creation of recreational facilities, landscaping features or certain security installations.

108. Since the fifth annual progress report, Turkey has expressed interest in financing the creation of a new delegates lounge/coffee bar in building E. In addition, expressions of interest in donations have been received from Germany, India, Switzerland and the city of Geneva.

2. Possible further alternative funding mechanisms

109. The General Assembly, in its resolutions [72/262 A](#) and [73/279 A](#), decided that all income from the rental or valorization of land owned by the Organization in Geneva would be reflected under income section 2, General income, of the programme budget for the biennium 2018–2019. That decision reversed the guidance given in resolution [70/248 A](#), in which the Assembly reiterated the importance of ensuring that alternative funding mechanisms, including from valorization, were factored into the overall financing scheme in order to reduce assessments on Member States.

V. Other related considerations

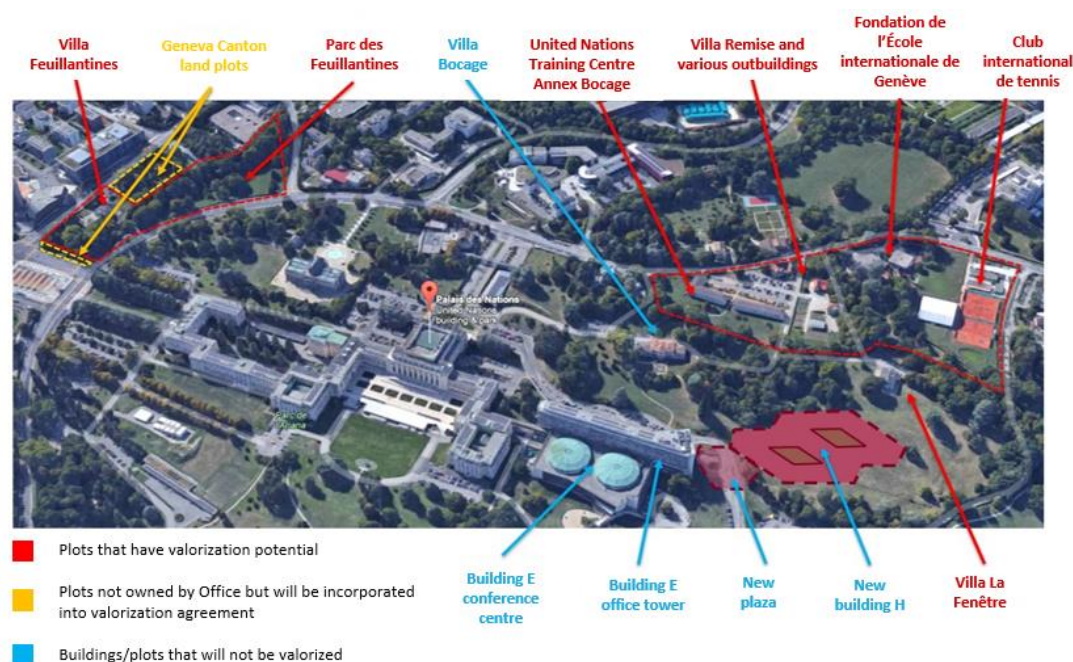
A. Valorization of United Nations-owned land in Geneva

110. Pursuant to the decision of the General Assembly in section XIII, paragraph 18, of its resolution [73/279 A](#), that valorization is not related to the strategic heritage plan and that all income from the rental or valorization of land owned by the Organization in Geneva is to be reflected under income section 2 of the programme budget, the progress of valorization activities will be reported under income section 2 in future reporting years. In the interim, the more recent progress is outlined below.

111. Pursuant to resolution [70/248 A](#) and following the recommendations of the Board of Auditors in its most recent report ([A/73/157](#)), the Secretary-General has continued to develop and refine the strategy for the valorization of land and other assets owned by the Organization in Geneva. A pictorial overview of the areas that currently form part of this valorization strategy is provided in figure XII.

Figure XII

Overview of plots of land owned and/or operated by the United Nations Office at Geneva currently included in the long-term valorization strategy



Progress of valorization activities

112. Since the most recent progress report of the Secretary-General (A/73/395), progress has been maintained towards the finalization with the Fondation pour la Cité de la musique de Genève of a 90-year lease with development rights for the Villa and Parc des Feuillantines land in the amount of CHF 25.6 million. Extensive legal work has continued to be undertaken by a local law firm to further develop the detailed terms of the lease agreement in full cooperation with the Office of Legal Affairs. That work has been done to ensure the lease's adherence to both United Nations legal requirements and the relevant provisions of the Swiss law. It also addresses the necessary alignment with the lease agreements of the Fondation and the Canton of Geneva for the adjacent plots of land owned by the Canton to ensure that the agreements are back to back and thus avoid any potential issues during and at the end of the 90-year lease period.

113. It is currently estimated that the agreement will be concluded during 2020. The lease income will be payable in advance at one ninetieth of the full amount per annum, until the Fondation pour la Cité de la musique de Genève receives its building permit (estimated to be during 2021 or 2022), at which point the remaining balance will be due in full. The lease includes a revaluation clause at the midpoint of the 90-year lease period to ensure that the amount paid up front for the lease remains in accordance with the market value estimated at the outset of the agreement.

114. During the current reporting period, the United Nations also concluded the preliminary stages of works with the specialist valorization consultants. Those works included the development of a comprehensive strategy which is aimed at maximizing the long-term generation of income through long-term community-oriented leasing arrangements in respect of the large section of land encompassing the United Nations Training Centre (Annex Bocage), the groundskeepers' workshops (Villa Remise and other various outbuildings), the Fondation de l'École internationale de Genève and the Club international de tennis.

115. Having analysed the full range of possible usages, the consultants outlined several options for the packaging and offering of the plot(s) to the real estate development market through open market competition. This analysis has been carried out within the broadest possible interpretation of both the clear direction provided by Member States to pursue long-term community-oriented leasing arrangements (see General Assembly resolution [71/272 A](#), sect. XVIII, para. 23, and resolution [72/262 A](#), sect. XVI, para. 13) and the necessary regulatory zoning requirements for the urban development of the international quarter in Geneva.

116. The requirement of Member States to pursue long-term community-oriented leasing arrangements has been interpreted to mean that the sites should be utilized to the greatest possible extent to support the aims and objectives of the wider United Nations family and related international community in Geneva.

117. Drawing on the analysis of the consultants, the United Nations Office at Geneva has begun the initial stages of engagement with the Canton of Geneva in respect of the local development zoning regulations. The next step will be to develop a request for information, as part of which the relevant services departments of the Canton of Geneva will give their approvals in principle about what the Canton will accept. Those approvals in principle will give much more certainty to the Organization and, in turn, potential developers (future long-term leaseholders) as to the conditions applicable for the development of those land plots to enable them to be competitively tendered on the open market, in full compliance with the rules and regulations governing procurement within the United Nations.

118. In order to achieve this, it is now necessary to undertake a series of detailed studies, including comprehensive tree surveys, ground investigations and ecological and contamination studies of the land plots, together with the planning of other detailed preparatory activities. Those activities include constructing new facilities elsewhere on the campus necessary for relocating the current groundskeeper facilities; adapting and renovating some of the existing facilities in the main Palais buildings to allow for the relocation of the United Nations Training Centre staff currently housed in the Annex Bocage, as this was not a requirement foreseen under the scope of the strategic heritage plan, and to proceed with the works necessary to realign the United Nations security perimeter in the location of the land plots to be valorized. The execution and management of those works will facilitate the maximum possible long-term revenue from long-term community-oriented leasing and are necessary to achieve the estimated valorization value range indicated in the present report.

119. With the latest developments during the reporting period as described above, it can still be realistically envisaged that an estimated overall gross income range of between CHF 80 million and CHF 133 million can be achieved. The proceeds of that income, less the preparatory and realization costs required to achieve it, would be returned to Member States under income section 2 of the programme budget over the next 90 to 100 years. The valorization work currently progressing, subject to the preparatory works being adequately resourced from income section 2 of the programme budget, will continue to develop further potential development scenarios and agree the permitted types and size of developments with the relevant host State authorities in order to give the greatest certainty to potential developers wishing to make offers for the development of the land plots when they are tendered on the open market.

120. Subsequent to the decision of the General Assembly in section XVI, paragraph 14, of its resolution [72/262 A](#), that all income from the rental or valorization of land owned by the Organization in Geneva was to be reflected under income section 2, General income, of the proposed programme budget for the biennium 2018–2019, the Secretary-General, as outlined earlier in the present report, requests that the General

Assembly endorse the implementation of the valorization strategy outlined above, authorize the expenditure on the preparatory works necessary to realize the maximum possible long-term revenue stream under income section 2 of the programme budget and note that future progress on valorization of United Nations land in Geneva will be reported under income section 2 of the programme budget.

B. Security master plan considerations

121. As described in the fifth annual progress report of the Secretary-General, the United Nations Office at Geneva, in close liaison with the Department of Safety and Security, has continued to actively engage in developing a security master plan for the United Nations premises in Geneva.

122. The Secretary-General has determined that the security provisions initially envisaged in the scope of the strategic heritage plan remain valid, with some relatively minor changes made to bring the design of the project fully in line with the updated security master plan. Those changes do not have an adverse impact on the cost or schedule of the strategic heritage plan. The United Nations Office at Geneva has assessed and prioritized the remaining resource requirements for the security master plan, and the Department of Safety and Security is currently reviewing them in the light of global requirements.

C. Expansion of Geneva's main train station and track infrastructure

123. Further to the information provided in the previous report on the planned major regional transportation infrastructure project of the Swiss Federal Railways to extend the capacity of Geneva's main train station, through the host country authorities, the United Nations Office at Geneva signed a tripartite framework agreement with the City of Geneva and the Swiss Federal Railways. The agreement allows for the further development of that project. Furthermore, the agreement sets out the amount of land to be ceded and gives the framework for both financial and in-kind compensation, both of which will be subject to separate and forthcoming agreements. It should be recalled that the project affects a strip of land on the south end of the Ariana Park. The planned date of the initial works related to the project remains 2025. There will thus be no impact on the strategic heritage plan or on any of the buildings on campus.

D. Works of art, masterpieces and other gifts

124. As reported in the fifth annual progress report of the Secretary-General, an exhaustive inventory of art works and gifts that either were inherited from the League of Nations or have been received as donations by the United Nations Office at Geneva over the past several decades has been produced by art and heritage experts working as part of the strategic heritage plan consultant teams and finalized in full coordination with the United Nations Library Service. During the reporting period, the inventories were compiled and photographed so that each Member State can be fully informed of the gifts and works of art that they have donated and can make a request if they wish to either take care of such works themselves or to make a contribution in the form of a donation towards their protection and/or temporary removal through the period of the renovation works. To date, no offers have been received from Member States to take responsibility for the care of their gifts or works of art, masterpieces and other items. The scope of the works for the renovation of the historic buildings issued to contractors requires potential bidders to protect and/or remove, store and reinstall such objects with the necessary reasonable skill and care.

Accordingly, in line with the Organization's policy of not attributing values to specific art, masterpieces and other gifts, it is not currently intended to obtain insurance coverage for any specific items, and therefore the strategic heritage plan budget does not include a provision for additional protection measures beyond those reported.

VI. Next steps

125. The project envisages that the following significant project design and construction activities will be carried out over the next two years:

- (a) The finalization of the procurement activities necessary to select a construction contractor for the renovation of the 1930s historic buildings during 2019 and to agree a guaranteed maximum price for the works during the first quarter of 2020;
- (b) The completion of the temporary infrastructure for conferences at the start of 2020;
- (c) The commencement of the renovation works to the 1930s historic Palais buildings in the first half of 2020;
- (d) The preparation of the tender documentation for the renovation works to the 1970s building E during 2020 and the procurement of a construction contract for that building in 2021;
- (e) The completion of the construction of the new permanent building H in 2020 and the movement of staff into the completed building;
- (f) The commencement of change management and transition activities related to the completion of and staff moves to the new permanent building H, including training staff on how to use the modernized work environment.

VII. Recommended actions to be taken by the General Assembly

126. The General Assembly is requested to:

- (a) Take note of the present report and the progress made since the issuance of the fifth annual progress report of the Secretary-General ([A/73/395](#));
- (b) Take note of the expectation that a later project will be required to introduce ventilation and cooling after the completion of the strategic heritage plan, which will be reflected in future reports on the strategic capital review;
- (c) Decide on the scheme of appropriation and assessment for the strategic heritage plan, including for repayment of the host country loan starting in 2020, and on the currency of appropriation and assessment;
- (d) Approve the establishment of a multi-year special account for the project and take note of the intention of the Secretary-General to include the annual repayments of the loans under the special account for the duration of the project, and under the regular budget for the relevant periods thereafter;
- (e) Endorse the implementation of the valorization strategy outlined in the present report, authorize the expenditure on the preparatory works necessary to realize the maximum possible long-term revenue stream under income section 2 of the programme budget and note that future progress on valorization of United Nations land in Geneva will be reported under income section 2 of the programme budget.

Annex I

Expenditures by funding source

Table A.1

Approved funding from Member States, realized and projected expenditures for 2014–2019

(Thousands of Swiss francs)

	(A)	(B)	(C = A+B)	(D)	(E)	(F = D+E)
<i>Description</i>	<i>Approved Member State funding 2014–2018</i>	<i>Approved Member State funding 2019</i>	<i>Total approved Member State funding 2014–2019</i>	<i>Expenditures as at 31 July 2019</i>	<i>Projected August–December 2019</i>	<i>Total projected expenditures 2014–2019</i>
Construction and refurbishment	16 049.0	19 466.9	35 515.9	74.9	8 899.4	8 974.3
Design, consultancy and contracted external expertise	73 476.6	5 379.1	78 855.7	85 430.4	631.9	86 062.3
Associated costs	2 470.4	492.6	2 963.1	1 341.0	405.8	1 746.9
Project management team and operational expert team	17 090.3	4 698.7	21 788.9	17 621.2	1 802.9	19 424.1
Travel	342.5	86.6	429.0	370.1	8.7	378.9
Total	109 428.8	30 123.9	139 552.7	104 837.7	11 748.8	116 586.5

Table A.2

Approved funding from the Swiss loan, realized and projected expenditures for 2014–2019

(Thousands of Swiss francs)

	(A)	(B)	(C = A+B)	(D)	(E)	(F = D+E)
<i>Description</i>	<i>Swiss loan funding received 2017–2018</i>	<i>Projected Swiss loan funding 2019</i>	<i>Total projected Swiss loan funding 2017–2019</i>	<i>Expenditures as at 31 July 2019</i>	<i>Projected August–December 2019</i>	<i>Total projected expenditures 2014–2019</i>
Construction and refurbishment	29 562.6	41 455.0	71 017.6	52 102.4	18 915.2	71 017.6
Design, consultancy and contracted external expertise	7 437.4	3 246.4	10 683.8	10 005.3	678.4	10 683.8
Total	37 000.0	44 701.4	81 701.4	62 107.8	19 593.6	81 701.4

Table A.3

Approved funding from other sources, realized and projected expenditures for 2014–2019

(Thousands of Swiss francs)

	(A)	(B)	(C = A+B)	(D)	(E)	(F = D+E)
<i>Description</i>	<i>Other funding received 2014–2018</i>	<i>Projected other funding 2019</i>	<i>Total projected other funding 2014–2019</i>	<i>Expenditures as at 31 July 2019</i>	<i>Projected August–December 2019</i>	<i>Total projected expenditures 2014–2019</i>
Design, consultancy and contracted external expertise	210.5	–	210.5	210.5	–	210.5
Total	210.5	–	210.5	210.5	–	210.5

Annex II

Table B.1

Overall financing overview: upfront appropriation and loans, in Swiss francs

(Millions of Swiss francs)

	<i>Strategic heritage plan project period (2014–2025)</i>													<i>Loan repayment period (2026–2069) to be appropriated under the United Nations regular budget</i>			<i>Overall cost to Member States</i>
	<i>2014</i>	<i>2015</i>	<i>2016</i>	<i>2017</i>	<i>2018</i>	<i>2019</i>	<i>2020</i>	<i>2021</i>	<i>2022</i>	<i>2023</i>	<i>2024</i>	<i>2025</i>	<i>Total</i>	<i>2026–2053</i>	<i>2054–2069</i>	<i>Total</i>	
Member State appropriation	15.6	25.6	33.1	10.5	24.6	30.1	295.1	–	–	–	–	–	434.6				434.6
Swiss loan new construction 0.0%	–	–	–	15.0	22.0	44.7	43.4	–	–	–	–	–	125.1				
Swiss loan renovation 0.0%	–	–	–	–	–	–	15.3	95.5	73.0	78.4	12.6	–	274.9				
Other donations ^a	–	–	–	–	0.2	–	1.7	–	0.0	–	–	–	1.9				
Prior year-end balance carried forward	–	12.7	11.7	3.9	5.9	12.4	23.0	–	–	–	–	–	69.6				
Balance at year-end to carry forward to next year ^b	(12.7)	(11.7)	(3.9)	(5.9)	(12.4)	(23.0)	–	–	–	–	–	–	(69.6)				
Total, financing sources	3.0	26.6	40.8	23.5	40.3	64.3	378.4	95.5	73.1	78.4	12.6	–	836.5				
Member State appropriation for repayment of loans																	
Swiss loan new construction 0.0%	–	–	–	–	–	–	2.5	2.5	2.5	2.5	2.5	2.5	15.0	70.0	40.0	110.1	125.1
Swiss loan renovation 0.0%	–	–	–	–	–	–	–	–	–	–	9.2	9.2	18.3	256.6	–	256.6	274.9
Subtotal, appropriation loan repayment	–	–	–	–	–	–	2.5	2.5	2.5	2.5	11.7	11.7	33.3	326.6	40.0	366.7	400.0
Total, Member State assessments	15.6	25.6	33.1	10.5	24.6	30.1	297.6	2.5	2.5	2.5	11.7	11.7	468.0	326.6	40.0	366.7	834.6

^a The amounts refer to financial contributions from Andorra, China, Monaco and Montenegro. The exact amount currently forecast to be utilized in 2022 amounts to CHF 22,000, which rounds to “0.0” in the table above.

^b The projected year-end balance for 2019 is based on the assumption that the assigned contingency for 2019 would be used in 2019. The year-end balances of previous years reflect the difference between the actual expenditures and the sum of the total financing received plus the respective previous year’s carry-over of the preceding year.

Overall financing overview: upfront appropriation and loans, in United States dollars^a

(Millions of United States dollars)

	Strategic heritage plan project period (2014–2025)													Loan repayment period (2026–2069) to be appropriated under the United Nations regular budget			Overall cost to Member States
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	Total	2026–2053	2054–2069	Total	
Member State appropriation	15.3	28.5	33.5	10.9	25.4	31.8	311.6	–	–	–	–	–	457.0				457.0
Swiss loan new construction 0.0%	–	–	–	15.6	22.7	47.2	45.8	–	–	–	–	–	131.3				
Swiss loan renovation 0.0%	–	–	–	–	–	–	16.2	100.8	77.1	82.8	13.3	–	290.3				
Other donations ^b	–	–	–	–	0.4	–	1.8	–	0.0	–	–	–	2.0				
Prior year-end balance carried forward	–	13.9	12.2	4.0	6.2	12.8	24.3	–	–	–	–	–	73.4				
Balance at year-end to carry forward to next year ^c	(13.9)	(12.2)	(4.0)	(6.2)	(12.8)	(24.3)	–	–	–	–	–	–	(73.4)				
Total, financing sources	1.4	30.2	41.7	24.4	41.6	67.6	399.6	100.8	77.2	82.8	13.3	–	880.6				
Member State appropriation for repayment of loans																	
Swiss loan new construction 0.0%	–	–	–	–	–	–	2.6	2.6	2.6	2.6	2.6	2.6	15.5	74.0	42.3	116.2	131.7
Swiss loan renovation 0.0%	–	–	–	–	–	–	–	–	–	–	9.5	9.5	18.9	270.9	–	270.9	289.8
Subtotal, appropriation loan repayment	–	–	–	–	–	–	2.6	2.6	2.6	2.6	12.0	12.0	34.4	344.9	42.3	387.1	421.5
Total, Member State assessments	15.3	28.5	33.5	10.9	25.4	31.8	314.2	2.6	2.6	2.6	12.0	12.0	491.4	344.9	42.3	387.1	878.5

^a Figures have been converted from Swiss francs to United States dollars using the rates of exchange applicable to the respective financial periods, i.e., at 0.912 for 2014, 0.956 for 2015, 0.989 for 2016, 0.960 for 2017, 0.969 for 2018 and 0.947 for each year from 2019 onward.

^b The amounts refer to financial contributions from Andorra, China, Monaco and Montenegro. The exact amount currently forecast to be utilized in 2022 converts to USD 22,703.82, which rounds to “0.0” in the table above.

^c The projected year-end balance for 2019 is based on the assumption that the assigned contingency for 2019 would be used in 2019. The year-end balances of previous years reflect the difference between the actual expenditures and the sum of the total financing received plus the respective previous year’s carry-over of the preceding year.

Table B.2.a

Overall financing overview: appropriation and loans based on annual projected expenditures, in Swiss francs

(Millions of Swiss francs)

	<i>Strategic heritage plan project period (2014–2025)</i>													<i>Loan repayment period (2026–2069) to be appropriated under the United Nations regular budget</i>			<i>Overall cost to Member States</i>
	<i>2014</i>	<i>2015</i>	<i>2016</i>	<i>2017</i>	<i>2018</i>	<i>2019</i>	<i>2020</i>	<i>2021</i>	<i>2022</i>	<i>2023</i>	<i>2024</i>	<i>2025</i>	<i>Total</i>	<i>2026–2053</i>	<i>2054–2069</i>	<i>Total</i>	
Member State appropriation	15.6	25.6	33.1	10.5	24.6	30.1	34.0	95.5	73.0	78.4	12.6	1.5	434.6				434.6
Swiss loan new construction 0.0%	–	–	–	15.0	22.0	44.7	43.4	–	–	–	–	–	125.1				
Swiss loan renovation 0.0%	–	–	–	–	–	–	15.3	95.5	73.0	78.4	12.6	–	274.9				
Other donations ^a	–	–	–	–	0.2	–	1.7	–	0.0	–	–	–	1.9				
Prior year-end balance carried forward	–	12.7	11.7	4.0	5.9	12.4	23.0	–	–	–	–	–	69.6				
Balance at year-end to carry forward to next year ^b	(12.7)	(11.7)	(4.0)	(5.9)	(12.4)	(23.0)	–	–	–	–	–	–	(69.6)				
Total, financing sources	3.0	26.6	40.8	23.5	40.3	64.3	117.4	191.0	146.1	156.8	25.2	1.5	836.5				
Member State appropriation for repayment of loans																	
Swiss loan new construction 0.0%	–	–	–	–	–	–	2.5	2.5	2.5	2.5	2.5	2.5	15.0	70.0	40.0	110.1	125.1
Swiss loan renovation 0.0%	–	–	–	–	–	–	–	–	–	–	9.2	9.2	18.3	256.6	–	256.6	274.9
Subtotal, appropriation loan repayment	–	–	–	–	–	–	2.5	2.5	2.5	2.5	11.7	11.7	33.3	326.6	40.0	366.7	400.0
Total, Member State assessments	15.6	25.6	33.1	10.5	24.6	30.1	36.5	98.0	75.5	80.9	24.3	13.2	468.0	326.6	40.0	366.7	834.6

^a The amounts refer to financial contributions from Andorra, China, Monaco and Montenegro. The exact amount currently forecast to be utilized in 2022 amounts to CHF 22,000, which rounds to “0.0” in the table above.

^b The projected year-end balance for 2019 is based on the assumption that the assigned contingency for 2019 would be used in 2019. The year-end balances of previous years reflect the difference between the actual expenditures and the sum of the total financing received plus the respective previous year’s carry-over of the preceding year.

Overall financing overview: appropriation and loans based on annual projected expenditures, in United States dollars^a

(Millions of United States dollars)

	Strategic heritage plan project period (2014–2025)													Loan repayment period (2026–2069) to be appropriated under the United Nations regular budget			Overall cost to Member States
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	Total	2026–2053	2054–2069	Total	
Member State appropriation	15.3	28.5	33.5	10.9	25.4	31.8	35.9	100.8	77.1	82.8	13.3	1.6	457.0				457.0
Swiss loan new construction 0.0%	–	–	–	15.6	22.7	47.2	45.8	–	–	–	–	–	131.3				
Swiss loan renovation 0.0%	–	–	–	–	–	–	16.2	100.8	77.1	82.8	13.3	–	290.3				
Other donations ^b	–	–	–	–	0.2	–	1.8	–	0.0	–	–	–	2.0				
Prior year-end balance carried forward	–	13.9	12.2	4.0	6.2	12.8	24.3	–	–	–	–	–	73.4				
Balance at year-end to carry forward to next year ^c	(13.9)	(12.2)	(4.0)	(6.2)	(12.8)	(24.3)	–	–	–	–	–	–	(73.4)				
Total, financing sources	1.4	30.2	41.7	24.4	41.6	67.6	123.9	201.7	154.3	165.6	26.6	1.6	880.6				
Member State appropriation for repayment of loans																	
Swiss loan new construction 0.0%	–	–	–	–	–	–	2.6	2.6	2.6	2.6	2.6	2.6	15.5	74.0	42.3	116.2	131.7
Swiss loan renovation 0.0%	–	–	–	–	–	–	–	–	–	–	9.5	9.5	18.9	270.9	–	270.9	289.8
Subtotal, appropriation loan repayment	–	–	–	–	–	–	2.6	2.6	2.6	2.6	12.0	12.0	34.4	344.9	42.3	387.1	421.5
Total, Member State assessments	15.3	28.5	33.5	10.9	25.4	31.8	38.5	103.4	79.7	85.4	25.4	13.6	491.4	344.9	42.3	387.1	878.5

^a Figures have been converted from Swiss francs to United States dollars using the rates of exchange applicable to the respective financial periods, i.e., at 0.912 for 2014, 0.956 for 2015, 0.989 for 2016, 0.960 for 2017, 0.969 for 2018 and 0.947 for each year from 2019 onward.

^b The amounts refer to financial contributions from Andorra, China, Monaco and Montenegro. The exact amount currently forecast to be utilized in 2022 converts to USD 22,703.82, which rounds to “0.0” in the table above.

^c The projected year-end balance for 2019 is based on the assumption that the assigned contingency for 2019 would be used in 2019. The year-end balances of previous years reflect the difference between the actual expenditures and the sum of the total financing received plus the respective previous year’s carry-over of the preceding year.

Table B.2.b
Overall financing overview: equal annual appropriation and loans, in Swiss francs

(Millions of Swiss francs)

	<i>Strategic heritage plan project period (2014–2025)</i>													<i>Loan repayment period (2026–2069) to be appropriated under the United Nations regular budget</i>			<i>Overall cost to Member States</i>
	<i>2014</i>	<i>2015</i>	<i>2016</i>	<i>2017</i>	<i>2018</i>	<i>2019</i>	<i>2020</i>	<i>2021</i>	<i>2022</i>	<i>2023</i>	<i>2024</i>	<i>2025</i>	<i>Total</i>	<i>2026–2053</i>	<i>2054–2069</i>	<i>Total</i>	
Member State appropriation	15.6	25.6	33.1	10.5	24.6	30.1	70.2	70.2	70.2	70.2	12.6	1.5	434.6				434.6
Swiss loan new construction 0.0%	–	–	–	15.0	22.0	44.7	43.4	–	–	–	–	–	125.1				
Swiss loan renovation 0.0%	–	–	–	–	–	–	–	99.8	75.8	86.6	12.6	–	274.9				
Other donations ^a	–	–	–	–	0.2	–	1.7	–	0.0	–	–	–	1.9				
Prior year-end balance carried forward	–	12.7	11.7	4.0	5.9	12.4	23.0	–	–	–	–	–	69.6				
Balance at year-end to carry forward to next year ^b	(12.7)	(11.7)	(4.0)	(5.9)	(12.4)	(23.0)	–	–	–	–	–	–	(69.6)				
Total, financing sources	3.0	26.6	40.8	23.5	40.3	64.3	138.3	170.1	146.1	156.8	25.2	1.5	836.5				
Member State appropriation for repayment of loans																	
Swiss loan new construction 0.0%	–	–	–	–	–	–	2.5	2.5	2.5	2.5	2.5	2.5	15.0	70.0	40.0	110.1	125.1
Swiss loan renovation 0.0%	–	–	–	–	–	–	–	–	–	–	9.2	9.2	18.3	256.6	–	256.6	274.9
Subtotal, appropriation loan repayment	–	–	–	–	–	–	2.5	2.5	2.5	2.5	11.7	11.7	33.3	326.6	40.0	366.7	400.0
Total, Member State assessments	15.6	25.6	33.1	10.5	24.6	30.1	72.7	72.7	72.7	72.7	24.3	13.2	468.0	326.6	40.0	366.7	834.6

^a The amounts refer to financial contributions from Andorra, China, Monaco and Montenegro. The exact amount currently forecast to be utilized in 2022 amounts to CHF 22,000, which rounds to “0.0” in the table above.

^b The projected year-end balance for 2019 is based on the assumption that the assigned contingency for 2019 would be used in 2019. The year-end balances of previous years reflect the difference between the actual expenditures and the sum of the total financing received plus the respective previous year’s carry-over of the preceding year.

Overall financing overview: equal annual appropriation and loans in United States dollars^a

(Millions of United States dollars)

	Strategic heritage plan project period (2014–2025)													Loan repayment period (2026–2069) to be appropriated under the United Nations regular budget			Overall cost to Member States
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	Total	2026–2053	2054–2069	Total	
Member State appropriation	15.3	28.5	33.5	10.9	25.4	31.8	74.2	74.2	74.2	74.2	13.3	1.6	457.0				457.0
Swiss loan new construction 0.0%	–	–	–	15.6	22.7	47.2	45.8	–	–	–	–	–	131.3				
Swiss loan renovation 0.0%	–	–	–	–	–	–	–	105.4	80.1	91.4	13.3	–	290.3				
Other donations ^b	–	–	–	–	0.2	–	1.8	–	0.0	–	–	–	2.0				
Prior year-end balance carried forward	–	13.9	12.2	4.0	6.2	12.8	24.3	–	–	–	–	–	73.4				
Balance at year-end to carry forward to next year ^c	(13.9)	(12.2)	(4.0)	(6.2)	(12.8)	(24.3)	–	–	–	–	–	–	(73.4)				
Total, financing sources	1.4	30.2	41.7	24.4	41.6	67.6	146.0	179.6	154.3	165.6	26.6	1.6	880.6				
Member State appropriation for repayment of loans																	
Swiss loan new construction 0.0%	–	–	–	–	–	–	2.6	2.6	2.6	2.6	2.6	2.6	15.5	74.0	42.3	116.2	131.7
Swiss loan renovation 0.0%	–	–	–	–	–	–	–	–	–	–	9.5	9.5	18.9	270.9	–	270.9	289.8
Subtotal, appropriation loan repayment	–	–	–	–	–	–	2.6	2.6	2.6	2.6	12.0	12.0	34.4	344.9	42.3	387.1	421.5
Total, Member State assessments	15.3	28.5	33.5	10.9	25.4	31.8	76.7	76.7	76.7	76.7	25.4	13.6	491.4	344.9	42.3	387.1	878.5

^a Figures have been converted from Swiss francs to United States dollars using the rates of exchange applicable to the respective financial periods, i.e., at 0.912 for 2014, 0.956 for 2015, 0.989 for 2016, 0.960 for 2017, 0.969 for 2018 and 0.947 for each year from 2019 onward.

^b The amounts refer to financial contributions from Andorra, China, Monaco and Montenegro. The exact amount currently forecast to be utilized in 2022 converts to USD 22,703.82, which rounds to “0.0” in the table above.

^c The projected year-end balance for 2019 is based on the assumption that the assigned contingency for 2019 would be used in 2019. The year-end balances of previous years reflect the difference between the actual expenditures and the sum of the total financing received plus the respective previous year’s carry-over of the preceding year.

Annex III

Status of implementation of recommendations of the Board of Auditors

A. Status of implementation of recommendations of the Board of Auditors related to the strategic heritage plan contained in the financial report and audited financial statements for the year ended 31 December 2016 and report of the Board of Auditors, volume I¹

<i>Recommendation</i>	<i>Action reported by management</i>
The project owner should seek a framework for staff continuity within the strategic heritage plan project.	Implemented
The strategic heritage plan team should finalize the parts of the programme manual related to the construction phase and the project owner should approve and implement the programme manual.	Under implementation
For future strategic heritage plan solicitations, the United Nations Office at Geneva should review whether impacts of acceptance and non-acceptance of substantial contract clauses are appropriately reflected in the evaluation methodology and criteria.	Implemented
Concerning future contract drafting, the United Nations Office at Geneva should ensure that general contract terms and specifications are aligned more closely.	Implemented

B. Status of implementation of recommendations of the Board of Auditors contained in its report on the strategic heritage plan²

<i>Recommendation</i>	<i>Action reported by management</i>
Management should update the risk management strategy for the strategic heritage plan to align it more closely with the guidelines for the management of construction projects.	Implemented
Management should establish a process with additional mitigation strategies in the event that the confidence level with regard to completing the strategic heritage plan within the budget decreases below 50 per cent.	Implemented
Management should ensure reconciliation of occurred risks and the corresponding contingency usage, and track the accrued cost against the initial baseline costs.	Implemented
The Board recommends that management underline the importance of a decision to be taken by the General Assembly at its seventy-third session regarding the scheme and currency of appropriation and assessment for the strategic heritage plan to secure the financing of the project.	Implemented

¹ A/72/5 (Vol. I) and A/72/5 (Vol. I)/Corr.1.

² A/73/157.

<i>Recommendation</i>	<i>Action reported by management</i>
Management should take appropriate actions to accelerate the construction work on building H to mitigate the current delay and to finalize the drafted technical variations to the contract with the construction firm working on building H.	Implemented
Management should consider fallback options in the event of delays in design for buildings B2, C, D and S and in construction work for building A.	Implemented
Management should review, with regard to upcoming procurement procedures, whether it is inevitable that all bidders will need to contact a designated subcontractor during the bidding stage.	Implemented
Management should ensure that sensitive information on the procurement procedure is kept confidential by designated subcontractors, e.g., by concluding non-disclosure agreements that explicitly cover information connected to the procurement process.	Implemented
Management should consider whether, if the conditions of contract are to be subject to negotiation, the scoring of acceptance of the conditions of contract should be more flexible and differentiate between minor and major modifications requested by bidders.	Implemented
Management should urgently decide on how to implement flexible workplace strategies on all floors of the new building to avoid any further risk of amendments, delays and extra costs for the general contractor.	Implemented
Management should base the calculation of energy savings on sound and reliable data on the energy consumption at the Palais des Nations before the implementation of the strategic heritage plan started, namely, before the start of construction work on the new building.	Under implementation
Management should develop a sound and clear maintenance and operational strategy for the period during which sections of the Palais des Nations will have been already renovated while other connected sections will still be under construction. The experience of the Facilities Management Section needs to be considered in the development of this strategy.	Under implementation
Management should update and calculate the applicable and potential rental income of premises based on current contracts, data and realistic assumptions, taking into account the number of relocating staff, appropriate rental cost (using the arm's length principle) and an updated funding key for the Office of the United Nations High Commissioner for Human Rights.	Under implementation
Management should develop a detailed valorization strategy for all parcels with valorization potential.	Under implementation

C. Status of implementation of recommendations of the Board of Auditors related to the strategic heritage plan contained in the financial report and audited financial statements for the year ended 31 December 2018 and report of the Board of Auditors, volume I³

<i>Recommendation</i>	<i>Action reported by management</i>
The Board recommends that the strategic heritage plan team invite stakeholders to attend risk management meetings.	Implemented
The Board recommends that the strategic heritage plan team ensure that the cost plans are updated on a timely basis and are consistent with the figures included in the reports of the Secretary-General and other internal and external financial reports on the project.	Implemented
The Board recommends that the strategic heritage plan team maintain a clear audit trail of the costs of the project, from the cost plan to the figures that are included in the reports of the Secretary-General.	Implemented
The Board recommends that donations within the strategic heritage plan baseline scope should be excluded from the project costs upon the signing of a memorandum of understanding, as they will reduce the contributions of Member States to the strategic heritage plan.	Implemented
The Board recommends that the strategic heritage plan team develop, in close cooperation with the Facilities Management Section, a handover procedure manual. This would ensure that the responsibilities, procedure and expected handover documents are clear for the strategic heritage plan team and for the Facilities Management Section. The goal must be to hand over the sections of the work from the contractor to the strategic heritage plan team and the United Nations Office at Geneva/Facilities Management Section at the same time.	Under implementation

³ A/74/5 (Vol. I).