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**Proposed programme budget for the biennium 2016-2017**

## **Second annual progress report on the strategic heritage plan of the United Nations Office at Geneva**

### **Ninth report of the Advisory Committee on Administrative and Budgetary Questions on the proposed programme budget for the biennium 2016-2017**

#### **I. Introduction**

1. The Advisory Committee on Administrative and Budgetary Questions has considered an advance copy of the report of the Secretary-General on the strategic heritage plan of the United Nations Office at Geneva ([A/70/394](#) and Corr.1). During its consideration of the report, the Advisory Committee met with representatives of the Secretary-General, who provided additional information and clarification, concluding with written responses received on 9 November 2015.

2. The report of the Secretary-General was submitted pursuant to section III of General Assembly resolution 69/262 and addresses the requests made by the Assembly in its resolution as well as the comments and recommendations made by the Advisory Committee in its previous report ([A/69/580](#)). The Secretary-General provides updated information and proposals on significant aspects of the implementation of the strategic heritage plan project, including the project's revised cost estimates, financing and the next steps in the project's implementation.

3. The comments and recommendations of the Advisory Committee on some of the specific proposals made by the Secretary-General in respect of the project implementation are contained in section II of the present report. Sections III and IV of the present report provide the comments and recommendations of the Committee on project costs and project financing, respectively. Section V contains the summary of overall conclusions and recommendations of the Committee.

#### **II. Implementation of the strategic heritage plan project**

4. The Advisory Committee recalls that the Secretary-General presented three alternative strategies for the implementation of the strategic heritage plan for the



renovation of the historic buildings at the Palais des Nations, as well as for the full refurbishment of the conference space of the E building (see [A/68/585](#), para. 8). In its resolution 68/247 A, the General Assembly approved implementation strategy (c), as proposed by the Secretary-General, for the planning and design purposes of the strategic heritage plan of the United Nations Office at Geneva. The approved strategy, as outlined in a previous report of the Secretary-General (see [A/68/372](#), para. 35), includes the comprehensive renovation of the Palais des Nations building complex, the construction of a new permanent building adjacent to the current location of the E building and the dismantling of the upper seven floors of the E building office tower (see [A/70/394](#), paras. 2, 24 and 33). According to the supplementary information provided by the Secretary-General, the existing conference facilities in the E building will remain in place and be renovated.

5. The Advisory Committee also recalls that the following key objectives for the renovation of the Palais des Nations were established at the outset of the development of the strategic heritage plan (see [A/68/372](#), para. 15):

(a) Guarantee and ensure the business and operational continuity of the Palais des Nations by maintaining day-to-day business;

(b) Meet all relevant regulations related to fire protection, health and life safety and building code compliance;

(c) Meet all relevant regulations relating to persons with disabilities, including provisions for accessibility and technology;

(d) Repair and update the building enclosure and the electrical, mechanical and plumbing systems to meet relevant health and safety regulations and reduce energy costs;

(e) Upgrade the existing information technology networks, broadcasting facilities and congress systems in compliance with industry standards;

(f) Optimize the use of the available interior spaces and conference facilities, providing flexible and functional conference rooms;

(g) Preserve the heritage, prevent irreversible deterioration or damage and restore and maintain the capital value of the Palais des Nations and its contents.

6. The Advisory Committee recalls that, in its resolution 69/262, the General Assembly requested the Secretary-General, inter alia, to present revised proposals with regard to the governance and oversight framework, with a view to ensuring effective oversight at the earliest stages of the project, and to include more detailed information on the scope, composition, technical expertise and decision-making mechanisms, as well as the functional arrangements, of the Steering Committee and the Advisory Board in the context of his next progress report.

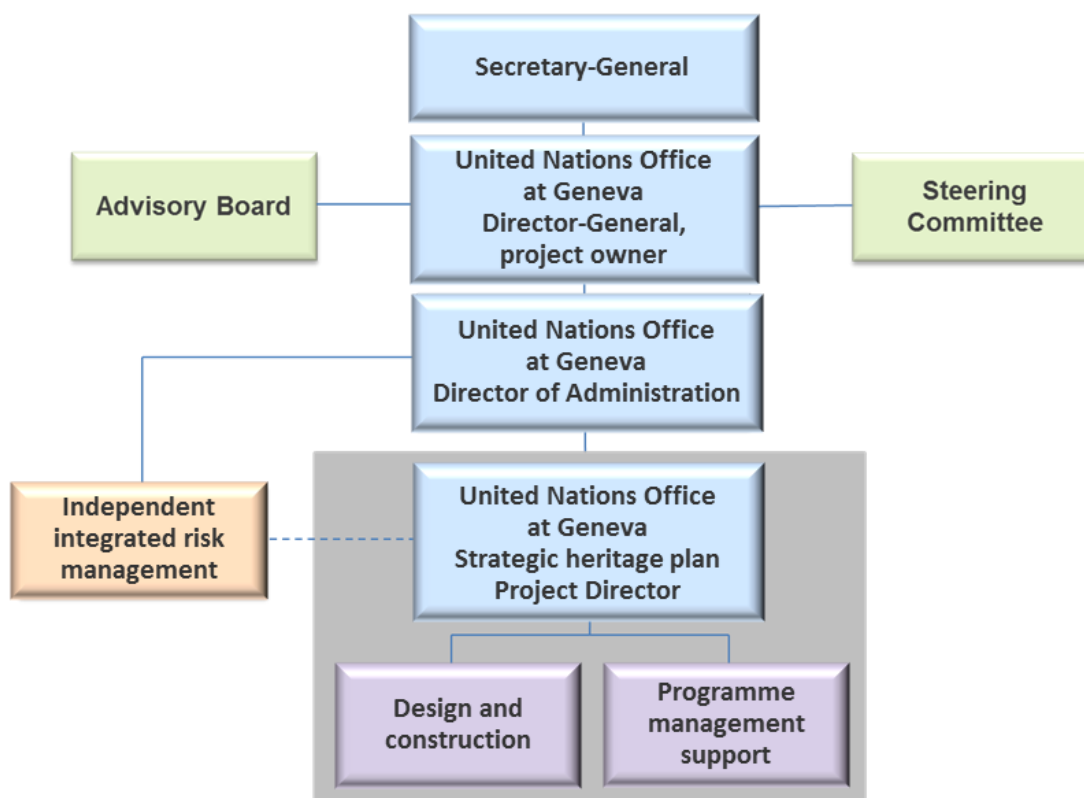
## **A. Project governance**

7. The proposals of the Secretary-General for a revised governance framework are included in paragraphs 9 to 23 of his report ([A/70/394](#) and Corr.1) and comprise the following: the Director-General of the United Nations Office at Geneva, as project owner; the Director of Administration of the United Nations Office at Geneva; the Steering Committee; the Advisory Board; the Project Director; and the independent risk management firm. Upon request, the Advisory Committee was provided with the

structure of the proposed governance framework as shown in figure I. The Committee was also provided with a table describing the roles, responsibilities and reporting lines of three specific components of the project governance framework, namely, the Advisory Board, the Steering Committee and the independent risk management firm. The table is included in annex I of the present report.

Figure I

**Proposed governance framework for the strategic heritage plan project**



8. The Advisory Committee has made observations and recommendations on specific matters related to the revised governance framework in paragraphs 9 to 18 below.

**Steering Committee**

9. An update on the functions of the Steering Committee is provided in paragraphs 20 to 22 of the report of the Secretary-General. As indicated in his previous report, the Steering Committee is co-chaired by the Director-General of the United Nations Office at Geneva and the Under-Secretary-General for Management in New York, and comprises the heads of departments or their appointed representatives and representatives from leading departments and offices in Geneva and New York with a direct operational interest in the project (see [A/70/394](#), para. 21, and [A/69/417](#), paras. 43 and 44).

10. The Advisory Committee was informed upon enquiry that the Steering Committee would provide advice to the project owner on project governance,

including on the project plan and implementation strategy, alternative funding strategies, the use of contingency funds and the adequacy of the risk management framework. It is envisaged that the Steering Committee will serve as an internal forum to support the project owner, including in instances when major changes to project scope might arise as a result of unforeseen requirements during project implementation. The Committee was further informed that, should major changes arise, the Director-General of the United Nations Office at Geneva, on receiving advice from the Steering Committee, might consult with the Advisory Board and, if deemed necessary, seek the approval of the General Assembly. **The Committee expects that the Steering Committee will ensure that the full scope of the project, subject to the approval of the Assembly, will be implemented. In that connection, the Committee expects that the Steering Committee will continuously monitor the project implementation and ensure that the project remains on schedule and within budget and in accordance with agreed technical specifications** (see also para. 31 below).

11. **The Advisory Committee further recommends that the General Assembly request the Secretary-General to ensure that any change that affects the scope of the strategic heritage plan project will be presented for the consideration and decision of the Assembly.**

#### **Advisory Board**

12. The updated proposals regarding the establishment of the Advisory Board are provided in paragraphs 14 to 19 of the report of the Secretary-General. The Secretary-General indicates that the Advisory Board, consisting of six representatives of Member States in Geneva, will be supported by ex officio members, including a senior representative from the host country, the senior leadership in the Department of Management at United Nations Headquarters, the Director of Administration of the United Nations Office at Geneva, the Project Director of the strategic heritage plan and an adviser from the Office of Central Support Services in the Department of Management. The Secretary-General also indicates that the Advisory Board will provide independent and impartial advice to the Director-General of the United Nations Office at Geneva as project owner for issues arising during the course of the project, ensuring that the project meets its objectives ([A/70/394](#), paras. 14 and 16). The Advisory Committee was informed upon enquiry that the Advisory Board would advise the Director-General of the United Nations Office at Geneva on matters concerning the project's performance with respect to its budget, scope, schedule, the management of risks and the preservation of heritage. The Secretary-General further indicates that a provisional Advisory Board was constituted and a provisional Chairperson was appointed and that its first meeting was held in September 2015 (*ibid.*, para. 19).

13. The Advisory Committee recalls that in 2003, in the context of the implementation of the capital master plan, the General Assembly, in its resolution 57/292, concurred with the intention of the Secretary-General to establish an advisory board to advise him on financial matters and overall project issues. The Committee also recalls that after further reiterations by the Assembly (see resolutions 62/87 and 63/270) and several recommendations made by the Board of Auditors in that regard (see, for example, [A/60/5 \(Vol. V\)](#), para. 40, and [A/63/5 \(Vol. V\)](#), para. 54), the Advisory Board for the capital master plan was established in 2009 (see [A/65/725](#), para. 4).

14. The Advisory Committee supports the establishment of an Advisory Board for the strategic heritage plan project. The Committee trusts that, when fully operational, the Advisory Board will contribute to the achievement of the project objectives.

15. The Advisory Committee is nevertheless of the view that the respective roles and responsibilities of the Steering Committee and the Advisory Board in the overall project governance framework should be delineated in more precise and clear terms, and therefore expects that updated information in that regard will be provided in the next report of the Secretary-General.

#### **Project Director**

16. In paragraph 12 of his report, the Secretary-General indicates that the functions of the Project Director will remain the same as proposed in his earlier report in almost all respects (see [A/69/417](#) and Corr.1, paras. 38 and 39). The Advisory Committee was informed upon enquiry that the Project Director participates in the meetings of the Steering Committee in an ex officio capacity and that the project team, guided by the Project Director, provides secretarial support to the Steering Committee. The Committee was also informed that the Steering Committee would review changes to the project that are outside the authority of the Project Director, such as changes in scope due to new organizational requirements, unexpected site conditions and proposed improvements to the project that could be made at no additional overall cost. The Committee was further informed that the tasks performed by the project team in supporting the Steering Committee were under the direction of the co-chairs of the Steering Committee, and therefore, conflicts of interest for the Project Director were not anticipated. **The Committee continues to stress the need to avoid any potential conflicts of interest for the Project Director in carrying out the responsibilities related to the execution of the full scope of the project and in providing guidance for the secretarial support of the Steering Committee (see also [A/69/580](#), para. 31).**

#### **Independent risk management firm**

17. The Advisory Committee notes that the revised governance framework proposed by the Secretary-General now includes the independent risk management firm and no longer includes the internal stakeholders of the United Nations Office at Geneva, as proposed earlier (see [A/69/417](#), para. 35). In his current proposal, the Secretary-General indicates that the risk management firm, engaged as at 2012, provides independent assessment to the Project Director, the Director of Administration and the Director-General of the United Nations Office at Geneva. According to the Secretary-General, the functions of the firm are in consonance with the emphasis placed by the General Assembly on the importance of ensuring integrated and independent project assurance for the strategic heritage plan ([A/70/394](#), para. 23). **The Committee notes the inclusion of the risk management firm in the revised governance and oversight framework for the strategic heritage plan and trusts that its role in providing independent project assurance will be explained in further detail in the next progress report of the Secretary-General.**

#### **Role of the Office of Central Support Services**

18. Upon enquiry as to the specific role of the Office of Central Support Services, the Advisory Committee was informed that the Office would provide the United

Nations Office at Geneva with technical guidance and advice on the project, ensure that the project complied with overall organizational objectives, share lessons learned from other capital projects and coordinate with New York-based project stakeholders. The Committee was also informed that the Office would regularly engage with the project team to provide guidance on technical and working-level management issues and participate in key project activities, such as the development of tender documents and technical evaluations for consultancies and construction services. The Committee was further informed that regular videoconferences would be conducted at the level of the Assistant Secretary-General of the Office of Central Support Services and the Director of Administration at the United Nations Office at Geneva. **The Committee considers that the Office of Central Support Services in New York should ensure the central supervision of capital projects, including risk management, and alignment with lessons learned (see also [A/70/7/Add.3](#), para. 22).**

## **B. Project progress**

19. The Secretary-General indicates that the project is on schedule and that the most recent planning and design efforts have confirmed that the project objectives can be met within the estimated budget of CHF 836.5 million and by the end of 2023, in accordance with the time frame projected for completion ([A/70/394](#), para. 27).

### **Dedicated project team and contracted services**

20. The Secretary-General indicates that recruitment for all 19 approved positions for the dedicated project team has been completed. Contracted expertise was acquired through the lead design and specialized design firm, the programme management firm and the risk management firm. The Secretary-General also indicates that the tendering for additional contractual services required for short- to medium-term assignments is ongoing (see *ibid.*, paras. 28-32). **The Advisory Committee expects that the selection of external contractual expertise will follow all relevant regulations and rules governing procurement actions of the Organization and that the use of such expertise will be kept under review by the project oversight and monitoring mechanisms.**

### **Flexible workplace strategies and space standards**

21. In paragraphs 41 to 51 of his report, the Secretary-General provides an update on the measures taken to incorporate the flexible workplace strategies in the ongoing design of the strategic heritage plan, pursuant to section III of General Assembly resolution 69/262 and section VII of resolution 69/274 A.

22. The Advisory Committee recalls that, at the inception of the strategic heritage plan, one of the key performance objectives established by the United Nations Office at Geneva was to optimize the use of the available interior spaces and conference facilities, providing flexible and functional conference rooms. The conceptual engineering and architectural study undertaken in that connection had indicated that, through the proposed refurbishment of the office space and with a completely new configuration of the floors within the main office buildings, it would be feasible to accommodate up to 700 additional staff within the existing premises (see [A/66/279](#), para. 11 (a) (ii)).

23. In his two subsequent proposals for the implementation of the strategic heritage plan, the Secretary-General continued to propose that the efficient space utilization would result in accommodating approximately 700 additional personnel at the Palais

des Nations (see [A/68/372](#), para. 30, and [A/69/417](#) and Corr.1, para. 60). In his present proposal, the Secretary-General indicates that the new building is being designed with open workspaces that have a built-in flexible infrastructure to accommodate the various flexible workplace arrangements. He also indicates that the existing buildings present challenges with regard to future flexible workplace strategies, as they will not be as open or flexible as the new building. **The Advisory Committee notes that the increase in workspaces from the implementation of the strategic heritage plans continues to be projected at 700 (see [A/70/394](#) and Corr.1, paras. 48-51).**

24. The Advisory Committee was informed upon enquiry that the high cost of conversion to open office space in the existing structures constituted the most significant constraint in providing flexible workspace. The Committee was informed that the project implementation was based on providing the flexible infrastructure needed for staff to move towards flexible workplace strategies in both the old and the new buildings in the future. The Committee was informed, however, that the new building, during its initial use as swing space, would provide an ideal opportunity to undertake relevant pilot exercises for flexible workspaces to be used in the future. **The Committee recalls that the General Assembly, in its resolution 69/274 A, requested the Secretary-General to incorporate flexible workplace strategies into the ongoing design of the strategic heritage plan, and notes that the use of such strategies is not yet incorporated into the implementation of the strategic heritage plan. The Committee notes that the application of flexible workspace strategies to the new building would lead to an increase in the additional workspace already projected. The Committee therefore stresses the importance of the incorporation of flexible workspace strategies into the ongoing implementation of the strategic heritage plan project and trusts that the Secretary-General will provide updates in that regard in his next progress report (see also paras. 33 and 34 below).**

25. The Advisory Committee recalls that the implementation of the enterprise resource planning project (Umoja) involves extensive re-engineering of business processes and is expected to have an impact on the evolution of the staffing and skill requirements of the Secretariat. The Committee further recalls that the Umoja team has started to explore the opportunities afforded by the Umoja solution in terms of rationalizing and consolidating transactional and other back-office tasks throughout the United Nations Secretariat (see [A/68/583](#), para. 8).

26. **The Advisory Committee recalls that an optimum use of space at the Palais des Nations is a key objective of the strategic heritage plan project. The Committee therefore expects that every effort will be made to optimize the use of space, taking into account the impact on the workspace requirement for the United Nations Office at Geneva of ongoing management initiatives such as Umoja, flexible workplace strategies and the development of a global service delivery model.**

27. The Advisory Committee also recalls that, according to the Secretary-General, should the current occupancy of the Palais des Nations be reduced owing to the implementation of Umoja or the development of a global service delivery model, the demand from funds and programmes and specialized agencies of the United Nations for renovated offices envisioned under the strategic heritage plan would continue to remain high and that, therefore, no negative impact on the current scope of the strategic heritage plan was foreseen (see [A/69/580](#), para. 52). **The Committee therefore reiterates that it expects that, consequent to the implementation of ongoing management initiatives and the possible reduction in space requirements for staff currently at the Palais, the additional income anticipated to accrue from the renting of office space to**

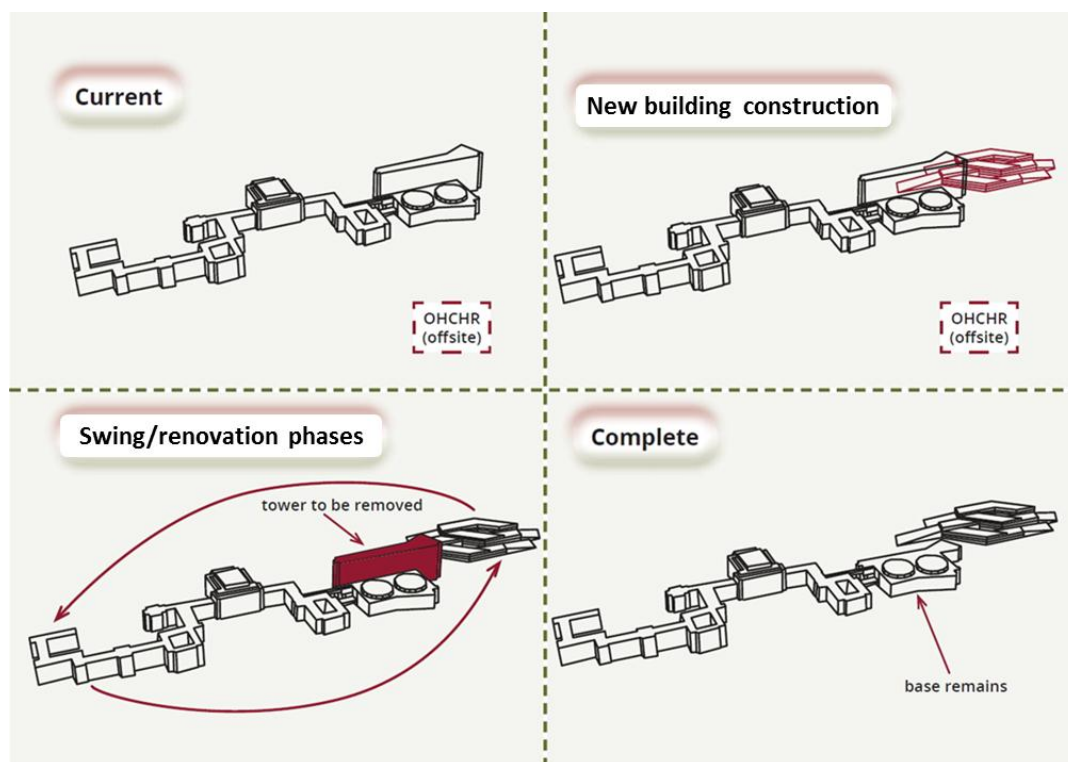


specialized agencies, funds and programmes located in Geneva should be incorporated into the strategic heritage plan (*ibid.*, para. 54). The use of future rental income anticipated from the move of additional staff members of the Office of the United Nations High Commissioner for Human Rights (OHCHR) is discussed further in paras. 75-77 below.

#### Revised schedule of works

28. The Secretary-General provides a revised schedule of works in paragraphs 55 to 59 and figure 3 of his most recent report. According to the earlier proposal of the Secretary-General, the actual construction work (including the construction part of renovation work) was to be completed in four phases of approximately equal duration. Each phase included the completion of a design and procurement exercise for that phase followed by construction. A building-by-building commissioning, handover and interior outfitting was to follow the completion of each construction part of the renovation works. In his current proposal, the Secretary-General indicates that while the overall project continues to be scheduled from 2014 to 2023, the construction and renovation works would be completed in two phases: (a) construction of the new building and (b) renovation of the existing buildings, including the demolition of the building E tower (A/70/394, paras. 55-57). Upon enquiry, the Advisory Committee was provided with an illustration of the project phases, from the present to project completion, as shown in figure II.

Figure II  
Strategic heritage plan: from the present to completion



Abbreviation: OHCHR, Office of the United Nations High Commissioner for Human Rights.



29. The Secretary-General indicates that the risks identified in his earlier approach include: (a) potential delays during the multiple tendering processes; (b) difficulties in maintaining clear lines of accountability with the design and construction contractors; (c) potential warrantee management problems with multiple contractors working on the same systems; and (d) difficulties in material sourcing under multiple design and construction contracts (ibid., para. 56).

30. The Secretary-General also states that, in addition to mitigating the risks, the revised schedule would allow the new construction to begin at the earliest possible time. The milestones in the revised schedule of works are proposed as follows (ibid., paras. 57 and 58):

(a) Construction firm appointed in early 2017 for the construction of the new building;

(b) Construction firm appointed in early 2019 for the renovation of the existing buildings;

(c) Completion of the construction works of the new building in 2019;

(d) Completion of the renovation of the existing buildings in 2023.

31. The two separate phases for the construction of the new building and for the renovation of the existing buildings are to provide improved contractual clarity and accountability during the course of the project, and have been developed as part of lessons learned from large capital projects, including the capital master plan (ibid., paras. 64 and 65). **The Advisory Committee, drawing upon the lessons from the implementation of the capital master plan project, considers that keeping the project on schedule is critical in order to avoid any potential cost overruns and therefore stresses the need for the Steering Committee to ensure continuous monitoring and assurance of the project's progress within the established timeline.**

#### **Application of lessons learned**

32. The Secretary-General indicates that lessons learned from large capital projects, including the capital master plan, have been applied to the strategic heritage plan project, and highlights several measures taken and mechanisms established for the project's governance, management and independent assurance (ibid., paras. 64 and 65). The Advisory Committee recalls that the Board of Auditors, in its most recent report on the capital master plan, notes that by implementing the lessons learned from the project, the Administration will be better placed to support the delivery of future capital projects (see [A/70/5 \(Vol. V\)](#), summary, para. 16). The Board observes that the strategic heritage plan is embedding those lessons in its approach to delivering the early stages of the project, such as including associated costs within the budget from the outset (ibid., para. 48). The Board published a paper on lessons from the capital master plan in December 2014,<sup>1</sup> drawing on its wider knowledge of best practices of major projects, in which it highlights some of the more important and systemic lessons that are of direct relevance to future capital projects (see also [A/70/441](#), paras. 21-23). **The Committee recommends that the General Assembly request the Secretary-General to continue to identify lessons learned, taking into account best**

<sup>1</sup> United Nations Board of Auditors, "Lessons from the United Nations capital master plan", December 2014. Available from [www.un.org/en/auditors/board/pdfs/Lessons%20from%20the%20Capital%20Master%20Plan.pdf](http://www.un.org/en/auditors/board/pdfs/Lessons%20from%20the%20Capital%20Master%20Plan.pdf).

practice recommendations compiled by the Board, and to provide updated information on their application in the context of the next progress report.

## C. Other considerations

### Additional United Nations entities at the renovated Palais des Nations

33. The Secretary-General indicates that, pursuant to section III, paragraph 10, of General Assembly resolution 69/262, efforts were made to explore the possibility of attracting additional United Nations entities to be accommodated at the renovated Palais des Nations. As a result, OHCHR and the United Nations Children's Fund (UNICEF), the United Nations Joint Staff Pension Fund and the World Food Programme (WFP) expressed interest in being accommodated at the Palais des Nations (see [A/70/394](#), para. 82). Upon enquiry, the Advisory Committee was informed that, based on the current projections for occupancy at Palais des Nations subsequent to the implementation of the strategic heritage plan project, accommodating staff members from other United Nations funds and agencies such as UNICEF, the United Nations Joint Staff Pension Fund and WFP, in addition to the 700 OHCHR staff members, would not be feasible. **The Committee considers that planning the space allocation for the relevant departments and entities of the Organization, both existing and new, anticipated upon the project's completion, should commence early in the life of the project to avoid any adverse impact on the overall efficiency of such departments and entities.**

34. With regard to the anticipated move of OHCHR staff members to the Palais des Nations, the Secretary-General indicates that the annual cost incurred at present towards rent, maintenance and the provision for safety and security at the leased facilities at the Palais Wilson and the Giuseppe Motta building for OHCHR staff members is in the amount of approximately CHF 9 million (*ibid.*, para. 83). The Secretary-General also indicates that the addition of the office spaces for OHCHR staff members in the proposed new building would lead to an increase in rental income under Income section 2 of the regular budget (*ibid.*, paras. 120 and 121). The Advisory Committee discusses the use of future rental income in the overall scheme of financing of the strategic heritage plan project in paragraphs 75 to 77 below.

### Donation policy

35. Pursuant to section III, paragraph 16, of General Assembly resolution 69/262, the Secretary-General proposes a donation policy that provides a framework for the acceptance of voluntary contributions to the strategic heritage plan in line with current United Nations regulations and rules. The Secretary-General indicates that a donation will be accepted only pursuant to a formal agreement in the form of a memorandum of understanding concluded between the donor and the United Nations Office at Geneva (*ibid.*, paras. 84 and 85 and annex I). The proposed donation policy for the strategic heritage plan includes provisions to request the donor to cover all costs and liabilities of the United Nations Office at Geneva resulting from the donation, and contribute 3 per cent of the donation project cost towards the general maintenance fund for the Palais des Nations (*ibid.*, annex I, paras. 16 and 17). The Advisory Committee recalls that the Assembly, in section III, paragraph 17, of its resolution 69/262, stressed that the proposal for the donation policy should not be restrictive and that it should be in full conformity with the international and intergovernmental character of the

Organization. **The Committee is of the view that the provisions in paragraphs 16 and 17 of the donations policy proposed by the Secretary-General in annex I of his most recent report are restrictive and should not be applied automatically. The Committee expects the Secretary-General to examine the characteristics of each donation offered before making a determination regarding the extent to which the terms of those provisions are applied.**

**36. The Advisory Committee, subject to its observations in paragraph 35 above, recommends approval of the donation policy.**

#### **Works of art, masterpieces and other gifts**

37. In accordance with the request made by the General Assembly in its resolution 69/262, the Secretary-General indicates that an inventory of works of art, masterpieces and other gifts will be made and all such items will be protected or moved during the renovation works to prevent damage. He indicates that Member States will be consulted regarding the specific requirements of handling the gifts donated by them (*ibid.*, para. 86). **The Advisory Committee recalls that the Assembly, in its resolution 65/269, requested the Secretary-General to ensure that works of art, masterpieces and other gifts are handled appropriately during all the stages of the capital master plan, and similarly requests him to cooperate with those Member States that wish to take care of their gifts of works of art, masterpieces and other items during the implementation of the strategic heritage plan project.**

### **III. Revised cost estimates**

38. Pursuant to General Assembly resolution 68/247 A (section V, para. 17), the Secretary-General provides revised overall cost estimates for the strategic heritage plan project ([A/70/394](#), paras. 66-81). The project cost is estimated at CHF 836.5 million compared with the earlier cost estimate of CHF 837.0 million. The Secretary-General indicates that the amount of CHF 836.5 million is estimated as a maximum overall cost for the project, which has also been adopted as a project objective.

39. The methodology used for estimating the overall cost of the project and the components thereof, including project contingencies and escalation, are detailed in paragraphs 72 to 81 of the report. Specific observations and recommendations of the Advisory Committee on project contingencies are provided below.

#### **A. Project contingencies**

40. As indicated in the supplementary information provided to the Advisory Committee, the level of the project contingency provision, which was earlier determined as CHF 108,470,000 in the context of the Secretary-General's proposal on the strategic heritage plan ([A/68/372](#)) is now projected at CHF 91,917,100 for the period from 2014 to 2023 (*ibid.*, table 2).

**Contingency estimation**

41. The Secretary-General indicates that in his previous report ([A/69/417](#) and Corr.1), the project contingencies were calculated as percentages of estimated costs (20 per cent of estimated costs for renovation, associated costs and consultancies; and 10 per cent of estimated costs for new construction and dismantling of the building E office tower) based on industry standards and the level of the project information available at that time (*ibid.*, para. 77).

42. Upon request, the Advisory Committee was provided with details concerning the methodology used in the current proposal of the Secretary-General for the initial estimation of project contingencies. The contingency sums, based on industry norms for similar projects, were calculated as percentages of estimated direct costs for project components as follows: 10 per cent for new construction; 18 per cent for renovation and dismantling works; 5 per cent for associated costs; and 5 per cent for consultancy fees and related costs. The Committee was further informed that, based on this calculation, the overall project contingency sum was established during the concept design phase. The Secretary-General indicates that, in contrast to the earlier proposal and in line with the Board of Auditors paper on lessons from the United Nations capital master plan,<sup>1</sup> the available project contingency sum is allocated through a robust risk analysis process ([A/70/394](#), paras. 78 and 79).

43. The Advisory Committee recalls that the Board of Auditors in its above-referenced paper, points out that the contingency provision should be estimated from the ground up, based on an appreciation of risks and their probable cost impacts, and that an additional allowance for unknown risks or costs derived from trend analysis or benchmarking must be made. The Committee also recalls the Board's recommendation that for future projects of this nature the Administration develop a risk-based approach to determining, allocating and reporting contingency funds based on best practice in modern project management (see [A/68/585](#), para. 76).

**44. The Advisory Committee considers that, in the current proposal of the Secretary-General, the risk analysis applied to a pre-determined contingency amount based on fixed percentages does not represent an actual risk-based estimation of the project contingency level.**

**45. The Advisory Committee therefore recommends that the General Assembly request the Secretary-General to refine the estimation of project contingencies by basing it on the identification of risks associated with the different phases of the project, both foreseen and unforeseen, and to separate the estimated contingencies from the base project cost in the presentation of his next progress report.**

46. The Advisory Committee notes from the supplementary information provided that the Secretary-General's method of estimating the project contingency provision is based on costs associated with four distinct cost components of the project, namely, new construction, renovation and dismantling works, associated costs and consultancy fees. **The Committee is of the view that project contingency sums for each of the two phases of project implementation — construction of the new building and renovation of the existing buildings, including the demolition of the building E tower — should also be clearly indicated so that the estimated contingency sums and their use, if necessary, remain transparent throughout the life of the project.**

47. **The Advisory Committee expects that the revised level of estimated project contingencies for each of the project phases, separated from the base project cost, will be presented for the consideration and decision of the General Assembly in the next progress report of the Secretary-General.**

#### **Contingency management and reporting**

48. The Advisory Committee recalls the view expressed by the Board of Auditors that a contingency is a specific budgetary provision which is allocated so that a project can quickly address the cost impact of project risks, should they arise, without the need to delay the project and negotiate increased funding. In the Board's view, it is crucial that the Administration not use contingency funding as a device to absorb general increases in project costs and that it clearly report how and when such provisions have been used. The Committee also recalls the Board's view that the responsibility for managing and approving the contingency provisions should be with a project governing body, rather than the project team (A/68/585, paras. 77 and 80). The Board, in its most recent report on the capital master plan, observes that there is still no standard approach to contingency management and reporting that must be followed by any capital project of the United Nations (see A/70/5 (Vol. V), annex II). **The Committee reiterates its recommendation that the General Assembly request the Secretary-General to improve the management of the contingency provisions by assigning the responsibility for the utilization of the provisions to a project governing body (A/69/580, para. 30). The Committee also considers that a systematic approach to reporting the use of project contingency provisions is required to ensure full accountability and transparency (see also para. 52 below).**

#### **Unused contingency**

49. The supplementary information provided to the Advisory Committee contains a table summarizing the allocation of the total proposed contingency sum by major project cost components, namely, new construction, renovation, dismantling of building E, associated costs and contractual consultancy services. In the supplementary information, it is further indicated that the use of contingency funds will be minimized during the pre-construction phase to ensure that adequate contingency funds are available during the construction and renovation phases and that unused contingency funds will be returned to Member States at the conclusion of the project.

50. Upon enquiry, the Advisory Committee was informed that the contingency funds are proposed to be carried over to subsequent years until the project's completion, as the assessment of project risks and refinement of mitigation actions will continue to be performed regularly throughout the life of the project. Based on updated mitigation strategies, contingency funds are proposed to be reallocated as new risks emerge and older risks are retired.

51. The Advisory Committee recalls that in its reports on the capital master plan and its paper on lessons from the capital master plan, the Board of Auditors has indicated that good practice dictates that contingency funds should be available to manage risks, not general cost increases, with no expectation that all contingency amounts will be used (see A/70/5 (Vol. V), para. 18). The Committee also recalls the Board's view that unused contingency provisions should be surrendered instead of being used to cover cost overruns (A/68/585, para. 80). **The Committee is of the view that a systematic**

**approach to managing and reporting on the use of project contingency funds should be applied so that the unused project contingency amount from one phase of the project is not carried over to the next phase. The Committee therefore recommends that unused contingency amounts be determined and returned to Member States at the completion of each project phase and not at the completion of the project, as proposed by the Secretary-General.**

#### **Management of construction projects: policy and guidelines**

52. The Advisory Committee was informed upon enquiry that the day-to-day management of the contingency fund would be developed within the guidelines for the management of construction projects currently being finalized by the Office of Central Support Services, which would include provisions on the overall contingency management process, such as procedures for the use of contingency funds, approval of charges to the contingency fund, and reporting on the use of contingency funds. The Committee was informed that the guidelines, to be completed in December 2015, would have a detailed risk management section covering risk identification, risk analysis, risk response planning (including risk-based contingency estimation) and risk monitoring and control. The Committee recalls that annex II to the report of the Secretary-General on strategic capital review ([A/69/760](#)) contains information on the lessons learned from capital projects recently undertaken by the Organization. With respect to matters related to capital project contingency provisions and their management and utilization, the Committee noted in its report on the strategic capital review, that the description contained in paragraphs 23 and 24 of annex II of the report of the Secretary-General was not a full reflection of the best practice recommended by the Board of Auditors in that regard ([A/69/811](#), para. 14). **The Committee is of the view that the establishment of an Organization-wide policy for the management of construction projects should be considered and detailed guidelines should be derived from such a policy to address, inter alia, the contingency requirement in projects in detail, including the presentation of the contingency provisions separately from the proposed project costs, the calculation of the contingency provisions based on risk analysis and the process for return of unused contingency funds, taking into account its previous recommendations (see [A/70/7/Add.3](#), para. 33).**

### **B. Project cost**

53. As indicated in paragraph 38 above, the project cost is estimated at CHF 836.5 million. Upon request, the Advisory Committee was provided with a table showing the estimated base project cost in the amount of CHF 738,619,000 and the estimated contingencies and the related escalation amounting to CHF 91,917,000 and CHF 5,965,000, respectively, for the period from 2014 to 2023 (table 1).



Table 1  
**Summary cost plan for the strategic heritage plan project**  
 (Thousands of Swiss francs)

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	Total
Construction of new building	–	–	–	43 222	57 630	9 605	–	–	–	–	110 457
Renovation works	–	–	–	–	–	93 494	81 994	32 121	86 076	58 534	352 219
Dismantling seven floors of the E building	–	–	–	–	–	–	–	19 722	–	–	19 722
Associated costs	–	–	560	486	6 681	9 352	21 898	2 055	2 937	9 030	52 998
Consultancy services	12 760	23 327	25 623	7 866	10 789	9 028	8 618	7 928	6 472	5 814	118 225
Project management	1 212	2 943	4 356	4 315	4 335	4 349	4 366	4 335	4 335	4 335	38 882
Escalation	–	–	203	1 355	3 102	7 104	8 504	5 844	10 546	9 459	46 116
<b>Subtotal</b>	<b>13 972</b>	<b>26 270</b>	<b>30 742</b>	<b>57 244</b>	<b>82 537</b>	<b>132 932</b>	<b>125 380</b>	<b>72 005</b>	<b>110 366</b>	<b>87 172</b>	<b>738 619</b>
Contingencies	–	1 000	2 323	12 842	17 324	17 886	13 637	7 071	11 701	8 133	91 917
Escalation on contingencies	–	–	29	315	709	1 025	1 005	637	1 246	999	5 965
<b>Total</b>	<b>13 972</b>	<b>27 270</b>	<b>33 092</b>	<b>70 402</b>	<b>100 570</b>	<b>151 844</b>	<b>140 021</b>	<b>79 712</b>	<b>123 313</b>	<b>96 304</b>	<b>836 500</b>

54. Subject to its recommendations in paragraphs 44 to 48 and 51 above and further review of annual budget performance and cost estimates in the context of the progress reports of the Secretary-General on the strategic heritage plan, the Advisory Committee recommends approval of CHF 836.5 million as the maximum overall cost for the strategic heritage plan project.

## IV. Project financing

### A. Consideration of a loan package offered by the host country

#### Support offered by the host country in the past

55. The Advisory Committee recalls that the granting of a preferential long-term loan (or several such loans) to facilitate the financing of the strategic heritage plan has been under discussion with the host country informally, on a bilateral basis, for some time and that the Secretary-General raised this matter formally with the Swiss authorities in March 2013. The Committee further recalls that, on 26 June 2013, the Swiss Federal Council took a decision to offer support for renovation projects of international organizations in Geneva through long-term low-interest loan(s). The host country particularly underscored the importance and priority it attached to the urgent implementation of the strategic heritage plan. The duration of such loan(s) to be granted at favourable, below market rates was expected to be up to 30 years, up to an amount not to exceed 50 per cent of the project cost that would be approved by the General Assembly (see [A/69/580](#), para. 57).

56. The Advisory Committee further recalls that, based on information presented by the Secretary-General, it had recommended that the General Assembly authorize the

Secretary-General to negotiate with the host country on loan arrangements and to report thereon to the Assembly at its sixty-ninth session. The Committee had also recommended that the Assembly request the Secretary-General to present the strategic heritage plan project in its separate components of renovation and new construction, in order to obtain separate loans at differential rates and the most preferential terms for the Organization ([A/68/585](#), para. 58).

57. Subsequently, the General Assembly, in section V of its resolution 68/247 A, authorized the Secretary-General to negotiate with the host country on loan arrangements for both the renovation and the construction portions of the strategic heritage plan, including the possibility of an interest-free loan, and to report to the Assembly thereon.

58. The negotiations with the Government of the host country for loan arrangements for both the renovation and the construction portions of the strategic heritage plan resulted in a formal offer of a loan package to the United Nations in 2014. The loan package, in the amount of CHF 380 million, consisted of two loans: a construction loan at a zero per cent interest rate, repayable over 50 years for the entire cost of new construction; and a renovation loan at a fixed interest rate based on the 30-year refinancing rate in Switzerland and repayable over 30 years for the renovation costs of the project ([A/69/580](#), paras. 60 and 61).

#### **Current offer of a loan package by the Government of Switzerland**

59. In his report, the Secretary-General indicates that pursuant to General Assembly resolution 69/262, he continued to negotiate with the host country on the most preferential terms and modalities for the loan arrangements. As a result, the Government of the host country has offered a revised loan package in the amount of CHF 400 million that covers both the construction and renovation parts of the project at a zero per cent interest rate ([A/70/394](#), para. 91).

60. He also indicates that the construction part of the loan, estimated at CHF 125.1 million, would cover the cost of new construction, to be undertaken between 2017 and 2019. The remainder of the loan, in the amount of CHF 274.9 million, would be used for the cost of renovation, which is currently scheduled for 2019 to 2023. The loan for new construction would be repayable over 50 years, starting in the year of completion of the construction and the loan for the renovation would be repayable over 30 years starting in the year of completion of renovation.

61. Upon request, the Advisory Committee was provided with a table comparing the terms and modalities of the initial and present loan offers (table 2).

Table 2  
**Terms and modalities of the initial and present loan offers**

	<i>New construction</i>		<i>Renovation</i>		<i>Total loan amount (millions of Swiss francs)</i>	<i>Percentage of project cost</i>
	<i>Duration</i>	<i>Interest rate</i>	<i>Duration</i>	<i>Interest rate</i>		
Initial loan offer	50 years	0	30 years	Below market rate	360	50
Present loan offer	50 years	0	30 years	0	400	No percentage applies

62. Upon enquiry, the Advisory Committee was also provided with the net present value of the benefit accruing to the United Nations through the interest-free loan offer by the Government of Switzerland, which is estimated to be in the range of CHF 177.9 million to CHF 253.3 million.<sup>2</sup>

**63. The Advisory Committee welcomes the recent loan offer made by the Government of Switzerland for the strategic heritage plan and notes the preferential terms and modalities of the loan. The Committee reiterates its appreciation for the continued support offered by the Government of Switzerland for the strategic heritage plan.**

64. The Secretary-General proposes two options for financing the strategic heritage plan: in option 1, the plan would be financed through a combination of assessments on Member States and a loan package from the host country and, in option 2, the plan would be financed solely through appropriation and assessment on Member States. **Considering the preferential terms of the loan offered by the Government of Switzerland, the Advisory Committee recommends approval of option 1.**

## **B. Scheme of appropriation and assessment**

65. The Secretary-General proposes three options for appropriation and assessment in relation to the financing of the project and discusses their relative merits and benefits (A/70/394, para. 99). The options are as follows: (a) a one-time up-front appropriation; (b) multi-year appropriations; and (c) a one-time up-front appropriation, with a mix of one-time and multi-year assessments.

**66. The Advisory Committee is of the view that the options mentioned in paragraph 65 above, constitute a policy matter to be decided upon by the General Assembly.**

## **C. Currency of appropriation and assessment**

67. The Secretary-General indicates that the contracts and related expenditure for the strategic heritage plan will be denominated primarily in Swiss francs, and that the loan from the Government of Switzerland would also be in Swiss francs. In this regard, the Secretary-General suggests that 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 (ibid., para. 101). The Secretary-General highlights the merits, risks and constraints in relation to appropriation and assessment in United States dollars (option 1) and Swiss francs (option 2), while noting that financial regulation 3.10 provides that annual contributions and advances to the Working Capital Fund shall be assessed and paid in United States dollars (ibid., paras. 100-106).

68. The Advisory Committee was informed upon enquiry that there was no precedent for assessment on Member States in a currency other than United States dollars. The Committee was provided with a table comparing the assessment processes in United States dollars and Swiss francs (annex II). **The Committee is of the view that the**

<sup>2</sup> According to the Secretary-General, the calculation is based on three potential fixed interest rates (3, 4 and 5 per cent), assuming mortgage amounts equivalent to the respective loan amounts.

options discussed in paragraph 67 above constitute a policy matter to be decided upon by the General Assembly.

#### **D. Negative interest rates**

69. The Secretary-General indicates that holdings in Swiss francs above a certain threshold (usually CHF 10 million) are at present subject to negative interest rates and that the effect of this measure on the Organization will vary, depending on the scheme of assessment approved by the General Assembly. According to the Secretary-General, up-front appropriation and assessment in Swiss francs would be most affected by negative interest charges, while multi-year assessment in Swiss francs would be less affected. Up-front assessment in United States dollars could also be affected, should the Organization decide, as a currency-risk mitigation measure, to convert incoming contributions upon receipt to Swiss francs. He also indicates that converting the incoming contributions to Swiss francs would represent a challenge for the Organization in the light of financial rule 104.12, which provides that funds shall be invested in such a way as to place primary emphasis on minimizing the risk to principal funds. He further indicates that the use of the loan package offered by the Government of Switzerland would partially resolve the matter during the early stages of the project, when a larger percentage of the project costs are covered by the loan (*ibid.*, para. 107).

70. The Advisory Committee was informed upon enquiry that, at present, negative interest rates were charged in accordance with the monetary policy of the Swiss National Bank and that the United Nations was not exempt from such charges. The Committee was also informed, however, that a request could be made on behalf of the Organization for either a full waiver or a relaxation in conditions for charging such interest. The Committee was further informed about a recent instance in which an international organization in Geneva that had investment accounts with the bank that provided the loan had succeeded in increasing the threshold above which negative interest rates could be charged. The Committee was informed, in this connection, that using measures such as transferring a part of the funds to other banks had also helped in avoiding the charging of negative interest rates. **The Committee considers that the holdings of the United Nations for the strategic heritage plan project should not be subject to negative interest rates and trusts that every effort will be made by the Secretary-General to avoid losses to the Organization.**

#### **E. Multi-year special account**

71. The General Assembly, in its resolution 69/262 (sect. III, para. 28), decided to revert to the establishment of the multi-year special account for the strategic heritage plan. The Secretary-General continues to propose a multi-year special account for the duration of the project until 2023, after which the project finances would be included in the programme budget for the relevant periods (*ibid.*, paras. 108-111). **The Advisory Committee recommends the establishment of a multi-year special account for the strategic heritage plan (see [A/69/580](#), para. 65).**

## F. Working capital reserve

72. The Secretary-General proposes the establishment of a working capital reserve in the amount of \$20 million to cover temporary cash flow deficits (*ibid.*, para. 112). The Advisory Committee was informed upon enquiry that the reserve was proposed to cover a reasonable period of temporary cash flow requirements and that the proposed level of the fund was based on the level that had been established for the capital master plan. The Committee was further informed that should the loan offer from the Government of Switzerland be approved, the proposed level of the reserve would represent approximately four months of cash requirements; should the project be financed solely through appropriation and assessment on Member States, it would represent two months of cash requirements. The Committee was also informed that should a one-time up-front appropriation and assessment be decided for the project, the working capital reserve could be phased out after taking into account any cash shortfall in the initial phase of the project. **The Committee is of the view that the establishment of a working capital reserve is not merited for the strategic heritage plan, and therefore recommends against its approval.**

## G. Possible alternative funding mechanisms

### Voluntary contributions

73. The Secretary-General indicates that the Director-General of the United Nations Office at Geneva, in his role as project owner, continues to actively solicit voluntary contributions from Member States and other potential donors. A standard memorandum of understanding regulates voluntary contributions from Member States. A draft donation policy, developed for consideration by the General Assembly, is contained in annex I to the report (*ibid.*, paras. 116 and 118; see also paras. 35 and 36 above).

### Potential energy-related subsidies and incentives

74. The Secretary-General indicates that several energy-related subsidies and incentives may be available to the project from the local and national governments of the host country. Although they do not appear to constitute a means for cost savings, such subsidies and incentives may provide peripheral benefits to the project ([A/70/394](#), para. 119).

### Use of future rental income

75. The Secretary-General indicates that, at present, the annual income from the rental of premises at the United Nations Office at Geneva is approximately \$1.2 million and that additional rental income would become available with the addition of the 700 office spaces for OHCHR staff members in the proposed new building (*ibid.*, paras. 120 and 121). As indicated in paragraph 34 above, the annual cost of rent, maintenance and the provision of safety and security at the leased facilities for OHCHR staff members at the two premises, the Palais Wilson and the Giuseppe Motta building, is approximately CHF 9 million (*ibid.*, para. 83).

76. Upon enquiry, the Advisory Committee was informed that the OHCHR staff members expected to occupy office space at the Palais des Nations would include staff members funded from the regular budget and those funded from

extrabudgetary resources. The anticipated occupancy by the staff members funded from the regular budget would lead to reduced requirements for rent under section 29 F, Administration, Geneva, and for security requirements under section 34, Safety and security, of the programme budget and the anticipated occupancy by the staff members funded from extrabudgetary resources would result in an increase in rental income under income section 2, General income. The Committee was further informed, however, that the changes in the level of resources under the three sections of the programme budget would be known only after the completion of the project, taking into account the prevailing rental rates and the actual number of additional occupants under each of the funding sources.

77. The Advisory Committee was informed that the increase under income section 2 could be applied towards the repayment of the loan after the completion of the project, should the offer of the loan be accepted. **The Committee reiterates its view that the General Assembly may wish to request the Secretary-General to propose ways of factoring future rental income into the overall scheme of financing of the strategic heritage plan project in his next progress report (see A/69/580, para. 78).**

78. With respect to income from the rental of the parcel of land owned by the United Nations, which is currently leased to the Club international de tennis, the Secretary-General indicates that at present the Club pays an annual rent of CHF 6,335, while the market rate is estimated to be much higher. With respect to the parcel of land leased to the Fondation de l'École internationale de Genève, the Secretary-General indicates that at present the Fondation pays an annual rent of CHF 5,000, which is also significantly lower than the market rate (A/70/394, paras. 124-126). The Advisory Committee was informed upon enquiry that both tenants, the Club and the Fondation, have been notified by the United Nations Office at Geneva that the terms of their leases will require renegotiation before the leases can be extended or renewed.

79. In response, the Club indicated that it could not afford a significant increase in rent and that it intended to challenge the non-renewal of the lease. The Fondation expressed its willingness to accept a rental rate closer to market rates (ibid., paras. 125 and 126). The Advisory Committee was informed upon enquiry that efforts would be made to determine the market rents of these parcels of land.

#### **Valorization of United Nations land**

80. The Secretary-General indicates that the portfolio of parcels of land owned by the United Nations has been analysed and a number of plots have been identified as having the potential to generate income, including the two parcels of land mentioned in paragraphs 78 and 79 above. He further indicates that he continues to make efforts to obtain detailed estimates of fair market values for the plots of land identified for income-generation, in terms of: (a) one-off sale; (b) long-term land lease with development rights; or (c) a combination of the two (ibid., paras. 122-130).

**81. The Advisory Committee expects that, in view of the request made by the General Assembly in its resolution 69/262 (sect. III, para. 9) that the Secretary-General continue to explore all possible alternative funding mechanisms in order to reduce the overall assessment on Member States, the lease agreements with respect to both the Club and the Fondation will be negotiated to reflect the prevailing market rates and that the outcome of the negotiations will be included in the next progress report of the Secretary-General.**



## V. Resource requirements

### Resource requirements for 2014-2015

82. The Secretary-General indicates that actual expenditure for the project during the biennium 2014-2015 as at 31 August 2015 amounted to CHF 31,194,900 and the projected expenditure for the period from September to December 2015 is estimated at CHF 10,047,600. The total requirement for the biennium 2014-2015 is estimated at CHF 41,242,500 against the approved amount of CHF 41,742,500, reflecting a projected underexpenditure of CHF 500,000, which results from the delayed recruitment of the project management team (*ibid.*, paras. 132 and 133 and table 4).

### Resource requirements for 2016-2023

83. In paragraphs 132 to 155 of his report, the Secretary-General provides the estimated resource requirements of the strategic heritage plan project for the period from 2016 to 2023. A summary of the cost plan for the project for the period from 2014 to 2023 is provided in table 2 of the report. **In view of the request made by the General Assembly in its resolution 68/247 A (sect. V, para. 18) that the Secretary-General submit annual progress reports on the implementation of the strategic heritage plan, the Advisory Committee, subject to its comments and observations in paragraphs 44 to 48 and 51 above regarding the project contingencies, recommends approval of the resources requested for 2016.**

## VI. Conclusion and recommendations

84. The actions requested of the General Assembly are set out in paragraph 156 of the report of the Secretary-General. **The Advisory Committee recommends, subject to its observations and recommendations in paragraphs 10, 11, 14-18, 20, 23, 24, 26, 27, 31, 32, 35-37, 44-48, 51, 52, 54, 63, 64, 66, 68, 70, 71, 72, 77, 81 and 83 above, that the General Assembly,**

- (a) Approve the proposed scope and schedule for the strategic heritage plan project;
- (b) Approve the next steps, as described in section VIII of the report of the Secretary-General, for the full implementation of the strategic heritage plan;
- (c) Approve the amount of CHF 836.5 million as the maximum overall cost for the strategic heritage plan project;
- (d) Approve the financing of the project in part through a loan at a zero interest rate from the host country;
- (e) Authorize the Secretary-General to formally apply for the loan in the amount of CHF 400,000,000, as described in section VII of his report, should the Assembly decide to accept the loan offer from the Government of Switzerland;
- (f) Approve the establishment of a multi-year special account for the strategic heritage plan and authorize the Secretary-General to make the necessary arrangements, including the recording of the expenditure in the biennium 2014-2015 under the special account;
- (g) Approve a net amount of CHF 33,091,800 for 2016;
- (h) Approve the donation policy.

85. The Advisory Committee does not recommend approval of the establishment of a working capital reserve for the strategic heritage plan in the amount of \$20 million (see para. 72 above).

86. The Advisory Committee is of the view that the following constitute policy matters to be decided by the General Assembly (see paras. 66 and 68 above):

(a) The scheme of appropriation and assessment in relation to the financing of the project;

(b) The currency of appropriation and assessment in relation to the financing of the project.

## Annex I

### Roles, responsibilities and reporting lines of specific components of the proposed governance framework

#### *Advisory Board*

#### *Steering Committee*

#### *Independent risk management firm*

#### **Roles**

The Advisory Board (provisional) is an external body that supports the project owner in overseeing the implementation of the strategic heritage plan. The Board's role is to ensure that the overall interests of Member States are preserved during the planning and implementation of the project. This includes, but is not limited to, monitoring the realization of the strategic objectives and benefits and adherence to timelines and budgetary provisions. The Board receives regular progress reports and briefings on the project.

The Steering Committee is an internal body that reviews and considers key project issues and provides advice to the project owner with the aim of ensuring that the project is aligned with project objectives, balances the needs of various stakeholders in New York and Geneva and remains on time and within budget. The Steering Committee brings senior-level perspective from the United Nations users of the Palais des Nations, as well as the latest policy guidance from Headquarters. The Steering Committee receives regular progress reports and briefings on the project, with particular focus on potential and proposed changes to the project.

The risk management firm is an independent contractor, working under a contract with the United Nations Office at Geneva. The role of the independent risk management firm is to advise on the overall risk management strategy as part of the robust integrated approach to risk management being used on the project. The firm provides regular, independent assessments to the Project Director, the Director of Administration and the project owner. The risk management firm has been engaged in line with the resolutions of the General Assembly to take into account lessons learned and best practices from past construction and renovation projects and to provide project assurance and risk management services.

#### **Responsibilities**

The Advisory Board (provisional) is responsible for carefully monitoring all key developments of the project and for providing independent and impartial advice to the project owner from the Member State perspective on major project issues during the course of the project, focusing, inter alia, on budget and schedule performance, scope control, Member States' conferencing and related requirements, risk management and heritage preservation.

The Steering Committee is responsible for reviewing and considering key project issues and providing advice to the project owner on: the project implementation strategy; alternative funding strategies; utilization of the contingency funds; the adequacy of the risk management framework; global policy and organizational objectives within the remit of respective members and their incorporation into the project objectives; proposed changes that are outside the Project Director's authority; and key issues to be included in the drafting of project progress reports of the Secretary-General. The Steering Committee is also responsible for providing

The risk management firm supports informed decision-making by bringing expertise to the project and helping to independently identify risks and develop mitigation strategies.

<i>Advisory Board</i>	<i>Steering Committee</i>	<i>Independent risk management firm</i>
	<p>advice to the project owner on required standards, budgetary controls, contingency allowance management and other matters that may arise during the course of project design and implementation. It maintains oversight and monitors the overall performance of the project in terms of cost, budget and quality, based on the agreed overall scope and relevant decisions of the General Assembly, and provides related advice to the project owner.</p>	
<p><b>Reporting lines</b></p> <p>The Advisory Board (provisional) reports directly to the project owner. It makes written observations and recommendations on behalf of the Member States for his consideration.</p>	<p>The Steering Committee reports directly to the project owner. It makes written observations and recommendations for his consideration. The membership includes senior staff with the requisite technical and other expertise in the key support areas, such as budgeting and financial management, procurement, facilities management, conference management, information and communications technology, general administration and security, who provide authoritative advice and guidance on issues falling under their areas of responsibility.</p>	<p>The risk management firm advises and is accountable to the project owner, through the Director of Administration, on the management of risk, with particular focus on the status and impact of the implementation of mitigation strategies. The risk management firm works with the team to ensure that management of risk and mitigation strategies are accurate and effective. The independent risk managers follow the ISO/BS 31000 standards for risk management, which set a framework for the identification, analysis and evaluation of risk, leading to effective risk treatment that supports the meeting of the project goals.</p>

## Annex II

### Comparison of assessment processes in United States dollars and Swiss francs

	<i>Assessment in United States dollars</i>	<i>Assessment in Swiss francs</i>
Issuance of letter	Assessment letter issued requesting payment in United States dollars	Assessment letter issued requesting payment in Swiss francs
Reporting	Consolidated online reporting of all amounts payable in United States dollars	Online reporting of all amounts payable in United States dollars, with separate spreadsheet available online to track amounts payable in Swiss francs for the strategic heritage plan project
Collection by electronic funds transfer	Payments collected into bank account maintained in United States dollars, as is done for other assessments in United States dollars	Payments collected into bank account maintained in Swiss francs
		Any payments initiated in another currency will be automatically converted into Swiss francs as part of the bank transaction process. If the converted amount does not cover the assessment in Swiss francs, the balance will remain payable
Collection by check	Check issued by Member States in United States dollars, as is done for other assessments in United States dollars	Check issued by Member States in Swiss francs for deposit to the project bank account (checks issued in United States dollars would need to be deposited into a bank account maintained in United States dollars and would be subject to conversion and transfer to the bank account maintained in Swiss francs)
Collection by application of credit balance	Member States that make a consolidated single payment in United States dollars or have credit balances in United States dollars in other accounts can transfer/allocate a portion to cover the project assessment	Member States that make a consolidated single payment in United States dollars or have credit balances in United States dollars in other accounts can transfer/allocate a portion to cover the project assessment, and the amount in United States dollars would be converted to Swiss francs based on the United Nations operational rate (any balance not covered after conversion would remain payable)
Arrears/Article 19 of the Charter of the United Nations	Under assessment in United States dollars, all assessed and outstanding amounts in United States dollars are included in overall Article 19 calculations	Under assessment in Swiss francs, the related amounts will be converted to United States dollars based on the United Nations operational rate at the time of assessment for inclusion in overall Article 19 calculations