



General Assembly

Distr.: General
24 September 2021

Original: English

Seventy-sixth session

Agenda item 138

Proposed programme budget for 2022

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

Report of the Secretary-General

Summary

The eighth annual progress report on the strategic heritage plan of the United Nations Office at Geneva is submitted pursuant to section IX of General Assembly resolution [75/253 A](#). It covers the period from 1 September 2020 to 31 August 2021 and provides details on the financial status of the project as at the end of July 2021 and an update on the activities undertaken since the seventh annual progress report of the Secretary-General ([A/75/355](#)). It contains the further information requested by the Assembly in its resolution [75/253 A](#) and previous related resolutions and provides updated information on the project progress made during the reporting period, the ongoing impact of the coronavirus disease (COVID-19) pandemic and related mitigation strategies, the latest cost and schedule estimates, possible schemes of appropriation and assessment, and updates related to donations and alternative funding mechanisms.

Construction and renovation work continued to advance during the reporting period, despite the many additional challenges resulting from the ongoing COVID-19 pandemic. Several successful mitigation actions were taken to enable progress in the work and mitigate the impact of the pandemic, including a guaranteed maximum price contract for the renovation of the historic Palais des Nations buildings, which was successfully negotiated within the original budget level following the completion of 12 months of pre-construction services in December 2020. In addition, by working with the contractor and internal stakeholders to resequence and optimize the work programme, the six-month delay to the pre-construction services period was mitigated and reduced to an overall three-month net delay to the overall strategic heritage plan programme. The schedule has therefore improved by three months compared with the schedule outlined in the seventh annual progress report. Renovation work in the historic Palais buildings commenced in January 2021 and continues at a pace in line with the overall strategic heritage plan schedule. Construction work on the new building H was sufficiently completed during the reporting period to allow occupancy



to commence in May 2021. This enabled staff to be moved and ensured that the renovation work to building S1 would commence on time, with no further delays to the critical path of the programme. The temporary conference facility was completed, commissioned and became operational in September 2020. These factors contributed to the improvement in the financial position of the project of approximately SwF 21.0 million compared with the position outlined in the previous progress report. With regard to the valorization strategy of United Nations-owned land, considering the uncertainty that surrounds the long-term impact of the pandemic, it is proposed that further valorization studies be commissioned to re-examine and update the underlying assumptions and scenarios that underpin the strategy.

The General Assembly is requested to take note of the present report; decide on the scheme and currency of appropriation and assessment for the project; approve the establishment of a multi-year special account for the project; request the Secretary-General to present, if and when necessary, options for mitigating the risk of cost overruns by proposing reductions in the scope of the project; and approve the estimated requirements for the valorization consultancy work in the amount of USD 55,800, to be funded from income section 2, General income, of the proposed programme budget, and the corresponding reduction in total income estimates for 2022 in income section 2.

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I. Introduction

1. The eighth annual progress report on the strategic heritage plan project of the United Nations Office at Geneva is submitted pursuant to section IX of General Assembly resolution [75/253 A](#).
2. The present report summarizes the planning and construction-related actions accomplished between 1 September 2020 and 31 August 2021. The financial information contained herein is based on the available data as at 31 July 2021.
3. A guaranteed maximum price contract for the renovation of the historic Palais des Nations buildings was successfully negotiated within budget, following the completion in December 2020 of 12 months of pre-construction services. The pre-construction services had originally been planned for a period of six months, but this proved insufficient owing to the impact of the coronavirus disease (COVID-19) pandemic on the construction industry and other delays encountered in the process. However, working with the contractor, internal stakeholders and the strategic heritage plan team to resequence and optimize the work programme, the six-month delay to the pre-construction services period was mitigated and reduced to an overall three-month net delay to the overall programme. Renovation work in the historic Palais building commenced in early 2021 and continues in line with the overall strategic heritage plan schedule, with some delays encountered in sections of work but no impact on the overall critical path of the project.
4. Construction work on the new permanent building H was largely completed during the reporting period, allowing occupancy of the new building to commence in May 2021, which was the date required to ensure that the renovation work to building S1 could commence on time. The temporary conference facility was completed, commissioned and became operational in September 2020. Since the seventh annual progress report of the Secretary-General ([A/75/355](#)), there have been no further mandatory closures of construction sites in Geneva owing to the pandemic.
5. Several successful mitigation actions were taken to reduce costs and delays, including resequencing the renovation work to mitigate delays to the extent possible, incorporating the currently foreseen requirements into the historic renovation contract within the original allocated budget level for the work and allowing appropriate contingencies for future impacts of the pandemic. These mitigation actions have contributed to the improvement of the financial position of the project of approximately SwF 21.0 million compared with the position outlined in the seventh annual progress report. However, there remain risks that the pandemic may further affect the project schedule and costs in the future in unpredictable ways.
6. Further value engineering measures to reduce costs and optimize scheduling are currently under assessment, predominantly for areas of work that have yet to commence, as it continues to be unlikely that the full baseline scope will be achieved within the approved maximum overall cost of SwF 836.5 million without further significant cost reduction measures. The Secretary-General appreciates the continued support of Member States and is fully committed to undertaking mitigating strategies outlined in the present report to minimize potential cost overruns beyond the maximum overall cost approved by the General Assembly, and may present further proposals to reduce the scope of the project in that regard when necessary and appropriate.

II. Update on project governance

A. Advisory Board

7. The Advisory Board held two meetings during the reporting period, in August 2020 and March 2021, with the next meeting planned for September 2021. Among the key issues considered by the Board during the period were the successful conclusion of the guaranteed maximum price renovation contract for the historic buildings within budget and the start of the renovation work in those sections of the Palais des Nations, the impact of the COVID-19 pandemic on the strategic heritage plan, business continuity, the successful completion of the new building within budget, strategies for communications to stakeholders, project progress and updates on financing, and options for schemes of appropriation and assessment.

B. Steering Committee

8. The Steering Committee held four meetings during the reporting period, in November 2020 and March, May and August 2021. The Committee continues to monitor project progress against the established timelines and budget and reinforces the requirement for close management of project scope and financial controls. Key issues taken up by the Committee during the reporting period include the impact of the COVID-19 pandemic on the project and suitable response and mitigation measures, progress made, business continuity in respect of conferencing, the completion and occupancy of the new building within budget, the conclusion of the guaranteed maximum price agreement for the historic building renovation contract within budget and the start of the renovation work, transition planning, contractual claims, necessary revisions to the strategic heritage plan schedule and the management and mitigation of budget pressures.

C. Project assurance

1. Independent and integrated risk management

9. Risk management services continue to be provided in accordance with the project requirements under two distinctly separate functions: independent quarterly risk management reporting, which is provided to the governance levels independent of the project team; and integrated monthly risk management reviews that are carried out as an integral part of the work of the programme and project management teams. The relevant findings from the latest management letter issued by the Board of Auditors in relation to the year ending 31 December 2020 have also been addressed and incorporated into the risk management strategy for the project.

2. Board of Auditors

10. Since the previous reporting period, the Board of Auditors has carried out two visits to conduct audits of the work related to the strategic heritage plan, from 26 October to 13 November 2020 and from 11 January to 29 January 2021. The recommendations resulting from the visits made during the reporting period were transmitted to the project owner by means of a management letter.

11. The most recent observations and recommendations by the Board of Auditors on the strategic heritage plan, and the status of their implementation, are summarized in annex III to the present report. As confirmed by the Board in its most recent management letter, all the recommendations contained in its first report on the strategic heritage plan ([A/70/569](#)) and in its report on the United Nations for the year

ended 31 December 2018 (A/74/5 (Vol. I), chap. II) have been either fully implemented or overtaken by events and closed. Considering the updated responses given by management in February 2021 to the Board's reports (A/73/157 and A/75/135) and the management letter for the year ended 31 December 2020, of the 29 recommendations made, 13 (45 per cent) have been implemented and 16 are currently under implementation (55 per cent), as indicated in annex III.

12. The next full audit visit by the Board of Auditors specialist external audit team is planned to be conducted between 13 and 17 September 2021.

D. Management of the strategic heritage plan

13. The project owner is the Director-General of the United Nations Office at Geneva, who is supported by the project executive, the Director of the Division of Administration. Support for the strategic heritage plan continues to be provided by the Department of Management Strategy, Policy and Compliance, through the Under-Secretary-General for Management Strategy, Policy and Compliance, who co-chairs the strategic heritage plan Steering Committee; the Department of Operational Support, through the Assistant Secretary-General for Supply Chain Management, with respect to procurement matters; and the Office of Legal Affairs. In particular, the Global Asset Management Policy Service in the Department of Management Strategy, Policy and Compliance is actively and routinely involved in all strategic aspects of the project, provides advice and support to the project team and receives the same monthly project status and independent risk reports as the project owner.

14. As a result of the pandemic-related delays to the completion of the new building H, the longer than foreseen pre-construction period leading to the guaranteed maximum price agreement for the historic building renovation and the completion of the design and tender documentation for the building E renovation tender, activities that were originally expected to be completed sequentially are being carried out concurrently. This has resulted in a significant risk that the strategic heritage plan project team may be unable to maintain the pace of the project without incurring further delays and additional costs owing to insufficient United Nations staff resources to manage the increased workload.

15. In order to mitigate programme delays to technical approvals, design and construction sign-offs, processing of contractors' requests for information, change orders and instructions, and responses to queries and technical evaluations related to building E procurement processes, it was considered necessary to augment the strategic heritage plan team with an additional short-term temporary position of Architect (P-4) for the fourth quarter of 2021 and the full duration of 2022, which will be accommodated within the total estimated management cost of the project. As the procurement for building E and the timely processing of contractors' requests for information, variations and the closing out of construction activities for the new building H are among the highest risks identified in the project and areas in which the Board of Auditors has recently recommended that further improvements be made, it is critical that these risks and recommendations be fully addressed as swiftly as possible.

III. Progress

A. Status of activities

16. During the reporting period, considerable progress was made towards achieving the key project milestones for design, contracting and construction activities, including:

(a) Substantial progress on the completion and occupancy of the new permanent building H, including fire and life safety testing of the building, furniture installation, delivery of the occupancy permit by the Geneva authorities on 17 May 2021 and the subsequent move of staff into the building between mid-May and mid-June to enable the commencement of the historic building renovation work in buildings A, AB and S1;

(b) Successful completion of the pre-construction services phase of the renovation of the 1930s and 1950s historic buildings and signature of the contract amendment at the end of December 2020 to the guaranteed maximum price under the original contracted amount and within the originally anticipated budget level, including currently foreseeable costs and time in connection with pandemic-related measures;

(c) Finalization and delivery of the early action work section to enable the renovation work to the historic buildings to commence swiftly; this section of preparatory work covered all the necessary temporary site installation buildings, including a temporary warehouse for furniture, heritage furniture and artworks, the contractor's site compounds and offices, the security screening area adjacent to the Chemin de Fer entrance and other temporary buildings required for business continuity. This section of work also included further detailed surveys related to mechanical, electrical and plumbing services and initial furniture and staff moves in advance of the renovation work;

(d) Substantial progress on the first two sections of work to renovate the historic buildings, namely buildings AC and D, including completion of demolition and asbestos removal work in the two buildings prior to summer 2021 and the refurbishment of the original windows in the Salle des Pas Perdus area in building AC; as well as the handover of buildings A, S1 and AB to the contractor, as programmed, in June 2021, allowing the renovation work to commence and the demolition and asbestos removal work to take place during the summer of 2021;

(e) Substantial progress on the design and installation drawings related to audiovisual and interpretation systems for the conference rooms. A stakeholder working group has further developed, with the strategic heritage plan team and the renovation contractor, the utilization of the latest technologies of the audiovisual over Internet protocol to apply current industry standards and meet the same level of equipment and functionalities recently implemented for the donations of rooms XVII and XIX and the temporary conference building. This also supports the business continuity demands arising from the pandemic for meeting and conference participants to connect to and participate in multilingual conferences remotely, utilizing predominantly computer-based audiovisual devices and software;

(f) Finalization and implementation of the constructability, contracting and procurement strategy for the 1970s building E (contract 3), which was informed by the lessons learned from procurements under the previous strategic heritage plan contract. In addition, during the reporting period, the expression of interest and pre-qualification of potential bidders was issued, and the process was completed with several major construction firms and joint ventures pre-qualifying to bid for the

building E request for proposal tender that was also launched during the latter half of 2021.

17. Construction and renovation work continued to move forward significantly and successfully during the reporting period, despite the many additional challenges resulting from the ongoing pandemic. The strategic heritage plan team sought to mitigate risks and pursue opportunities as they arose to advance parts of the planned work. The main impacts incurred and measures taken in this respect are as follows:

(a) The construction work on the new permanent building H faced further delays. An extension of time to the completion date was necessary owing to the closure of construction sites by the Geneva authorities and subsequent lower productivity levels relating to compliance with enhanced health and safety measures, including physical distancing. Despite this, sufficient progress was made with the new building to enable occupancy, and staff moved in in May and June 2021. This was a major milestone for the project and allowed the historic building renovation work contract to commence on time, as planned;

(b) The construction work on the temporary conference building, while delayed by the pandemic and the closure of construction sites by the Geneva authorities, was finally completed and commissioned in September 2020. Additional costs of approximately SwF 260,000 and a delay were incurred owing to necessary pandemic-related measures such as contractors' additional overhead costs and measures resulting from site access limitations and additional hygiene requirements. The temporary building has hosted over 380 meetings since its completion in 2020, albeit with a reduced capacity of occupants in line with the health and physical distancing regulations mandated by the host State authorities as part of their response to the pandemic;

(c) By the end of 2020, the programme for the renovation of the historic buildings had incurred delays to the pre-construction period totalling an additional six months by the time of the agreement and signature of the guaranteed maximum price contract, as a result of both process delays and the effects of the pandemic. However, in collaboration with the contractor, project stakeholders and strategic heritage plan team experts, the planned work was resequenced, resulting in a final agreed contract programme for the work that reduced the overall project delay to the programme of work to three months. The agreed guaranteed maximum price, which was lower than the contract price originally agreed at the outset of the pre-construction services period, now includes the time and costs stemming from the additional pandemic-related measures foreseeable at that time, including contractor overhead costs, such as those resulting from site access limitations and additional hygiene requirements within the agreed guaranteed maximum price as at the end of June 2021. This additional cost is estimated to be approximately SwF 2.2 million and has been fully contained within the original contract amount through savings achieved elsewhere during the collaborative open book subcontract procurement process within the pre-construction services period. The guaranteed maximum price contract also includes agreed time-based rates should the situation continue to significantly affect the work beyond the end of June 2021. As at the date of the present report, in the event that local or host nation regulations relating to construction work significantly change for the worse, the strategic heritage plan team does not foresee significant additional costs in this respect for the historic building renovation and has therefore made only limited further contingency allowances. This, together with the resequencing of the renovation work, has contributed to the improvement of the financial position of the project of approximately SwF 21.0 million compared with the position outlined in the seventh annual progress report, as described below;

(d) Most of the health, safety, sanitary and physical distancing restrictions imposed since 2020 by the relevant authorities remain in place on all construction sites for the foreseeable future. This continues to limit the level of productivity that can be achieved and increases costs for additional overtime working hours, overhead, equipment and facilities compared with the situation prior to the pandemic. While, as explained above, the impact of the pandemic is now largely known for the new building H, the temporary conference building and the historic building renovation contract, its impact on building E renovation work cannot be determined with any confidence until, initially, the request for proposal tender process has been concluded by early 2022 and ultimately until significant progress has been made in the pre-construction services period towards the end of 2022, when sufficient subcontract package prices will have been received. As demand increases again in the wake of the pandemic, supply chains are beginning to face significant delays relating in particular to deliveries of information technology and electronic components. Similarly, inflationary cost pressures are mounting for specific raw materials such as iron, steel, copper and other common construction materials, the impact of which will become more apparent once the offers of the future building E subcontractors are received during the pre-construction services period in 2022.

18. Project costs remain tightly monitored and controlled despite the additional site operation costs and lower productivity arising as a result of the pandemic. The completion of the new permanent building H, including the additional cost for the implementation of flexible working strategies, continues to remain within its original budget envelope and associated contingency allocation. Extensive work and negotiations with the contractor at the end of the pre-construction services phase of the historic building renovation contract resulted in a guaranteed maximum price agreement within the original cost estimate level despite some increase in pandemic-related costs. However, the additional strategic heritage plan project and design team costs arising from the schedule extensions, together with additional costs not originally foreseen when the budget was established in 2015, such as the addition to the project scope of the building E lakeside façade (see [A/72/521](#), sect. III.J), the provision of the temporary conference building and the use of the remaining budget envelope for the new permanent building to implement flexible workplace strategies in that building (*ibid.*, sect. III.C), mean that the probability of achieving the full baseline scope within the approved budget, while having markedly improved by approximately SwF 21.0 million from the position outlined in the previous progress report, remains below the target benchmark at this stage of the project.

19. In response, the United Nations continues to conduct value engineering and optimizations to meet the approved project scope objectives at a lower cost. For example, the planned extension work to the seating area of the cafeteria in building A, which would have increased the seating capacity for delegates and additional staff moving onto the campus at the end of the strategic heritage plan project, has been deferred owing to both the cumulative effects of other catering-related improvements, such as the planned expansion of the Press Bar, the new “grab and go” facility in building H and the expansion of Bar Concordia, and the significant drop in demand over the past two years. Therefore, unless a substantial increase in demand is observed in the coming years, it is expected to be removed from the current historic building renovation contract altogether to increase the probability of meeting the core project scope objectives within the approved budget. Further mitigation strategies to address the remaining cost pressures are summarized in section IV.C of the present report. Projected cost estimates continue to be reviewed monthly and the cost plan is fully updated at all key deliverable milestones. Project risks continue to be extensively reviewed and analysed, and appropriate mitigation strategies continue to be developed and implemented.

20. An exterior photograph of the finished building H, as viewed from building E, is shown in figure I, and interior photographs are provided in figures II and III. Additional photographs of the current renovation work to the historic Palais buildings are provided in figures IV, V and VI to give a visual demonstration of the considerable progress achieved in the renovation work during the reporting period.

Figure I

Exterior progress photograph of new building H site, July 2021



Figure II

Interior progress photograph of new building H, July 2021



Figure III
Interior progress photograph of new building H, July 2021



Figure IV
Interior progress photograph showing renovation of windows in building AC,
June 2021



Figure V
Interior progress photograph showing renovation of the main Assembly Hall,
August 2021

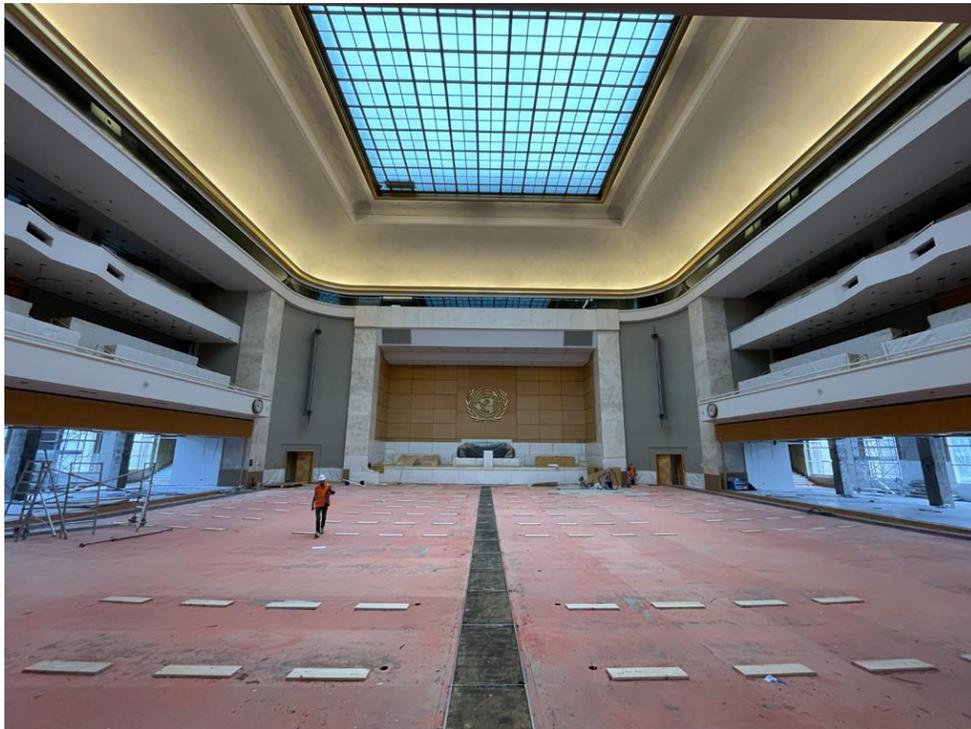
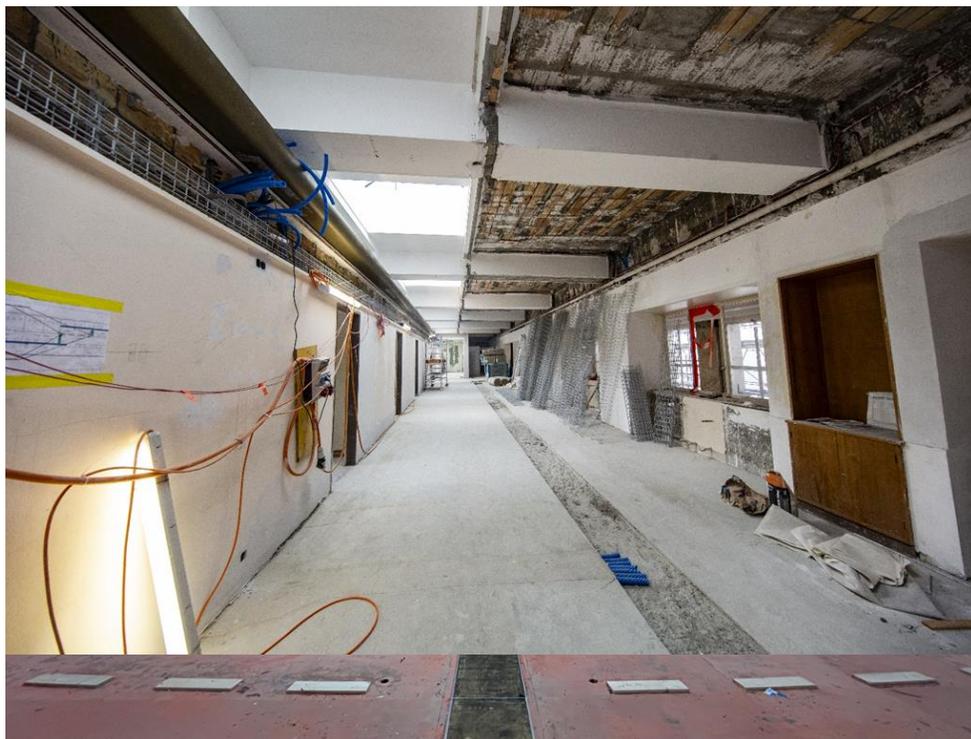


Figure VI
Interior progress photograph showing renovation work in building AC, August 2021

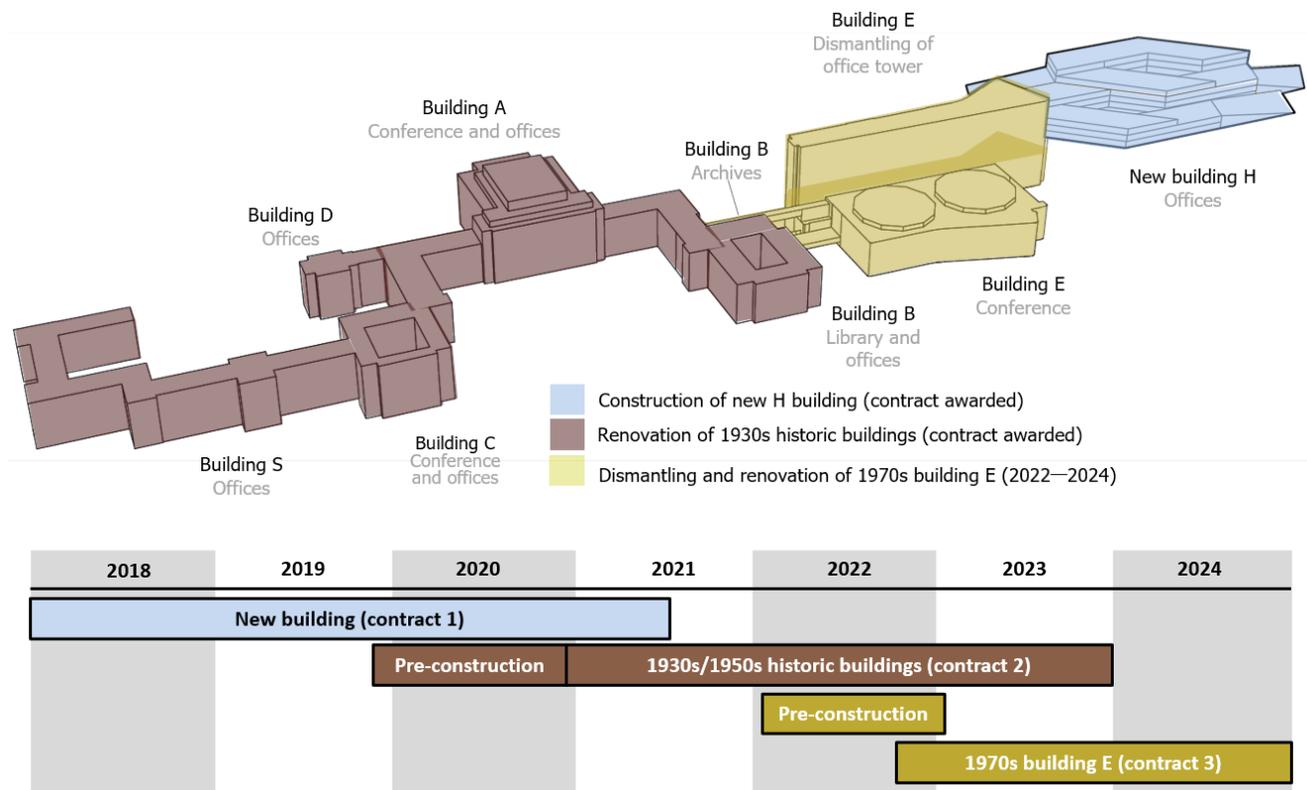


B. Contracting strategy

21. A schematic overview of the Palais des Nations building complex and the major phases of the contracting strategy and timeline are shown in figure VII.

22. On the basis of lessons learned from the successful tender process carried out in 2019 for the renovation of the 1930s and 1970s historic buildings, including post-tender feedback received from unsuccessful bidders and other construction industry consultations, the contracting and tender strategy for building E was developed to include both the completion of the remaining technical and construction design work and the construction work. Building E is being tendered as an entirely stand-alone construction site, which reduces the need for complex phasing of the work to ensure business continuity, as was required for the renovation of the historic buildings.

Figure VII
Schematic overview of Palais des Nations building complex, contracting strategy and timeline



23. Also on the basis of lessons learned and in line with the Board of Auditors recommendations in this regard, the building E contracting strategy employs an open-book approach, with a collaborative pre-construction services period running in parallel and overlapping with the technical design completion phase from the outset, as was successfully utilized for the procurement process and contract for the renovation of the historic building. This approach has made the tender process for the renovation of building E more attractive and has resulted in greater market interest from suitable contractors. This contracting strategy represents lower risks to the United Nations, as it transfers the responsibility to coordinate between the design and construction teams and the main contractor and allows greater flexibility for adaptation should there be future disruptions caused by, for example, further waves of COVID-19 or significant value engineering or cost reduction initiatives. As the pre-construction period for the

building E contract also includes the full technical design phase, it is envisaged that the pre-construction services period will take 12 months, compared with the 6 months originally planned for the renovation contract for the historic buildings.

24. During the reporting period, the expression of interest and pre-qualification process to select suitably experienced and qualified contractors for building E was published on the United Nations Global Marketplace and advertised widely to attract as many suitable firms as possible and increase procurement opportunities for vendors from developing countries and countries with economies in transition. The value of the building E contract, while still large for the Geneva region, was also more suited to the capacity of the international construction market, and this has been borne out in the pre-qualification process that resulted in a greater number of contractors pre-qualifying for the tender in comparison with the historic building tender, thereby ensuring effective competition.

25. It is planned that the request for proposal tender for building E will be launched in September 2021. It is anticipated that the tender process will be completed and a contractor appointed for the last major contract of the strategic heritage plan programme by the first quarter of 2022.

C. Flexible workplace strategies and space efficiency

26. The project team has proceeded with the implementation of flexible workplace strategies in the new permanent building, and these are now in use in the occupied building. In the historic Palais buildings, the predominant office environment will continue to be housed within the existing layout, composed mostly of individual offices, with the addition of a limited number of purposely created hybrid offices that can potentially be used flexibly, albeit to a much reduced extent compared with the new building.

27. During the reporting period, following the signing of furniture contracts, the strategic heritage plan team conducted a series of workshops with staff, stakeholders and the three appointed contractors to finalize the design of the furniture elements to fit the new building in terms of flexible workplace design and the integration of electrical, data and audiovisual equipment. The six floors of building H have been completely furnished, including office, meeting and informal working lounge furniture, providing the necessary supporting furniture settings for flexible working arrangements. The cost of the furniture for building H is in line with the allocated budget. As foreseen, following the maximum reutilization of existing furniture, new furniture will be provided as required, mostly to the newly formed areas within the existing buildings, such as pantries, which do not currently exist.

28. Heritage preservation and restoration remain key objectives of the strategic heritage plan and will continue to be carefully and resolutely applied, using the services of experts both within the strategic heritage plan team and from the host country authorities. Meetings and regular workshops are scheduled with the host country heritage preservation authorities as appropriate on matters affecting heritage aspects.

29. During the reporting period, the temporary de-densification policy of offices adopted in the wake of the pandemic has continued to be applied to meet host country health regulations. The policy includes limits on the number of occupants in each room in accordance with regulatory physical distancing measures, including not using certain workstations in larger office areas to ensure space between occupants and thus reduce any potential transmission of the COVID-19 virus and implementing teleworking for a substantial proportion of staff where practicable, resulting in significantly reduced occupancy of the Palais. The commencement of staff moves into the new permanent building in May 2021 was a major milestone for the gradual implementation of flexible

workplace strategies, and to date more than 1,000 staff moves have taken place. However, implementation remains limited by pandemic-related de-densification and physical distancing measures, and lower flexible working ratios will be applied for temporary users of the new permanent building until such measures are lifted.

Occupancy of the Palais des Nations campus after completion of the strategic heritage plan

30. In the first annual progress report of the Secretary-General (A/68/372), the final capacity of the renovated Palais des Nations buildings was projected to be 3,507 occupants and workspaces. With the adoption of flexible workplace strategies in the new permanent building, the total number of workspaces was reduced, to create space for the collaboration areas and support nodes that are needed for more effective flexible working conditions. However, with the application of a flexible workstation policy in the new building, once the risks associated with the pandemic have subsided, the current forecast indicates that it will be possible to allocate a higher number of occupants than originally planned, as shown in table 1.

Table 1
Projected number of workspaces and occupants

Location	Maximum capacity after renovation		
	Baseline projection (workspaces and occupants) ^a	Workspaces	Current projection Occupants
Building A	232	221	221
Building B	158	168	168
Building C	277	218	218
Building D	182	224	224
Building S	833	797	797
Building E	412	268 ^b	268 ^b
New building H	1 413	1 346	1 550
Touchdown workspaces for conference participants	–	172	172
Theoretical desk-sharing capacity in historic buildings (baseline) ^c	–	–	30
Total	3 507	3 414	3 648

^a Baseline figures as provided in the first annual progress report of the Secretary-General (A/68/372).

^b Figures for building E are indicative only, as the full technical design has yet to be completed.

^c It is estimated that a desk-sharing ratio of 11 people to 10 desks could be implemented in some of the newly created hybrid spaces, leading to a modest increase in occupancy of approximately 30 people.

31. Of the maximum occupant capacity of 3,648 shown in table 1, the most recent staffing projections result in an allocation of 3,422 occupants, with a potential remaining capacity for a further 226 occupants from additional tenants and new mandates of the General Assembly. Of the maximum 3,414 projected workspaces, 3,274 are currently allocated. These numbers will inevitably change before the end of the strategic heritage plan project as the size of individual entities based in the Palais des Nations fluctuates over the intervening years. Sufficient capacity also needs to be retained during the renovation work to cover the phased closure of individual buildings. Nonetheless, it can be predicted that the maximum overall allocated

occupant capacity of the Palais compound, once the strategic heritage plan project is complete, will exceed that originally forecast, provided that the pandemic-related mitigating measures have ended.

Attracting additional United Nations entities to the Palais des Nations

32. The Secretary-General continues to engage actively with other United Nations entities with a presence in Geneva to encourage them to move to the Palais des Nations, where they would benefit from a central location, shared amenities, greater security and other operational efficiencies and mandate synergies. During the reporting period, the United Nations Joint Staff Pension Fund and the Global Executive Leadership Initiative signed lease agreements with the United Nations Office at Geneva to be accommodated within the Palais des Nations campus. Newly created United Nations entities have also joined the campus, including the United Nations Support Mission in Libya and the Office of the Special Envoy of the Secretary General on Libya. Requests to accommodate other United Nations entities and bodies established pursuant to Human Rights Council mandates continue to be received and work is under way to determine if such needs can be met on a case-by-case basis. As previously reported, the United Nations Development Programme, the United Nations Environment Programme, the United Nations International Computing Centre, the United Nations Office for Project Services and the World Food Programme have all expressed interest in being accommodated within the Palais campus. The start of renovation work in several sections of the Palais, together with pandemic-related restrictions, has temporarily limited the available office space. Therefore, the accommodation of additional entities is currently on hold until the completion of some of the sections under renovation. Where further space is available, entities would be expected to apply the same flexible workplace strategies implemented in the new and existing buildings that they would occupy.

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

33. As described in the fifth, sixth and seventh annual progress reports of the Secretary-General ([A/73/395](#), [A/74/452](#) and [A/75/355](#)), a full and comprehensive accessibility master plan was provided by a specialist consultancy firm. The recommendations from accessibility audits have been and continue to be implemented throughout the various design stages for both the new and existing buildings.

34. During the reporting period, the new permanent building H was completed and occupied. Building H was designed following the physical and sensory accessibility standards applied in line with current local regulations and following consultations with the staff working group on accessibility. The new office building has internal circulation routes, an entrance lobby and exterior pathways that enhance the mobility of persons with disabilities. It has also been equipped with various accessible features such as up-to-date types of elevator, networks of guiding strips for the partially sighted and fire refuge areas for the evacuation of persons in wheelchairs. Most office spaces and supporting rooms provide accessible features and are inclusive for people with a range of disabilities. The new furniture items selected for the new permanent building have been successfully installed and provide physical accessibility to different teams and end users of the workspaces. The new building is part of collective commitments towards achieving transformative and lasting change for persons with disabilities at the Palais des Nations.

35. The designs of the strategic heritage plan remain pragmatic and solution-oriented, with emphasis placed on delivering the greatest accessibility for persons

with disabilities while balancing that aspect with other project objectives, including preservation of the heritage of the Palais and the available budget.

E. Sustainability and reduction of energy consumption

36. As previously reported, the environmental impact of the new permanent building is being closely monitored to guarantee a performance level equivalent to that of the internationally recognized Leadership in Energy and Environmental Design Gold certification standard. Furthermore, the new permanent building and the existing buildings of the Palais des Nations, following completion of the design stage, have already been granted a provisional certificate by Minergie, a Swiss environmental certification programme for low-energy-consumption buildings. The certificate will be confirmed upon completion of the work.

37. One of the core objectives of the strategic heritage plan is to lower the energy consumption of the Palais des Nations by at least 25 per cent, compared with the 2010 baseline, as stated in the report of the Secretary-General dated 8 August 2011 (A/66/279, para. 11 (c) (iv)). Several different components of work have contributed to the achievement of this objective, significantly the replacement of many of the windows with more modern and efficient versions as part of the Swiss donation prior to the commencement of the strategic heritage plan construction and renovation work. Noting the impact of the window replacement, the Board of Auditors recommended that the baseline be updated to reflect the date of approval of the strategic heritage plan scope by the General Assembly in December 2015. Therefore, an alternative calculation methodology has been developed and shared with the Board to determine the impact of the improvements related to the strategic heritage plan required in addition to the window replacement donation to achieve the original 25 per cent increase on the 2010 baseline. Those revisions, inter alia:

(a) Resulted in an adjustment to the baseline energy consumption to consider only the main buildings of the Palais des Nations, and not the energy related to the Giuseppe Motta and Palais Wilson buildings, even though the leases on those two buildings and their associated energy costs will cease at the end of the strategic heritage plan project, when the current occupants are relocated to the Palais compound;

(b) Were based on using 2015 as the baseline energy consumption year and consequently the energy savings target was adjusted downwards to take account of those savings already achieved between 2010 and 2015;

(c) Provided updated calculations for the new permanent building H for the lower expected energy consumption because of the increased occupancy resulting from the application of flexible workplace strategies.

38. The Secretary-General emphasizes that excluding the savings that will be achieved by moving the Office of the United Nations High Commissioner for Human Rights (OHCHR) out of the Giuseppe Motta and Palais Wilson buildings from the 25 per cent target will lead to increased requirements for overall savings relative to the 2010 energy footprint of the Organization. Although challenging, the United Nations Office at Geneva believes that those ambitious targets can be achieved by delivering the renovation in accordance with the baseline design, in particular through the inclusion of the new building E energy centre, the cost of which is significantly offset by subsidies available from the Canton of Geneva.

39. The project team therefore revised the baseline objective reduction in energy consumption to be achieved under the strategic heritage plan to 11.5 per cent compared with the 2015 revised baseline energy consumption level.

F. Information and communications technology, audiovisual, broadcast and congress systems

40. Coordination efforts with local and global stakeholders continued during the reporting period. In addition, the procurement and contracting strategy continued to ensure interoperability of the existing equipment so that all conference rooms could provide a consistent level of service. Interventions were coordinated with all stakeholders and users to ensure that the heritage issues of individual rooms and other specific requirements were considered in the renovation strategy.

41. Despite the challenges posed by the COVID-19 pandemic, the United Nations Office at Geneva has achieved considerable success in maintaining the business continuity of conferences. Furthermore, the information technology and audiovisual systems of the United Nations Office at Geneva have robustly withstood the extreme stress tests of supporting the entire remote working process by almost all users of the Palais des Nations during the lockdown periods in 2020 and 2021.

42. The baseline design of the strategic heritage plan already allowed for known upgrade requirements of the network infrastructure to support future development of technology and respond to the business continuity requirements envisaged prior to the pandemic. During the reporting period, the design of the broadcast and congress systems was further updated, in collaboration with the renovation contractor as part of the pre-construction services, to support the adoption of new audiovisual over Internet protocol technology, which has rapidly become the industry standard, and which was proposed by the market tender returns within the budget allowance. Furthermore, a design programme change was implemented to align the audiovisual and broadcast scope of work of the conference rooms with the latest standards available across the Palais des Nations campus, to install remote simultaneous interpretation functionality and to provide remote connectivity in all of the main conference rooms, where necessary. Further upgrades may also be required during the remaining work to ensure that the significantly increased demand for broadcasts and remote participation to ensure business continuity can be met once the renovation work is complete.

G. Fire and life safety

43. As indicated in the seventh annual progress report, the existing historic buildings will be renovated to comply with the host country fire regulations and building codes while ensuring that the heritage aspects of the Palais des Nations are also considered, in order to find the optimal balance between these two sometimes competing objectives. The host country authorities have confirmed their agreement to the design measures being proposed and have issued the relevant permits for both the new permanent building and the renovation portion of the work. Furthermore, an independent certified fire safety professional, approved by the host country fire authorities, has been engaged to ensure that the actual on-site implementation of the work complies fully with the terms and conditions of the permit.

44. The Secretary-General is determined to deliver a safe and code-compliant building and, therefore, notwithstanding the approval already given by the relevant authorities, the fire expert in charge of certifying the building on behalf of the host country authorities was asked to further review the solution and has reconfirmed its compliance with the relevant standards. As the new permanent building H was determined by the appropriate authorities to be fully compliant with all applicable fire and life safety requirements in terms of both design and construction, the occupancy permit was granted in May 2021, enabling the building to be safely occupied by staff.

H. Business continuity

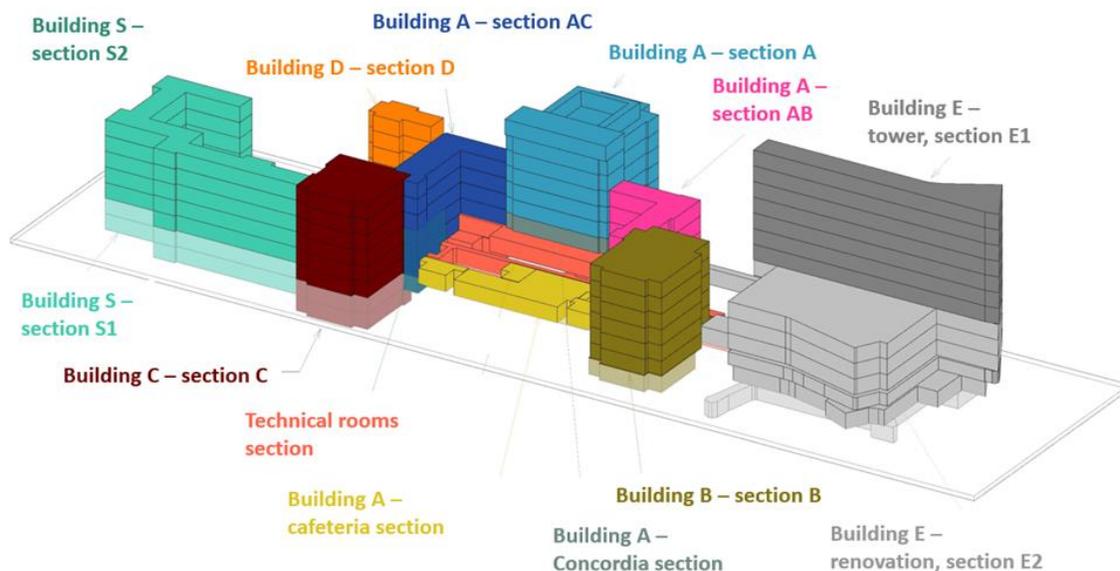
45. During the reporting period, the transition between planning and implementation of stakeholder requirements and business continuity measures was executed successfully. The detailed implementation plan prepared by the historic building renovation contractor during the pre-construction services phase meticulously outlines the various impacts to be mitigated for each stakeholder and is aligned with the agreed renovation programme schedule allocated per building for better management of the process. The mitigation measures in place are a result of extensive stakeholder engagement where business continuity requirements were defined and continues to be updated as the renovation programme evolves and progresses.

46. Health and safety procedures according to local codes and regulations are implemented in advance of all other activities and are prioritized over all other aspects of the execution of the project work. After fulfilment of the business continuity technical requirements, relevant business continuity issues are evaluated daily during construction activities and the planning is updated on a weekly basis and communicated to all technical teams for their review. Risk analysis is undertaken, communicated and discussed further during weekly dedicated coordination meetings with the Facilities Management Section, the Information and Communication and Technology Service and the Security and Safety Service teams at the United Nations Office at Geneva.

47. The latest updated sections of work for the renovation of the existing buildings are shown in figure VIII.

Figure VIII

Three-dimensional representation of sections of work for the renovation of the existing buildings



48. Extensive stakeholder engagement has been conducted at the working level with the Division of Conference Management to identify potential business continuity overlaps and potential synergies and opportunities relating to the COVID-19 pandemic. Owing to the cancellation of a significant number of in-person conferencing events during the reporting period, the start of the technical inspections and evaluation of existing technology devices inside the main Assembly Hall and room XIV commenced one month ahead of the programme schedule. This advance of

the start date helped to reduce the risk of any business continuity impact of the renovation work that needed to be completed in these areas prior to the main World Health Organization and International Labour Organization conferences planned for early summer 2022. Further engagement and collaboration regarding conference rooms resulted in the advancement and overlap of the renovation work to the conference rooms in buildings A, AB and AC. This change ensured that these rooms are no longer on the critical path of the overall strategic heritage plan programme, allowing some float time to reduce the risk that they could affect and delay the closure of building E conference rooms later in the programme. It has also been possible to overlap the completion of building C with the start of the work to building E. The temporary conference building will continue to provide important additional conference room capacity throughout the period of the renovation work.

49. During the reporting period, several smaller-scale and complex business continuity projects were executed within the overall renovation programme. The successful implementation of these projects resulted in the achievement of important contractual milestones, and the formal handing over procedures and dates for buildings AC, D, S1, A and AB to the contractor were all achieved in accordance with the agreed contract planning and obligations, which reduced one of the key project risks.

I. Risk management

50. Risk management continues to be mainstreamed into the overall management approach to the project. The project team continuously identifies risks to achieving the required time and cost performance and actively manages their impacts. That focus has mitigated several major risks, for example by adding a pre-construction services phase to the Palais renovation and building E tower dismantling and renovation contracts to ensure that competitive bids could be received and a guaranteed maximum price agreed upon; the pre-construction services phase of the Palais renovation allowed the achievement of an agreed guaranteed maximum price within the initial project estimate, including the main impacts of the COVID-19 pandemic. The risk management firm produces independent risk analyses of the project performance that pre-emptively identify the potential for overspend and delay. The assessment of the risk management firm is that the strategic heritage plan risk management framework is mature and working effectively for a project of this complexity within such an environment.

51. In addition to its work with the project team, the independent risk management firm continued to report independently and directly to the project owner. To date, more than 520 risks have been identified on the project risk register, and 209 currently remain open; on average, 12 risks were either added to or retired from the risk register every month between September 2020 and July 2021. Through the application of the professional risk management approach, risks are mitigated throughout the year until they have been either accepted, avoided, removed, closed or retired following the completion of design, procurement and construction stages.

52. The team has identified the following programme and project risks that currently rank the highest, on the basis of a combination of their likelihood and potential impact, among all risks being tracked for the project:

(a) Modification of the current design owing to changes in or late finalization of stakeholder requirements, including pandemic-driven changes in working;

(b) Delays in procurement for building E, including contract formation and agreement of the guaranteed maximum price following the pre-construction services period;

- (c) Design errors and omissions in contracted work;
- (d) Discovery of changes or repairs to existing structures and/or mechanical and electrical services;
- (e) Uncertainty regarding the potential for price increases to be obtained from the market through the upcoming procurement process for the renovation of building E;
- (f) Retention of project management team members;
- (g) Potential for the guaranteed maximum price for building E renovation to vary significantly from the estimated cost or to be approved with a delay at the end of the pre-construction services phase.

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

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

J. Project schedule

55. The latest programme schedule has been updated to reflect the considerable progress of the work achieved during the reporting period, together with the developments arising from the COVID-19 pandemic. The schedule has improved since the seventh annual progress report following the guaranteed maximum price agreement for the historic building renovation contract, the completion and opening of the temporary conference facility in September 2020 and occupancy by the United Nations of the new building H from May 2021, at the date required to ensure that the renovation work to building S1 could commence on time. Since the previous progress report, there have been no further mandatory closures of construction sites in Geneva owing to the pandemic.

56. The latest programme schedule is illustrated in figure IX and indicates the next key project milestones, as follows:

- (a) Continuation of renovation work for the 1930s and 1950s historic Palais buildings during 2021;
- (b) Completion of minor outstanding work, punch list items and seasonal commissioning of the new building H at the end of 2021 and during the first half of 2022;

(c) Preparation of tender documentation, procurement and tendering activities for the main contract for the phase 2.2 renovation of building E during 2021 and completion in the first quarter of 2022;

(d) Appointment of a contractor for the phase 2.2 renovation and dismantling of the 1970s building E and commencement of the pre-construction services, including technical design completion during 2022;

(e) Completion of the major subphases of the 1930s historic buildings (buildings A, D and S1) progressively from 2021 to 2022 and completion of final subphases (buildings B, C and S2) progressively by the end of 2023;

(f) Completion of the renovation of building E by the end of 2024;

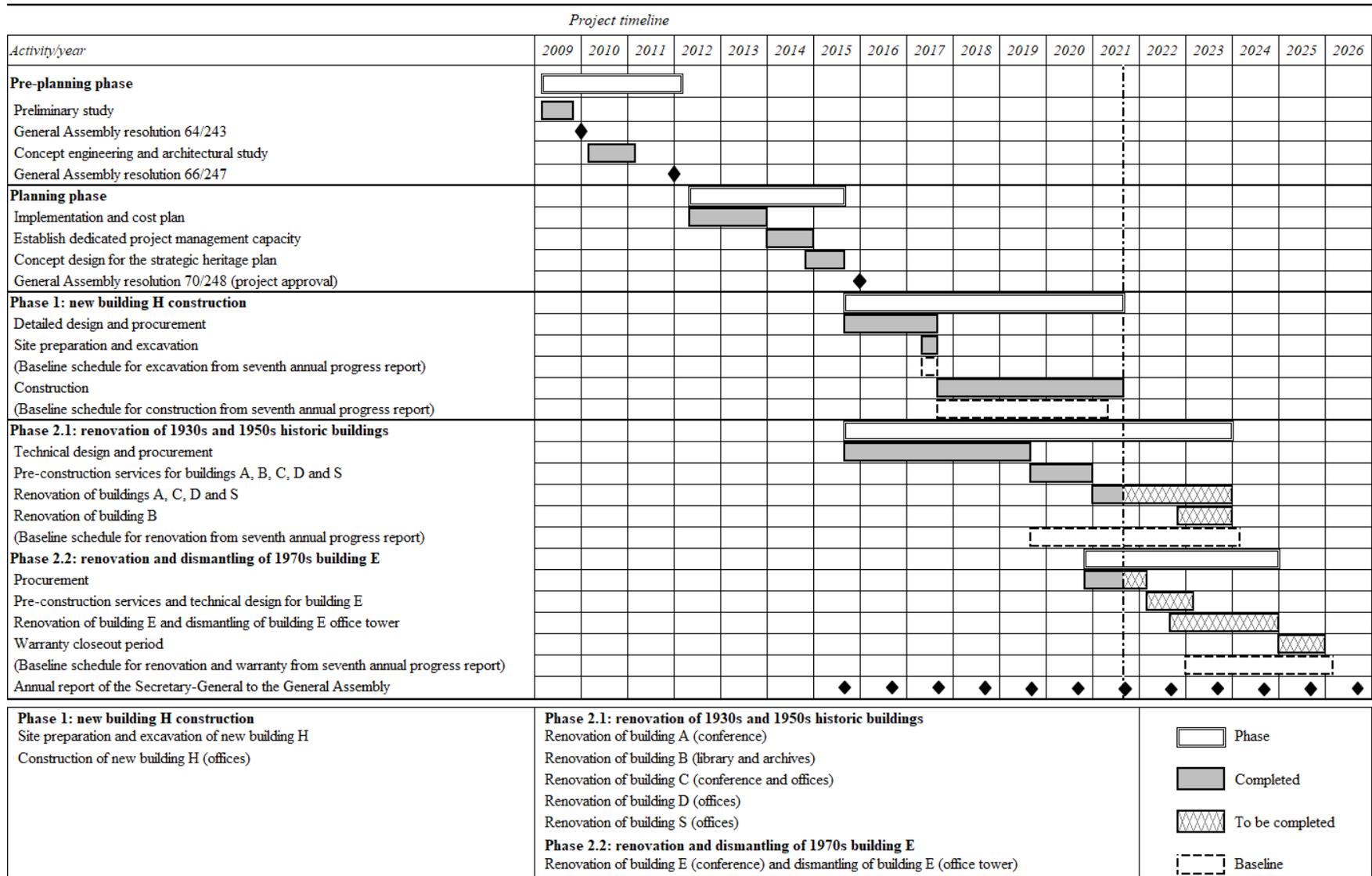
(g) Warranty closeout period following completion of work to reflect activities of post-completion assessments and post-occupancy evaluations, release of retention, seasonal commissioning of building services and other quality and financial closeout activities during 2025.

57. While the pandemic, including its impact on site activities and lower productivity resulting from the public health restrictions put in place and the related economic conditions, has affected the work, the overall delivery dates envisaged in the seventh annual progress report have been improved. Although work on the new building H was further delayed, it had been sufficiently completed to allow occupancy to commence in May 2021. The strategic heritage plan team is working with the contractor to finalize the last minor outstanding items of work and resolution of punch list items for building H, and is continuing over a 12-month period the required seasonal commissioning activities for the building's energy-related systems, as necessitated by the environmental Leadership in Energy and Environmental Design sustainability and Minergie energy performance standards.

58. The United Nations took full advantage of the flexibility afforded by the contract and the pre-construction services period, resequencing the earlier sections of work in collaboration with the contractor to mitigate the overall impact on the schedule and budget. The pre-construction services and the agreement on the guaranteed maximum price for the historic building renovation work within the original budget level, including pandemic-related cost increases, were completed by the end of 2020. The contracted guaranteed maximum price included a contract schedule for the work that reduces the overall programme delay anticipated in the previous progress report by three months, despite the pre-construction period being affected by both the pandemic and process-related delays. The renovation work therefore commenced at the start of January 2021.

59. It must be emphasized that the situation related to the pandemic remains uncertain and that travel restrictions continue to affect the supply flows of goods, services and people. The risks of resurgent waves of COVID-19 cases leading to further restrictions or economic impacts mean that some uncertainty remains regarding the definitive impact on the strategic heritage plan schedule and cost. However, the United Nations Office at Geneva has taken the opportunities presented by the reduced number of occupants and delegates on site, resulting from measures related to the pandemic, to advance several key parts of the work, including additional temporary moves in order to bring forward the planned work to building D, overlapping the closure and renovation work to the conference rooms in buildings AC, A and AB and enabling the contractor to start building A one month ahead of the programme schedule to reduce the risk of not completing this section in time for the major conferences planned in May and June 2022.

Figure IX
Project schedule



K. Costs

60. As in previous progress reports of the Secretary-General, table 2 shows the latest revised cost plan. This cost plan reflects the current project progress and the forecast of remaining costs to achieve the approved project scope, which continues to be based on the approved maximum budget of SwF 836.5 million.

Table 2
Projected summary cost plan for the strategic heritage plan project, 2014–2025

(Thousands of Swiss francs)

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	Total
Construction of new building	–	–	–	10 599	27 612	30 486	41 577	12 357	–	–	–	–	122 630
Renovation work	–	–	–	–	75	12 464	19 405	85 788	94 308	148 571	87 352	–	447 962
Dismantling seven floors of building E	–	–	–	–	–	–	–	–	5 296	12 480	–	–	17 776
Associated costs	–	–	–	316	1 005	262	3 295	6 376	6 102	1 464	3 258	471	22 551
Consultancy services	1 705	23 685	36 857	9 096	16 073	11 765	12 505	5 960	14 086	5 422	3 452	1 150	141 757
Project management	1 268	2 890	3 981	4 002	3 688	4 040	4 421	3 919	3 950	3 685	3 273	1 390	40 507
Escalation	–	–	–	–	–	–	–	–	204	3 040	3 340	141	6 724
Subtotal	2 973	26 575	40 838	24 013	48 453	59 016	81 202	114 399	123 946	174 662	100 675	3 153	799 906
Contingencies	–	–	–	–	–	–	–	5 372	7 751	14 566	8 087	170	35 946
Escalation on contingencies	–	–	–	–	–	–	–	–	27	300	312	10	649
Total	2 973	26 575	40 838	24 013	48 453	59 016	81 202	119 771	131 724	189 528	109 073	3 333	836 500

61. The updated cost estimate for the core costs of the project, namely the costs excluding contingencies, currently stands at SwF 799.9 million, which is SwF 21.0 million lower than forecast in the seventh annual progress report. This decrease is caused primarily by the lower than estimated impact of the pandemic due to the mitigation measures enacted, together with further cost-saving measures taken during the reporting period.

62. Actual cumulative project expenditure for the period from 2014 to 31 July 2021 amounts to SwF 336.5 million and projected expenditure for the remainder of 2021 is estimated at SwF 66.3 million, as shown in tables 3 and 4. Further breakdowns of costs by type for each funding source are presented in tables A.I.1, A.I.2 and A.I.3 in annex I.

Table 3
Approved total funding and projected expenditure for 2014–2021, by funding source

(Thousands of Swiss francs)

	(A)	(B)	(C)	(D = B+C)	(E)	(F = D/E)
<i>Funding source</i>	<i>Funding 2014–2021</i>	<i>Expenditure as at 31 July 2021</i>	<i>Projected expenditure August–December 2021</i>	<i>Total projected expenditure 2014–2021</i>	<i>Approved budget in 2015^a</i>	<i>Budget completion rate (percentage)</i>
Cumulative approved Member State funding	221 153.1	214 217.4	4 742.7	218 960.1	436 500.0	50.2
Cumulative projected Swiss loan funding	183 671.4	122 074.7	61 596.7	183 671.4	400 000.0	45.9
Cumulative other funding	210.5	210.5	–	210.5	–	–
Total	405 035.0	336 502.5	66 339.5	402 842.0	836 500.0	48.2

^a See General Assembly resolution 70/248 A.

Table 4
Approved total funding, projected expenditure and contingencies for 2014–2021, by cost category

(Thousands of Swiss francs)

	(A)	(B)	(C)	(D = B+C)	(E)	(F = D/E)
<i>Cost category</i>	<i>Funding 2014–2021</i>	<i>Expenditure as at 31 July 2021</i>	<i>Projected expenditure August–December 2021</i>	<i>Total projected expenditure 2014–2021</i>	<i>Approved budget in 2015^a</i>	<i>Budget completion rate (percentage)</i>
Construction and refurbishment	258 899.8	182 778.1	61 982.6	244 760.7	609 651.9	40.1
Design, consultancy and contracted external expertise	99 089.3	117 418.2	1 101.2	118 519.4	127 307.7	93.1
Associated costs	16 041.2	9 865.1	1 487.9	11 353.0	58 366.7	19.5
Project management team and operational expert team	30 455.2	26 065.8	1 718.3	27 784.1	40 373.9	68.8
Travel	549.6	375.4	49.4	424.7	799.8	53.1
Total	405 035.0	336 502.5	66 339.5	402 842.0	836 500.0	48.2

^a See General Assembly resolution 70/248 A.

63. Cumulative expenditure against assessments on Member States amounts to SwF 214.2 million as at 31 July 2021, and projected cumulative expenditure against that funding source until the 2021 year-end is currently forecast at SwF 219.0 million, as indicated in table A.I.1 in annex I. That would yield an expected year-end balance from appropriation and assessment on Member States of approximately SwF 2.2 million. The actual year-end balance may vary depending on whether the contingency allowance is further used by the end of 2021.

64. In his previous progress report, the Secretary-General indicated that the cumulative approved funding expected to be drawn from the Swiss loan by the end of 2021 would amount to SwF 188.1 million. Owing to the updated programme schedule, the expected cumulative forecast expenditure at the end of 2021 against the Swiss loan amount has now been revised slightly to SwF 183.7 million, as indicated in table A.I.2 in annex I.

65. Cumulative expenditure against other funding sources relates to the funding from voluntary donations received from Andorra, China, Monaco and Montenegro, as indicated in table A.I.3 in annex I. Projected cumulative expenditure of SwF 0.2 million at the end of 2021 relates to design and renovation activities funded by those donations.

IV. Financing

A. Host country loan agreement

66. During the reporting period, the remainder of the funding for the new building H was drawn from the host country's interest-free loan, up to the full agreed amount of SwF 125.1 million. The Secretary-General reiterates the appreciation of the United Nations for the support of the host country with respect to the strategic heritage plan, as well as the commitment of Member States to the funding of the strategic heritage plan through both direct assessments and future repayments of the loan.

B. Detailed host country loan repayment plan

67. In accordance with the loan agreement, as the full loan amount of SwF 125.1 million was drawn during the reporting period and the new building H has now been occupied since May 2021, the 50-year loan repayment for the loan portion will begin in December 2021. The repayment of the renovation portion of the loan is estimated to start at the end of December 2024, in the year of the planned completion of the renovation works to building E.

68. In its resolutions [74/263](#) and [75/253](#), the General Assembly decided that the annual repayments of the loans to the host country would be funded under the regular budget until decided otherwise. In that context, loan repayments have therefore been included in the proposed programme budget for 2022 under section 33, Construction, alteration, improvement and major maintenance.

C. Contingency management

Methodology

69. As described in previous progress reports, contingency management for the project continues to be based on the risk-based contingency forecasts provided by the independent risk management firm (see section III.I above).

70. The model used by the project recalculates the required contingency each quarter using the Monte Carlo simulation method and specialized software, based on an extensive list of risks together with a range of cost possibilities and a probability of occurrence. The list is reviewed and updated quarterly, and the model runs thousands of simulations of possible combinations of outcomes to provide a probabilistic estimate of the contingency required at different confidence levels. The chosen industry benchmark level for the project is to allow for a contingency

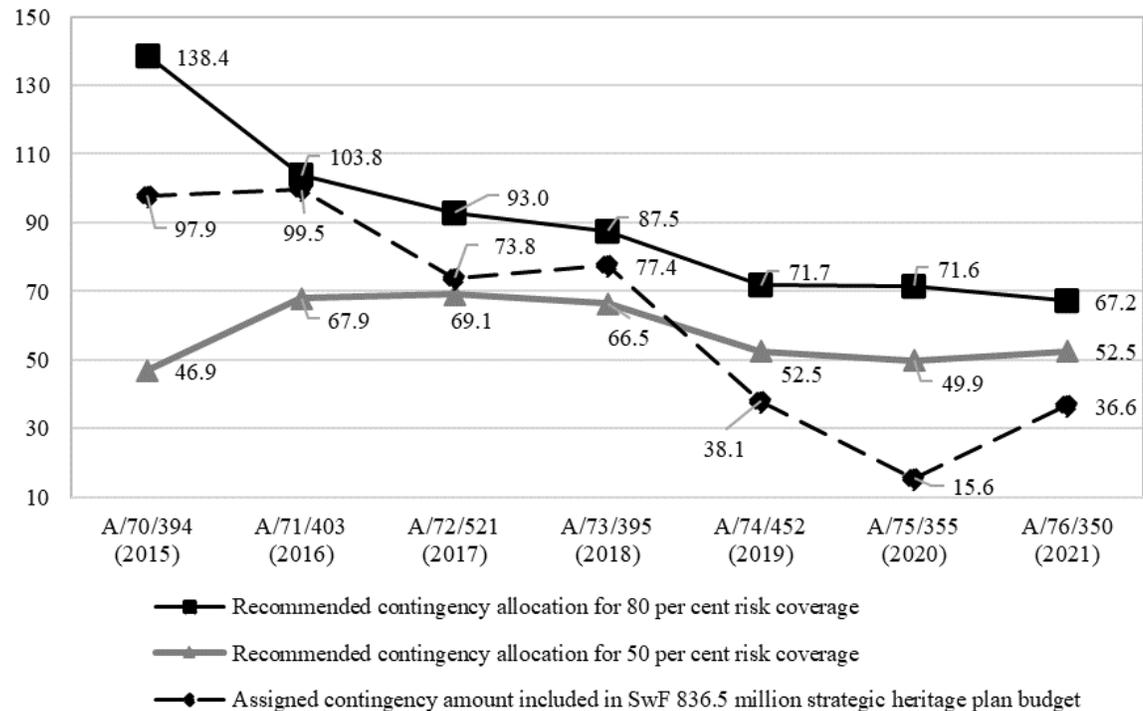
allocation sufficient to cover all the possible risk and uncertainty combinations at a confidence level of 80 per cent.

Analysis

71. The most recent risk model projects a risk exposure at the P80 confidence level of SwF 65.5 million (SwF 67.1 million, including escalation), a decrease of SwF 4.4 million, including escalation, compared to the seventh annual progress report. The available contingency included in the current cost plan is the difference between the SwF 836.5 million project envelope and the latest forecast of project core costs, including escalation. For the period 2021–2025 that amounts to SwF 36.6 million, as depicted in figure X, which now means a 16 per cent probability of being sufficient, according to the risk model, in the absence of any further mitigation actions. This available contingency for the remainder of the project is SwF 21.0 million higher than in the previous reporting period and therefore provides in excess of a twofold increase in the amount estimated in that period as remaining in order to cover for any unforeseen future events. In addition, work progressed during that time, meaning that there is now also a reduction of one year in the remaining project duration that the contingency will be required to cover.

Figure X
Trend of available and probabilistic contingency

(Millions of Swiss francs)

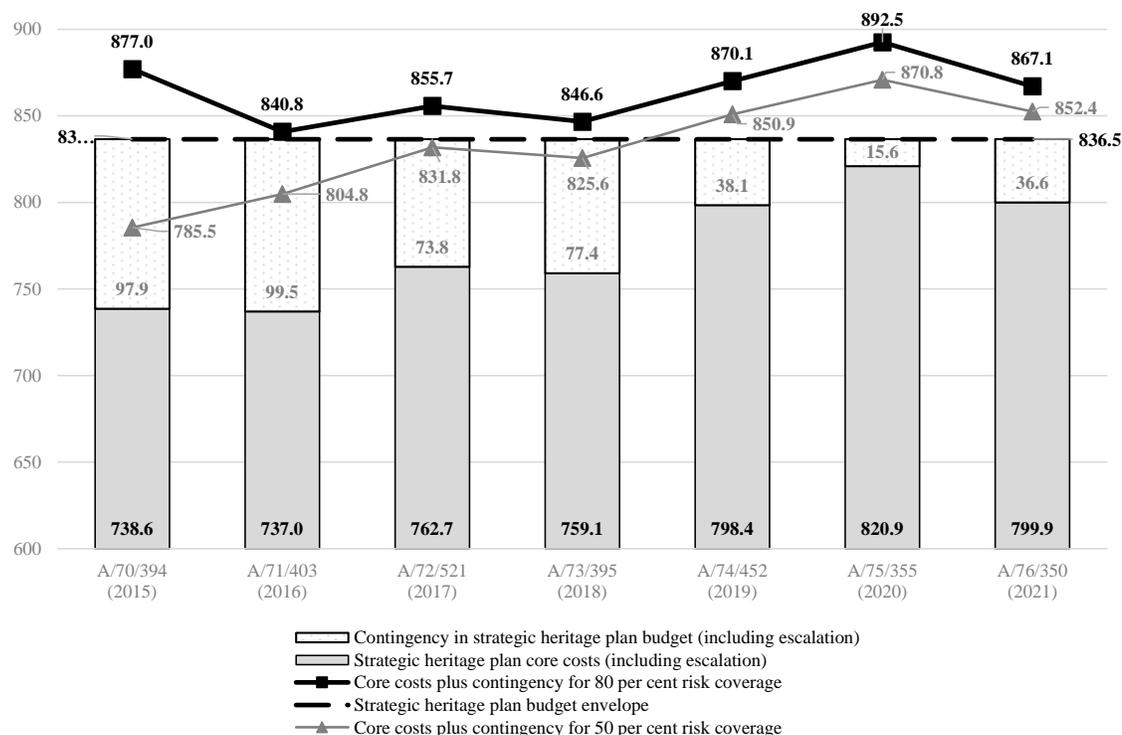


72. Consistent with previous reports, and following the recommendations of the Board of Auditors to calculate and report contingency at both the P80 and P50 levels of confidence each year in the annual progress report of the Secretary-General, figure XI presents, by year, the forecast core costs (including escalation), the contingency available within the budget envelope of SwF 836.5 million and the total project costs if the contingency were set at the level required to achieve both a P50 and P80 level of confidence.

73. The resulting forecast of the total budget required to achieve a P80 level of confidence is SwF 867.1 million, SwF 30.6 million (3.7 per cent) higher than the approved budget. The reduction of the predicted budget required, as compared with the previous reporting year, is due primarily to the cost certainty achieved with the guaranteed maximum price agreement for the historic buildings' renovation contract, as well as the completion of the temporary conference centre and the new building H.

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

(Millions of Swiss francs)



Mitigation strategy

74. The mitigation strategy prior to the outbreak of the COVID-19 pandemic, as explained in previous reports of the Secretary-General, was to take advantage of the pre-construction services phase of the historic buildings renovation contract, which represents approximately 50 per cent of the value of the construction work, in order to determine the accurate market costs for the work, utilizing the experience, knowledge and market position of the contractor to identify and enact further value engineering opportunities. This has proved to be successful and is reflected in the fact that the guaranteed maximum price for the work has been agreed within the original budget levels, despite there being increased time and costs related to COVID-19.

75. In addition, the guaranteed maximum price contract includes a shared savings mechanism in which the contractor is incentivized to deliver the project below that price in order to benefit from a share of the amount saved. This ensures that the contractor's objectives are fully aligned with that of the United Nations, which is to drive down the cost of work. This has the added benefit of reducing, in so far as it is possible, the usage of the project contingency. It should be noted that variations to the contract will still increase the agreed level of the guaranteed maximum price, as they would with all contracts.

76. The next stage of the mitigation strategy is to work through the request for proposal tender stage of the building E contract, appoint a contractor to complete the technical design and carry out the open book pre-construction services leading to the agreement of a guaranteed maximum price for this final stage of the strategic heritage plan work. Over the next 12 to 18 months, this will bring more cost certainty to this last remaining part of the work, with the aim of securing it within the originally estimated budget level

77. In parallel, the Secretary-General intends to continue to identify, prioritize and implement sufficient value engineering solutions in order to meet the approved project budget. The following criteria, as outlined in the previous report, will continue to be utilized in order to prioritize among the value engineering options available, with the objective of scaling down specific planned interventions, while leaving open the possibility of completing them at a later time, through voluntary contributions or other partnerships. Ideally, measures to be taken should:

(a) Not jeopardize the approved project scope objectives, in particular critical health and life safety requirements;

(b) Be focused on a small number of substantial actions, each of which contributes to a large potential saving;

(c) Not result in extensive redesign or programme delay, which would generate costs that would significantly offset the saving to the work, and, ideally, reduce schedule constraints in order to not extend the programme further;

(d) Be targeted to items that can more easily be added on later as separate projects, without the need to mobilize a new major project team, and avoid duplication of major interventions in the fabric of the building that will have already been implemented under the strategic heritage plan;

(e) Be attractive subjects for potential separate donations or other funding options in the future;

(f) Be strategically selected to avoid, to the maximum extent possible, any significant increases in future regular budget requirements.

78. The Secretary-General also stresses that the timing of decisions concerning potential value engineering measures is critical. In that regard, within the reporting period, further value engineering was implemented in the work currently being undertaken (see para. 19). Additional work has also been commissioned with the design firm to identify in more detail the potential further savings that can be implemented within the sections of the work that has not yet commenced. This exercise includes technical feasibility assessment studies to ensure that options prioritized under the criteria listed above can achieve the savings estimated, while still fully respecting the building and safety code requirements. This process will be completed by the end of the year: proposals will be presented to the project owner, who, following guidance from the Steering Committee, will determine the measures to be implemented; the resulting significant actions and recommendations will then be set out in future progress reports. The present report does not include any proposals for reductions to the approved scope of the project. The Secretary-General may, if and when necessary, propose scope reductions for consideration and approval by the General Assembly, to mitigate the risk of cost overruns.

Use of contingency

79. In total, SwF 6.5 million of contingency was used in 2020 after the publication of the previous annual report of the Secretary-General and to date in 2021, primarily in respect of services from the contractor and the design firm during the

pre-construction phase (SwF 1.8 million, including committed costs of the schedule extension resulting from the COVID-19 pandemic), the completion of the temporary conference building (SwF 0.2 million), variations related to the new completion of building H as a result of developments on site (SwF 2.7 million) and additional design costs (SwF 1.5 million), which also includes the work commissioned to identify further savings, as well as other smaller changes amounting to SwF 0.3 million. As shown in figure XI, the forecast of the final project core costs (including escalation) increased from the 2015 approved project baseline of SwF 738.6 million to SwF 799.9 million, representing a decrease of SwF 21.0 million as compared with forecast contained in the previous annual report, and which currently represents an amount of SwF 61.3 million over the approved project baseline. Of the contingency amount included in the estimated project cost that was presented in the second annual progress report of the Secretary-General ([A/70/394](#) and [A/70/394/Corr.1](#)), the total committed and used to date amounts to SwF 41.6 million, representing the sum of SwF 8.4 million for 2021 and the total of SwF 33.2 million reported for the years 2016 up to and including 2020 in the seventh annual progress report of the Secretary-General.

80. As in previous years, owing to the timing of the submission of the present report, usage of the remaining contingency forecast until the end of 2021 could still arise before the calendar year-end, should any further activities be required.

D. Scheme and currency of appropriation and assessment

81. The General Assembly, by its resolutions [68/247](#), [69/262](#), [70/248](#), [71/272](#), [72/262](#), [73/279](#), [74/263](#) and [75/253](#), has, to date, appropriated a total amount of SwF 221.2 million for the period from 2014 to 2021, net of contributions to make annual repayments of the Swiss loan for the new building. Additional voluntary contributions have been received and will be used to offset assessments on Member States in the amount of SwF 1.9 million in the years when the costs funded by those contributions are incurred. Consequently, the anticipated cost of the project that remains to be financed by Member States amounts to SwF 213.4 million (excluding the utilization and repayment of the host State loan).

82. In addition to the funding from donations, the two main elements of funding (the host country loan and contributions from Member States) will continue to be utilized each year, in approximately equal amounts, until such time as the total amount provided by the Swiss loan is exhausted, whereupon the contributions from Member States will be the main element of funding. The utilization ratio each year between these two funding elements may be revised should the General Assembly decide upon an assessment scheme in the forthcoming session. The host country loan will be treated as follows:

(a) The Swiss loan portion for the new building H commenced utilization during 2017 to fund all eligible costs for construction and consultancy services. The drawdown profile was SwF 15.0 million in 2017, SwF 22.0 million in 2018, SwF 28.5 million in 2019 and SwF 49.0 million in 2020, and the remaining SwF 10.5 million was received in the reporting year 2021;

(b) The Swiss loan portion for the renovation work is used to fund part of the eligible costs for the renovation work of the existing buildings, for which the host country loan agreement anticipates a total amount of SwF 274.9 million. It is estimated that the amount to be drawn from this portion in 2021 should reach SwF 58.5 million, of which to date SwF 12.0 million has already been received.

83. The three possible schemes of appropriation and assessment for the project (a one-time upfront appropriation and assessment, multi-year appropriations and

assessments or a one-time upfront appropriation with a mix of one-time and multi-year assessments), as well as two options for the currency of appropriation and assessment (United States dollars or Swiss francs), which have been presented by the Secretary-General in all previous progress reports, remain valid. Updated charts of the options and detailed information on the choice of scheme and currency of assessment are presented in annex II to the present report.

84. The three options described continue to present the same cash-flow risks and exhibit the same characteristics as described in previous reports of the Secretary-General. The Secretary-General continues to emphasize the need for all Member States to pay the amounts assessed for the project on time and in full. The Secretary-General reiterates his recommendation that the Assembly decide that the scheme of appropriation for the project be a one-time upfront appropriation, with a mix of one-time and multi-year assessments.

85. Should Member States decide on the second option, with appropriations and assessments based on the estimated expenditures for each financial period, as has been the practice in previous years, the amount required to be appropriated for 2022 would be SwF 61.9 million, after allowing for the carrying over of funds already assessed that were not used in 2021.¹

E. Multi-year special account

86. In his second to seventh annual progress reports on the strategic heritage plan ([A/70/394](#) and [A/70/394/Corr.1](#), [A/71/403](#) and [A/71/403/Corr.1](#), [A/72/521](#), [A/73/395](#), [A/74/452](#) and [A/75/355](#)), the Secretary-General proposed that the accounting of the project be undertaken through a multi-year special account, funded through appropriations and assessments separate from the regular budget. It was explained that the establishment of a special account would enable the segregation of the cost of the strategic heritage plan from the programme budget of the Secretariat. That remains the recommendation of the Secretary-General.

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

88. The multi-year special account would be closed after the financial and administrative closeout of the project once assessments have been paid in full by all Member States.

F. Update on alternative funding opportunities

Contributions from Member States to the strategic heritage plan

89. The United Nations Office at Geneva remains proactive in its efforts to solicit donors to contribute towards the financing of the construction and renovation work at the Palais des Nations and in this regard has given priority to those activities within the scope of the strategic heritage plan project in accordance with General Assembly resolution [75/253](#), section IX, paragraph 24. Discussions have continued with several of the Member States that expressed interest, as reported in the seventh annual

¹ Current projections estimate that the 2021 year-end balance from available Member State assessments to be carried over for use in 2022 will amount to SwF 2.2 million.

progress report of the Secretary-General. During the previous reporting period, a further expression of interest was made by Hungary with regard to the renovation work envisaged in the Hungarian Room, a room that was originally the subject of a donation to the League of Nations dating back to 1936. The United Nations Office at Geneva reiterates its appreciation to those Member States who have made contributions to date.

Donations to the United Nations Office at Geneva from Member States

90. While donations are as a matter of priority and as far as possible given to those activities within the scope of the project, it remains the individual choice of Member States as to the scope of their donations. Therefore, further donations, while offered to the United Nations concurrently with the strategic heritage plan, may still consist of elements that are not within the scope of the plan and would therefore not offset its overall costs.

Other proposed donations to the United Nations Office at Geneva

91. As outlined in previous reports of the Secretary-General ([A/73/395](#), [A/74/452](#) and [A/75/355](#)), the United Nations is continuing to work with a private not-for-profit foundation on the in-kind donation of a new visitors' centre, to be located within the Palais des Nations grounds next to the Nations Gate. The status of this project is covered in section V. D below.

V. Other related considerations

A. Valorization of United Nations-owned land in Geneva

92. As previously reported in the seventh annual progress report of the Secretary-General, in March 2020, an agreement was signed with the Fondation pour la Cité de la musique de Genève and the Canton of Geneva for a 90-year lease with development rights for the Villa and Parc des Feuillantines land in the total amount of SwF 25.6 million. The lease income then immediately became payable in advance at one ninetieth of the full amount per annum, until the date upon which the Fondation receives its building permit (originally estimated to be achieved during 2022), at which point the entire remaining balance would then immediately become due in full.

93. As part of the Fondation pour la Cité de la musique de Genève building permit procedure, a public referendum was held in the City of Geneva in June 2021 regarding the plans for the "Cité de la Musique" project, which resulted in a total of 50.86 per cent of Geneva's voters rejecting the plans for the project. The plans presented for the music complex included a large glass façade building comprising three concert halls, the main one being a 1,600-seat octagonal-shaped philharmonic auditorium. Classrooms, a library, a restaurant and a public park were also planned within the scheme. The total project, estimated at SwF 300 million, was intended to be financed entirely from private funds. The building was to become home to the Orchestra de la Suisse Romande and the Geneva Music School Orchestra, which are currently scattered across several buildings in the city of Geneva.

94. It should be noted that, under Swiss law, the referendum vote is not technically binding, as the Canton of Geneva ultimately has the power to make the final decision on local urban development issues. It is not yet known how the project will develop from this point and indeed if it will still proceed or not. At present, the 90-year lease remains in effect until such time as one of the parties seeks to terminate it in accordance with the provisions set out within the agreement. Therefore, the next annual lease payment of one ninetieth of the full amount per annum payable in

advance at present remains due in 2022. It remains unclear if any further amounts will continue to be forthcoming in the future.

95. In section VII of its resolution [74/263](#), the General Assembly encouraged the Secretary-General to continue his efforts to maximize the long-term generation of income through long-term, community-oriented leasing arrangements for United Nations-owned land in Geneva and requested the Secretary-General to present detailed plans on the valorization strategy and preparatory work, including the scope, duration and resource requirements for the preparatory work, for the consideration of the Assembly as early as practicable. Accordingly, the Secretary-General presented detailed plans for the valorization strategy in his seventh annual progress report.

96. The General Assembly, in its resolution [75/253](#), endorsed the conclusions and recommendations contained in the report of the Advisory Committee on Administrative and Budgetary Questions ([A/75/7/Add.12](#)), in which the Advisory Committee considered that the valorization strategy needed to reflect, inter alia, the full and long-term impact of the COVID-19 pandemic, the flexible working arrangements, potential changes in planned occupancy and the use of building information modelling. The Advisory Committee, therefore, recommended against the authorization of the costs for the preparatory work of the valorization strategy and further recommended that the Assembly request the Secretary General to present a refined valorization strategy and the related cost implications in the context of the next progress report.

97. During the reporting period, in line with the endorsement by the General Assembly of the recommendation of the Advisory Committee on Administrative and Budgetary Questions, the Secretary-General proceeded to further review the approach to the valorization and development of other land and assets owned by the Organization in Geneva, to consider any effect on the strategy presented by the full and long-term impact of the COVID-19 pandemic, the flexible working arrangements, potential changes in planned occupancy and the use of building information modelling. These ongoing considerations are summarized as follows:

(a) It is expected that the full and long-term impact of the COVID-19 pandemic will only be truly known and understood in several years' time. However, in the short and medium-term, it has had some effect on the delivery programme of the strategic heritage plan work, as identified above, and as a result also to the forecast costs of the project, albeit to a lesser extent than envisaged in the previous report. In addition, another effect of the pandemic has been seen in terms of business continuity, in terms of the now significantly greater demand from meeting and conference participants to be able to join sessions remotely, utilizing audiovisual equipment and software systems. The technology, as well as the utilization and adoption of such systems, has also rapidly advanced since the onset of the pandemic, and therefore the design of these systems and the need to enable both remote and in person participation has made it necessary to evolve the designs from those originally envisaged and on which the construction contracts were based, to allow the conference rooms to be used more flexibly. This will help to ensure that the systems delivered through the renovation of the conference rooms are updated accordingly and will continue to meet as far as practicable these rapidly changing and increasing demands from their users. In addition, the long-term effect of COVID-19 on the urban development market in Geneva and Switzerland remains unknown at this time and would need to be studied further to understand if this would impact the valorization strategy presented in the previous report;

(b) The elements relating to flexible working arrangements reported and in progress prior to the onset of the COVID-19 pandemic had already been factored into the valorization strategy presented in the previous report;

(c) Potential changes in planned occupancy can very realistically be envisaged both from the original decision to bring OHCHR onto the campus as a result of the strategic heritage plan project and following on from the general trend towards flexible working that has now only been accelerated further by the pandemic. It is highly likely that this will result in significantly more staff wishing to combine a mixture of remote working with the traditional working time spent in the office. In practice, this would mean the organization having a substantial increase in the number of staff using flexible working arrangements;

(d) Building information modelling could be used after completion of the strategic heritage plan as a tool to optimize planned and preventative maintenance activities and to allow for the more efficient identification and implementation of the necessary capital replacement work of building components as they reach the end of their life cycle. This would have no impact on the valorization strategy presented in the previous report of the Secretary-General.

98. Therefore, considering the above and the uncertainty that surrounds the long-term impact of COVID-19, together with the further uncertainty of its impact on the possible development scenarios originally envisaged and studied in determining the single comprehensive valorization strategy proposed in the previous progress report of the Secretary-General, the Secretary-General now proposes that further valorization studies be commissioned with specialist valorization consultants to re-examine and update the underlying assumptions and scenarios that underpin the valorization strategy to more accurately consider the elements raised by the Advisory Committee on Administrative and Budgetary Questions. To that end, the Secretary-General requests that the General Assembly endorse the implementation of the necessary consultancy work in order to update the valorization strategy as recommended by the Advisory Committee, and to authorize the expenditure in an estimated amount of SwF 50,000 on further consultancy fees, to be offset from the additional annual rental income now being received from the Fondation pour la Cité de la musique de Genève lease via income section 2 of the programme budget.

B. Security considerations

99. As described in previous annual progress reports of the Secretary-General, the United Nations Office at Geneva, in close liaison with the Department of Safety and Security, continues to actively engage in developing the security master programme² for the United Nations premises in Geneva.

100. The Secretary-General has determined that the security provisions initially envisaged in the scope of the strategic heritage plan remain valid, and some minor changes have been made to bring the design of the project fully in line with the up-to-date security master programme. Those changes have not had an adverse impact on the cost or schedule of the strategic heritage plan. The United Nations Office at Geneva has assessed and prioritized the remaining resource requirements for the security master programme, and the Department of Safety and Security, following completion of a review, has validated the remaining elements to be undertaken as smaller separate projects.

101. Following the announcement by the host country in 2020 of an in-kind donation to the United Nations Office at Geneva for the reinforcement of the most vulnerable section of the external security perimeter fence, which stretches from the Nations gate up to the main Pregny entrance gate, a distance of approximately 600 metres, detailed

² Changed from “security master plan” owing to the various associated programme elements identified.

discussions on the implementation have been completed and the donation agreement documentation is nearing completion. This project will be fully funded and carried out by the host country.

C. Works of art, masterpieces and other gifts

102. As reported in the seventh annual progress report of the Secretary-General, an exhaustive inventory of art works and gifts that were either inherited from the League of Nations or received as donations by the United Nations Office at Geneva over the past several decades was produced by art and heritage experts working as part of the strategic heritage plan consultant teams in conjunction with the United Nations Library Service. In total, 76 Member States were given a photographed inventory list of the gifts and works of art that they had donated, to enable them to confirm if they wished to take care of the works themselves during the period of the renovation work. In total, 16 Member States replied to the note verbale and, to date, 6 Member States, namely, Albania, Azerbaijan, Canada, the Republic of Moldova, Norway and the Philippines, have requested to take temporary custody of their artworks until the conclusion of the relevant sections of the renovation work. Informal agreements have been put in place to cover these temporary loans, and work is ongoing with these Member States in that regard.

103. For those elements remaining, the historic building renovation contractor has protected and/or removed and stored such objects with the necessary reasonable skill and care, utilizing an experienced specialist artwork removal company under the direction of the art heritage expert. Upon completion of each section of the renovation work, the contractor will then reinstall the artworks to their final locations.

D. Non-strategic heritage plan projects

New visitors centre

104. During the current reporting period, in close coordination with the United Nations Secretariat, the private not-for-profit foundation for the in-kind donation of a new visitors' centre, to be located within the Palais des Nations grounds next to the Nations Gate, and its contractors further developed the architectural design and the concept of the content to be displayed in the centre. The foundation issued an invitation to tender in the third quarter of 2021 for the design, supply and installation of the permanent exhibition. The architectural design is being finalized, and the tender documents for the construction are being prepared by the foundation. This work is being performed in close collaboration with the United Nations Office at Geneva. The construction is expected to commence in early 2022. The visitors' centre is expected to open early in 2024.

105. The new visitors' centre will incur additional costs to operate the building, hire additional staff to manage the new visitor experience, provide additional security and update the exhibition content. As outlined in the previous report, the increased revenue from ticket sales is projected to offset the increase in costs for the operation of the centre. The operations are thus expected to be cost-neutral to Member States.

106. While the new operating model is expected to be self-financing, in the event that costs exceed revenue during a financial year, the excess costs shall be covered by voluntary contributions to a United Nations trust fund. In that regard, the donor agreed to allocate SwF 2.0 million to the trust fund to provide operational support.

107. As also stated in the previous report, the donor has agreed to provide funds of SwF 1.5 million for major upkeep of the centre. To better understand the level of financial resources needed for the long-term upkeep and maintenance, the donor contracted a real estate consulting company to perform an analysis of future maintenance costs. The company projected average annual costs for long-term maintenance ranging from SwF 64,000 to SwF 268,000 during the first 20 years, depending on the evaluation method used. Accordingly, the SwF. 1.5 million pledged by the donor could cover long-term maintenance costs for at least 5 years and up to a maximum of 21 years after the end of the guarantee period.

Expansion of Geneva's main train station and track infrastructure

108. The expansion of Geneva's main train station and track infrastructure is of strategic importance for Switzerland, as it will significantly increase passenger train capacity (the principle commuting method between major Swiss cities) into and out of Geneva. This increase in capacity, added together with the major improvements to other train lines in the Geneva vicinity, will improve quality and shorten commuting times. This will be beneficial not only for Switzerland, but also for a growing number of United Nations staff who choose to live in places other than Geneva and for the delegates attending meetings at the Palais des Nations.

109. In the previous reporting period, the United Nations Office at Geneva worked together with the host country authorities and the Swiss Federal Railways, in coordination with United Nations Headquarters, to reach a more detailed agreement to ensure that all aspects of this project are identified and clarified. This detailed agreement was signed in July 2021.

110. As requested by the General Assembly in its resolution [75/253](#), in reference to the report of the Advisory Committee on Administrative and Budgetary Questions ([A/75/7/Add.12](#), para. 38), further details are given below on the types of compensation and any further implications of the Swiss Federal Railways infrastructure project for the United Nations. As per the detailed agreement, three types of compensation have been agreed upon. The Swiss Federal Railways will:

(a) Replace any infrastructure on which its project has an impact (e.g. road, perimeter security fence, intrusion detection, pipes, cables and lines, landscaping, etc.) at its sole expense at a location of the United Nations Office at Geneva's choosing. This will undoubtedly lead to the full replacement of some aging roads and equipment with new ones;

(b) In-kind contribution in the maximum amount of SwF 960,000, directed towards improvements to mobility and security within the Palais des Nations campus, in the immediate vicinity of the impacted land;

(c) Financial compensation of SwF 491,443 for land ceded permanently in line with the recommendations and findings of an external expert study.

111. The implementation of the project is overseen by staff in the Division of Administration and Office of the Director-General, with no direct involvement from the strategic heritage plan team. Furthermore, this project has no negative cost implications for the United Nations. Through the forms of compensation mentioned above, the project will bring about some minor offset of future expenditures.

112. The detailed agreement confirms that the work on this project will not begin before 2025 and that, should any work under the strategic heritage plan still be in progress at that time, the Swiss Federal Railways will have to put in place coordination mechanisms so that the two projects may proceed in parallel. The agreement also includes a mechanism to address the timing of any noise-related work

and nuisances that could have a negative impact on the conference activities of the United Nations Office at Geneva.

United Nations Office at Geneva/World Intellectual Property Organization day-care centre

113. Further to the information provided in the seventh annual progress report on the initiative between the United Nations Office at Geneva and the World Intellectual Property Organization (WIPO) to consider building a day-care facility on land owned by the United Nations Office at Geneva, WIPO undertook a feasibility study that was completed and examined by the United Nations Office at Geneva and WIPO at the beginning of 2021. Subsequently, WIPO informed the United Nations Office at Geneva that the initiative to construct a day-care facility needed to be put on hold, as its scope and specificities were being reviewed further in order to consider the following matters:

(a) Due to the impact of the COVID-19 pandemic, the pattern of demand for day-care facilities is expected to change with the adoption of further flexible and remote working arrangements at WIPO;

(b) The secretariat of WIPO wishes to further review the business case and the anticipated costs and benefits from the viewpoint of responsible and prudent investment of WIPO funds.

114. WIPO has further informed the United Nations Office at Geneva that it will update the business case once it has finalized its ongoing review, at which point, currently anticipated to be at end 2022, the WIPO secretariat will be able to confirm whether it would pursue the project.

115. It is proposed that further information be provided as part of the next progress report of the Secretary-General, including on the project's financial impact, should the project go forward.

E. Post-strategic heritage plan maintenance considerations

116. Given that the substantial completion of the new building H was just achieved, maintenance arrangements are currently being defined, and information on post-strategic heritage plan maintenance considerations will be reported in future reports of the Secretary-General.

VI. Next steps

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

(a) The procurement and award of a contract for building E, followed by the implementation of pre-construction services, including the completion of the technical design for building E and the agreement of a guaranteed maximum price during 2021, 2022 and into 2023;

(b) The closure, commencement and continuation of the dismantling and renovation work of building E, including the movement of staff during 2022 and 2023;

(c) The implementation of change management and transition activities related to the progressive completion of, and staff moves to, the renovated historic

buildings of the Palais, including training staff on how to use the modernized work environment;

(d) The progressive completion of the renovation work, including commissioning and handover of completed sections of the historic Palais des Nations from 2022 onwards;

(e) The identification, prioritization and implementation of sufficient value engineering measures, together with the preparation, if necessary, of proposals for consideration by the General Assembly regarding scope reductions and/or the identification of alternative funding sources to ensure that the project can be completed on budget.

VII. Recommended actions to be taken by the General Assembly

118. **The General Assembly is requested to:**

(a) **Take note of the report;**

(b) **Decide on the scheme and currency of appropriation and assessment for the strategic heritage plan;**

(c) **Approve the establishment of a multi-year special account for the project;**

(d) **Request the Secretary-General to present, if and when necessary, options for mitigating the risk of cost overruns by proposing reductions in the scope of the project;**

(e) **Approve the estimated requirements for the valorization consultancy work necessary to update the valorization strategy in the amount of \$55,800 for 2022 and the corresponding reduction in total income estimates in income section 2, from \$19,331,600 to \$19,275,800.**

Annex I

Expenditures by funding source

Table A.I.1

Approved funding from Member States, realized and projected expenditures for 2014–2021

(Thousands of Swiss francs)

Description	(A)	(B)	(C = A+B)	(D)	(E)	(F = D+E)
	Approved Member State funding 2014–2020	Approved Member State funding 2021	Total approved Member State funding 2014–2021	Expenditures as at 31 July 2020	Projected expenditures August–December 2021	Total projected expenditures 2014–2021
Construction and refurbishment	55 919.6	30 350.4	86 270.0	71 445.1	685.9	72 131.0
Design, consultancy and contracted external expertise	81 986.9	5 850.2	87 837.1	106 466.1	801.2	107 267.3
Associated costs	8 784.9	7 256.3	16 041.2	9 865.1	1 487.9	11 353.0
Project management team and operational expert team	26 365.5	4 089.7	30 455.2	26 065.8	1 718.3	27 784.1
Travel	499.6	50.0	549.6	375.4	49.4	424.7
Total	173 556.5	47 596.6	221 153.1	214 217.4	4 742.7	218 960.1

Table A.I.2

Approved funding from the Swiss loan, realized and projected expenditures for 2014–2021

(Thousands of Swiss francs)

Description	(A)	(B)	(C = A+B)	(D)	(E)	(F = D+E)
	Swiss loan funding received 2017–2020	Projected Swiss loan funding 2021	Total projected Swiss loan funding 2017–2021	Expenditures as at 31 July 2021	Projected expenditures August–December 2021	Total projected expenditures 2014–2021
Construction and refurbishment	103 659.3	68 970.4	172 629.8	111 333.0	61 296.7	172 629.8
Design, consultancy and contracted external expertise	10 840.7	201.0	11 041.7	10 741.7	300.0	11 041.7
Total	114 500.0	69 171.4	183 671.4	122 074.7	61 596.7	183 671.4

Table A.I.3

Approved funding from other sources, realized and projected expenditures for 2014–2021

(Thousands of Swiss francs)

Description	(A)	(B)	(C = A+B)	(D)	(E)	(F = D+E)
	Other funding received 2014–2020	Projected other funding 2021	Total projected other funding 2014–2021	Expenditures as at 31 July 2021	Projected expenditures August–December 2021	Total projected expenditures 2014–2021
Design, consultancy and contracted external expertise	210.5	–	210.5	210.5	–	210.5
Total	210.5	–	210.5	210.5	–	210.5

Annex II

Detailed information on financing schemes

A. Appropriation and assessment options

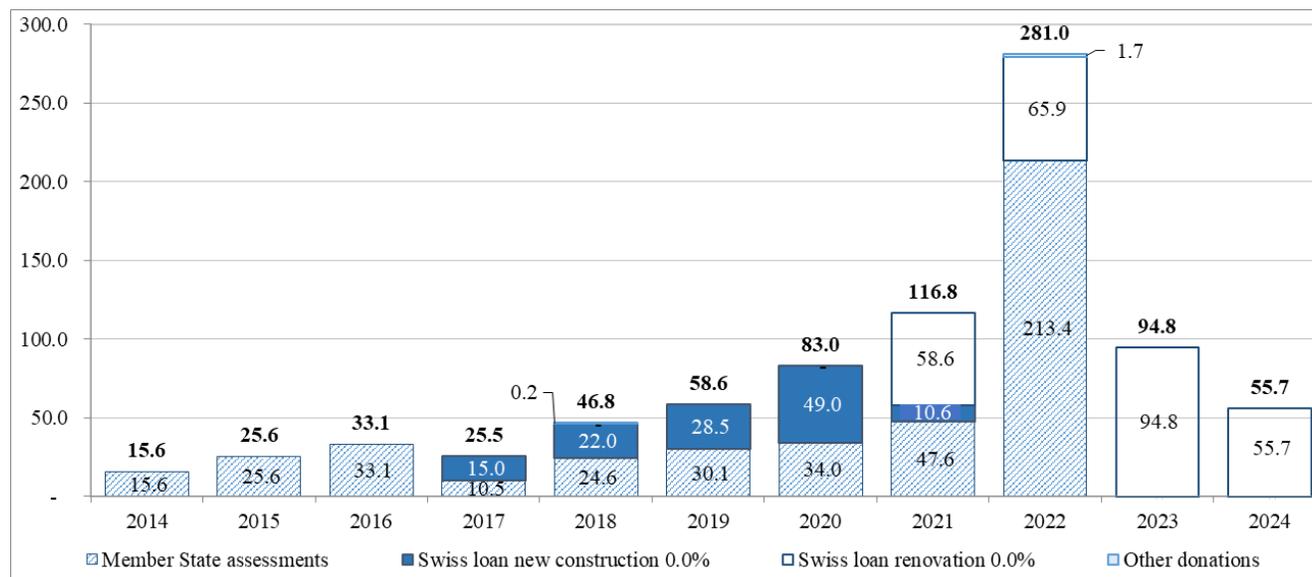
Option 1: One-time upfront appropriation and assessment

1. The remaining cost of the project to be financed by Member States from 2021 onward (SwF 231.4 million, excluding repayments of the loan) would be appropriated in its entirety in 2022, together with a one-time upfront assessment for each Member State's related share, based on the regular budget scale of assessment applicable to 2022. The detailed financing scheme of that option is reflected in figure A.II.I and table A.II.1. Funds required in future periods would then be carried over from this upfront assessment.

Figure A.II.I

Overall financing overview: upfront appropriation in 2022 and annual use of loans

(Millions of Swiss francs)



Option 2: multi-year appropriations and assessments

2. Multi-year appropriations and their related annual assessments on Member States could be based on the estimated expenditures for each financial period, or on the average annual projected expenditures, as explained in paragraphs 3 and 4 below. For both options, the regular scales of assessment applicable to each financial period for which the assessments are made would be used.

Based on the estimated expenditures for each financial period

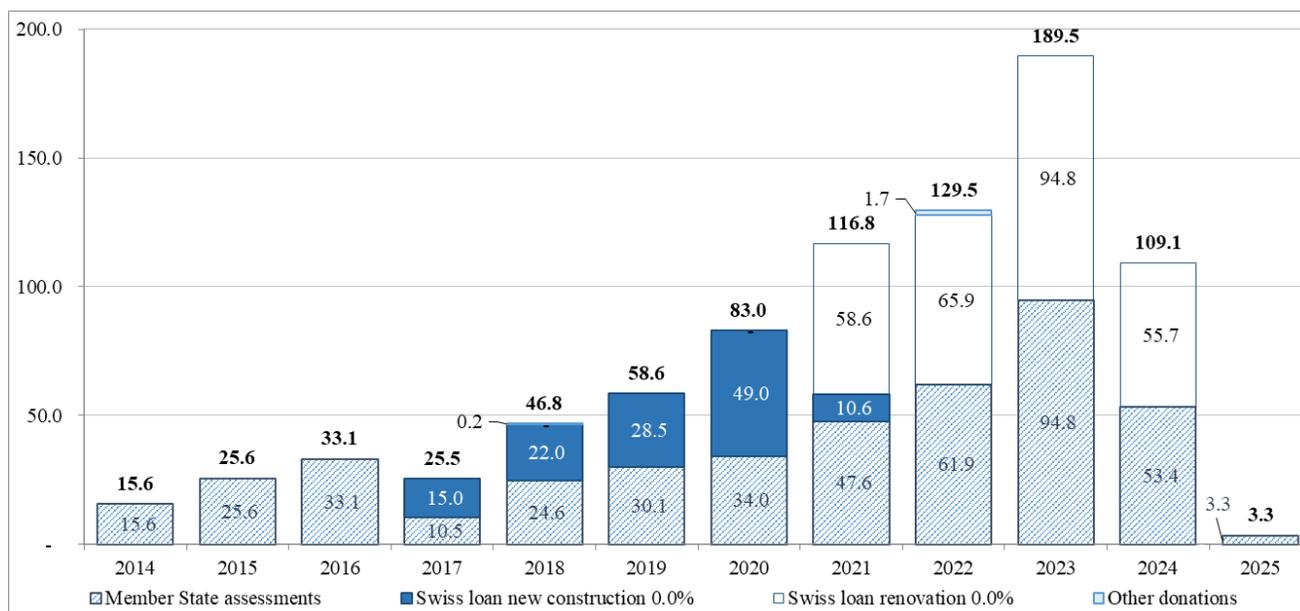
3. Figure A.II.II depicts the overall financing scheme based on the estimated expenditures for each financial period (see also table A.II.2 for the detailed financing scheme). The yearly use of the renovation loan and of assessed contributions would be determined annually from 2022 onward as 50 per cent of the total required funding from the loan and 50 per cent from assessed contributions (less any income received from voluntary donations and including any carry-over from previous periods under the respective funding source). Depending on the timeliness of the assessment

payments received from Member States, there could be some cash-flow risks to the project under that option.

Figure A.II.II

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

(Millions of Swiss francs)

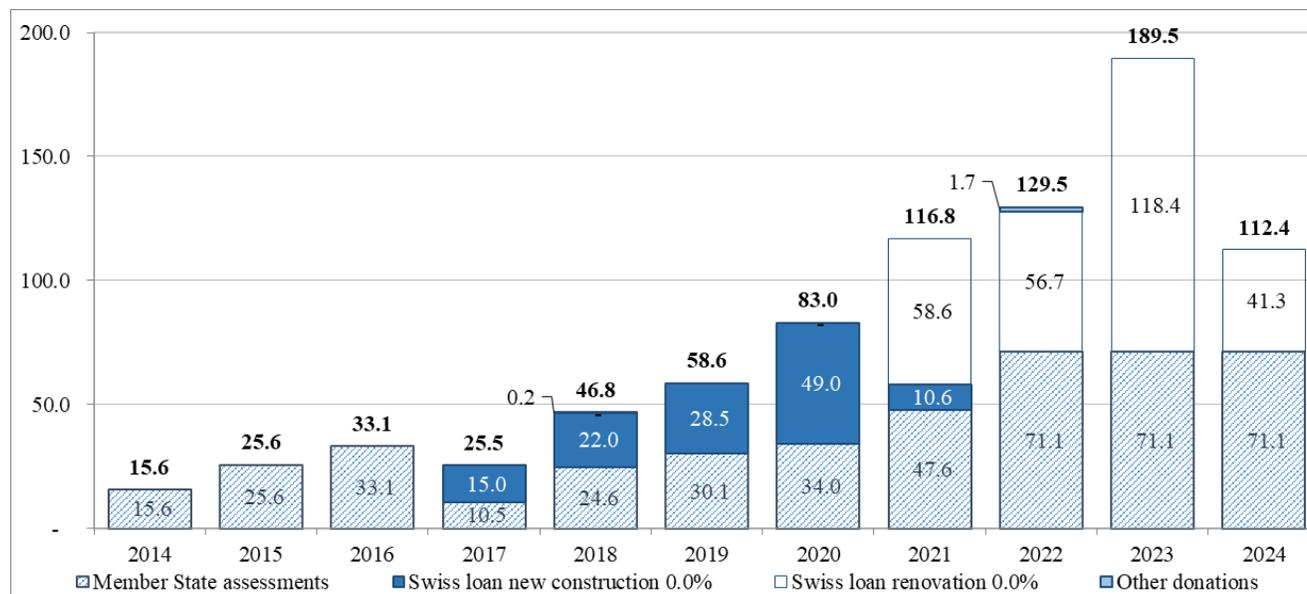


Based on the average annual projected expenditures

4. Figure A.II.III depicts the overall financing scheme with equal assessments on Member States over the three-year period 2022 to 2024 in annual amounts of SwF 71.1 million, based on the average of the total project resource requirements (see also table A.II.3 for the detailed financing scheme). The requirements for the last project year (2025) are factored into the preceding three years' assessments and carried over from these. The use of the renovation loan would be adjusted accordingly, as also indicated in figure A.II.III.

Figure A.II.III
Overall financing overview: equal annual appropriation and annual use of loans

(Millions of Swiss francs)



Option 3: one-time upfront appropriation, with mix of one-time and multi-year assessments

5. Under this option, the remainder of project costs to be financed by Member States would be appropriated in its entirety at the beginning of 2022, but Member States would then each be able to decide whether their assessment would be a one-time upfront payment or assessed over a multi-year period. Member States would have to make their selection (between upfront or annual payment) upon receipt of the assessment letter in January 2022, which would include the amounts corresponding to the two options. Once a Member State made a decision, it would be irrevocable. As the scale of assessment usually changes every three years, the General Assembly, under this option, would need to decide which scale of assessment to apply for the life of the strategic heritage plan. This option would be favourable to the project, as it would possibly lead to upfront payments from some Member States that would create additional cash flow to mitigate any risk in that regard.

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

B. Currency risk management

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

8. However, since contracts and related expenditures for the project are denominated primarily in Swiss francs, and since the loan from the host country is

also in Swiss francs, the General Assembly may wish to decide that the appropriation and assessment for the strategic heritage plan be in Swiss francs, rather than United States dollars, to match the predominant expenditures. The risks associated with both options (appropriation and assessment in United States dollars or in Swiss francs), as well as possible and planned mitigating measures, were presented in previous annual progress reports of the Secretary-General. For ease of reference, those risks are restated below.

Option 1: appropriation and assessment in United States dollars

9. Assessments would be issued in United States dollars to Member States in accordance with the scheme of appropriation to be decided on by the General Assembly (see sect. A of the present annex), and Member States would make contributions in United States dollars. Owing to the inherent currency risk vis-à-vis the Swiss franc at the time of appropriation, the amounts proposed for appropriation for each financial period would be the equivalent in United States dollars of the Swiss franc funding requirements of the project (either projected yearly expenditure or average yearly expenditure), converted at the forward exchange rate at the time of appropriation.

10. In addition, to mitigate additional exchange rate risks during the annual financial period, the Secretariat continued to purchase Swiss franc forward contracts at the same rate (of 0.896 Swiss francs/United States dollars for 2021) to cover the funding requirements of the project for 2021.

Option 2: appropriation and assessment in Swiss francs

11. To minimize currency-risk exposure resulting from differing currency denominations between incoming funds from Member States' contributions and outgoing funds of the project disbursements, Member States may wish to decide that the appropriation and assessment for the strategic heritage plan be in Swiss francs. However, amounts assessed and contributed in Swiss francs could be subject to negative interest rates, as explained below.

C. Negative interest rates

12. A dedicated Swiss franc bank account has been created for the strategic heritage plan to receive the disbursed loan amounts. The risks related to negative interest rates are being managed and mitigated through a combination of cash-flow management and a negotiated flexibility in the threshold level with the bank, although that may not be sufficient to avoid negative interest in the future, depending on the scheme and currency of appropriation selected and any future changes that may occur in negative interest regulations. As of 31 July 2021, no negative interest charges had been incurred by the project.

Table A.II.1
Overall financing overview: upfront appropriation, in Swiss francs

(Millions of Swiss francs)

	<i>Strategic heritage plan project period (2014–2025)</i>												<i>Total</i>
	<i>2014</i>	<i>2015</i>	<i>2016</i>	<i>2017</i>	<i>2018</i>	<i>2019</i>	<i>2020</i>	<i>2021</i>	<i>2022</i>	<i>2023</i>	<i>2024</i>	<i>2025</i>	
Member State appropriation	15.6	25.6	33.1	10.5	24.6	30.1	34.0	47.6	213.4	–	–	–	434.6
Swiss loan new construction 0.0%	–	–	–	15.0	22.0	28.5	49.0	10.6	–	–	–	–	125.1
Swiss loan renovation 0.0%	–	–	–	–	–	–	–	58.6	65.9	94.8	55.7	–	274.9
Other donations ^a	–	–	–	–	0.2	–	–	–	1.7	–	–	–	1.9
Prior year-end balance carried forward	–	12.7	11.7	3.9	5.9	12.4	17.8	5.2	2.2	–	–	–	71.8
Balance at year-end to carry forward to next year ^b	(12.7)	(11.7)	(3.9)	(5.9)	(12.4)	(17.8)	(5.2)	(2.2)	–	–	–	–	(71.8)
Total, financing sources	3.0	26.6	40.8	23.5	40.3	53.3	95.6	119.8	283.2	94.8	55.7		836.5

^a The amounts refer to financial contributions from Andorra, China, Monaco and Montenegro.

^b The projected year-end balance for 2021 is based on the assumption that the assigned contingency for 2021 would be used in 2021. The year-end balances of previous years reflect the difference between the actual expenditures and the sum of the total financing received plus the respective previous year's carry-over of the preceding year.

Table A.II.2

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

(Millions of Swiss francs)

	<i>Strategic heritage plan project period (2014–2025)</i>												<i>Total</i>
	<i>2014</i>	<i>2015</i>	<i>2016</i>	<i>2017</i>	<i>2018</i>	<i>2019</i>	<i>2020</i>	<i>2021</i>	<i>2022</i>	<i>2023</i>	<i>2024</i>	<i>2025</i>	
Member State appropriation	15.6	25.6	33.1	10.5	24.6	30.1	34.0	47.6	61.9	94.8	53.4	3.3	434.6
Swiss loan new construction 0.0%	–	–	–	15.0	22.0	28.5	49.0	10.6	–	–	–	–	125.1
Swiss loan renovation 0.0%	–	–	–	–	–	–	–	58.6	65.9	94.8	55.7	–	274.9
Other donations ^a	–	–	–	–	0.2	–	–	–	1.7	–	–	–	1.9
Prior year-end balance carried forward	–	12.7	11.7	3.9	5.9	12.4	17.8	5.2	2.2	–	–	–	71.8
Balance at year-end to carry forward to next year ^b	(12.7)	(11.7)	(3.9)	(5.9)	(12.4)	(17.8)	(5.2)	(2.2)	–	–	–	–	(71.8)
Total, financing sources	3.0	26.6	40.8	23.5	40.3	53.3	95.6	119.8	131.7	189.5	109.1	3.3	836.5

^a The amounts refer to financial contributions from Andorra, China, Monaco and Montenegro.

^b The projected year-end balance for 2021 is based on the assumption that the assigned contingency for 2021 would be used in 2021. The year-end balances of previous years reflect the difference between the actual expenditures and the sum of the total financing received plus the respective previous year's carry-over of the preceding year.

Table A.II.3

Overall financing overview: equal annual appropriation, in Swiss francs

(Millions of Swiss francs)

	<i>Strategic heritage plan project period (2014–2025)</i>												<i>Total</i>
	<i>2014</i>	<i>2015</i>	<i>2016</i>	<i>2017</i>	<i>2018</i>	<i>2019</i>	<i>2020</i>	<i>2021</i>	<i>2022</i>	<i>2023</i>	<i>2024</i>	<i>2025</i>	
Member State appropriation	15.6	25.6	33.1	10.5	24.6	30.1	34.0	47.6	71.1	71.1	71.1	–	434.6
Swiss loan new construction 0.0%	–	–	–	15.0	22.0	28.5	49.0	10.6	–	–	–	–	125.1
Swiss loan renovation 0.0%	–	–	–	–	–	–	–	58.6	56.7	118.4	41.3	–	274.9
Other donations ^a	–	–	–	–	0.2	–	–	–	1.7	–	–	–	1.9
Prior year-end balance carried forward	–	12.7	11.7	3.9	5.9	12.4	17.8	5.2	2.2	–	–	3.3	75.1
Balance at year-end to carry forward to next year ^b	(12.7)	(11.7)	(3.9)	(5.9)	(12.4)	(17.8)	(5.2)	(2.2)	–	–	(3.3)	–	(75.1)
Total, financing sources	3.0	26.6	40.8	23.5	40.3	53.3	95.6	119.8	131.7	189.5	109.1	3.3	836.5

^a The amounts refer to financial contributions from Andorra, China, Monaco and Montenegro.

^b The projected year-end balance for 2021 is based on the assumption that the assigned contingency for 2021 would be used in 2021. The year-end balances of previous years reflect the difference between the actual expenditures and the sum of the total financing received plus the respective previous year's carry-over of the preceding year.

Annex III

Status of implementation of recommendations of the Board of Auditors

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

<i>Recommendation</i>	<i>Action reported by management</i>
The strategic heritage plan team should finalize the parts of the programme manual related to the construction phase and the project owner should approve and implement the programme manual.	Under implementation

B. Status of implementation of recommendations of the Board of Auditors contained in its report on the strategic heritage plan for the year ended 31 December 2017²

<i>Recommendation</i>	<i>Action reported by management</i>
The Board recommends that management underline the importance of a decision to be taken by the General Assembly at its seventy-third session regarding the scheme and currency of appropriation and assessment for the strategic heritage plan to secure the financing of the project.	Implemented for the seventy-third, seventy-fourth and seventy-fifth sessions
Management should develop a sound and clear maintenance and operational strategy for the period during which sections of the Palais des Nations will have been already renovated while other connected sections will still be under construction. The experience of the Facilities Management Section needs to be considered in the development of this strategy.	Implemented
The Board recommends that management enhance its efforts to mitigate the impact of its buildings on the natural environment through sustainable design and ensure that the contractor for the new building performs its work with the objective of fulfilling all environmental categories from the Leadership in Energy and Environmental Design green building certification systems, as stipulated in the contract.	Under implementation
Management should update and calculate the applicable and potential rental income of premises based on current contracts, data and realistic assumptions, taking into account the number of relocating staff, appropriate rental cost (using the arm's length principle) and an updated funding key for the Office of the United Nations High Commissioner for Human Rights.	Under implementation

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

² A/73/157.

<i>Recommendation</i>	<i>Action reported by management</i>
The Board recommends that management charge the cost for maintenance and for safety and security for the new building proportionally to all potential users in accordance with their individual needs.	Under implementation
Management should develop a detailed valorization strategy for all parcels with valorization potential.	Implemented

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

<i>Recommendation</i>	<i>Action reported by management</i>
The Board recommends that the risk management firm send the quarterly report directly to the project owner.	Implemented
The Board recommends that the strategic heritage plan team develop, in close cooperation with the Facilities Management Section, a handover procedure manual. This would ensure that the responsibilities, procedure and expected handover documents are clear for the strategic heritage plan team and for the Facilities Management Section. The goal must be to hand over the sections of the work from the contractor to the strategic heritage plan team and the United Nations Office at Geneva/Facilities Management Section at the same time.	Implemented
The Board recommends that Management confirm its decision to install bicycle racks in time for the opening of the new building.	Implemented

D. Status of implementation of recommendations of the Board of Auditors contained in its report on the strategic heritage plan for the year ended 31 December 2019⁴

<i>Recommendation</i>	<i>Action reported by management</i>
The Board recommends that the United Nations Office at Geneva develop additional mitigation strategies in case the guaranteed maximum price value will be higher than assumed.	Implemented
The Board recommends that the strategic heritage plan team revise the current project status chart to report on the actual and budget cost of each contract phase separately in the monthly reports to the project owner from the start of the renovation works.	Implemented

³ A/74/5 (Vol. I).

⁴ A/75/135.

<i>Recommendation</i>	<i>Action reported by management</i>
The Board recommends that the United Nations Office at Geneva incorporate project status charts in the report to the General Assembly.	Implemented in annex IV to the present report
With regard to future procurement of renovation construction works, the Board recommends that the United Nations Office at Geneva incorporate lessons learned and implement, from the outset, contracting strategies that are balanced in an appropriate way. Such strategies would further enable potential qualified contractors to opt to participate in the tender and submit competitive bids while not taking on excessive risk to the United Nations.	Under implementation
The Board recommends that the strategic heritage plan team continue its efforts to determine and communicate a robust project schedule by avoiding over-optimistic time frames.	Under implementation
The Board recommends that the United Nations Office at Geneva define and document a forward-oriented transversal strategy on how the building information modelling method would support the Office throughout the entire lifetime of the buildings of the Palais des Nations.	Under implementation
The Board recommends that the strategic heritage plan team document the design progress and quality of the digital models at the end of each design stage by approving the respective digital building models for the rest of the strategic heritage plan project.	Under implementation
The Board recommends that the strategic heritage plan team continue to link the responsibility for the quality of the building information models with their respective providers at all design and construction stages, at least for the renovation of building E.	Under implementation
The Board recommends that management conduct a further detailed review and continue to further refine the calculation of energy saving measures and expected energy use.	Under implementation
The Board recommends that the United Nations Office at Geneva report on the projected number of occupants following the implementation of the strategic heritage plan in each annual progress report of the Secretary-General.	Implemented in the present report (see table 1)
The Board recommends that the United Nations Office at Geneva report on the projected number of workspaces following the implementation of the strategic heritage plan in each annual progress report of the Secretary-General.	Implemented in the present report (see table 1)
The Board recommends that the strategic heritage plan team assess whether the number of fire exits, particularly on level 6 and for the town hall stairs, remains compliant with the number of allowed persons during the operational phase of the building.	Implemented
The Board recommends that the United Nations Office at Geneva assess and apply measures to lower carbon emissions when planning and constructing future buildings, thereby also taking a life-cycle assessment into account.	Under implementation

<i>Recommendation</i>	<i>Action reported by management</i>
The Board recommends that the United Nations Office at Geneva summarize all relevant information on valorization including the supplementary information provided to the Advisory Committee on Administrative and Budgetary Questions and the Fifth Committee (excluding commercially sensitive information) in a structured, concise and coherent document, update it, if necessary, in the course of time, and use this document as a basis to confidentially inform the General Assembly and other stakeholders.	Under implementation

E. Status of implementation of recommendations of the Board of Auditors contained in its management letter on the strategic heritage plan for the year ended 31 December 2020

<i>Recommendation</i>	<i>Action reported by management</i>
The risk management firm integrate a “responses risk register” into future monthly risk management reports.	Implemented
The risk management firm standardize the presentation of COVID-19 risks in risk registers in quarterly and monthly risk management reports.	Implemented
The risk management firm correct the anomalies in the risk database and keep it correct and up to date.	Implemented
The strategic heritage plan team fill in all data fields if a risk has been taken up in the risk register.	Implemented
The strategic heritage plan team review the risk database contents by means of an extract from the risk database and inform the integrated risk manager about anomalies.	Implemented
The strategic heritage plan team, in cooperation with the independent risk management firm, define the role “action owner” in the risk management strategy and distinguish its tasks and responsibilities from those of the role “mitigation owner”.	Implemented
The strategic heritage plan team explain in the risk management strategy what a fallback plan is.	Implemented
The strategic heritage plan team adapt the risk management strategy to the actual approach for the risk database update.	Implemented
The strategic heritage plan team review the entries and invoices charged to “other capitalizable costs” AA-000018.10 and, as far as possible, directly assign these to the specific buildings. We also recommend that the strategic heritage plan team allocate the remaining capitalized costs via an appropriate percentage rate to the different buildings.	Implemented
The strategic heritage plan team extend the project structure and include costs for the programme management firm, the independent risk management firm and the technical support service firm in the building-specific “other capitalizable costs”.	Implemented

<i>Recommendation</i>	<i>Action reported by management</i>
The strategic heritage plan team allocate remaining costs charged to “other capitalizable costs” AA-000018.10 to the different buildings on a yearly basis.	Implemented
The strategic heritage plan team formalize the coordination with the Secretariat in New York, in particular the global asset management policy service and document communication on accounting decisions or advice.	Implemented
The strategic heritage plan team ensure timely settlement of the temporary conference building to the final assets.	Implemented
The strategic heritage plan team and the United Nations Office at Geneva ensure a monthly settlement of costs to assets under construction for the amount that was charged against the Division of Conference Management’s budget.	Implemented
The strategic heritage plan team assign the directly attributable costs to the temporary conference building.	Implemented
The strategic heritage plan team apply a useful life of seven years to the temporary conference building, as determined in the United Nations corporate guidance on property, plant and equipment for temporary buildings, and review the useful life of the audiovisual equipment.	Implemented
The strategic heritage plan team review the journal entries made in Umoja for the transfer of audiovisual equipment to the United Nations Office at Geneva.	Implemented
The strategic heritage plan team allocate SwF 829,194 recorded currently under building H as asset under construction to the building E car park asset (final asset) and start the depreciation as of the completion date in January 2019.	Implemented
For assets which become available for use in the future (i.e., the new permanent building), the United Nations Office at Geneva and the strategic heritage plan team review the direct attributable costs (labour, material and overhead) within the project that are to be split across different assets. This is to ensure that an asset moves from “under construction” status to “final” when the asset is substantially complete, accepted and available for use, thereby also taking into account the International Public Sector Accounting Standards Policy Framework.	Under implementation
The strategic heritage plan team sign a substantial completion only at the point when the contractor has sufficiently complied with his contractual responsibilities and the construction work is ready to be handed over to the United Nations Office at Geneva.	Under implementation
The strategic heritage plan team ensure that the punch list includes all remaining defects, addresses who is responsible and includes the timing when each defect should be completed.	Under implementation
The strategic heritage plan team reduce the average processing time during the response process and reduce the backlogs.	Under implementation

<i>Recommendation</i>	<i>Action reported by management</i>
The strategic heritage plan team make sure that the as-built building information modelling models for sections 1 and 2 are updated and the operation, maintenance and asset management files are delivered.	Under implementation
The strategic heritage plan team ensure that the files of the upcoming as-built building information modelling models are accurate and complete to ensure a correct operation, maintenance and asset management.	Under implementation

Annex IV

Strategic heritage plan project status charts

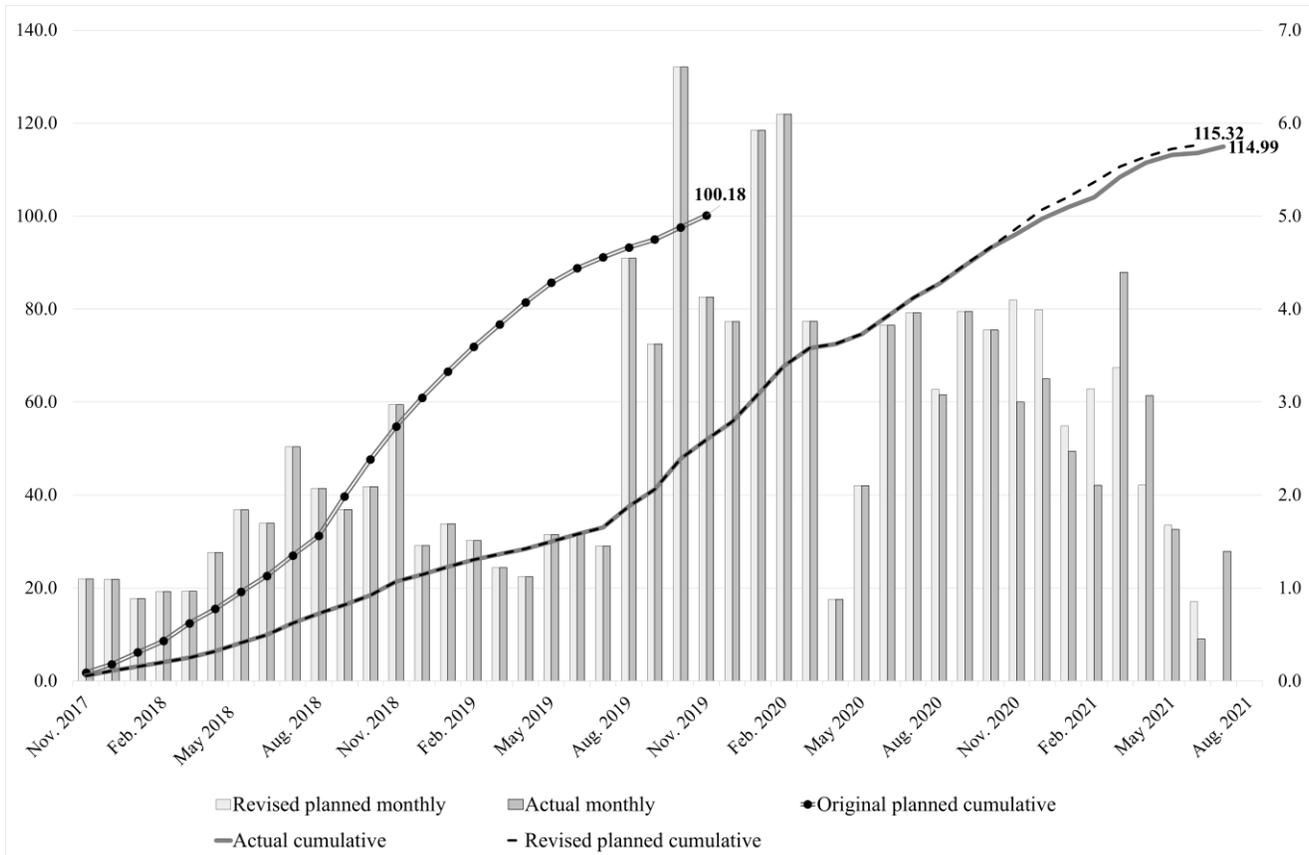
1. In response to the recommendation of the Board of Auditors that the United Nations Office at Geneva incorporate the earned value project status charts in the annual progress report to the General Assembly, the project management charts are included in the three figures below.

2. Earned value is a simple way to measure and monitor the level of work completed on a project against the project plan. It is a quick way to graphically represent if the project is behind schedule and/or over budget by comparing both the planned monthly expenditures against the actual monthly expenditures, as depicted by the vertical bar chart elements, and the cumulative planned spend against the actual cumulative spend, as depicted by the trend lines.

3. Figure A.IV.I shows the earned value status chart for the construction contract of the new building H. As we see, it depicts the original contracted and planned cumulative spend, up to November 2019, at a value of SwF 100,180,000. In practice, the revised planned cumulative expenditure has significantly deviated from this, as the work has taken considerably longer to complete and the value of the work has also increased through variations to SwF 115,320,000.

Figure A.IV.I
Earned value status chart – new permanent building H construction

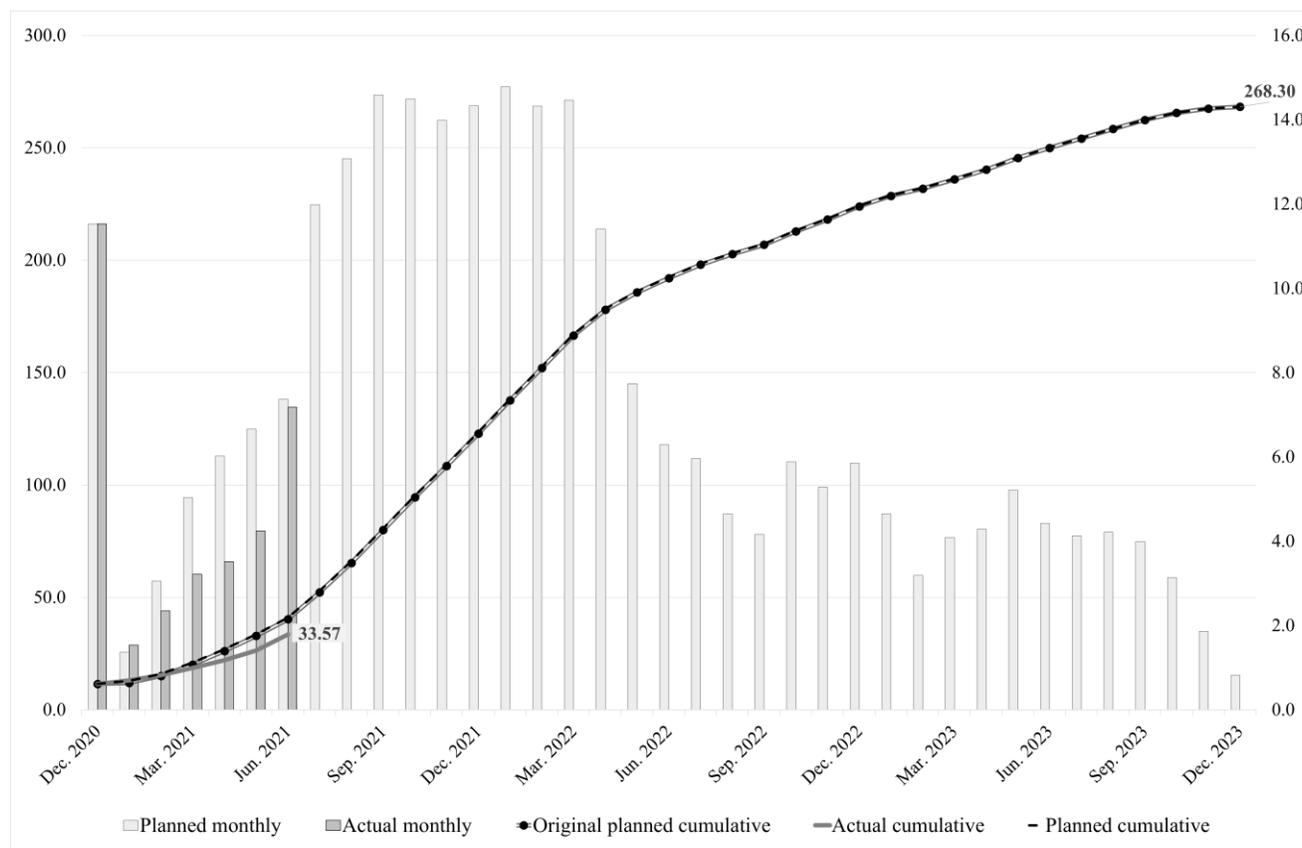
(Millions of Swiss francs)



4. Figure A.IV.II shows the earned value status chart for the construction contract of the historic building renovation. As we see, it depicts the contracted guaranteed maximum price amount as the planned cumulative spend, up to December 2023, at a value of SwF 268,300,000. To date, the actual cumulative spend is slightly behind the planned cumulative spend reflecting some delays to the programme related to issues with the structure of building D and delays related to the renovation of conference rooms in building AC. Neither of those sections of work are currently on the critical path of the overall strategic heritage plan project programme.

Figure A.IV.II
Earned value status chart – Palais des Nations historic building renovation

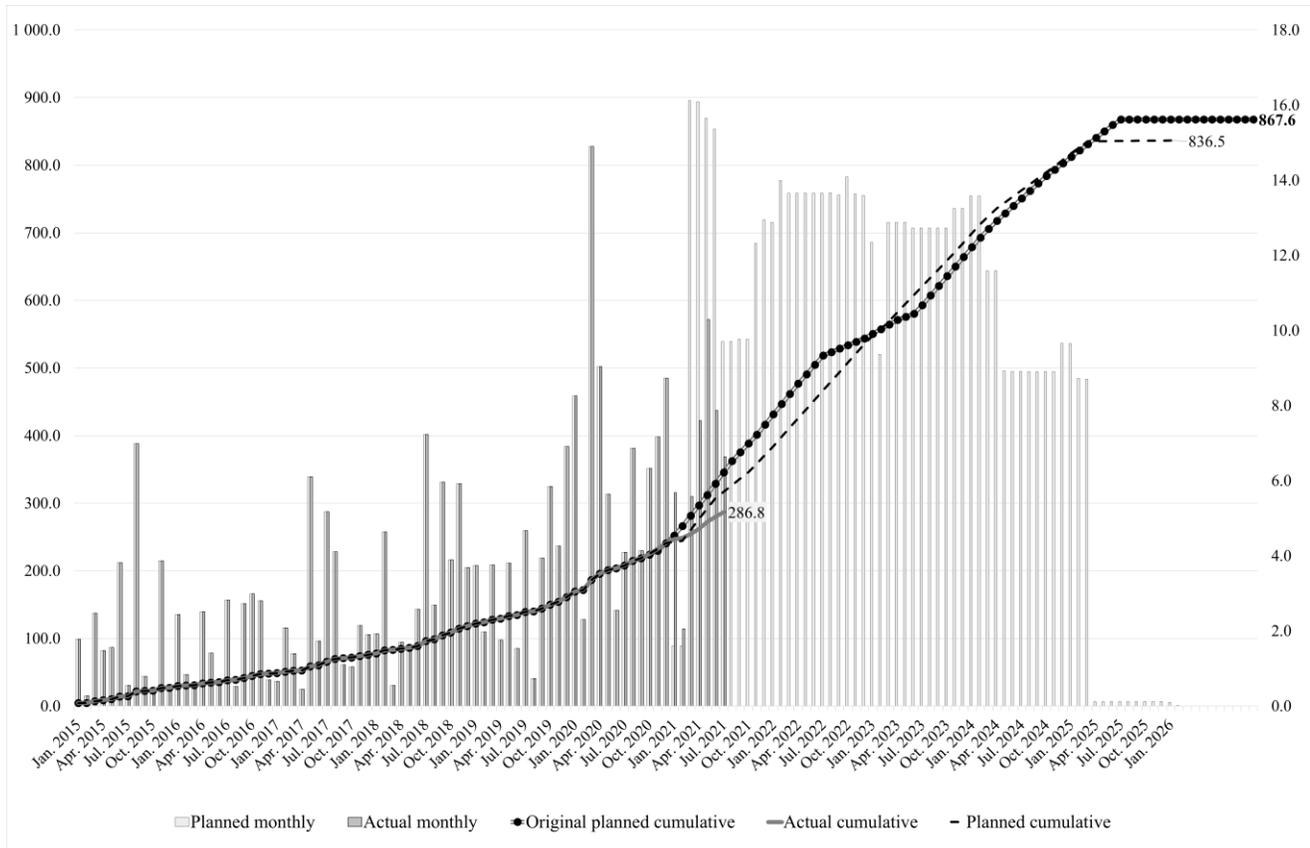
(Millions of Swiss francs)



5. Figure A.IV.III shows the earned value status chart for the entire strategic heritage plan project inclusive of the construction contracts for the new building H and the historic building renovation contract depicted in the two figures above, together with the planned expenditure for the renovation of Building E and all the other elements of the overall strategic heritage plan project. As we see this chart depicts the planned cumulative spend of the approved project budget of SwF 836.5 million as well as the currently forecast outturn cost (depicted as the original planned cumulative of SwF 867.6 million) and the actual cumulative spend achieved to date of SwF 286.8 million.

Figure A.IV.III
Earned value status chart – overall strategic heritage plan project

(Millions of Swiss francs)



6. Please note that the above charts and the amounts depicted do not directly reconcile with the financial figures provided elsewhere in the present annual progress report. This is because the earned value refers to the direct contracted construction spend and the value of the contracted work with the two main contractors, which is closer (if not almost equal) to the disbursement value as at the end of the monthly reporting date of July 2021, whereas the other tables in the report are based on commitments and therefore exhibit a higher expenditure value to date.