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## Fifth Committee

### Summary record of the 16th meeting

Held at Headquarters, New York, on Friday, 21 November 2014, at 10 a.m.

*Chair:* Mr. Ružička ..... (Slovakia)  
*Chair of the Advisory Committee on Administrative  
and Budgetary Questions:* Mr. Ruiz Massieu

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*The meeting was called to order at 10.10 a.m.*

**Agenda item 132: Programme budget for the biennium 2014-2015** (*continued*)

*Strategic heritage plan of the United Nations Office at Geneva* (A/69/417, A/69/417/Corr.1 and A/69/580)

1. **Mr. Cutts** (Assistant Secretary-General for Central Support Services), introducing the report of the Secretary-General on the strategic heritage plan of the United Nations Office at Geneva (A/69/417 and A/69/417/Corr.1), said that, following the Assembly's approval of the implementation strategy for the plan by its resolution 68/247 A, the Secretary-General had initiated the mandated work, which included establishing a dedicated project management team, engaging architectural consultancy services and developing the project design brief. In coordination with the Office of Central Support Services, the project team had collated the lessons learned from other capital projects undertaken by the Organization, including the capital master plan, and incorporated them into that work.

2. Internal control mechanisms had been established in the form of a work and cost breakdown plan to be monitored against established cost and time schedules. In addition, an independent risk management consultant would advise on the risk mitigation strategy and maintain a project risk register. The project implementation plan defined the necessary activities and steps to ensure compliance with programme objectives in terms of scope, quality and cost standards. The Secretary-General had further developed the proposed governance and oversight structure in order to ensure that the project remained within the established budget and schedule and met the required standards of quality. That structure comprised a steering committee responsible for high-level oversight and an advisory board responsible for providing the Director-General of the United Nations Office at Geneva with independent and impartial advice on the management of the project.

3. The report also provided an update on the project financing. The host country had made a formal offer of an interest-free loan for the replacement of the E building and a Government guarantee that would provide for a low-interest-rate loan for a portion of the

renovation. The Secretary-General continued to explore the possibilities of alternative funding mechanisms with the aim of reducing the overall assessment on Member States. Public-private partnerships were no longer being considered, as it had been determined that they were not viable. Voluntary contributions from Member States were being sought, and a significant donation had already been pledged by the United Arab Emirates. A proposal for project approval and funding would be submitted to the Assembly at its seventieth session.

4. The steps to be taken as a priority in order to enable the execution of crucial project tasks included completing the project master plan and concept design; completing in-depth building and site assessments; developing the detailed design for the replacement of the E building; and establishing the project governance structure.

5. In his previous report (A/68/372), the Secretary-General had presented estimated resource requirements of SwF 42,000,000 for the project management team, liaison staff and consultancy services. The Assembly, by its resolution 68/247 A, had approved the resources required for 2014 and had deferred to the current session its consideration of the resources for 2015, estimated at SwF 26,283,400. Those resources were required for the dedicated project management team, the updated proposal for which included three additional temporary positions and six operational experts as well as a reduction of four positions whose functions would instead be performed by consultants.

6. The next steps for the project involved critical activities that were required to maintain the project schedule, with construction to commence in early 2017. Postponing a decision on those steps and the related resource requirements would entail a demobilization and subsequent remobilization of the current consulting companies, which would result in a delay to the project and additional costs. The Assembly was therefore requested to approve the necessary funding at the current part of the session so that those critical activities could continue without interruption from the beginning of 2015.

7. **Mr. Ruiz Massieu** (Chair of the Advisory Committee on Administrative and Budgetary Questions), introducing the related report of the Advisory Committee (A/69/580), said that the

Advisory Committee noted that the Secretary-General had developed new mechanisms and refined his previous proposals on the implementation of the strategic heritage plan. It also noted that his financing proposals were based on earlier estimates of the project costs; a revised cost estimate was to be submitted at the main part of the seventieth session of the General Assembly.

8. Noting the progress made in the pre-design activities, the Advisory Committee recommended that the Assembly should request the Secretary-General to provide his final proposal in respect of measures to expedite the commencement of construction work. With respect to the proposed internal control mechanisms, the Advisory Committee welcomed the inclusion of expert independent advice to ensure schedule and cost controls. It also concurred with the observation made by the Board of Auditors, in its report on the capital master plan for the year ended 31 December 2013 (A/69/5 (Vol. V)), concerning the best practice in project implementation. In the matter of the refined proposal for a project governance and oversight framework, the Advisory Committee emphasized the need to avoid any potential conflict of interest and welcomed the proposal to establish a steering committee in the initial phase.

9. Having considered the updated proposal for a dedicated project management team, the Advisory Committee recommended the establishment of nine additional temporary positions and had no objection to the proposed resource requirements for 2015, apart from a recommendation that the resources requested for official travel should be reduced by 5 per cent and that other means of communication should be used as an alternative to travel.

10. With respect to the project financing, the Advisory Committee welcomed the formal offer by the Swiss Government of a loan package that would include a construction loan, payable over 50 years, and a renovation loan, payable over 30 years, at a fixed interest rate. The package was a valuable contribution to the implementation of a major capital project of the United Nations. The Advisory Committee recalled that the Assembly, in its resolution 68/247 A, had required the Secretary-General to further explore alternative funding mechanisms, including a donation policy, with the aim of reducing the overall assessment on Member States. In its resolution 64/243, the Assembly had also stressed that the United Nations was a non-profit

organization. The Advisory Committee trusted that the Secretary-General would take those resolutions into consideration as he explored alternative funding mechanisms, and that he would provide further information in his next progress report.

11. **Ms. Rios Requena** (Plurinational State of Bolivia), speaking on behalf of the Group of 77 and China, said that the Group noted with satisfaction the progress made on the strategic heritage plan, which was crucial to address health, safety, usability and access issues at the Palais des Nations. The selection of the project management team and architectural firm and the establishment of internal control and risk management mechanisms were welcome steps.

12. Given that the Board of Auditors had commented in its last report on the capital master plan (A/69/5 (Vol. V)) on the absence of a mechanism for applying lessons learned to the management of future capital projects at the United Nations, it was particularly noteworthy that the collection of lessons learned and best practices was included as a pre-design activity for the strategic heritage plan. Recalling the Advisory Committee's comments in its report on the capital master plan (A/69/529) on the importance of ensuring independent project governance for all future major projects, she said that the Group would follow closely the establishment of robust internal control mechanisms and a governance and oversight framework for the project.

13. She noted with appreciation the loan offer from the Swiss Government; the Group would consider the terms and modalities of the offer, with a view to seeking the most favourable terms for the Organization while also acknowledging the efforts of the host country to ensure the implementation of the plan.

14. It was to be hoped that the capital master plan would be completed by the end of 2016 so that the construction phase of the strategic heritage plan could begin in 2017 as proposed and so that, in accordance with General Assembly resolution 68/247 A, two major capital expenditure projects would not be implemented simultaneously and the Assembly would have sufficient time to consider all aspects of the strategic heritage plan before making a final decision. In contrast with the capital master plan, where Committee members had been able to witness first-hand the conditions of the Headquarters compound before the renovation and monitor the progress, the strategic

heritage plan would be implemented in Geneva and therefore the Committee would rely on the Secretariat to provide detailed information that could be conceptualized and visualized. The Group, mindful of the Secretary-General's vision to have the United Nations Office at Geneva remain an important centre for the work of the Organization, would participate constructively in the deliberations on that important item.

15. **Mr. Presutti** (Observer for the European Union), speaking also on behalf of the candidate countries Albania, Montenegro, Serbia, the former Yugoslav Republic of Macedonia and Turkey; the stabilization and association process country Bosnia and Herzegovina; and, in addition, Armenia, Georgia, the Republic of Moldova and Ukraine, said that the Secretary-General's report (A/69/417 and A/69/417/Corr.1) represented an important step towards the refurbishment of the Palais des Nations and expressed gratitude to the Government of Switzerland for the offer of a loan package in support of the project.

16. While it was understood that the current estimated costs were not final, the resource requirements should nevertheless be adjusted. The total estimated requirements had increased by SwF 219 million since the completion of the conceptual engineering and architectural study in 2011. Consequently, the Secretary-General should revise and resubmit detailed cost estimates at the seventieth session to ensure that the proposed requirements were based on real needs. The Secretariat should also explore alternative funding mechanisms to the extent possible in order to reduce future assessments on Member States.

17. Strong internal and external oversight mechanisms should be established to prevent future cost escalation and ensure that the project proceeded smoothly. Those mechanisms would need the expertise to support and challenge the project team, scrutinize the project costs, schedule and scope, and update the Member States on progress. The lessons learned from the capital master plan must also be properly applied to the strategic heritage plan, particularly in the areas of associated costs, contingency funding, cost forecasting, risk management and the functions of the dedicated project team.

18. Flexible workplace strategies and sound planning assumptions based on the Organization's long-term needs should be part of every capital project; the European Union encouraged the Secretariat to explore ways of incorporating those aspects into the construction design.

19. **Mr. Zehnder** (Switzerland), speaking also on behalf of Liechtenstein, said that the renovation was crucial to ensure that the Palais des Nations met the needs of a modern, effective United Nations. He welcomed the progress made on the project and the fact that the planning incorporated best practices, notably the lessons learned from the capital master plan.

20. The two delegations for which he spoke supported the Secretary-General's request for the resources required to complete the overall project planning in 2015. Approval of those resources would allow the preparations begun in 2014 to be stepped up and details of the plan to be presented to the Assembly at its seventieth session.

21. As the host country, Switzerland had a responsibility that went beyond its role as a Member State. Therefore, in 2011, his Government had donated SwF 50 million for energy saving measures at the Palais. That work had been completed, on time and on budget, in 2013. His Government had also responded positively to the Assembly's request for preferential loans, the details of which were contained in the Secretary-General's report. Switzerland was thus lending its full support to the strategic heritage plan and was committed to its success. His delegation also expected that Member States would shoulder their responsibility as the owners of the Palais des Nations and continue to support the project.

22. **Mr. Khalizov** (Russian Federation) said that several aspects of the strategic heritage plan required further clarification and he trusted that the Secretariat would provide Member States with the information they required in order to take a final decision on the matter. In particular, details were needed with respect to the distribution of functions in the project management system aimed at enhancing its efficiency and effectiveness and avoiding conflicts of interest; the level of associated costs; and the possibility of renting out office space to help cover the project costs. The experience and lessons learned from previous major

capital projects, including the capital master plan, should be applied.

23. The Russian Federation welcomed the offer from the Swiss Government of long-term loans on favourable terms to finance the construction and renovation work; the Committee should consider using such loans to optimize the financing during the implementation of the project. His delegation was also willing to discuss the establishment of a special account for the project. However, the mechanism for funding the account would require further elaboration, as would the scheme for assessment of Member States, should that approach be approved.

24. His delegation agreed with the comments and recommendations of the Advisory Committee, including with respect to the need to further examine different alternatives for implementation of the strategic heritage plan. It also concurred with the Advisory Committee's recommendations concerning resource requirements for the project for the period up to the end of 2015.

*The meeting rose at 10.45 a.m.*