



Remarks by Mr. Michael Møller  
United Nations Under-Secretary-General  
Director-General of the United Nations Office at Geneva to the  
18th Formal meeting of the Fifth Committee

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**Fourth annual progress report on the strategic heritage plan  
of the United Nations Office at Geneva (A/72/521)**

30 November 2017. Conference Room 3

Mr. Chairman,

Distinguished Members of the Committee,

I am pleased to be here today, on behalf of the Director-General of UN Geneva to introduce the Secretary-General's fourth progress report on the Strategic Heritage Plan of the United Nations Office at Geneva, which is submitted herewith for your consideration pursuant to section X of General Assembly resolution 70/248, in which the Assembly approved the overall scope, schedule and estimated cost of the project and section XVIII of resolution 71/272.

*Progress*

Mr. Chairman. Significant progress has been made during the reporting period towards achieving key project milestones for planning, design, procurement and construction activities, including:

- the completion of excavation works started in April 2017, as planned;
- the award of a construction contract for the new building H on 4 September 2017, within the budget allowance. Works started at the end of October 2017;
- the issuance of design contracts for the further detailed design work for the renovation phase;

- the completion of the occupancy studies related to the implementation of flexible workplace strategies, or the ‘smart working’ initiative as it is known in Geneva;
- the further development in the design of measures to eliminate physical, communications and technical barriers to persons with disabilities; and
- the further refinement of the schedule of work and contracting strategy.

I will now briefly touch on some of the main elements outlined in the report before you;

### *Project financing*

The report provides an update on project financing, cost plan and expenditures, including the formal agreement and commencement of use of the CHF 400M host country interest free loan, covering both the new construction and renovation parts of the project.

### *Risk Assessment and Contingency*

Contingency management continues to be informed by the probabilistic quantitative risk assessment methodology utilized for the project. As outlined in Section J of the main report, the recommended level of contingency provision required at the 80% probability level is CHF 89.3 million. The available contingency included in the cost plan amounts to CHF 70.8 million for the period 2017-2023, excluding escalation. While this is not ideal, in overall terms, the risk exposure has reduced over time as the design became more certain and contract prices are agreed upon.

### *Valorisation*

As requested by the Assembly, the Secretary-General has continued to explore alternative funding mechanisms, with the aim of reducing the overall assessment on Member States for the Strategic Heritage Plan. To this end we are pleased to report that the UN has reached an agreement in principle for the long term lease of the land plots of the Villa Feillantines, which will yield an income of CHF 25.6 million within the next few years. Further information on other potential funding mechanisms continue to be explored and are described in the report.

### *Utilization of Rental Income*

It is proposed that the current annual rental income of UNOG and the projected rental income that will result from the expanded capacity which would allow OHCHR to relocate to the campus, be applied to the repayments of the Swiss loan. Any potential further additional rental income that could be generated by implementation of flexible workplace strategies would be similarly applied. There will be no impact from this on the proposed programme budget for the biennium 2018-2019, as the loan repayment will only start in 2020.

### *Modernizing the work environment*

As noted in the report, to transform the entire Palais des Nations campus into a fully modern work environment fully equipped for the future needs of the Organization and to fully enable the implementation of flexible workplace, or “Smart Working” as it is called in Geneva, the Secretary-General is of the view that two aspects should be addressed.

Firstly, as noted in paragraph 27, it is now deemed essential in view of rapidly changing climate conditions, to use the opportunity of this renovation to include cooling and ventilation as additional requirements to ensure that the renovated premises will be fully future proofed and fit for purpose in the years to come.

The cost of installing these systems would be significantly reduced if provided for in an open office environment in the building to be renovated. As such, if combined with the provision of renovated open spaces which fully enable smart working, both aspects would transform the Palais des Nations campus into a truly modern work environment.

As outlined in the report, it is foreseen that additional up-front resource requirements estimated to be in the range of up to CHF 40-50 million would be required. However, further study is required, and therefore the Assembly is being informed that the Secretary-General is undertaking a feasibility study and subsequently the necessary detailed design work, including a more detailed funding proposal. This would be done as soon as possible and prior to any decision required by the General Assembly at the next session, so as not to incur any project delays.

### *Next steps*

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

1. Construction of the new permanent building H to be completed at the end of 2019;
2. Completion of the detailed design, technical design and tender documentation for the renovation works to the 1930's Historical Palais buildings during 2018;
3. Initiation and progression of the procurement activities necessary to select a construction contractor for the renovation of the existing 1930's historical buildings during 2018.

Mr. Chairman, Members of the Committee

The support of this Committee and of the General Assembly for this important project has been clear and consistent. The recommended actions of the General Assembly in the context of the present report are laid out in Section VII (paragraph 130). Key decisions to be taken in this regards include:

- i) To decide on the scheme and currency of appropriation and related assessment for the strategic heritage plan;
- ii) To approve the establishment of a multi-year special account for the project; Should the Assembly decide on a multi-year scheme of appropriation and assessment and the special account, authorize the strategic heritage plan to access the working capital fund established under financial regulation 4.2 and the special account;
- iii) To take note of the decision of the Secretary-General to proceed fully with smart working in the new building H;
- iv) To request that the Secretary-General report on the results of the further feasibility and design work for the implementation of smart working in the historical buildings of the Palais des Nations, including a funding proposal for these additional works in the next progress report at the latest;
- v) To approve the establishment of one new temporary position of a Senior Procurement Officer (P-5) to be based at the Office of Central Support Services in Headquarters,

effective 1 January 2018 for an initial period of one year to be funded within existing project resources;

- vi) To authorize charging the cost of the valorization consultancy services for 2018 to the project, within the overall maximum cost approved for the project;
- vii) To authorize the use of current and future rental income at UNOG to offset the Member State appropriation related to the repayments of the loan.

Timely decisions of the Assembly on these matters are important so that the project can continue to proceed as planned and that the financing of the project is secured as we now enter into high value construction work contracts over multiple year periods.

Thank you Mr. Chairman and distinguished Members of the Committee for your attention.